

# **INTERNATIONAL TRADE UNION CONFEDERATION / ASIA PACIFIC LABOUR NETWORK (ITUC/APLN)**

## **FOURTEENTH CONFERENCE OF THE ASIA PACIFIC LABOUR NETWORK (APLN) (Peru, 27-28 October 2008)**

### **Background Document**

1. This document gives a broad introduction to the Asia-Pacific Economic Cooperation forum, APEC, summaries and assesses the decisions made by APEC leaders and ministers in the past, summarises the main developments seen at APEC meetings over recent years, focusing on the areas of greatest interest to the APLN, and looks at trade union activities relevant to APEC. Before the main part of this background document, an executive summary and a series of main conclusions set out the APLN's key concerns regarding APEC.

### **Executive Summary and Main Conclusions**

2. APEC is now more than half way towards the deadline set in 1994 for full realisation of the Bogor goals of free and open trade and investment by 2020 for developing APEC members (and noting that the deadline of 2010 for developed member economies is fast approaching). Whilst scepticism about reaching those deadlines is running high, APEC continues to express its commitment towards achieving these goals by cutting tariffs, removing non-tariff measures, easing mobility of business people, and enhancing trade facilitation. At a time when multilateral negotiations through the WTO have collapsed, APEC is increasingly looking at Free Trade Agreements and Regional Trade Agreements (FTAs/RTAs) and is even looking into how to independently establish a Free Trade Area of the Asia-Pacific.

3. In spite of its relatively low public visibility, APEC constitutes an economic forum where many important actors in the global economy, including all the non-EU G8 countries (i.e. Canada, Japan, Russia and the US) and China, can have comprehensive discussions on various subjects ranging from 'core' economic issues such as trade and investment to human security, which includes terrorism, health, pandemics, energy and climate change in APEC. This opportunity has to some extent been expanded, as APEC has increased its focus on human security, particularly terrorism, health and disaster concerns, as well as climate change over recent years.

4. In 2006, APEC also looked somewhat at socio-economic disparities in the region. This could be seen as a sign of recognition that the regular APEC agenda is imbalanced and risks lacking support among the populations of the Member Economies. This was not, however, substantially followed-up in 2007, and APEC remains dominated by a business-driven effort to enlarge trade and investment opportunities. This is clear from its work, priorities and not least the prominent place of business, through ABAC, in its network. Nevertheless, APEC has maintained its work programme on certain social aspects such as social security, human resource

development, gender equality and food security, particularly since the Asian financial crisis. Yet these aspects of APEC's work remain on the margins of the APEC process. The Human Resource Development Group is one of eleven Working Groups. The Social Safety Net Capacity Building Network was closed in 2007 through an official merger with a network under the HRDWG. And the Gender Focal Point Network is one of four Special Task Groups. The lack of interest in the issues that the APLN prioritises is symbolised by the fact that Ministers responsible for Human Resources Development, most often Labour Ministers, have not met since 2001 and that no meetings are planned for the time being.

5. Questions of employment, workers' rights and labour standards are absent from APEC's main discussions. But the need for an APEC Labour Forum as a counterweight to the APEC Business Advisory Council (ABAC) is as prominent as ever. As APEC can be expected to increase its efforts to liberalise trade and investment, in view of the imminent deadlines for meeting the Bogor Goals, and as APEC's activities have implications for social and labour issues, the involvement of organised labour is crucial.

6. After experiencing little progress in getting workers' voices heard in the APEC process and obtaining recognition from APEC governments up to the end of 2004, mainly due to the continuing opposition of one or more APEC governments to trade union participation in the APEC process, 2004 brought new momentum to this effort. Though the reactions to the proposals on trade union participation in APEC put forward by the New Zealand government have been mixed, they could mark an important step in the right direction and indicate the need for the APLN to maintain its efforts to achieve participation in relevant Working Groups and for the convening of a standing APEC Labour Forum along the lines that have been proposed by the APLN.

In recent years, APLN's involvement in APEC has been more or less status quo, and taken place in the form of meetings with the leadership of the host government and the APEC Secretariat. APLN's interaction with APEC in 2007 was marked by national politics and the Australian elections held that autumn.

## **A Summarised History of APEC: Purpose, Key Events and Organisation**

7. The Asia-Pacific Economic Cooperation (APEC) forum aims to be the premier agent for facilitating economic growth, cooperation, trade and investment in the Asia-Pacific region. It considers itself the only intergovernmental grouping in the world operating on the basis of non-binding commitments, open dialogue and equal respect for the views of all participants. Unlike the WTO or other multilateral trade bodies, APEC has no treaty obligations required of its participants. Decisions made within APEC are reached by consensus and commitments are undertaken on a voluntary basis.

8. APEC comprises 21 Member Economies that account for more than a third of the world's population (2.6 billion people), approximately 56% of world GDP and 49% of world trade. According to the APEC Secretariat, its Member Economies accounted cumulatively for nearly 70% of global economic growth in APEC's first 10

years. APEC's 21 member economies are Australia, Brunei Darussalam, Canada, Chile, the People's Republic of China, Hong Kong, Indonesia, Japan, the Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Philippines, the Russian Federation, Singapore, Chinese Taipei, Thailand, the United States of America and Vietnam.

### **Purpose and Goals**

9. APEC was established in 1989 with the stated objective of enhancing economic growth and prosperity for the region and strengthening the Asia-Pacific community. Since its inception, APEC has sought to reduce tariffs and other trade barriers across the Asia-Pacific region and has devised proposals to create efficient domestic economies and increase exports. Key to achieving these objectives are the *Bogor Goals* (adopted at the 1994 Leaders' Meeting in Bogor, Indonesia) of achieving free and open trade and investment in the Asia-Pacific. These are to be achieved, in theory, by industrialised economies in 2010 and by developing economies in 2020.

10. APEC was founded to promote the basic premise that free and open trade and investment helps economies grow and creates jobs. Trade liberalisation, in its various forms, is therefore its main objective. APEC aims to create an environment for safe and efficient movement of goods, services and people across borders in the region. This is done through policy alignment and economic and technical cooperation.

11. APEC operates as a cooperative forum and works in three broad areas corresponding to the Bogor Goals:

- Trade and Investment Liberalisation focuses on reducing, and eventually eliminating, tariff and non-tariff barriers.
- Business Facilitation helps importers and exporters in Asia Pacific meet and conduct business more efficiently, with the aim of reducing costs of production and increasing trade.
- Economic and Technical Cooperation (ECOTECH) provides training and cooperation to build capacities at institutional and personal levels to help APEC Member Economies and their people gain the necessary skills to take advantage of global trade and the New Economy.

### **Key Events of APEC over 1989-2004**

12. APEC Economic Leaders' Meetings are held once a year in the APEC host economy. Peru is to host the meeting in 2008. This is where the forum's main decisions are taken and the policy agenda for APEC is set. The following are highlights of the Leaders' Meetings held so far.

**1989, Canberra, Australia:** APEC begins as an informal ministerial-level dialogue group with 12 members.

**1993, Blake Island, United States:** APEC economic leaders meet for the first time and outline APEC's vision: *Stability, security and prosperity for our peoples.*

**1994, Bogor, Indonesia:** APEC sets the Bogor Goals of *free and open trade and investment in the Asia-Pacific by 2010 for industrialised economies and 2020 for developing economies*.

**1995, Osaka, Japan:** APEC adopts the Osaka Action Agenda (OAA) which provides a framework for meeting the Bogor Goals through trade and investment liberalisation, business facilitation and sectoral activities, underpinned by policy dialogues, as well as economic and technical cooperation.

**1996, Manila, The Philippines:** The Manila Action Plan for APEC (MAPA) is adopted, outlining trade and investment liberalisation and facilitation measures to reach the Bogor Goals. The first Collective and Individual Action Plans are compiled, outlining how economies will achieve the free trade goals.

**1997, Vancouver, Canada:** APEC endorses a proposal for early voluntary sectoral liberalisation (EVSL) in 15 sectors and decides that Individual Action Plans should be updated annually.

**1998, Kuala Lumpur, Malaysia:** APEC agrees on the first nine sectors for EVSL and seeks an EVSL agreement with non-APEC members at the World Trade Organisation.

**1999, Auckland, New Zealand:** APEC says it will achieve paperless trading by 2005 in developed economies and 2010 in developing economies. The APEC Business Travel Card scheme is approved and a Mutual Recognition Arrangement on Electrical Equipment and a Framework for the Integration of Women in APEC are endorsed.

**2000, Bandar Seri Begawan, Brunei Darussalam:** APEC establishes an electronic Individual Action Plan (e-IAP) system, providing IAPs online and commits to the Action Plan for the New Economy, which, amongst other objectives, aims to substantially increase Internet access throughout the APEC region by 2005.

**2001, Shanghai, People's Republic of China:** APEC adopts the Shanghai Accord, which focuses on Broadening the APEC Vision, Clarifying the Roadmap to Bogor and Strengthening the Implementation Mechanism. The e-APEC Strategy is adopted, which sets out an agenda to strengthen market structures and institutions, facilitate infrastructure investment and technology for on-line transactions and promote entrepreneurship and human capacity building.

**2002, Los Cabos, Mexico:** APEC adopts a Trade Facilitation Action Plan, policies on Trade and the Digital Economy, and Transparency Standards, a series of measures to accelerate progress towards the Bogor Goals. APEC launches the Secure Trade in the APEC Region (STAR) initiative.

**2003, Bangkok, Thailand:** APEC states an intention to re-energise the WTO Doha Development Agenda negotiations and stresses the complementary aims of bilateral and regional trade agreements, the Bogor Goals and the multilateral trading system under the WTO. APEC Leaders dedicate themselves to improving the security of the peoples of the Asia-Pacific region. Members sign up to the APEC Action Plan on

SARS and the Health Security Initiative to further protect personal security. APEC strengthens its efforts to build knowledge-based economies, promote sound and efficient financial systems and accelerate regional structural reform.

**2004, Santiago, Chile:** APEC issues a strong statement of support for progress in the WTO Doha Development Agenda and sets a target date for achieving a breakthrough in negotiations: December 2005, the 6<sup>th</sup> WTO Ministerial Conference. APEC adopts Best Practices for RTAs and FTAs, the Santiago Initiative for Expanded Trade and a Data Privacy Framework. APEC makes a political commitment to fight corruption and ensure transparency, and endorses a specific Course of Action towards this end.

**2005, Busan, Korea:** APEC adopts the Busan Roadmap, completes the Mid-Term Stocktaking which has found that APEC is well on its way to meeting the Bogor Goals, and the APEC Privacy Framework. Leaders issue a stand-alone statement in support of a successful conclusion to the WTO's 6th Ministerial Conference in Hong Kong, China and agree to confront pandemic health threats and continue to fight against terrorism which could cause deep economic insecurity for the region.

**2006, Ha Noi, Vietnam:** APEC economic leaders endorsed the Ha Noi Action Plan which identified specific actions and milestones to implement the Bogor Goals and support capacity-building measures to help APEC economies. They also issued a statement on the WTO Doha Development Agenda calling for so-called ambitious and balanced outcomes. In its own words, “to prioritise its agenda”, APEC started a process of reforming its working groups and strengthening its Secretariat.

**2007, Sydney, Australia:** The APEC Economic Leaders' Meeting in Australia, in September 2007, was held under the heading “Strengthening our Community, Building a Sustainable Future”. It addressed topics such as climate change and energy security. The final declaration expressed the leaders' unequivocal support for the primacy of the multilateral trading system, making explicit reference to the Doha Round of the WTO and their commitment to achieving a successful outcome, as well as to the conclusion of regional and bilateral trade agreements. (The Doha negotiations were broken off in July 2008.) The economic leaders committed to strengthening APEC and decided to establish a new APEC Policy Support Unit. They also decided to promote economic integration in the region, by accelerating efforts aimed at: further reducing barriers to trade and investment through free trade agreements and regional trading arrangements; improving economic efficiency and the regional business environment, including capital markets, and facilitating integration in sectors such as transportation, telecommunications, mining and energy.

### **Organisation, Ways of Working and Scope of Activities**

13. APEC progresses its agenda through a network of meetings and fora at policy and working levels. At the policy level there are four major inputs:

- Economic Leaders' Meetings are held once a year in the APEC host economy. Declarations from these meetings set the policy agenda for APEC.

- Annual APEC Ministerial Meetings of foreign and economic/trade ministers are held immediately prior to Economic Leaders' Meetings. Ministers take stock of the year's activities and provide recommendations for economic leaders' consideration.

- Sectoral Ministerial Meetings are held regularly, covering areas such as education, energy, environment and sustainable development, finance, health, human resource development, regional science and technology cooperation, small and medium enterprises, telecommunications and information industry, tourism, trade, transportation and women's affairs.

- ABAC, the APEC Business Advisory Council, provides APEC economic leaders with a business perspective on APEC issues through an annual meeting and report to leaders. The annual report contains recommendations to improve the business and investment environment in the APEC region. ABAC meets four times a year and a representative attends Ministerial Meetings.

14. APEC's working level activities and projects are guided by the Senior Officials from the 21 APEC Member Economies and carried out by four high-level committees:

- The Committee on Trade and Investment (CTI) coordinates APEC's work on the liberalisation and facilitation of trade and investment. CTI also works to reduce impediments to business activity through its subcommittees and experts' groups.

- The Senior Officials' Meeting (SOM) Committee on Economic and Technical Cooperation (ESC) assists APEC Senior Officials in coordinating and managing APEC's economic and technical cooperation (ECOTECH) agenda, as well as identifying value-added initiatives for cooperative action.

- The Economic Committee (EC) conducts research on economic trends and issues in the APEC region in support of the trade and investment liberalisation, facilitation and ECOTECH agendas. It also serves as a forum for members to exchange information and views.

- The Budget and Management Committee (BMC) advises the SOM on budgetary, administrative and managerial issues. It monitors and evaluates project management aspects of the operations of APEC fora and makes recommendations to SOM for improved efficiency and effectiveness.

15. The work of the committees is guided by the Senior Officials' Meeting (SOM). Senior Officials develop recommendations for Ministers and economic leaders. SOM meetings are held three to four times a year with the Chair coming from the host economy.

16. Working Groups carry out APEC's work in specific sectors as directed by Leaders, Ministers, Sectoral Ministers and Senior Officials. Of greatest interest to the APLN is the working group on Human Resources Development.

17. The Senior Officials' Meeting has set up Special Task Groups to identify relevant issues and make recommendations about important tasks for APEC's

consideration. Most important for the APLN are the groups concerned with Gender and Social Safety Net Capacity Building.

### **Mid-term Stocktaking of the Bogor Goals in 2005**

18. The year 2005 marked the midpoint between the creation of the APEC forum in 1989 and the deadline for all economies to meet the Bogor Goals of free and open trade by 2020. APEC officials undertook a midterm stock-take to pinpoint where APEC was in its progress towards meeting the Bogor Goals.

19. In order to meet APEC's Bogor Goals for free and open trade and investment in Asia-Pacific, APEC Member Economies are meant to follow a strategic road map as agreed by APEC economic leaders in Osaka, Japan. This road map is known as the Osaka Action Agenda. APEC Member Economies report progress towards achieving free and open trade and investment goals through Individual Action Plans (IAPs) and Collective Action Plans (CAPs), submitted to APEC on an annual basis.

20. The Osaka Action Agenda provides a framework for meeting the Goals through trade and investment liberalisation, business facilitation and sectoral activities, underpinned by policy dialogues and economic and technical cooperation. As part of this framework, General Principles have been defined for Member Economies as they proceed through the APEC liberalisation and facilitation process.

21. The following general principles are provided in the Osaka Action Agenda and are applied to the entire APEC liberalisation and facilitation process:

- *Comprehensiveness*: addressing all impediments to achieving the long-term goal of free and open trade.
- *WTO-consistency*: measures undertaken in the context of the APEC Action Agenda are to be consistent with the principles of the World Trade Organisation (WTO).
- *Comparability*: APEC Member Economies endeavour to have comparable trade and investment liberalisation and facilitation, taking into account the general levels achieved by each APEC economy.
- *Non-discrimination*: reductions in barriers to trade achieved through APEC are available to all APEC Member Economies and non-APEC economies.
- *Transparency*: the laws, regulations and administrative procedures in all APEC Member Economies which affect the flow of goods, services and capital among APEC Member Economies are transparent.
- *Standstill*: APEC Member Economies do not take measures which have the effect of increasing levels of protection.
- *Simultaneous start, continuous process and differentiated timetables*: APEC Member Economies began simultaneously the process of liberalisation, facilitation and cooperation and now should continuously contribute to the long-term goal of free and open trade and investment.
- *Flexibility*: APEC Member Economies deal with the liberalisation and facilitation process in a flexible manner, taking into account differing levels of economic development.

- *Cooperation*: Economic and technical cooperation contributing to liberalisation and facilitation is actively pursued.

23. Every Member Economy submits annually an Individual Action Plan (IAP). This is a record of actions taken to meet APEC's stated goals of free and open trade and investment. APEC Member Economies set their own timelines and goals, and undertake these actions on a voluntary and non-binding basis. Reporting is based on 15 issue areas: tariffs, non-tariff measures, services, investment, standards and conformance, customs procedures, intellectual property, competition policy, government procurement, deregulation/regulatory review, WTO obligations, dispute mediation and mobility of business people, as well as information gathering and analysis.

24. Collective Action Plans (CAPs) detail the collective actions of all APEC Member Economies in the 15 issue areas outlined in the Osaka Action Agenda. The 15 issue areas mirror the IAPs. CAPs are used by APEC to outline actions and objectives to meet the free trade and investment goals, as well as to monitor and report on progress.

## **APEC in 2006 and 2007**

### **APEC in 2006: Summary and Assessment of Leaders' and Ministers' meetings in 2006<sup>1</sup>**

#### **Overview**

25. On APEC's core issues – free trade and investments – it is significant to see the emphasis on the importance of Regional Trade Agreements and other Free Trade Agreements, not least in view of the stalemate in multilateral trade negotiations in the realm of the WTO. Leaders and Ministers stressed that APEC should ensure the spread of RTAs and FTAs as well as help with capacity building within the area. Hence, it is possible to speculate that APEC will do much more to promote such avenues to achieve its goals. It is also central to note the talk of a Free Trade Area of the Asia-Pacific.

26. Issues relating to labour, workers and employment are hardly mentioned by either Leaders or Ministers in the Declaration and Statement, and not at any point as a labour movement or a constituency of workers. Trade union involvement in the APEC process was not referred to in the above documents. Human Resources Development and gender was furthermore only touched upon by the Ministers, not the Leaders. Further details of the different parts of the Declaration and Statement are provided below.<sup>2</sup>

<sup>1</sup> Economic Leaders' *Hanoi Declaration* and Ministers' *Joint Statement*, adopted at 14th APEC Economic Leaders Meeting, 18-19 November 2006, Ha Noi, Vietnam, and 18th APEC Ministerial Meeting, 15-16 November 2006, Ha Noi, Vietnam

<sup>2</sup> The 'Ha Noi Declaration' of APEC's Economic Leaders is an 8-page document that broadly and with little detail evaluates the achievements of APEC in the previous year and sets its general direction for the future. The declaration, moreover, endorses the 'Joint Statement' agreed by Ministers (the declaration can be found here: [http://www.apec.org/apec/leaders\\_\\_declarations/2006.html](http://www.apec.org/apec/leaders__declarations/2006.html)). The 'Joint Statement' is a 30-page document which in detail comments on and summarises APEC's activities in

## Free Trade and Investment

27. Leaders and Ministers reaffirmed that support for the WTO's Doha Development Agenda remains a top priority of APEC. The consequences of the failure of the Doha Round would be "too grave" for their economies and for the global multilateral trading system, they asserted. The Doha Development Agenda talks broke down in July 2008. They also acknowledged the role of high-quality, consistent, transparent and comprehensive Regional Trade Agreements/Free Trade Agreements (RTAs/FTAs) in advancing trade liberalisation and pointed out the need to ensure that RTAs/FTAs lead to greater trade liberalisation and genuine reductions in trade transaction costs. They therefore commended the completion of model measures for six RTAs/FTAs chapters, and reaffirmed that the model measures would serve as the reference for APEC member economies negotiating so-called "high-quality FTAs". And they instructed Officials to continue work on model measures in 2007, so model measures for as many commonly accepted RTAs/FTAs chapters as possible are developed by 2008, as was called for in 2005 in Busan.

28. Leaders and Ministers reiterated their commitment to greater economic integration in the Asia-Pacific region and pledged to strengthen their efforts towards this end. They commented that they "shared the APEC Business Advisory Council's (ABAC) views that while there are practical difficulties in negotiating a Free Trade Area of the Asia-Pacific at this time, it would nonetheless be timely for APEC to seriously consider more effective avenues towards trade and investment liberalization in the Asia-Pacific region." Therefore, while affirming their commitments to the Bogor Goals and the successful conclusion of the WTO/DDA negotiations, they instructed Officials to undertake further studies on ways and means to promote regional economic integration, including "a Free Trade Area of the Asia-Pacific as a long-term prospect", and to report to the 2007 APEC Economic Leaders' Meeting in Australia, one year later.

29. Leaders and Ministers noted "with satisfaction" the progress made by member economies in implementing the Busan Roadmap towards the Bogor Goals, which in their view "demonstrates APEC's commitment to achieving free and open trade in the Asia-Pacific". They welcomed and endorsed the Hanoi Action Plan to implement the Busan Roadmap towards the Bogor Goals, and emphasised, in this regard, the importance of measures aimed at reducing business transaction costs and building a more "secure and favourable" business environment. The Leaders further instructed Ministers to ensure steady implementation of the Hanoi Action Plan "in close collaboration with ABAC", and pointed out that they "appreciated relevant recommendations from ABAC and encouraged APEC fora to take them into consideration when developing their work programs."

30. As usual, the Ministers' Statement commented on all these issues in more detail. Ministers, furthermore, reiterated the importance of TILF (Trade and Investment Liberalization and Facilitation) activities in "paving the way" towards the Bogor Goals. They commended and endorsed the 2006 Committee on Trade and

---

the previous year as well as outlines previous activities (the statement can be found here: [http://www.apec.org/apec/ministerial\\_statements/annual\\_ministerial/2006\\_18th\\_apec\\_ministerial.html](http://www.apec.org/apec/ministerial_statements/annual_ministerial/2006_18th_apec_ministerial.html))

Investment Annual Report to Ministers on APEC's Trade and Investment Liberalization and Facilitation activities, including the Collective Action Plans developed by the so-called CTI sub-fora. They noted the importance of investment flows to, from and within the APEC region and reaffirmed the importance of furthering APEC's works on investment liberalization and facilitation in progress towards the Bogor Goals. They also reaffirmed the “need to improve the investment environment for business in the region.” In addition, Ministers reaffirmed the key importance of trade facilitation in achieving the Bogor Goal, and welcomed the report on the final review of the Trade Facilitation Action Plan (TFAP). Ministers concluded that APEC has met the 2001 Shanghai target of a five-percent reduction in trade transaction costs by 2006 and welcomed the framework for taking forward the next phase of trade facilitation work in APEC to achieve another five-percent reduction in trade transaction costs by 2010. They instructed Officials to develop a detailed action plan (Trade Facilitation Action Plan 2 or TFAP2) for endorsement at the Meeting of Ministers Responsible for Trade in 2007.

### **Other Economic Issues**

31. Leaders emphasised that while they “noted with satisfaction the important progress achieved this year”, they also “understood many other tasks remain to be fulfilled in order to build stronger societies and a more dynamic and harmonious community.” But they did not spell out exactly what these were. However, they did note that they recognized the importance of economic and technical cooperation to ensure equitable growth and shared prosperity in the region and global competitiveness as a foundation to advance trade and investment liberalisation and facilitation. They therefore welcomed the outcomes and efforts to strengthen the prioritisation and effective implementation of economic and technical cooperation through APEC fora, and “reiterated that education and capacity building remain a priority within the APEC agenda.”

32. Leaders “recognised the need” to intensify work on structural reforms and took note of progress in carrying out the Leaders' Agenda to Implement Structural Reform toward 2010 (LAISR 2010). Ministers furthermore noted that there was a growing focus in the region on behind-the-border impediments to development and growth and that the Leaders' Agenda on Implementing Structural Reform (LAISR) provided “an important platform to develop, strengthen and coordinate work within APEC.” They argued that structural reforms to address would help ensure that economies and the region are more resilient to economic shocks, achieve greater macroeconomic stability, and experience increased productivity in the longer term. Ministers, further, noted “emerging issues of sustainable development” and emphasized that member economies should ensure the process of structural reform can take place in an efficient and realistic manner. They finally “encouraged APEC member economies to facilitate information-sharing on policy direction for market-oriented economic reform through seminars.”

33. Leaders welcomed the completion of the Report on Socio-Economic Disparity in the APEC region and stressed “the importance of enhancing activities across APEC fora in order to combat socio-economic disparity issues in the APEC region.” Ministers also touched on this, and “reaffirmed the importance of ensuring that all citizens have the opportunity to share the benefits from trade liberalization and

economic growth.” They welcomed the outcomes of the APEC Symposium on Socio-economic Disparity hosted by Korea held in Seoul on June 28-29 2006, and noted the report too, commenting that it identified areas to be addressed and offered recommendations on how to confront the challenges and impediments related to socio-economic disparity issues.

34. Leaders and Ministers “noted the importance of open and robust financial systems and the orderly adjustment of global imbalances through fiscal sustainability, price and exchange rate flexibility, reforms to promote investment, strengthened financial markets, more balanced domestic demand, and improved corporate governance and legal infrastructure across the Asia-Pacific”. They welcomed the progress made on IMF reform, including quota and voice reform, and called upon IMF members to work towards its timely conclusion. They further noted the discussion at the IMF on the possible creation of a new liquidity instrument that could help prevent financial crises in the region.

### **Human Security**

35. Leaders and Ministers condemned terrorist acts and emphasised that they were determined to continue efforts to combat terrorism in every form and manifestation. They affirmed that any measures taken to combat terrorism must comply “international obligations”. In relation to this issue, they commended the progress in implementing the commitments adopted in Bangkok in 2003 to dismantle trans-boundary terrorist groups, to eliminate the danger posed by the proliferation of weapons of mass destruction and their means of delivery, and to confront other direct threats to the security of the region. Leaders welcomed the APEC 2006 counter-terrorism initiatives endorsed by Ministers and encouraged member economies to take appropriate individual and joint actions, in accordance with international law and consistent with each economy's circumstances, to implement the existing commitments with a view to enhancing secure trade in the region. And “acknowledging the significance of counter-terrorism efforts to realizing APEC's core goals of free trade and investment”, they once again reiterated the importance of counter-terrorism work in APEC.

36. Leaders and Ministers looked at other aspects of ‘human security’, and endorsed the APEC Action Plan on Prevention and Response to Avian and Influenza Pandemics adopted in May 2006 as well as affirmed their commitment to its implementation. They commended the collaboration in APEC on health and emergency preparedness and urged continued multi-sectoral, regional and international cooperation on policies and infrastructure to mitigate pandemic influenza. They agreed to enhance cooperation within APEC on HIV/AIDS, and resolved to expand efforts towards combating the spread of HIV/AIDS, ensuring the protection of the rights of those living with the disease; and achieving the United Nations declared goal of universal access to comprehensive prevention programs, treatment, care and support by 2010. They furthermore noted APEC's “value-added role” and “cooperative efforts” in dealing with emergency preparedness and disaster response.

37. Leaders and Ministers reiterated that energy security is critical for sustainable economic development. Noting the challenges of meeting rapidly growing energy

demands while minimising environmental effects, they urged member economies to continue to work to facilitate energy investments and cross-border energy trade, to develop new and renewable energy sources and technologies to ensure cleaner use of fossil fuels, to boost energy efficiency and conservation, to enhance emergency preparedness and to better protect critical energy infrastructure. Leaders instructed Ministers to report to them in 2007 on ways in which APEC might further contribute to responding to these challenges through pursuing policies and technologies that promote the development of cleaner energy and the improvement of energy efficiency, thereby enabling economies to meet increasing energy needs with a lower environmental impact and to address climate change objectives.

### **Human Resources Development**

38. Ministers reaffirmed the “pivotal role” of human resources development for “sustainable development and prosperity” in the APEC region. Ministers also recognized the importance of the Human Resources Development Working Group (HRDWG) in education, employment, labour and capacity building among APEC member economies. They noted the “significant work progress” being carried out by HRDWG this year, especially the contribution of Capacity Building Network (CBN) in the area of Human Capacity Building and “encouraged HRDWG to develop further work out new initiatives, projects and programs to strengthen human resources development as a driving force in the APEC process.” In particular Ministers “encouraged the Labor and Social Protection Network to focus on three emerging human resource issues - productivity, skill development, and labour force participation rate - in order to contribute effectively to improved human resource capabilities throughout the APEC region.”

### **Small and Medium Sized Enterprises**

39. Leaders and Ministers underlined the importance of small and medium sized enterprises and urged member economies to make every effort to develop and implement specific measures to improve their competitiveness, innovation and entrepreneurship in line with the ‘Hanoi Declaration on Strengthening SME Competitiveness for Trade and Investment’ and the ‘Daegu Initiative on SME Innovation Action Plan’. They identified corruption as one of the greatest obstacles to economic and social development, agreed to fight corruption and usher in a community of integrity by effectively implementing APEC Anti-corruption and Transparency (ACT) Task Force's initiatives through enforcement of anti-bribery law, prosecution, law enforcement, and denial of safe haven. And they instructed Senior Officials to work with ABAC and other business leaders to strengthen corporate governance to assure greater economic opportunities and prosperity. Ministers, furthermore, encouraged efforts to support the use of Information and Communication Technology in SMEs and MEs in promoting trade and exploring business opportunities, especially in overseas markets.

### **Interaction with the business community**

40. Ministers instructed Senior Officials to “promote collaboration” with ABAC to achieve free and open trade and investment in the APEC region, and welcomed the 2006 ABAC Report to Leaders and tasked senior officials to consider the

recommendations and report their views to ABAC and Ministers. They “highly appreciated dialogues between Senior Officials and ABAC since the second ABAC meeting held in Montreal, Canada, in May 2006 to discuss the DDA negotiations, RTAs/FTAs and the Busan Business Agenda” and “looked forward to the next SOM/ABAC dialogue in Tokyo, Japan, in May 2007.” They called for ABAC to continue to play an important role in making policy recommendations and reviewing APEC activities in line with APEC Reform initiatives.

### **Gender Integration**

41. Ministers confirmed that the integration of gender in all APEC policies and projects was a cross-cutting theme in APEC and that promoting the increased involvement of women in APEC is an “effective measure which will contribute significantly to the goal of achieving a dynamic community for sustainable development and prosperity.” They recognised the benefits and need to further facilitate the implementation of the Framework for the Integration of Women in APEC and encouraged economies to periodically review its implementation in order to highlight issues for consideration at ministerial level. Ministers also requested economies and fora to allocate necessary funds and resources for gender-mainstreaming activities in their work and to encourage women to participate in decision-making processes, project and programme implementation as well as in workshops, conferences and other activities. They further encouraged economies to work individually and collectively on ways to promote women's participation in the digital economy and women empowerment, first of all, in micro and small & medium enterprises.

### **APEC Reform**

42. Leaders emphasized the need to make APEC more efficient and results-oriented. They therefore commended progress on APEC reform and endorsed the 2006 reform package. They reaffirmed that reform is a high priority and that APEC must “continue to evolve to meet new challenges and opportunities in a rapidly changing environment”. They instructed Ministers and APEC Senior Officials to continue their work on APEC reform in 2007 and beyond, including the allocation of greater resources, further measures to streamline the organisation, to improve evaluation and coordination, to strengthen and professionalize the Secretariat and to develop more effective delivery mechanisms for policy initiatives.

43. Ministers endorsed the “APEC Reform 2006 Deliverables” paper prepared by Senior Officials under the themes of improving operational efficiency, promoting operational linkage, and enhancing operational dynamism. They commended the reform measures incorporated in the paper “to strengthen the Secretariat, improve linkages and efficiency of APEC processes, establish closer integration with ABAC and ensure a more targeted policy agenda.” They welcomed the agreement on appointing a Chief Operating Officer to the APEC Secretariat and instructed Senior Officials to discuss details and implement this proposal in 2007 and to further discuss the appointment of an Executive Director for a fixed term. They finally reaffirmed their commitment to continuing reform of APEC to ensure APEC remains relevant, effective and responsive to the needs of member economies and the business community.

## **APEC in 2007: Priorities, Developments and Outcomes**

44. The theme of APEC in 2007 was “*Strengthening our Community, Building a Sustainable Future*”. The sub-themes and priorities were the following:

### *Strengthening the Multilateral Trading System*

APEC Leaders agreed in 2006 that “moving beyond current positions in the key areas of the negotiation will help to ensure a balanced outcome to the Round”, including for major players to make deeper reductions in trade-distorting farm support, creating new market access in agriculture, making real cuts in industrial tariffs, and establishing new openings in services trade. Based on ABAC's recommendation (to put it in APEC's words), APEC will undertake further studies on ways and means to promote regional economic integration, including a Free Trade Area of the Asia-Pacific as a long-term prospect, and report to the 2007 APEC Economic Leaders' Meeting in Australia. APEC will also continue to work on model measures which will serve as a reference for APEC member economies to help achieve other free-trade agreements.

### *Economic Reform & Trade Facilitation*

APEC have stated that they will address “behind-the border barriers” to trade, and promote other forms of economic cooperation “to lift growth performance and contribute to greater regional integration.” The work will focus on promoting high-quality economic policy dialogue, strengthening economic infrastructure and improving regulatory efficiency. To ensure the ease of doing business, APEC will also work to develop common approaches for facilitating customs procedures, encouraging business mobility and protecting intellectual property rights (IPR).

### *Human Security*

APEC has announced that APEC member economies will take individual and joint actions to secure trade in the APEC region to thwart the danger of terrorism. Moreover, preventing terrorist financing, improving aviation security, and defending the integrity of the food supply from contamination will also be on the agenda, “with the active participation of the private sector.” Furthermore, “along with its business partners, APEC will work together to develop joint strategies and best practices to ensure both security and economic efficiency and minimise additional transaction costs borne by the business community as a result of increased security measures.”

### *Energy Security*

APEC has stated that “recognizing that energy security is critical for sustainable economic development and the need to minimise the environmental effects of rapidly growing energy demand, APEC members will work to promote policies and technologies that advance the development of cleaner energy and energy efficiency.” APEC members will also continue to encourage energy investments and cross-border energy trade. It is further noted that “developing new and renewable energy sources

and technologies will also help to ensure cleaner use of fossil fuels, boost energy efficiency and conservation, and better protect critical energy infrastructure” and that “members will respond to these challenges by pursuing policies and technologies that promote the development of cleaner energy and the improvement of energy efficiency.”

### *Health and Emergency Preparedness*

Stating that “health crises have the potential to threaten the region's commerce, trade and security”, APEC will promote common plans, policies and communication among members to reduce the likelihood and the impact of such diseases as avian influenza and HIV/AIDS. APEC members will expand the collaborative process between economies and further engage with the private sector to help to ensure the continuity of business in the event of a pandemic. A coordinated approach will include capacity building, technical assistance and strategic planning. In view of the experience of APEC member economies which have suffered extensively in recent years from the devastation of large scale tsunamis, hurricanes and earthquakes, APEC will further intensify cooperation in the area of emergency preparedness.

### *APEC Reform*

Efforts to “revitalize APEC” by improving structures, linkages and decision-making processes and by “boosting the capacity of the APEC Secretariat to underpin well-managed projects and conduct research and analysis” continued in 2007. A strong APEC reform package adopted in 2006 was implemented, with practical measures designed to strengthen APEC institutions and to ensure a clearer and more focused policy agenda. A process of restructuring Senior Officials' meetings and work practices to ensure an “action-oriented agenda is underway”, together with implementation of reform and rationalization at the working group and committee level. Further improving interaction with stakeholders such as ABAC and the broader business community was also a key priority for 2007. It was also announced that a Chief Operating Officer would be appointed in 2007 to improve operational efficiency at the APEC Secretariat. The COO will have broad management responsibility for finance, administration, information technology and communications. APEC will also work to establish a unit to provide research, analysis and policy advice to better inform the decision-making process.

### **Trade**

45. Advancing trade through liberalisation and better facilitation is the overarching objective of APEC. Increased liberalisation is secured through the WTO and through regional trade agreements as well as bilateral free trade agreements. Specific measures are set up to enhance trade facilitation in the region.

### *APEC and the WTO*

46. Liberalisation undertaken through negotiations in the World Trade Organisation constitutes the multilateral aspect of trade liberalisation within APEC towards the Bogor Goals. APEC Trade Ministers have continuously expressed

support to the WTO negotiations and always used their meetings to call for progress in these.

47. When APEC Trade Ministers met in June 2007 in Cairns, Australia they issued a statement on the current WTO round, which emphasised that “there has never been a more urgent need to make progress” on the DDA negotiations, and that key issues would have to be resolved at this juncture if negotiations were to move forward. They acknowledged the “singular importance” of ensuring the continued strength and openness of a rules-based global trading system which operates to provide expanding economic opportunities. They emphasised that a successful Doha outcome must deliver meaningful new market opportunities in order to significantly expand trade, promote global economic growth and foster development. And they commented that they “will demonstrate the necessary political will and flexibility, and call upon other WTO Members to do the same.” They reiterated that consensus can only be achieved through an ambitious and balanced result that brings new trade flows in agriculture, industrial goods, and services, thereby securing benefits to all, in particular developing country economies. They went on to stress that “this means we need to make cuts in agricultural and industrial tariffs which result in real and substantial improvements in market access, and real and substantial reductions in trade-distorting agricultural subsidies. We urge the Chairs of the negotiating groups to table texts that will build consensus on an ambitious and balanced outcome.” The Doha Development Agenda talks were temporarily broken off at the end of July 2008.

#### Regional Trade Agreements and Free Trade Agreements

48. APEC Economic Leaders and Ministers have repeatedly emphasised the role that Regional Trade Agreements (RTAs) and Free Trade Agreements (FTAs) play in trade liberalisation in the APEC region. Work on FTAs is taking place in a number of APEC fora. The Market Access Group provides a forum where APEC members can share information and exchange views on FTAs/RTAs. The Economic Committee produces studies on FTAs and RTAs.

#### Trade Facilitation

49. At their above mentioned meeting, APEC Ministers Responsible for Trade agreed to a new Trade Facilitation Action Plan to reduce trade transactions costs in the Asia-Pacific region by 5 percent by 2010. Based on calculations by the World Bank, they believe that this could boost the collective trade performance of APEC economies by nearly \$148 billion. ABAC participated in the development of the new plan, which was said to have been important in ensuring that activities undertaken are “targeted and practical”. Initiatives of the new plan include the development of 'Customs Single Windows' by APEC economies, the expansion of the APEC Business Travel Card Scheme, harmonisation of food safety standards and work on data privacy to protect the integrity of e-commerce. The ‘Trade Facilitation Action Plan II (TFAPII), as it is called, sets out a framework to streamline electronic customs documentation, improve the online business environment, harmonise domestic with international standards, and make business travel in the region easier.

### **Human Resources Development**

50. APEC's work on labour issues take place with the framework of 'Human Resources Development', in the practice the Human Resources Development Working Group (HRDWG), which was established in 1990 and conducts work programmes to develop human resources on issues ranging from education to labour to capacity building. The HRDWG has so far conducted its work through three networks – the Capacity Building Network (CBN), the Education Network (EDNET), and the Labour and Social Protection Network (LSPN). APEC's work on social safety nets, which was previously handled in the Social Safety Net Capacity Building Network (SSN-CBN), has also been under the auspices of the HRDWG since 2007, and there has been some discussion about whether the Labour and Social Protection Network (LSPN) should change its name to the Labour and Social Safety Network (LSSN). However, this issue remained unresolved at the time of writing.

51. The last meeting of Ministers responsible for HRD was held in 2001. That such meetings have not been held more frequently has continuously been criticised by the APLN. Although ministers responsible for HRD were scheduled to meet in Thailand in October 2006, for the 5th HRD Ministerial Meeting, the meeting was cancelled because of the political situation in that country. Thailand has since then let the HRDWG know that they are unable to host an alternative meeting and the HRDWG has invited countries to offer to host such a meeting.

52. The 29th HRDWG meeting, held in Brisbane, Australia from 17-20 April 2007, adopted a new set of Terms of Reference for the working group. The stated that the mission of the HRDWG is: "Sharing knowledge, experience, and skills to strengthen human resource development and promote sustainable economic growth." It is also noted that "while the HRDWG carries out its mission primarily with the intent of strengthening public sector interventions, the HRDWG recognizes that collaboration among government, academia and the private sector can improve effectiveness compared with government intervention, alone." The objectives of the HRDWG are defined in the following way: 1) Develop 21st Century Knowledge and Skills for All, 2) Integrate HRD into the Global Economy, 3) Address the Social Dimensions of Globalization. It is noted in the ToR that "the 21st Century economy offers unprecedented economic opportunities for students, workers, and managers to maximize the benefits of globalization and ICT through increased worker productivity and more efficient approaches to work organization."

53. Specific aims in relation to the objective on developing 21st Century Knowledge and Skills for All are as follows: a) teach 21st Century Academic Content with an emphasis on literacy, math/science; foreign language; cultural and global awareness; and economic, international trade, business and entrepreneurial literacy; b) build 21st Century Skills including critical thinking and problem solving skills, communication skills, creativity and innovation skills, collaboration skills, and information technology and media literacy skills; c) expand access to and effective use of information and communication technology to diminish the digital divide; d) develop and employ evidence-based interventions to effectively address 21st Century skills.

54. On the objective of integrating HRD into the global economy, the aims are: a) encourage the development of entrepreneurial skills in international trade participation; b) develop common understandings about qualifications, skills, and

professional recognition in order to facilitate the mobility of students, workers, managers, and academics to enable them to be more competitive in the global skilled labor market, c) reduce barriers to the cross-border exchange of education and training; d) cooperate on the delivery of quality APEC-wide education and training, e) uphold and strengthen human values to balance the economic and non-economic goals of education and training including the fostering of personal development, civic education, and cultural identity within the APEC region.

55. In relation to the objective of addressing the social dimension of globalization, it is noted that this objective “recognises that our interdependent world requires appropriate governmental supports to enable and support economies that address the social dimension of globalization. Aims of this objective include: strengthening economies to prevent long-term employment disruptions; using evidence to guide policy development; and, addressing human and environmental needs associated with economic development.” Specific aims are to: a) foster economic development to enhance growth and employment creation and alleviate poverty; b) strengthen social safety nets; c) work toward environmentally sound and sustainable economic growth.

56. When the Labour and Social Policy Network (LSPN) met in Brisbane, Australia from 18-19 April 2007, the group devoted its time to discussions on a 2008 LSPN Workplan, the new HRDWG Terms of Reference; the proposed merger of LSPN and SSN-CBN; and 5 project progress reports. Two project proposals were submitted for APEC funding. The first proposal for urgent 2007 funding was submitted by the USA - 'Ensuring Sustainable Growth in the 21st Century through Workforce Development.' The second proposal was endorsed for 2008 funding and submitted by Malaysia - 'Research on the Impact of Performance-based Remuneration Systems on Productivity Performance of SMEs.'

57. In 2001 and 2002, the ICFTU/APLN applied to the APEC secretariat for participation in the HRDWG but was turned down on both occasions, on the grounds that there was no consensus among members. The APLN has not yet renewed the application, for the reason that up to this stage, there has not been a reason to expect a positive reply. At the 26th Meeting of the APEC HRDWG (Korea, 11-14 May 2004), the APLN adopted a Statement and tried to arrange an informal consultation with the HRDWG through the assistance of its Korean affiliates, which had been a successful approach in the past. However, due to lack of support from the Korean Government, such a consultation did not occur.

## **Gender**

58. APEC has several times emphasised that women contribute greatly to the APEC economies, and account for more than half the labour force, and that there is a need to take actions to provide gender equality in the social and economic life of the region. In 1998 Leaders endorsed the recommendations of the First Ministerial Meeting on Women which was held in Makati, Philippines on 15-16 October 1998. The recommendations included the development of a Framework for the Integration of Women in APEC. Accordingly, in 2002 Ministers endorsed the establishment of a Gender Focal Point Network (GFPN). The first meeting of the GFPN was held in Khon Kaen, Thailand from 21 to 22 May 2003. The broad goal of GFPN is to provide linkages for information sharing and support between APEC Fora, APEC Member

Economies and the APEC Secretariat to “advance the economic interests of women for the benefit of all economies within the APEC Region.”

59. In 2006 the GFPN conducted a ‘Gender Analysis Training’ workshop. Training was provided to APEC officials on the use of gender analysis as a tool for applying “the Framework” to APEC policies, project designs, implementation, monitoring and evaluation. To ensure that all project proposals include gender criteria the APEC Secretariat GFPN Program Director is a member of the group that assesses projects seeking APEC funding.

60. In 2006, a range of measures have been undertaken to improve the functioning of the GFPN: 1) Development of a three-year work plan to guide and sustain its work and facilitate yearly transitions. The plan identifies specific activities such as assisting APEC to identify and address gender issues within their work; promoting and reporting on women's representation across APEC; collecting and sharing best practices in gender integration among fora; and reviewing its work to strengthen GFPN operations. 2) Continuation of work to advance the implementation of the ‘Framework for the Integration of Women in APEC’ based on the principle that gender is a cross-cutting issue to APEC. 3) Streamlining of reporting guidelines to economies and fora on the implementation of “the Framework” that will help GFPN to make more relevant and comparative conclusions.

61. APEC’s work on gender misses out some of the aspects the international trade union movement sees as crucial – among other things, the lack of equal pay for work of equal value and the conditions prevailing generally in the APEC region.

### **APEC Business Advisory Council (ABAC)**

62. APEC publications often carry the slogan that “commerce is the lifeblood of the region, and business the engine of economic growth”. The APEC Business Advisory Council (ABAC) was established by the APEC economic leaders in 1995 as a way of prioritising the role of business and to get business advice on key issues. This private sector body offers recommendations to APEC Leaders in an annual dialogue and advises APEC officials on business sector priorities and concerns. ABAC comprises up to three senior business people from each APEC economy, representing a diverse range of sectors and small as well as large enterprises. The business people are appointed directly by Leaders to serve on ABAC. ABAC provides annual reports to APEC economic leaders which contain recommendations to improve the business and investment environment in the APEC region.

63. In its 2007 submission to APEC, ABAC started out by commenting that “APEC economies cannot afford to become complacent” and “requested that APEC Leaders continue to strive for improved international competitiveness by adopting further measures to liberalise trade and eliminate investment barriers.” ABAC further commented that climate change is a fundamental issue for the APEC region and therefore welcomed the initiative of putting climate change at the forefront of the APEC Leaders’ Meeting in Sydney. “To facilitate progress on climate change and energy security, APEC Leaders should aim to set transparent and consistent policy frameworks, particularly in relation to government incentives, during their deliberation on climate change and energy security. This will give business the

certainty necessary to encourage investment in low emissions and energy efficient technology”, ABAC asserted, and further that “APEC’s priorities should include adopting measures to improve energy efficiency; establishing of reliable supplies of conventional energy resources; developing a diversified energy portfolio; easing regulatory impediments; and setting goals and formulating individual voluntary action plans for energy efficiency and conservation.”

64. In its submission, ABAC further noted that it “continues to be frustrated with the inability of members of the WTO to secure a practical outcome from the Doha trade negotiations” and that “alternative ideas to drive market liberalisation in the region are required.” They reiterated their belief that options for the future, such as a Free Trade Area of the Asia Pacific (FTAAP), would offer opportunities to advance the trade and investment liberalisation and facilitation agenda as envisaged in the Bogor Goals. An FTAAP could serve both the objectives of addressing the proliferation of free trade agreements (FTAs) in the Asia Pacific region as well as promoting a higher level of convergence and consolidation of FTAs in a comprehensive and WTO-plus manner, ABAC noted. They further commented that “reductions in tariffs and improvements in market access are important to business, but the emergence of global production networks and the increasing integration of regional markets highlights the importance of addressing ‘behind the border’ issues. Whether related to economic structural reform or market barriers, these issues impact significantly on costs, risks and competitiveness of doing business in the region, and inhibit efforts to achieve genuine regional market integration.”

65. ABAC emphasised that “mobility of labour is emerging as a significant issue with implications for business. Recent demographic studies signal increasing vulnerability of business across the region to a tightening of labour supply and changes in market demands.” They informed that ABAC is developing a work program to assess the economic implications of this issue, including consideration of the development and adoption of “standards or good practices on labour mobility.” Recommendations arising from the work program will be presented to Leaders in 2008, they noted. ABAC further commented that small and medium sized enterprises are a key part of ABAC’s agenda and that efforts are being made to identify ways of enhancing the competitiveness of small businesses throughout the region. ABAC is therefore working on best practice exchanges between APEC economies to support SME participation in “global value chains to promote SME growth, create employment, and build an integrated APEC business community.” It was further noted that ABAC has agreed on a multi-year strategic framework aimed at “wealth creation and market stability in the region by strengthening and deepening financial markets. Enhancing the investment environment, capacity building, structural reform and appropriate regulation will all play critical enabling roles to meet these objectives.” In relation to this, ABAC further argued that “developed markets will enhance social security and retirement income safety, increase the range of policy choices for governments, and lead the private sector to invest, compete, innovate, and improve efficiency.”

## **APEC 2008 (Peru)**

66. Peru has been a member of APEC since 1998, and took part as a full member for the first time at the meeting hosted by Malaysia. Peru is the only member of the Andean Community in APEC. The theme chosen for this year is “A New Commitment to Asia-Pacific Development”. It advocates expanding participation in the APEC process to other actors, through the promotion of partnerships between public and private sectors, the inclusion of civil society representatives and the cooperation of international financial institutions. Peru has also decided to focus on human and economic development, taking an integral approach to the issues affecting the region, such as energy security, human security, climate change and sustainable economic growth. The 16<sup>th</sup> APEC Economic Leaders’ Meeting will take place in Lima on 22 and 23 November. A number of interesting meetings have been held during 2008.

67. APEC Senior Officials met in Lima at the beginning of March 2008 to agree on APEC’s work agenda for 2008. During the meeting, they reiterated their unswerving commitment to a successful conclusion of the WTO Doha Round. It should be noted that the Doha negotiations were broken off at the end of July 2008. The Senior Officials agreed on a plan to implement the recommendations of a report on regional economic integration endorsed by APEC Economic Leaders in 2007, including practical steps towards exploring the possibility of a Free Trade Area of the Asia-Pacific. It was also agreed that APEC should play a key role in the work on Corporate Social Responsibility (CSR) in the region. To this end, CSR is to be incorporated into APEC's agenda to improve the investment climate in the Asia-Pacific region.

68. The APEC ministers responsible for trade met in Arequipa at the beginning of June 2008. The ministers stressed the importance of a multilateral trading system and the need to bring the DDA negotiations to a successful conclusion. The negotiations in this Round collapsed in Geneva at the end of July 2008.

69. The APEC Committee on Trade and Investment is focusing its work programme for 2008 on the Regional Economic Integration report that was endorsed by APEC Leaders in September 2007. At its first meeting in Lima in February 2008, the committee adopted work plans in three key areas: regional trade agreements and free trade agreements, trade facilitation and the digital economy. During a second meeting, the committee agreed on measures in other areas related to free trade agreements, such as competition policy, the environment, and the temporary entry of business people. It has also developed an Investment Facilitation Action Plan for 2008-2010. The committee is continuing with its work on the trade and investment liberalisation agenda, preparing the texts of the model measures for trade in services, investment, anti-dumping, subsidies and safeguards.

70. The Market Access Group met at the end of May in Arequipa with the aim of determining what constitutes an environmental good and service and exploring ways of increasing trade in this area. The group has held discussions with experts from the field. A number of ideas have been proposed, such as creating a voluntary database of environmental goods and services. The group also addressed the rising cost of food and placed special attention on non-tariff barriers to trade in food. The group is to meet again in August 2008.

71. The Committee on Economic and Technical Cooperation is focusing its work programme for 2008 on enhancing APEC's cooperation with other international organisations, strengthening its policy role within APEC and exploring new capacity building opportunities.

72. The Economic Committee organised a range of activities in 2008, including a Senior Officials' Meeting policy dialogue on structural reform, two round tables on regulatory reform and public sector governance, and a number of workshops. A workshop on corporate governance will be held in Lima in August. A Structural Reform Ministerial Meeting will also be held, with particular emphasis on competition and regulatory reform.

73. ABAC held its second meeting of 2008 in May in Moscow. Its members discussed current economic and business issues, progressed with the preparation of its report to be presented later this year to the leaders of the APEC economies, and exchanged views on policies and programmes. The key areas discussed were global credit market contraction, the impact of shortages in the supply of basic foodstuffs and the subsequent price increases, and the situation regarding the Doha Development Agenda of the WTO.

74. ABAC's agenda for 2008 includes three sub-themes: achieving trade and investment liberalisation, facilitating business, and capacity building for sustainable economic development. The key priorities for 2008 include: seeking ways to further advance trade and investment liberalization in the region, including unequivocal support for the WTO Doha Development Agenda negotiations (these talks were broken off at the end of July 2008), the proposal for a Free Trade Area of the Asia-Pacific and continuing work on model measures for free trade agreements; improving the investment environment; removing obstacles to doing business in the region; studying the economic implications of labour mobility; cooperation to improve education systems; strengthening capital markets, by promoting social security and retirement safety nets; climate change and energy security, intellectual property protection, and support for SMEs.

## **The APLN's Actions within APEC**

75. After experiencing some setbacks in its efforts to achieve recognition of the trade union role in APEC in 2003, the APLN had greater success in 2004. The APLN held its 10th Conference in Santiago, Chile, 15-16 November 2004. The APLN met with both the Chilean President (as well as the Chilean Minister of Labour and Social Welfare) and the APEC Executive Director. In 2005, APEC met with the Prime Minister of Korea as well as the then present APEC Executive Director. In 2006, the APLN met with the Prime Minister of Vietnam and with the incumbent APEC Deputy Executive Director, who is the APEC Executive Director this year.

76. At the tenth meeting of the APLN there was wide consensus on continuing the APLN's work on strengthening the social agenda of APEC through trade union participation in the process. There was strong support for the proposals of the government of New Zealand on labour participation in APEC and establishing an APEC Labour Forum. It was proposed that trade unions in the APEC region should continue to pursue establishment of a Labour Forum which could be modelled on the

Workers' Group of the ILO, and that the ICFTU (now the ITUC) should play a supporting role in the Forum, which could be similar to its role in the Workers' Group of the ILO.

77. At the eleventh meeting of the APLN in Seoul, November 2005, the message of the meeting was clear: the labour movements in the APEC countries should continue their work on APEC, to meet within the APLN, and to insist on achieving a formal space for labour in the APEC process. There was a feeling of some positive momentum – not least when compared to 2003 in Thailand – but it was also stressed that labour cooperation in the APEC region in the form of the APLN or the formerly proposed Asia Pacific Labour Forum would take substantial financial support.

78. At the twelfth meeting of the APLN in Vietnam, November 2006, many of the same sentiments on labour's role within APEC were reiterated. In spite of now having some established interaction with APEC – in the form of the meetings with the host government and the leadership of the APEC Secretariat – there was however a feeling that gaining more formal recognition would not be easy. It would take serious sponsorship from an APEC government that was ready to bring the issue forward in a committed manner. And it would take concerted action by trade unions in all other APEC countries, utilising all their influence with governments and opposition politicians. There was a feeling that while the APLN might have what appears as positive encounters with host governments and the APEC Secretariat on the face of them, the APLN priorities and agenda was not moving much within APEC itself. At the same time, there was nevertheless a strong conviction among participants that the APLN should continue to demand and work for its legitimate, official role and recognition within APEC.

#### Trade Union Participation in APEC

79. In July 2004 the New Zealand government made an official proposal on labour participation in APEC to the Senior Officials Meeting (SOM) of APEC. The proposal referred back to the request made in the 2003 Bangkok Leaders' Declaration for APEC members to make APEC more efficient and responsive to all stakeholders.

71. The New Zealand government proposed that APEC economies formalise and improve the participation of labour in line with existing ad hoc practice and agree to:

- A) Request host economies and the Executive Director to interact with the APLN on an annual basis and convey their views to all members.
- B) Approve “guest participation” of labour in relevant Working Groups in accord with the Guidelines on Non-Member Participation in APEC Activities.

The government further proposed that APEC economies consider ways to increase the constructive engagement of labour in APEC on an ongoing basis through such mechanisms as:

- C) Holding a one-off APEC Labour Forum involving participation of organised labour representatives and Senior Officials to discuss potential areas of cooperation.

- D) Establishing an APEC Labour Advisory Committee (ALAC) of representatives from each economy chosen by Leaders to provide constructive advice to Leaders on APEC-related issues.

81. In October 2004, the proposal was discussed, together with other reform proposals, at the APEC SOM III (Santiago, 3-4 October 2004). Senior Officials agreed to classify possible reforms into two categories: those for immediate action and those for further consideration. Proposals A (interaction with the APLN) and B (Participation in Working Groups) were classified as “immediate actions”, while Proposals C (a one-off APEC Labour Forum) and D (APEC Labour Advisory Committee) were classified as “further consideration”.

82. In November 2004, the concluding SOM of the year (Santiago, 14-15 November 2004) continued to discuss reform proposals. Indonesia, in particular, emphasised that they saw no need to involve other actors in the APEC process and that there was no need to formalise the involvement of organised labour. As a result, the Concluding SOM did not take up proposal B for approving the APLN’s participation in relevant APEC Working Groups. However, it adopted a report on reforms for immediate action which stated that the Executive Director, Deputy Executive Director, SOM Chair and representatives from the SOM Chair’s office should be allowed to represent APEC at meetings of other organisations without the approval of SOM, and that the APEC host economy and Executive Director should reach out to stakeholders, including representatives of labour, and convey the outcomes to other economies, taking into account past practice.

83. The SOM report containing the above proposal was duly presented to the 16th APEC Ministerial Meeting. In the Joint Statement of the 16<sup>th</sup> APEC Ministerial Meeting (Santiago, 17-18 November 2004), Ministers welcomed the package of reforms agreed by Senior Officials for immediate implementation. Furthermore, they stated that reforms should be a continuous process for Senior Officials to continue their work on.

84. Almost simultaneously with the above-mentioned APEC meetings, the APEC Executive Director Ambassador Mario Artaza spoke at the 10th APLN Conference in Santiago on 15 November 2004, and a meeting was held by the APLN Conference with President Ricardo Lagos on 16 November.

85. Since Ministers emphasised that reform should be a continuous process, such practice should continue in Korea (2005), Vietnam (2006), Australia (2007) and thereafter. In other words, the APLN should be able to represent workers’ views in the APEC process through interaction with the APEC Executive Director and the meeting with the leader of the host economy through a more confirmed process. It was further agreed by the Leaders that the outcomes of meetings such as those with the APLN should be conveyed to APEC as a whole.

86. Proposal B of the New Zealand proposal was not agreed among Senior Officials, mainly due to the opposition of Indonesia at that time (although it should be noted that since then, government ministers from Indonesia have been more positive towards trade unions, which could indicate a change of position by that country

concerning this proposal). However, SOM delegated to APEC for the authority to approve non-member participation for a trial period of 3 years, according to the revised Consolidate Guidelines on Non-Member Participation in APEC Activities approved by the APEC Ministerial Meeting in 2002. Therefore, consideration should be given to renewing the application for Human Resource Development Working Group (HRDWG) that was turned down twice in 2001 and 2002.

87. Proposals C and D have been classified into those for further consideration. The APLN should give consideration to organising a joint meeting with government representatives of APEC economies to discuss possible future cooperation within the APEC structure, which should include trade union participation in the HRDWG and the establishment of an APEC Labour Forum to function as a trade union advisory body.

*APLN Meeting in Sydney in September 2007*

88. The meeting of the Asia Pacific Labour Network (ITUC/APLN) held on the occasion of the APEC Economic Leaders Meeting in Sydney (Australia) in September 2007 agreed on a statement urging APEC leaders to adopt a series of measures. The APLN urged the APEC leaders to promote decent work, establish effective rules for the global economy and strengthen labour market security, with the full involvement of trade unions in APEC economies. To this end, the statement called on APEC leaders to:

- adopt concrete measures to promote labour participation in APEC and endorse the establishment of an APEC Labour Forum;
- strengthen the Human Resource Development (HRD) agenda within the APEC process, resume the tradition of HRD Ministerial Meetings, and hold the next such meeting in full consultation with the social partners and with a strong emphasis on the creation of decent and productive employment through the development of comprehensive APEC Decent Employment Guidelines;
- promote fundamental workers' rights in multilateral, bilateral and regional trading systems, as well as in APEC in general;
- act on the commitment to addressing the social dimension of globalisation by further developing work in this area;
- approach the issue and stated priority of structural reforms in a balanced way that prioritises a "high road" to development;
- tackle climate change and global warming in an ambitious and comprehensive manner, paying attention to the impact on employment and the workplace;
- develop APEC guidelines to ensure the proper implementation of non-discriminatory policies with regard to gender and other forms of discrimination;

- develop an APEC framework for a rights-based approach to migrant workers;
- launch an APEC initiative to promote a legal and policy framework to integrate informal economic activities into the mainstream economy;
- develop an APEC framework to encourage social dialogue in multinational enterprises, and revise the APEC Non-binding Investment Principles;
- launch an APEC initiative for effective policies that promote decent work and sustainable investment and trade rather than, in many instances, creating opportunities for the exploitation of workers in manufacturing plants and EPZs, where the majority of workers are women.

\*\*\*\*\*