

ASIA PACIFIC LABOUR NETWORK (APLN)
TWELFTH CONFERENCE OF
THE ASIA PACIFIC LABOUR NETWORK (APLN)
(Hanoi, Vietnam, 9-10 November 2006)

Background Document

1. This document gives a broad introduction to the Asia-Pacific Economic Cooperation forum (Part I), summaries and assesses the decisions made by APEC Leaders and Ministers at their annual meeting in 2005 (Part II), summarises the main developments in APEC over the past year, focusing on the areas of greatest interest to the APLN (Part III), looks at trade union activities relevant to APEC (Part IV), and concludes by summing up some main considerations for the APLN at the current time (Part V).

Part I – A Summarised History of APEC: Purpose, Key Events and Organisation

2. 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.

3. APEC comprises 21 Member Economies that account for more than a third of the world's population (2.6 billion people), over 50% of world GDP (US\$ 19,254 billion) and in excess of 41% 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

4. 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.

5. 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.

6. 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 the institutional and personal levels to assist APEC Member Economies and their people to gain the necessary skills to take advantage of global trade and the New Economy.

Key Events of APEC over 1989-2004

7. APEC Economic Leaders' Meetings are held once a year in the APEC host economy. 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 6th 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.

Organisation, Ways of Work and Scope of Activities

8. 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.

9. 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.

10. 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.

11. 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.

12. 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

13. 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.

14. 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.

15. 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.

16. 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.

17. 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.

18. 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.

Part II – APEC in 2005: Summary and Assessment of Leaders' and Ministers' meetings in 2005¹

Overview

19. Though the basic aim of APEC is to increase growth through trade and investment liberalisation, and the cooperation is based on a belief that all other issues can be addressed through this formula as well, it is important to note that the Declaration and Statement of 2005 suggests that this recipe might have to be complemented with an active social side, securing larger inclusion of the people of the region in its development. Thus, while APEC undoubtedly still swears to the belief that social development is a residual benefit from economic development, the often

¹ Economic Leaders' *Busan Declaration* and Ministers' *Joint Statement*, adopted at 13th APEC Economic Leaders Meeting, 18-19 November 2005, Busan, Korea, and 17th APEC Ministerial Meeting, 15-16 November 2005, Busan, Korea

negative social dimension of economic integration was more prominent in the records of this year's meeting than it has been before.

20. 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 could do much more to promote such avenues to achieve its goals.

21. 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.

22. Further analysis of the different parts of the Declaration and Statement are provided below (the subheadings used, and their order, are the ones used by APEC Leaders and Ministers).²

Section on “Overall aims of APEC”

23. Both Leaders and Ministers confirmed that the ‘Bogor Goals’ – of free and open trade and investment in the Asia-Pacific, in 2010 for developed economies and 2020 for developing economies – remained the overall aim and ambition of APEC. They, moreover, pledged to work towards this with the Busan Roadmap, which was presented and agreed at the midterm stocktaking of the achievement of the Bogor Goals in Busan in November 2005. Leaders and Ministers, furthermore, commented that the APEC economies today accounts for 46% of world trade, 57% of global GDP, and 45% of the global population, and celebrated the fact that APEC “has not only kept its pledges but also has succeeded in presenting the future direction that APEC should be heading towards.”

“Advancing Freer Trade”

24. Leaders confirmed that a strengthened multilateral trading system is “the engine of the regions growth” and expressed continuous support to the WTO as the heart of this system. They, moreover, released a separate statement on the current negotiations within the Doha Development Round, declaring their political will to achieve an ambitious result of the round. In relation to the ‘Bogor Goals’, Leaders endorsed the ‘Busan Roadmap’, consisting of :

² The ‘Busan Declaration’ of APEC’s Economic Leaders is a four-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/2005.html). The ‘Joint Statement’ is a 30-page document which in detail comments on and summarises APEC’s activities in the previous year as well as outlines previous activities. The statement can be found here: http://www.apec.org/apec/ministerial_statements/annual_ministerial/2005_17th_apec_ministerial.html

- Support for the Multilateral Trading System;
- Strengthening Collective and Individual Actions;
- Promotion of High-Quality Regional Trade Agreements and Free Trade Agreements (RTAs/FTAs);
- The Busan Business Agenda;
- A Strategic Approach to Capacity Building; and
- The Pathfinder Approach.

25. Leaders chose to welcome in particular one element of the Busan Roadmap, the Busan Business Agenda, which calls for further reductions in trade transaction costs by five percent by 2010, a comprehensive business facilitation programme, and new work on intellectual property rights, trade facilitation, anti-corruption, investment, and secure trade.

26. Furthermore, Leaders agreed that “high-quality RTAs/FTAs” are “important avenues to achieve free and open trade and investment” and they “called for ongoing work to pursue high quality, transparency and broad consistency in RTAs/FTAs in the region.” Leaders “welcomed the APEC Trade Facilitation Model Measures for RTAs/FTAs that would serve to function as a meaningful reference for negotiating RTAs/FTAs, and called for the development of model measures for as many commonly accepted FTA chapters as possible by 2008.”

27. Besides welcoming the APEC Anti-Counterfeiting and Piracy Initiative and endorsing model guidelines to stop international trade in counterfeit and pirated goods, Leaders “instructed Ministers to work on behind-the-border issues in order to enhance the business-friendly environment in the Asia-Pacific”, and “welcomed the adoption of the APEC Work Plan on the Leaders' Agenda to Implement Structural Reform toward 2010 (LAISR 2010) as a policy-oriented approach to bring about needed structural reforms.”

28. In relation to free trade, Leaders took note of the recommendations from the APEC Business Advisory Council (ABAC) and stated that they “would continue to work with the business sector in our venture towards improving the business environment in the Asia-Pacific.”

29. As usual, the Ministers' Statement commented on all these issues in more detail. Ministers stated their support to the WTO DDA, emphasised the role of capacity building as a tool to enable developing countries to accede to the WTO, and reiterated their support to the accession of Russia and Vietnam to the WTO.

30. Ministers also endorsed the midterm stocktake of the ‘Bogor Goals’ and emphasised the Busan Roadmap to achieve these, with the comment that the Individual Action Plans (IAPs) and Collective Action Plans (CAPs) were the major vehicles in achieving the goals.

31. There was not much new in the statements and pledges by Leaders and Ministers within this area. Free trade has always been at the centre stage of APEC and prioritised as the main aim. However, there are some new initiatives that are considered in more detail below.

Trade and Investment Liberalisation and Facilitation (TILF)

32. In their joint statement, Ministers looked in more detail into how to achieve the Bogor Goals under the heading ‘Trade and Investment Liberalisation and Facilitation (TILF)’. Here they emphasised that peer reviews of all 21 member economies showed that they were all making good progress towards achieving the Goals, welcomed the progress made in the collective action plans, and endorsed the APEC-OECD Integrated Checklist on Regulatory Reform (a voluntary tool that members can use).

33. On investment, Ministers noted the importance of continuous investment liberalisation and the importance of the APEC Non-Binding Investment Principles but also “stressed the need to strengthen work in the investment area, including assistance to APEC economies in identifying the impact of investment liberalisation and a further study on the interaction and relationship between various agreements on investment.”

34. In relation to trade facilitation, Ministers, moreover, welcomed the progress made by economies towards meeting the target of a five percent reduction in trade facilitation costs by 2006 and agreed to aim at another five percent reduction by 2010.

35. On RTAs and FTAs, Ministers emphasised their central role in achieving the Bogor Goals, and “noted that there was a window of opportunity for APEC to help ensure that the spread of RTAs/FTAs in the region was consistent with the Bogor Goals”. They, furthermore, “instructed Officials to continue their work on developing policies towards RTAs/FTAs” and agreed that exchanges of best practice experiences and capacity building assistance should be one of the ways of doing this.

36. Finally, Ministers recognised that the protection and enforcement of Intellectual Property Rights was essential in building a knowledge-based economy, supported the APEC Anti-Counterfeiting and Piracy Initiative adopted at the June 2005 meeting of APEC Ministers Responsible for Trade, and endorsed the ‘Pathfinder Initiatives’ related to ‘Trade and Digital Economy’ and ‘APEC Sectoral Food Mutual Recognition Agreement’.

37. Perhaps the most noteworthy element in the above part of the Ministers’ statement is the satisfaction expressed in relation to member economies’ progress towards the Bogor Goals, given that many analysts have expressed doubt that APEC as whole is capable of reaching these on time (as for developed countries these are as soon as 2010). Moreover, the new aims regarding business facilitation together with the emphasis on RTAs and FTAs as a way to achieve the Goals should be noted.

Human Security

38. Leaders devoted substantial attention to human security in their declaration, condemning terrorist acts in the region and encouraging implementation of APEC counter-terrorism, secure trade and safe travel commitments. They, moreover, recalled the horrific regional natural disasters of the past year, endorsed the APEC Initiative on preparing for and mitigating an influenza pandemic, agreed they shared concern on the impact of high oil prices and agreed to respond urgently by addressing the supply

and demand of the energy market simultaneously, emphasising “the need to develop increased energy resources in ways that addressed poverty eradication, economic growth, and pollution reduction, and the need to address climate change objectives.”

39. Ministers applauded the improved counter-terrorism coordination measures adopted by APEC within its own fora as well as other international counter-terrorism action groups. Ministers, moreover, commended the additional APEC work in 2005 to help enhance security and welcomed 7 different capacity building and implementation actions undertaken by APEC economies. They made detailed comments on health security, including avian and pandemic influenza as well as HIV/AIDS, emergency preparedness and energy security.

40. The above elements constitute further indications of the trend within the last five years for human security to receive a level of importance that had previously been accorded only to economic cooperation and that it is continuing to receive more attention within APEC. Most of the initiatives are relatively well known and are what would be expected from APEC’s strongest players; it is also noteworthy that poverty eradication as well as pollution reduction and addressing climate change are mentioned in relation to the energy market, and that HIV/AIDS is mentioned in relation to questions of health.

Economic and Technical Cooperation (ECOTECH)

41. Leaders made no comments on this issue, which encompasses some of the most important aspects of APEC for the labour movement – particularly, the Human Resource and Development Working Group and the Labour and Social Protection Network.

42. Ministers reaffirmed the importance of ECOTECH in “contributing to sustainable growth and achieving common prosperity, and its significant role in ensuring the achievement of the Bogor Goals.” They, moreover, commended “the progress made this year in advancing the ECOTECH agenda and in reinforcing the complementarity of TILF and ECOTECH and called for efforts to further advance ECOTECH.” Interestingly, they also “stressed that the benefits of globalisation and liberalisation should be shared by all, through APEC’s better-focused and more targeted economic and technical cooperation activities, particularly capacity building.”

43. Ministers recognised the need for APEC to interact with bilateral, regional, and international organisations and financial institutions “with a view to fostering cooperation, broadening support and leveraging financial resources to boost ECOTECH activities.” In relation to this, they particularly pointed out that the way forward, amongst other things, was to “enhance collaboration with International Financial Institutions (IFIs) and relevant international organisations”, acknowledged that the Financial Ministers’ Process should be closely consulted in any future dialogues and “welcomed the collaboration between the APEC Secretariat and the World Bank’s Global Development Learning Network (GDLN).”

44. Ministers’ comments on the Human Resource and Development Working Group (HRDWG) and the Labour and Social Protection Network (LSPN) were rather

brief. On the HRDWG they only “noted the important role” of the WG “in building the capacity of economies, through policy dialogues and exchanges in areas such as education” and commended the work on developing a Strategic Action Plan for English and other languages.

45. On the LSPN Ministers “recognised the important role” the WG “could play in promoting training and employment policies, enhanced productivity, improved workplace practices and strong and flexible labour markets through the development of useful labour market information and policies.”

46. Significantly, Ministers “welcomed the successful conclusion of the APEC Symposium on Strengthening Social Safety Nets under Rapid Socio-economic Changes held in Seoul in August” and “noted the symposium's finding that globalisation and liberalisation needed a complementary social agenda to ensure that change was brought about smoothly, minimising negative social consequences and maximising its benefits to all.” They “welcomed the intention of the Social Safety Nets Capacity Building Network (SSN-CBN) to develop a future work programme in 2006” and “encouraged Vietnam and Australia to host meetings of the SSN-CBN in 2006 and 2007, respectively.”

47. In relation to SMEs and micro-enterprises (MEs), Ministers mentioned that they “placed particular importance on capacity building, mostly while addressing the social dimension of globalisation with regards to the poverty alleviation dimension of SMEs and MEs.” They further “welcomed the continued participation of the Women Leaders' Network (WLN) in the Micro Enterprises Sub Group, the SMEWG and the SME Ministerial Meetings, and reaffirmed the importance of the WLN and its efforts to work with APEC on the advancement of gender issues and the promotion of women as an engine for economic growth and job creation throughout the region.”

48. While the Ministers' Statement included the issues above, they were treated rather superficially and briefly. While it is disappointing that the work of the HRDWG and the LSPN is not elaborated more, it is perhaps noteworthy that APEC ministers at several instances indicated that the negative social aspects of their path of trade and investment liberalisation should be addressed. This aspect is more prominent in the present statement than it had been in previous ones.

Sharing Prosperity; Macroeconomic Issues; and Structural Reform

49. Ministers recognised the importance of expanding and improving the digital capabilities and skills of all APEC member economies, and expressed their view that they were “confident that this would greatly enhance the ability of economies to participate in and contribute to the global economy, thus facilitating trade and investment.”

50. They supported the Finance Ministers' statement that “all economies had a shared responsibility to take advantage of relatively strong global economic performance to address key risks and vulnerabilities in their respective economies” and mentioned that “this would help ensure the orderly adjustment of global imbalances and to help achieve more sustainable external positions and stronger medium-term growth.”

51. Ministers “acknowledged that structural reform was a key ‘behind the border’ issue facing APEC economies and an essential vehicle to realise the benefits of trade and investment liberalisation and facilitation.” They “welcomed the success of the APEC-OECD Structural Reform Capacity-Building Symposium, which facilitated the sharing of experiences by APEC and the OECD.”

52. The issues above were addressed by Ministers in three separate parts in their statement. The most significant section addressed the question of what macroeconomic policies should be pursued in APEC – policies focused on low inflation and stability, or on employment-creating growth based on high public expenditure – and what the initiatives on structural reforms would amount to.

Interaction with the Business Community

53. Ministers recognised the role of the APEC Business Advisory Council (ABAC) in providing advice on concrete initiatives to improve the business environment in the Asia-Pacific region. They moreover “committed themselves and instructed Officials to take such advice into account, where appropriate” and “appreciated ABAC's contribution to the Mid-term Stocktake of APEC's Progress Towards the Bogor Goals.” Furthermore, they “emphasised the need to continue to strengthen the working relationship between the government and the business sector and affirmed the continuation of a partnership between ABAC representatives and Officials through closer communication so that APEC could share the views of the business community in a timely manner.”

54. Ministers noted that cooperation with industries and other stakeholders in APEC through industry dialogues had developed as a highly effective mechanism for the implementation of key APEC trade facilitation objectives. They welcomed the work of industry dialogues to improve understanding between the public and private sector and made an evaluation of the state of play of the dialogues within the following areas: automotives, chemicals, the ‘Life Science Innovation Forum’, non-ferrous metals, and agricultural biotechnology.

55. The main things to note in the above section of the Declaration concern the presence of and emphasis on business, and the fact that no other partners – not least trade unions - are mentioned.

Gender and Youth

56. Towards the end of their statement, Ministers “welcomed the report of the Gender Focal Points' Network (GFPN) and commended the efforts of the GFPN to integrate gender issues into APEC processes and activities”. They moreover “reaffirmed the important contributions of women in APEC economies and acknowledged that women's participation in trade and investment as workers, entrepreneurs, and investors, particularly through women-owned and -managed Micro, Small and Medium Sized Enterprises (MSMEs), was a key factor to sustained regional economic growth.”

57. Ministers, furthermore, recognised that critical to achieving and reinforcing APEC's goals on gender integration, “further initiatives to promote and facilitate the increased participation of women in decision- making was needed.” They welcomed the proposal of the GFPN to deliver periodic gender information sessions and gender analysis training to officials to improve their understanding of the differential impact of trade liberalisation and facilitation on men and women and to “increase the effectiveness of the design, implementation, monitoring, and evaluation and communication of policies and projects so as to include gender considerations through gender-responsive policies and projects.”

58. APEC Ministers have generally included some appraisal of the role of women in APEC economies towards the end of their statements and declarations for several years, thereby devoting some degree of attention to gender issues but without serious action. This approach was generally repeated in 2005, although a couple of new initiatives were mentioned.

The Future of APEC and APEC Reform

59. The Leaders’ Statement included optimistic language stating that they believe that important milestones had been set in the present year in paving the way for APEC's future and that they firmly believed APEC would increasingly contribute to its members' prosperity and meet any new challenge with confidence.

60. More significantly to the labour movement, Leaders mentioned that they acknowledge “the importance of ensuring that all of our citizens have the opportunity to share the benefits generated by trade liberalisation and economic growth.” They “agreed to conduct a study of ways to confront the challenges and impediments related to socio-economic disparity issues”, continuing that “APEC intends to build on its ongoing work to expand the circle of beneficiaries of economic growth through such means as providing economic and technical cooperation, particularly, measures of capacity building, encouraging economic reforms and fighting corruption.”

61. Concretely, Leaders mentioned that they “welcomed the concrete outcomes of APEC Reform efforts taken this year in making APEC more efficient and result-oriented” and that they “instructed Ministers to continue to work on APEC Reform to respond to new concerns from member economies, civil society and business.”

62. Ministers endorsed the report on APEC Reform and Financial Sustainability that focuses on three areas: APEC financial reform, higher efficiency through better coordination and continuous reform. They commended the 2005 APEC reform achievements “as they contributed to keeping APEC relevant and effective in the rapidly-changing international environment with the adoption of measures that secured financial sustainability, developed a more effective work structure and pursued continuous reform.” Ministers, moreover, noted the shared understanding among officials to increase members' annual contributions in 2007 and 2008 “in accordance with each member's financial procedures as a way to ensure APEC financial sustainability.” Finally, they “instructed Officials to keep the APEC reform agenda a priority item in the future and to make APEC more effective and reliable.”

63. On non-member participation, which could have included cooperation or formal relations with the labour movement, Ministers commented that they “endorsed the newly Revised Consolidated Guidelines on Non-Member Participation in APEC Activities, which will replace the 2002 Guidelines when it expires at the end of the year.” They also “welcomed the newly revised Guidelines as an effective way to strengthen the cooperation between APEC and ABAC by facilitating ABAC's participation in APEC activities.”

64. It is again noteworthy that APEC addresses the question of ensuring that all the people of its economies have the ability to share the region's growth and that APEC is ready to address the socio-economic disparities within its countries. It will be important to see what this amounts to in practice.

65. The labour movement, organised through the Asia-Pacific Labour Network (APLN), has long lobbied for a formal consultative role with regards to the work of APEC. The Revised Consolidated Guidelines on Non-Member Participation in APEC Activities, which were adopted by Ministers at this meeting, and which could have given labour a role in the cooperation, however, do not mention trade unions or other representatives of workers at all. Instead, trade unions (and other NGOs) are omitted from a relatively extensive list of possible non-member participants, as follows:

“In general, non-member economies, organisations, business/private sector representatives, and academic bodies and other experts may apply and/or be invited to APEC activities subject to the following guidelines.

Categories of Participants

In general, APEC has only five categories of participants in its activities:

- *Members (It is up to each member to decide whom to include in its own member delegation);*
- *APEC Business Advisory Council (ABAC)*
- *APEC Secretariat;*
- *Observers [currently the Secretariat of the Association of South East Asian Nations (ASEAN Secretariat), the Pacific Economic Cooperation Council (PECC) and the Pacific Islands Forum Secretariat (PIF)]; and*
- *Guests, which include all participants other than the four categories above.*

Within the category of "guests" there are four sub-categories:

- *Non-member economies;*
- *Other relevant regional/international organisations and bodies; and*
- *Business/private sector representatives not included as members of economy delegations;*
- *Organisations, academic bodies and other experts who are not included as members of economy delegations”*

Part III – APEC in 2006: Priorities, Developments and Outcomes

66. APEC has chosen the following theme for 2006: *Towards a Dynamic Community for Sustainable Development and Prosperity*. The sub-themes for this year are:

- Enhance Trade and Investment with the Busan Roadmap and Doha Development Agenda.

The adopted Busan Roadmap is considered as guidance for APEC to achieve the Bogor Goals. Its effective implementation is intended to help erase many barriers and facilitate freer flows of trade and investment in the region. APEC intends to contribute to securing the successful conclusion of the WTO Doha Development Agenda negotiations as agreed by the 6th WMC in Hong Kong, China last December.

- Strengthen Economic and Technical Cooperation for Gap Bridging and for Sustainable Development.

It is believed that Economic and Technical Cooperation can help improve Member Economies' capacity to catch up and benefit from the liberalisation process so as to narrow the gap and enhance sustainable development, and to integrate more actively into the global system. APEC's capacity building agenda needs (again according to APEC priorities of 2006) are to be strengthened with increased programmes and initiatives to improve human capacity and skills in the APEC region. As stated in the Busan Roadmap, building a strategic approach to capacity building, among others, will be of great significance for reaching towards the Bogor goals.

- Improve Secure and Favorable Business Environment.

A conducive regional business environment requires transparency in trading regimes and security from potential human-caused and natural disasters. APEC intends to work to minimise costs associated with cross-border business transactions through enhanced cooperation among Member Economies, while dealing with the potential threats such as terrorism, pandemics and natural disasters through improving preparedness strategies and response plans.

- Promote Community Linkages

APEC intends to promote greater people-to-people interaction within the region through cultural exchange, facilitation of tourism opportunities and youth participation. Member Economies will promote cultural exchange and tourism activities not only to facilitate business opportunities, job creation and economic growth but also to strengthen mutual understanding and friendship, thus heightening the sense of community in the APEC region, it is asserted.

67. APEC's stated "**Priorities for APEC in 2006**" are:

- Promote APEC Cooperation to Enhance Trade and Investment, including APEC Support to the WTO/DDA and implementation of the Busan Roadmap,

APEC intends to do its best to promote development through trade and investment and to ensure the successful conclusion and implementation of the WTO Doha Development Agenda with ambitious and overall balanced outcomes. To accomplish the works outlined in the Busan Roadmap, which includes the Busan Business Agenda such as IPR protection and enforcement, anti-corruption, trade and

investment liberalisation and facilitation and structural reform, promoting high quality RTA/FTA, APEC will consider working out a programme to further advance the progress towards the APEC Bogor Goals of free and open trade and investment.

- Enhance Competitiveness of Small and Medium Enterprises

To improve the competitiveness of Micro, Small and Medium Enterprises (MSMEs) in the context of globalisation, APEC will expand opportunities for them to benefit from favorable market access, new technologies and improved skills, access to basic resources and simplified business regulations and related administrative procedures.

- Promote Integration Capacity through Human Resources Development, IT cooperation, and Partnership for Development

To facilitate the effective integration of Member Economies into the world economy and narrow the development gap among them, APEC intends to deliver improved capacity building initiatives to enhance cooperation in the areas of human resource development, knowledge-based economy, information technology, environment protection and build partnerships for development.

- Enhance Human Security: Counter Terrorism, Health Security, Disaster Preparedness and Energy Security

APEC asserts that it is important for its members to cooperate in enhancing preparedness to rebuff all kinds of terrorist acts, natural disasters, emerging avian and pandemic influenza. APECD states that enhanced preparedness will definitely help minimize consequences caused by these sources of insecurity and thus facilitate a more secure environment for people and businesses to live and work in. Further measures should be taken to respond to oil price volatility, energy supply disruptions and address the broader challenges facing the region's energy security, it is further pointed out.

- Promote Anti-corruption and Transparency

APEC is putting focus on anti-corruption and asserting that members need to further enhance their concerted efforts in curbing corruption by, among others, enhancing transparency, fine-tuning the legal system and law enforcement to minimise any room for corruption. Apart from that, as instructed by APEC Ministers in 2005, it is necessary to promote cooperation between public and private sectors on anti-corruption.

- Connect APEC Economies through Tourism and Cultural exchange

To improve mutual understanding and cultivate a greater sense of community between people from diverse cultures, APEC intends to enhance connectivity among its member economies by facilitating cultural exchange and tourism promotion.

- Reform APEC towards a more Dynamic and Effective Community

APEC intends to take further actions to enhance the coordination and efficiency of various working groups/fora/task forces, improve the project appraisal and management so as to make projects more reflective of APEC's priorities and foster closer linkages between APEC Economic and Technical Cooperation (ECOTECH) and Trade and Investment Liberalisation and Facilitation (TILF).

Trade

68. 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. A new initiative, the Santiago Initiative for Expanded Trade in APEC, focussing on both liberalisation and facilitation was established at the end of 2004.

APEC and the WTO

69. Liberalisation undertaken through negotiations in the World Trade Organisation constitutes the multilateral aspect of trade liberalisation within APEC towards the Bogor Goals.

70. Meeting in Ho Chi Minh City, Vietnam, 1-2 June 2006, APEC Trade Ministers reaffirmed the importance of supporting an open, rules-based, multilateral trading system under the World Trade Organisation (WTO) for global economic growth and development. They furthermore noted the urgency of advancing the DDA negotiations and issued a separate Statement on the DDA. With satisfaction, they noted greater interaction between the APEC Caucus in Geneva and the SOM process aimed at maximising APEC's contributions to the DDA negotiations. Moreover, they welcomed ABAC's efforts in pushing the DDA process.

71. Ministers, moreover, reaffirmed the importance of capacity building in enabling Members to fully participate in the WTO in general and in the DDA negotiations in particular. They welcomed progress achieved collectively and individually by APEC member economies and relevant committees in the implementation of capacity building initiatives, including the result of evaluation of APEC's past capacity building activities with the recommendations for the future activities.

72. Finally, ministers welcomed the recent progress made in the WTO accession negotiations for Vietnam. They reaffirmed their strong support for efforts to complete a strong commercial agreement multilaterally that will lead to the rapid conclusion of negotiations for the accession of Vietnam by the time Leaders meet in November this year. They also welcomed the considerable progress of the Russian Federation in the WTO accession and underlined the importance of efforts to expedite conclusion of a strong commercial agreement.

Regional Trade Agreements and Free Trade Agreements

73. 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.

74. 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.

75. In June 2006, Ministers responsible for trade, meeting in Ho Chi Minh City, Vietnam, reaffirmed that high-quality, transparency and broad consistency in RTAs/FTAs are important avenues to achieving the Bogor goals of free and open trade and investment in the region. They also reaffirmed that APEC would continue to work for high quality and comprehensive RTAs/FTAs in the region and instructed their officials to continue their work on the development of model measures as agreed in 2005 in Busan .

76. In response to Leaders' call for the development of model measures for as many commonly accepted FTA chapters as possible by 2008, they encouraged those member economies and relevant sub-fora to engage in developing model measures to take account of the Dialogue's recommendations. And they instructed officials to continue ongoing work so that meaningful and useful model measures for commonly accepted chapters can be reported back to Ministers and Leaders for endorsement in November 2006, bearing in mind the non binding, non-prescriptive and voluntary nature of those model measures. They also reaffirmed that these model measures will not prejudice the position of APEC member economies in their existing and future RTAs/FTAs negotiation.

77. They noted the interests and concerns of the business sector regarding the proliferation of RTAs/FTAs in the APEC region and affirmed their efforts to maximise the benefit from and mitigate the negative effects of these RTAs/FTAs and to promote transparency in this area. They agreed to engage the private sector in SOM Policy dialogues on RTAs/FTAs on a regular basis and encouraged SOM to continue interaction with the private sector and other stakeholders to ensure that APEC's work on RTAs/FTAs continues to be responsive and relevant to their interests. They supported capacity building initiatives to help member economies, especially developing economies, enhance their negotiations skills for RTAs/FTAs.

Trade Facilitation

78. At their above-mentioned meeting in Ho Chi Minh City, Vietnam, APEC Ministers responsible for trade welcomed the preliminary results of the review of the 2001 Trade Facilitation Action Plan (TFAP) showing a five percent reduction in trade transaction costs by 2006. They supported a collective and action-oriented approach to APEC trade facilitation aiming at a further 5% reduction in trade transaction costs in the APEC region by 2010. They instructed SOM, including CTI and its sub-fora such as the Sub-Committee on Customs Procedures, the Sub-Committee on Standards and Conformance, and the Business Mobility Group, to develop a list of collective actions that all economies will take, as well as associated capacity building activities, in order to facilitate trade for endorsement at the 2006 Annual Ministerial Meeting.

79. They stressed the importance of strengthening Public-Private partnership in delivering trade facilitation initiatives, and noted with satisfaction the outcomes of the APEC Public-Private Dialogue on Trade Facilitation hosted by Vietnam on 23-24 May 2006. They particularly welcomed the proposal on strengthening the partnership between APEC, the private sector and international organisations in a range of activities, including policy making, infrastructure improvements, human resources development, capacity building and outreach activities.

Human Resources Development

80. The Human Resources Development working group (HRDWG) was established in 1990 and conducts work programmes to develop human resources on issues ranging from education to labour to capacity building. The HRDWG conducts its work programme through three networks – the Capacity Building Network (CBN), the Education Network (EDNET), and the Labour and Social Protection Network (LSPN).

81. The work undertaken by the HRDWG comprises eight priority areas identified in Part II of the Osaka Action Plan (OAA). The eight priority areas are:

- Quality basic education
- Improved labour market information and analysis
- Enhanced skills in key sectors including SMEs
- Lifelong learning
- Improved curricula, teaching methods and instructional materials for the 21st century
- Mobility of qualified persons
- Enhanced quality, productivity and efficiency of the labour force and work places
- Strengthening cooperation to support trade and investment liberalisation and facilitation.

Latest Developments

82. The 28th Meeting of the APEC Human Resources Development Working Group was held in Ho Chi Minh City, Republic of Vietnam, between 22nd and 26th May, 2006. The WG had a thematic discussion on the topic “HRD and Innovation”. Member economies provided a brief overview of their individual approaches to the issue of innovation and HRD. Member economies were invited to consider the significance of the discussion for the future work of the Working Group. A brief overview of recommendations (which, however, do not go beyond the most general level) was produced. At the meeting an overview of APEC activities relevant to the

Working Group was presented³ and the WG discussed its work plan (this is however not public for the moment).

83. 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. However, ministers responsible for HRD were scheduled to meet in Thailand in October 2006, for the 5th HRD Ministerial Meeting. Ministers will meet under the theme “Globalisation and HRD Policy: The Way Forward”. Three economies had volunteered to draft concept papers on the sub-themes: Australia (Productivity and Competitiveness); New Zealand (Labour Force Participation); Canada (Labour Mobility).

84. The Labour and Social Protection Network (LSPN) met in May 2006 in conjunction with the HRDWG meeting. The meeting included discussions on youth employment, HIV/AIDS and industrial relations in Vietnam. A presentation on Improving Employment and Training Opportunities for Youth led to the conclusion that skills training and education provided to youth must be relevant to local labour market demands. Due to lack of empirical data, more research into the problem of youth employment is necessary, the LSPN furthermore asserted. Workplace responses to HIV/AIDS were also discussed, as an issue considered to be of importance as individual member economies are experiencing greater rates of HIV infection and numbers of AIDS cases. The LSPN noted that there are productivity, profitability and humanitarian benefits in a joint response to HIV/AIDS as a workplace issue within and across member economies. A presentation on industrial relations in Vietnam, with particular reference to preventing and settling industrial disputes, gave member economies the opportunity to share ideas on best practices for industrial relations and the settlement of labour disputes. Canada, Chile, Japan, Malaysia, New Zealand and Thailand made formal presentations outlining their industrial relations initiatives.

85. 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. 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.

Social Safety Nets

86. To promote effective capacity building within the APEC region in the area of social safety nets, the APEC Social Safety Net Capacity Building Network (APEC SSN CBN) was established in 2002. This followed the increased attention to the social dimension of globalisation the 1997 financial crisis, among other things, sparked in the region. The SSN CBN aims to implement the recommendations on

³ see document 2006/SOM2/HRDWG/027 on http://www.apec.org/content/apec/documents_reports/human_resources_development_working_group/2006.html

social safety nets made by Finance Ministers and by the Human Resources Development Working Group (HRDWG) through its recent survey on social safety nets.

87. In 2003 and 2004 the SSN CBN focused its activities on the issue of workforce retraining in preparation for and in response to liberalisation and facilitation of trade and investment under the Bogor Goals. The SSN CBN is currently working on the following six priority areas, which were recommended by Finance Ministers and the HRDWG:

- Pre-crisis social safety net planning and prevention measures
- Capacity for evaluating effectiveness of policy action
- Collection of disaggregated data and access to current data
- Identifying at-risk populations
- Designing response institutions and financing
- Strengthening transparency and accountability in social safety net operations

Latest Developments

88. The 2nd International Meeting of Experts on Social Safety Nets in APEC was held in Bangkok, Thailand on 8-9 April 2005. Participants shared their experiences on social safety and workforce retraining and the discussion included issues relating to integration of vocational and unemployment services, specific target groups, the social environment, quality and level of training, the relationship between training and formal education, the labour market and the use of ICT in retraining programmes.

89. The meeting focused on current social safety net issues and explored the ways in which specific capacity building needs on SSNs could be augmented in APEC economies. These included assessing the current status of social safety nets in APEC Member Economies, the problems and limitations of APEC, and an assessment of social safety net strengthening activities carried out by APEC member economies and international financial institutions (IFIs).

90. The participants at the meeting suggested that closer collaboration with other APEC fora should be further explored to mainstream social safety net issues into the APEC processes. The meeting recommended that information exchange could be facilitated by establishing a matrix of member economies' common concerns on capacity building for social safety nets.

91. An APEC High-Level Seminar on Social Safety Nets was held in Shenyang, China on 14-16 July 2004, to respond to the need as stressed at the 15th APEC Ministerial Meeting to address the social dimension of globalisation and explore how member economies can better develop social safety nets to minimise the costs of structural change. Attended by policy makers and experts from Member Economies, together with representatives of the ILO and the World Bank, the seminar focused on social protection and on promoting the participation of 'vulnerable groups' in economic and social development. The following themes were considered:

- The impact of globalisation and restructuring and the role of government in the protection of vulnerable groups
- Policy options on social protection of vulnerable groups
- Best practices on social protection of vulnerable groups
- Exchanges and collaboration among APEC economies

92. The most recent meeting of the APEC SSN CBN was held in Thailand 23-24 August 2005. The meeting, organised as a symposium, included presentations of systems of social safety nets in different member economies. The Korean Deputy Minister of Health and Welfare addressed the meeting, commenting that while globalisation has been conducive to economic efficiency and growth, it has also brought with it new social problems, including widening income gaps and rising unemployment. Although Korea has pulled through the 1997 economic crisis, new challenges come to the forefront, ones that are associated with the working poor and new poverty groups. These people do not fall under the category of the absolute poor, but they have become the emblem of socioeconomic polarisation. He stated that “we need new policies to address negative facets of globalisation” and pointed out that “social welfare should be seen as social investment, and distribution a vital part of our growth engine. Without a firm belief in the virtuous cycle of economy and welfare, we cannot expect sustainable development. With such a philosophy in mind, we should do our utmost to strike a balance between the two. Building and strengthening social safety nets is a necessary condition for sustainable growth.”

93. The APLN is not involved in APEC’s work on Social Safety Nets. Consideration could be given as to whether the APLN should seek active participation in the work. One aim could be to advance the ‘Decent Work’ agenda within APEC, showing that social security is not a burden but a foundation for economic and social progress, and thus complement the work already undertaken in relation to this area.

Gender

94. The APEC web-site emphasises that women already contribute greatly to the APEC economies, and account for more than half the labour force, but that there is a need to provide gender equality in the social and economic life of the region.

95. 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.

96. 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.

Latest Developments

97. The 8th APEC Women Leaders' Network (WLN) Meeting was held in Chiang Mai, Thailand from 30 July to 3 August 2003. The theme of the meeting was *Women Make a World of Difference: Partnerships for Gender and Development*. The Recommendations of the 8th WLN Meeting were to:

- Promote fair and equitable access to financial services, particularly for women-led small and micro enterprises.
- Support and provide incentives for comprehensive programmes that empower women-led micro enterprises.
- Facilitate the collection and dissemination of more extensive data on women's contribution to the informal economy.
- Grant the WLN guest status in the Micro enterprise subgroup of the SME Working Group.

98. The Gender Focal Point Network (GFPN) held its third meeting on 5-6 September 2005 in Gyeongju, Korea with participants from 15 member economies. Member economies agreed to two project proposals: "Integrating Gender Expertise across APEC Fora" proposed by The Philippines and Vietnam and a "Gender Analysis Training" proposal sponsored by the Republic of Korea. A Task Force was established to evaluate the case for holding a 3rd APEC Women's Ministerial Meeting. The third GFPN meeting recommended that SOM:

- Welcome the report of the Gender Focal Point Network.
- Request all Fora to appoint a GFP and attend the GFPN meetings.
- Encourage APEC Fora and member economies to apply the Framework for the Integration of Women in APEC and to note the poor implementation of the Framework.
- Agree that the APEC Secretariat's Gender Integration Programme Director be a member of the Secretariat Group who assesses projects seeking APEC funding to ensure that project proposals include gender dimensions.
- Endorse the project proposals "Integrating Gender Expertise Across Fora" and "Gender Analysis Training" for consideration by the BMC in 2006.
- Request Leaders to nominate more women to the APEC Business Advisory Council (ABAC).

99. 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. The APLN could consider whether it should seek more active involvement in APEC's work on gender, specifically with the aim of getting focus on some of the problems so far ignored by APEC's work.

APEC Business Advisory Council (ABAC)

100. APEC officials have recently stated 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.

101. In 2006, ABAC has chosen to explore the theme “Driving Forward a Prosperous and Harmonised APEC Community”. ABAC highlights that they also continue to champion the APEC agenda on trade and investment liberalisation and facilitation, capacity building, and strengthening financial systems. Key priorities in the 2006 ABAC work programme include: the WTO Doha Development Agenda negotiations; investment liberalisation and facilitation; technology transfer; the development of small and medium enterprises; strengthening financial systems and investment flows; anti-corruption; avian and pandemic influenza preparedness and response; public-private sector cooperation; and the reform of APEC.

102. In 2005, ABAC in its report to APEC Economic Leaders, “Networking Asia-Pacific: A Pathway to Common Prosperity”, reiterated that it continues to believe in APEC as the regional institution that:

- Can bring about the realisation of the business vision of an Asia-Pacific community where goods, services, finance and people move freely;
- Ensures that the prosperity resulting from this integration is enjoyed by all economies and societies within those economies; and
- Provides a sound framework for responding to regional crisis.

103. However, ABAC also expressed questions about whether APEC will achieve its Bogor Goals, and noted the numerous risks and challenges facing the region. The report then elaborated more detailed recommendations expanding on the following 10 core recommendations:

- Lead in the successful conclusion of the Doha Round
- Respond to the Santiago Initiative
- Keep APEC on track to achieve the Bogor Goals
- Adapt to the new security environment
- Create an environment conducive for business
- Strengthen financial systems
- Develop emergency preparedness
- Cope with the volatile energy situation
- Encourage innovation
- Promote environmental and life sciences-related technologies

104. ABAC has previously challenged APEC Leaders to start considering new ideas such as a Trans-Pacific Business Agenda for greater integration of regional markets, and a Free Trade Area of the Asia-Pacific to bring together the growing number of bilateral trade agreements.

Socio-Economic Disparity in the APEC region

105. Socio-Economic Disparity is not an issue that APEC has previously substantially addressed and it is not yet a permanent part of the APEC process in the form of Working Group or a Special Task Group. It does, however, represent an area of work of interest to the labour movement and which is close to the issues the APLN has continuously requested APEC to work with.

106. At the first Senior Officials Meeting of 2006, held 1-2 March 2006 in Hanoi, Korea informed Officials that they intended to initiate a research project which should deepen the understanding of socio-economic disparities and share the experiences and policy responses among APEC members. Korea proposed to have a symposium on the issue and emphasised that they believe that socio-economic disparity is a cross-cutting issue that is relevant to several APEC fora such as the Economic Committee (EC), Social Safety Net Capacity Building Network (SSN-CBN), Anti-Corruption and Transparency Task Force (ACTTF), and Human Resource Development Working Group (HRD WG).

107. On 28-29 June in Seoul, the APEC symposium on socio-economic disparity was held. Representatives from APEC member economies, experts from international organisations such as ADB, OECD and renowned scholars participated in the symposium to discuss challenges and impediments related to socio-economic disparity issues and share the ideas on policy measures to reduce socio-economic disparity. One of the rationale behind the symposium is the consideration that “expanding the circle of beneficiaries of trade liberalisation and economic growth will also contribute to further liberalisation and sustainable economic growth through fostering a favourable environment for globalisation and the enlargement of total demand in an economy.”

108. A research paper on socio-economic disparity in the APEC region was subsequently presented to both the APEC Economic Committee 11-12 September 2006 and the APEC Senior Officials Meeting 17 September 2006. The paper, submitted by Korea, reports on the products of the project on socio-economic disparities, including the outcome of the above mentioned symposium. The paper points out that socio-economic disparity does matter when it creates socio-economic exclusion, and that it is a crucial task to form a series of dynamics in the socio-economic strata through building and strengthening linkage. Structural reform, capacity building and anti-corruption activities can be good measures for linkage-building, it is emphasised, as they can serve a useful means for providing equal opportunities, enhancing the capabilities of marginalised groups, and making good governance, respectively. The paper moreover asserts that not only is has APEC provided frameworks for combating disparity and conducted activities regarding the issue, “ongoing activities, having made little consideration on the disparity issue, however, need to emphasise the relationship between policy and disparity, and develop policy agendas for the activities of each committee and working groups. A comprehensive and target-based strategic policy mix among governmental organisations within an economy and among the APEC member economies needs to be developed in order to deal with the issue in the future.”

109. Based on the policy experiences shared by the APEC economies, the paper identifies several implications of the recommendable good practices:

- *First, bold actions on expanding social expenditure targeting marginal groups need accompany pro-growth strategies.*
- *Second, a poverty eradication policy should be understood as a linkage programme for the marginalised groups to enjoy.*
- *Third, integrated and systematic approaches are required for sustainable policy coherence.*
- *Fourth, the healthy economic development environment of an uncorrupted society is vital for economic prosperity.*
- *Fifth, the improvement of government services related to social services need to be one of the top priorities as it is directly connected to the success of the reform policies.*
- *Sixth, it would be useful to make a report in describing the current state of social and economic wellbeing, as it becomes a good starting point for identifying inherited problems of disparity.*
- *Last, international comparison with other organisations such as the OECD would be a good measure for enhancing the state of welfare in each economy.*

110. The paper, submitted to the SOM in September 2006, recommends that SOM endorses the outcome of the research project to be reported to Economic Leaders and Ministers as “deliverables”. It is unknown to the APLN what has happened since then but it must be expected that Leaders will discuss this in Hanoi in November. When meeting with APEC officials, the APLN could very well enquire about the future of this issue in APEC and support that further work is undertaken, in the long term adding it to the regular APEC agenda.

Part IV - Actions of the APLN

111. 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.

112. 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.

113. 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.

Trade Union Participation in APEC

114. 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.

115. 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.

116. 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".

117. 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.

118. The SOM report containing the above proposal was duly presented to the 16th APEC Ministerial Meeting. In the Joint Statement of the 16th 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.

119. 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.

120. 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 head of 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.

121. 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.

122. 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.

Part IV - Conclusions

123. More than halfway, in terms of time, 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), 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.

124. In spite of its 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 security issues to trade and investment, and to human resource development. This opportunity has to some extent been sought, as APEC has through the last couple of years has increased its focus on human security, particularly terrorism, as well as health and disaster concerns, e.g. in relation to SARS and the Tsunami. In 2006, APEC has also started to look at socio-economic disparities in the region. This might be a sign of recognition that the regular APEC agenda is imbalanced and risks lacking support among the populations of the Member Economies.

125. APEC, however, 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, while the Social Safety Net Capacity Building Network and the Gender Focal Point Network make up two of five Special Task Groups. The interest in the areas by Member Economies might be illustrated by the fact that at the latest HRDWG meeting the Chair said that they had wanted to step down for several years but has found no Member Economy wanting to take over the position.

126. 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 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.

127. 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 we have proposed. Therefore, there would seem to be important potential for further positive results if trade unions in the APLN continue their work towards achieving improved and effective consultation of trade unions in the APEC process.