



Asia-Pacific
Economic Cooperation

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Statements of 1998 Sectoral Ministerial Meetings

Submitted by: APEC Secretariat



**10th APEC Ministerial Meeting
Kuala Lumpur, Malaysia
14-15 November 1998**

STATEMENTS OF 1998 SECTORAL MINISTERIAL MEETINGS

- **APEC Finance Ministers Meeting**
Kananaskis, Alberta, Canada
23-24 May 1998
- **Third APEC Ministerial Meeting on the
Telecommunications and Information Industry**
Singapore
3-5 June 1998
- **APEC Meeting of Ministers Responsible for Trade**
Kuching, Malaysia
22-23 June 1998
- **Fifth Meeting of APEC Ministers Responsible for SMEs**
Kuala Lumpur, Malaysia
7-8 September 1998
- **Third Meeting of APEC Energy Ministers**
Ginowan, Okinawa, Japan
9-10 October 1998
- **Ministerial Meeting on Women**
Makati, Philippines
15-16 October 1998
- **Third APEC Ministers' Conference on Regional Science
and Technology Cooperation**
Mexico City, Mexico
21-23 October 1998

**APEC Finance Ministers Meeting
Kananaskis, Alberta, Canada
23-24 May 1998**

Latin America in 1994-95, such as large short-term capital inflows, growing current account deficits as well as inadequate banking supervision and regulation.

7. In the decade leading up to the Asian crisis, generally prudent macroeconomic policies had contributed to strong economic growth in most of the Asian economies. During the mid-1990s, however, signs of overheating emerged as high investor confidence and ready access to capital fuelled excess domestic demand in some economies. This contributed to asset market inflation and large current account deficits, which were financed by large capital inflows from developed economies. These inflows placed strains on policy and institutional frameworks that, in the end, proved excessive for some economies.
8. In retrospect, some economies clung too long to an unsustainable and incompatible mix of exchange rate and monetary policies, even after signs of vulnerability had emerged. In those cases, rigid exchange rate arrangements and close ties to the U.S. dollar limited the ability of monetary policy to control overheating pressures and encouraged foreign borrowing by the private sector, often at short maturities. The combination of these factors contributed to an excessive accumulation of short-term, unhedged foreign-currency-denominated debt. Inadequate supervision and corporate governance, particularly in the financial sector, inadequate intermediation of foreign and domestic savings, and government-directed lending also contributed to inefficient investment.
9. At the same time, strong growth masked existing structural problems, including in the financial sector. Rapid cross-border capital flows in a globalized and integrated financial market also introduced new challenges for macroeconomic management and rendered some of these economies vulnerable to adverse external developments, especially sudden reversals in market sentiments.
10. In 1997, these problems became more apparent as a result of a number of developments in the major industrialized economies, including a weakening in import demand, particularly for key export products from the Asian region. The U.S. dollar's rise in value against major currencies may have also played a role in a loss of competitiveness of the region's exports.
11. Although the situations of individual economies varied across the region, instability tended to spread to economies that markets perceived to have similar vulnerabilities. In some cases, a lack of transparency in financial systems contributed to these market perceptions. We also note that in some cases markets did not appear to differentiate appropriately on the basis of available information about the economic fundamentals of these economies.
12. We agreed that speculation in financial markets was not the root cause of the turmoil, although it may have played a role in exacerbating herding behaviour and spreading volatility. We took note of the useful work done by the IMF in its study "Hedge Funds and Financial Market Dynamics." We agreed to keep these issues, including the role of institutional investors and their investment behaviour, under consideration in our future meetings, with contributions as appropriate by the IMF.
13. In our discussions, we focussed on two dimensions of the response to the recent turmoil. The first was the challenge of restoring stability and promoting recovery in the affected

economies. The second involved reinforcing our financial systems, and indeed the global financial system, so as to reduce the likelihood of future recurrences.

Restoring Stability and Promoting Recovery

14. We acknowledge the crisis is a global problem with regional manifestations. In reaffirming the central role of the IMF, we echo our APEC Economic Leaders call in Vancouver regarding the Manila Framework for Enhanced Asian Regional Co-operation to Promote Financial Stability, and we welcome developments that support that call, including the formation of regional economic surveillance mechanisms.
15. We endorse the approach of the IMF, the World Bank and the Asian Development Bank in addressing the financial instability in Asia. We applaud the efforts of these multilateral institutions and bilateral donors to provide valuable financial and technical assistance to Thailand, Indonesia and Korea to help them meet the numerous challenges they face including corporate and financial restructuring, balance of payments difficulties, trade financing needs and the severe social effects of the recent financial turmoil. We welcome the IMF's creation of the Supplemental Reserve Facility, to help address problems posed by sudden changes of market sentiment toward individual or groups of economies. We also welcome the enhanced financial resources provided by the Japan Special Funds, at the World Bank and the Asian Development Bank, and the ASEM trust fund, at the World Bank, for assisting economies in dealing with the effects of the recent crisis.
16. We call for the early ratification of the increase in quotas approved by the Board of Governors in January 1998 and of the New Arrangements to Borrow in order to ensure that the IMF has adequate resources to respond to any spread or intensification of the current crisis and to handle future crises.
17. We commend those economies in the Asian region that have taken difficult and courageous measures to deal with the causes of the instability. We welcome signs of improved prospects in Thailand and Korea as implementation of their IMF-supported economic programs has progressed. We expressed deep concerns about the recent economic and social situation in Indonesia. We welcome the new President's support for political and economic reform and his commitment to implement the recently-strengthened IMF-supported program. We look forward to progress toward economic and political conditions that will permit the restoration of confidence that is essential for recovery. Overall, the long-term fundamentals in the region remain strong and we are confident that the region will regain its dynamism. We agree, however, that there is no room for complacency as difficult adjustments and challenges remain.
18. We note the continuing importance of long-term capital flows, particularly foreign direct investments, for growth in the Asian region. We discussed this in our joint session with the APEC Financiers Group and concluded that a sustained resumption will require not only a stabilised macroeconomic and exchange rate environment, but also significant reforms in the corporate and financial sectors and improvements in the transparency of market arrangements. We have also noted that those economies that have undertaken these reforms earlier have been able to weather the crisis better and maintain investor confidence. The Philippines, for example, was the first Asian sovereign borrower to tap the international

capital markets after the onset of the financial turmoil in Asia. Korea and Thailand, which have shown their steady and strong commitment to reforms, have seen improvements in the value of their currencies and have recently returned to international capital markets.

19. The recent instability has, however, left financial sectors in the region severely weakened, with a large stock of non-performing loans and an increased burden of foreign currency debt. Forceful action to restore health to domestic financial systems in many economies is clearly vital for the resumption of capital flows and growth. We endorse the work the World Bank and the Asian Development Bank are carrying out in supporting the affected Asian economies to reform and strengthen their financial systems and promote sound corporate restructuring.
20. We especially took note of the social impact of the turmoil and the adjustment policies necessitated by it. In the coming months, as companies restructure, the level of unemployment in a number of economies may rise even further. The situation is placing strains on the social fabric and the burden in many cases falls on the poorer segments of society and those least able to protect themselves, especially women and children. In Indonesia there is even evidence of food shortages and inadequate medical supplies.
21. These problems make it important to expand and strengthen social safety nets and other forms of support that exist in these economies. In this regard, we applaud the efforts of the ADB and the World Bank to date to help the affected economies deal with the social impact of the turmoil. We also recognized the flexibility that the IMF has shown in adapting its program requirements to changing economic and social circumstances in the region. We urge these institutions to continue to look for innovative ways of offering support for those hardest hit by the instability.
22. It will also be important for international financial institutions to consider ways to support environmental protection in these economies as they respond to the crisis.
23. We welcome the efforts by those APEC economies less affected by the instability to support economies' prospects in the region as a whole by pursuing policies that promote domestically-led growth. We commend those APEC economies that have demonstrated their policy commitment to maintain stability of their exchange rates, thereby helping to restore confidence in this region. We encourage all economies to maintain movement towards open markets. In this context, as called for by APEC Economic Leaders in Vancouver, we appreciate efforts by other APEC fora towards early voluntary sectoral liberalization, in the areas on tariffs, non-tariff measures, trade facilitation, and economic and technical co-operation.
24. We recognized that adequate access to trade financing is imperative to allow industries to import needed inputs to facilitate the recovery of domestic production. In this regard, we welcome efforts by the OECD and regional governments to maintain and expand existing official export financing programs designed so that economies undertaking IMF-supported adjustment programs do not experience unnecessary disruptions in their trade flows. We encourage the ADB and the World Bank to look for appropriate ways in which they may support the restoration of financing for small- and medium-sized companies in affected economies, as the ADB is already doing in Thailand through the use of credit enhancements.

We strongly urge our private sectors to base their assessment of individual banks' credit-worthiness on the relevant facts and not on any simple regional formula. In addition, we noted that the private sector (both creditors and debtors) should be encouraged to play a greater role in the resolution of financial crises.

Developing and Strengthening Financial Markets

25. The recent financial instability in Asia underscores the importance of developing strong, resilient and well-regulated domestic financial markets in the framework of a stable international financial system. In this regard, we welcome and endorse the Basle Core Principles on Effective Banking Supervision and urge the International Conference of Banking Supervisors to endorse them at their meeting in October. We endorse the working party report on Financial Stability in Emerging Market Economies prepared by the G-10 in collaboration with a number of emerging market economies. We also noted the efforts of the Asian Development Bank in evolving "Sound Practices to Facilitate Development of the Financial Sectors in the APEC Region" that reflect the lessons of the financial instability in Asia. In the same vein, we also look forward to the results of IOSCO's current efforts to develop an appropriate set of principles for supervision of securities markets.
26. We strongly endorse the idea of enhancing surveillance of financial sector supervisory regimes. We look forward to the international financial institutions and the international regulatory community working together to study ways in which this can be accomplished including options for better co-ordination or enhanced forms of collaboration, such as a peer review process. Any reform should strengthen or complement rather than duplicate existing global or regional arrangements.
27. We welcome the successful completion of the World Trade Organization's Financial Services Negotiations. This agreement will achieve improved market access and lower barriers among financial markets. Greater competition in the provision of financial services can, if the prudential regulatory framework is in place, contribute to capital market development. We urged participating economies to ratify their commitments so that the agreement can enter into force as scheduled on March 1, 1999.

Work in the APEC Finance Ministers' Process on Developing and Strengthening Financial Markets

28. Promoting the development of strong, resilient financial sectors in our region has been a central goal of the APEC Finance Ministers' process since its inception. Our work over the past year has continued to focus on this objective, which has assumed even greater importance in light of the financial crisis in Asia. At our meeting last year in Cebu, we launched six collaborative initiatives to promote capital market development and facilitate private investment in infrastructure projects as a response to our Economic Leaders' call for a concrete and practical work program. We also agreed that our Deputies would prepare a voluntary action plan to support the freer and stable flow of capital in our region.
29. This year in Kananaskis, we discussed and welcomed the progress achieved so far under the initiatives launched in Cebu. We plan to continue our efforts over the next year in three priority areas: capital market development; capital account liberalization; and strengthening

international financial systems. Further details of the initiatives and their recommendations are in Annex A.

Capital Market Development

30. Over the past year, we examined ways to further capital market development under a number of collaborative initiatives. We examined ways to strengthen clearing and settlement infrastructure within our economies. On this initiative a final report has been issued to us.
31. We conducted a regional forum on pension fund reform, which produced a very useful technical report on the issue including the role pension funds can play in mobilizing private savings and broadening the demand base for long-term debt instruments. In the next year, Chile will host a second forum, to be co-ordinated by Chile and Mexico, which will focus on policy issues in this area.
32. Under our initiative on securitization, participating economies drafted recommendations on supporting the development of asset-backed securitization, including a voluntary action plan which interested individual economies can implement to support the development of securitization in their markets. We endorse these recommendations.
33. We recalled that the impetus for much of our work on developing and strengthening capital markets was to facilitate private financing of infrastructure. Over the past year, we have continued our work on this subject through our initiative to support co-operation among export-financing institutions. In particular, we welcome the protocol agreement signed by fifteen Export Financing Institutions and Export Credit Agencies from across the region which will provide a framework for co-operation among them when market demand for infrastructure recovers.
34. We recognized, however, that the recent period of financial instability has significantly changed the circumstances for financing infrastructure projects. There is a need to analyze the impact of this on infrastructure development in the region and to explore strategies to promote private financing for infrastructure over the medium term. We call upon the Asian Development Bank to work in this area and to report back to us at our next meeting.
35. We received a progress report on the collaborative initiative to support the development of credit rating agencies and strengthening of information disclosure standards, and look forward to further results next year.
36. We agreed to begin work on a new collaborative initiative on the development of domestic bond markets in the region, which will be co-ordinated by Hong Kong, China. This should be able to build on the contributions on this subject from the APEC Financiers Group.

Capital Account Liberalization

37. We agree to continue to implement policies to enable economies to benefit from and minimize the risks of capital account liberalization. We reaffirm our commitment to continue working on designing a Voluntary Action Plan For Supporting the Freer and Stable Flow of Capital.

38. We recognize that economies should pursue capital account liberalization in an orderly manner. Prerequisites include sound macroeconomic policies, effective prudential regulation and supervision, and an active effort to promote capital market development. Some of our economies have also found the use of market-based prudential safeguards to be a useful complement but not a substitute for these preconditions. We asked our Deputies to work with the IMF and the World Bank to compare the experiences of economies in managing the capital market liberalization process, including the results from the use of macro-prudential measures, in order to study how to promote freer flows of capital while maintaining macroeconomic and financial stability. We asked for a report at our next meeting.
39. We asked our Deputies to work with the IMF to examine how to monitor effectively capital flows, including short-term capital flows, with a view to providing information to the market and promoting stability.

Strengthening Financial Systems

40. Under our initiative to Strengthen Financial Market Supervision, two action plans were developed for strengthening training of bank supervisors and securities regulators in APEC economies. We endorse these plans and call for their timely and comprehensive implementation. We thank the Asian Development Bank for its assistance in developing these plans and for its commitment, together with that of the South East Asian Central Banks Research and Training Centre (SEACEN) and the Asia-Pacific Regional Committee of IOSCO, to assist in their implementation. We look forward to receiving a progress report at our next meeting.
41. We welcome other training initiatives launched within our own region: the joint initiative of Canada and the World Bank to establish the Toronto International Leadership Centre for Financial Sector Supervision; the opening of the ADB Institute in Tokyo; the IMF-Singapore Regional Training Institute (STI); and bilateral training assistance provided by individual economies.
42. We welcome the initiative of the APEC Financiers Group to create a private-sector training and education program for financiers across the APEC region. We call on our APEC Deputies to work actively with the financiers on this initiative and look forward to a status report.
43. As part of our efforts to draw lessons from the recent crisis and strengthen our economies, we agreed to launch an initiative to be co-ordinated by Malaysia in conjunction with the World Bank and the Asian Development Bank, to examine ways of strengthening corporate governance in our region. This work would recognize work going on in other fora. As part of this initiative, we welcomed Australia's offer to host a seminar to bring together senior business people from our economies to identify priorities for reform in this area. We look forward to reviewing a report on this subject at our next meeting.

Other Matters and Future Meetings

44. We welcome the progress made by the Sub-Committee on Customs Procedures (SCCP) in their twelve-point collective Action Plan to facilitate trade in the region. The "Blueprint for

APEC Customs Modernization” and the “Guidelines for SCCP and Business Strategic Partnerships” are important contributions for strengthening co-operation with the business community. Reaffirming that trade facilitation and enforcement must be well co-ordinated, we encourage customs authorities to continue strengthening such co-operation.

45. We also encourage our officials to expand coverage of bilateral tax treaties with appropriate economies in the region in conformity with international norms and to continue the useful dialogue on taxation through APEC-OECD joint symposia of tax officials. We look forward to the results of the next APEC-OECD tax symposium in Manila.
46. We reaffirm our appreciation to the APEC Financiers Group for their ongoing participation in the APEC Finance Ministers’ process. We had a very useful discussion with the Group on the importance of implementing the necessary measures to resolve in a timely manner Year 2000 problems in our economies. We urge the World Bank and the ADB to help economies to address this issue. We call on the supervisory and regulatory authorities in our economies to work with one another, and with the Basle Committee on Banking Supervision, IOSCO, and the IAIS as they review and monitor Year 2000 compliance efforts by all financial institutions.
47. We would like to thank the people and Government of Canada and the Department of Finance for the hospitality extended to all the delegations and the excellent arrangements they have made to make the fifth APEC Finance Ministers Meeting a success. We also thank the chairman of the APEC Finance Ministers Meeting, the Honourable Paul Martin, for his valuable contribution to the success of this meeting.
48. We look forward to the next meeting of APEC Finance Ministers in Penang, Malaysia.
49. Finally, we will report to the APEC Economic Leaders on the outcomes and recommendations of this APEC Finance Ministers Meeting and on any subsequent and related matters, on the occasion of their next meeting in Malaysia in November.

ANNEX A

Regional Forum on Securitization: Although securitization is fast becoming an important source of financing, many structural, regulatory, fiscal and other obstacles continue to inhibit its further development. In an effort to begin to address these obstacles, an international conference on securitization and a workshop for regulators from within the APEC region were held in Kuala Lumpur, Malaysia last December. A survey on the status of securitization activities in APEC member economies was carried out to gather information on these activities in APEC economies and to identify pertinent developmental issues and regulatory concerns. Based on the outcome of these activities, we encourage the development of securitization activities through (i) the continued removal of impediments to market development; (ii) enhanced training and technical assistance to facilitate the removal of impediments to market development; and (iii) the continued sharing of expertise among our economies. We have adopted a voluntary action plan to assist individual member economies that are interested in accelerating the development of securitization activities in their own markets.

Regional Forum on Pension Fund Reform: Officials from many of our member economies, together with academics and experts from the IFIs, attended the Regional Forum that was held from February 4-6 1998, in Cancun, Mexico. The forum had as overall objectives the interchange of expertise, information and best practices of pension systems across the APEC region, and the discussion of: the lessons of Latin American pension reforms for APEC economies; the potential for reform and its impact on the development of financial markets, domestic savings, and income distribution; the strategies for the administration of pension funds; the prudential regulation of pension funds investments; and the relative role of the private and the public sectors in pension fund management. A background report describing the pension systems of the APEC economies and outlining the major issues and difficulties was prepared by the ADB.

We recognized that pension funds can play an important role in mobilizing private savings, and broadening, together with other institutional investors, the demand base, especially for long-term debt instruments. Moreover, permitting pension funds to invest in financial instruments other than low-income government bonds can greatly enhance the supply of long-term finance to the private sector. We also recognized that factors such as ageing populations, low levels of national savings, unsustainable pressure on public finances and distortions created by high social security contributions make pension fund reform a priority for many APEC economies, placing it at the top of the economic and social agenda. While pension reforms can be spread along a broad spectrum, a sound prudential and regulatory framework is necessary for all types of public and private pension schemes.

Strengthening Financial Market Supervision: Recognizing the importance of sufficiently trained financial supervisors, we assessed the adequacy of existing training programs for both bank supervisors and securities regulators. We identified significant unmet training needs and limitations in the training management process at the domestic level, and determined that enhanced regional and international co-ordination to address these concerns would be useful. Importantly, we recognized that improvements in training programs would only be effective in enhancing the quality of supervision where a sound supervisory and regulatory regime is in place, and that training programs should be based on sound supervisory and regulatory principles.

Based on these results, we agreed to implement in a timely and comprehensive manner the Action Plans for Strengthening Training of Bank Supervisors and Securities Regulators in APEC economies. The Action Plans include measures to improve the quality of training programmes at the domestic level and to strengthen co-ordination in meeting training needs through regional and international programmes. Regional advisory groups will be established to oversee the implementation of the Action Plans, while the day-to-day responsibilities will be overseen by a secretariat to be funded and located at the ADB. We thank the ADB for its valuable assistance in implementing the Action Plans and for funding the secretariat and the technical assistance requirements of both plans.

Enhanced co-operation among export financing institutions: Export financing institutions (EFIs) can play a catalytic role in mitigating risks and mobilizing private-sector financing for infrastructure development. Representatives of the Export Financing Institutions (EFIs) in the APEC region have met several times to discuss the role of EFIs in promoting private sector infrastructure projects, including the opportunities for co-operation among EFIs through information exchange, knowledge transfer, possible co-lending, and the opportunity for policy dialogue between EFIs and host economies.

EFIs also discussed their role in the wake of the Asian financial instability as an important example of EFI co-operation. We recognize different mandates and approaches in various EFIs, however we expect a synergy effect through their co-operation. In view of strengthening EFI co-operation, we also welcome the protocol agreement which sets out a framework for promoting technical co-operation and has been signed by fifteen EFIs and Export Credit Agencies from across the region.

Supporting the development of credit rating agencies and strengthening information disclosure standards: We encourage the development of independent rating agencies according to international best practices. In order to assess the status of existing rating agencies we examined the current experiences with credit rating agencies in the region to determine how well they are fulfilling their key role in promoting the flow of timely and accurate information across capital markets. The results of work completed thus far include the identification of some of the important issues to be addressed, some of which pertain to the scope for harmonization and increasing the transparency of credit rating agencies' activities. We are currently examining experiences in the region regarding credit rating services. We hope to identify ways to improve rating agencies' ability to promote the flow of timely and accurate information to capital markets. We also encourage steps to strengthen information disclosure standards in the region consistent with international best practices.

Strengthening clearing and settlement infrastructure: Modern clearing and settlement systems are integral to capital market development. The ADB and several member economies stand ready to provide technical assistance to help strengthen clearing and settlement systems in economies with less advanced systems. We welcome the report of the Executive Meeting of East Asian and Pacific Central Banks (EMEAP) in this area.

**Third APEC Ministerial Meeting
on the Telecommunications
and Information Industry
Singapore
3 - 5 June 1998**

**THE THIRD APEC MINISTERIAL MEETING ON THE
TELECOMMUNICATIONS AND INFORMATION INDUSTRY
(TELMIN3)
3-5 JUNE 1998, SINGAPORE**

THE SINGAPORE DECLARATION

We, the APEC Ministers responsible for the telecommunications and information industry, gathered at Singapore from 3-5 June 1998,

reaffirming the APEC Economic Leaders' Declaration at Vancouver, 1997, which recognised that despite the recent economic crisis in the Asia-Pacific region, the prospects for long term growth and prosperity in the region remain strong;

reaffirming also our strong confidence in the Asia-Pacific region's telecommunications and information industry, and in the continued need for growth, liberalisation and investment in these sectors in the years ahead;

responding to those parts of the Vancouver Declaration in which Leaders

- a) *underlined* APEC's resolve to achieve sustainable growth and equitable development and to unlock the full potential of the people who live here,
- b) *recognised* the importance of telecommunications and information technology in building an Asia Pacific Information Society (APIS),
- c) *agreed* that the Asia Pacific Information Infrastructure (APII) is an essential basis for ensuring the competitiveness of the region in the 21st century, and
- d) *agreed* that electronic commerce is one of the most important technological breakthroughs of this decade;

recalling the Subic Declaration, 1996 in which APEC Leaders:

- a) *emphasised* the importance of economic and technical co-operation in ensuring that liberalised trade contributed to sustainable growth and equitable development and to a reduction in economic disparities;

- b) *endorsed* the Manila Action Plan for APEC (MAPA) which contained the first steps of an evolutionary process of progressive and comprehensive trade and investment liberalisation, including telecommunications services, by 2010/2020;
- c) *affirmed* the urgency for the completion of the World Trade Organisation (WTO) negotiations in basic telecommunications services; and
- d) *noted* that the public and private sectors should work closely together to stimulate investment in infrastructure, to achieve sustained growth;

renewing our commitment to accelerate efforts to bring the APII from vision to reality by implementing a broad range of practical projects and applications and by harmonising policy measures to advance the development of the APIS, which in turn, will contribute to creating the evolving Global Information Society (GIS);

recognising that over the past few years, the global telecommunications and information environment has been increasingly characterised by the convergence of telecommunications, broadcasting and computing networks and technologies;

believing that whilst technological convergence poses new policy, regulatory and business challenges to the APEC community, they also represent opportunities to achieve growth, access and connectivity and to lessen the development gap faster and more efficiently;

mindful that the diversity in levels of telecommunications and information development among member economies requires that greater attention be paid to the special challenges developing economies face in sharing fully in the APIS vision;

reiterating that economic and technical co-operation remain key priorities for the APEC Telecommunications Working Group (TEL), particularly in the area of developing and training our rich human talent to achieve its full potential within the APIS;

applauding the efforts of the APEC community in contributing to the recent conclusion of the WTO Agreements on Basic Telecommunications and Information Technology, two landmark pacts which will facilitate the APEC goal of trade and investment liberalisation, accelerate the development of

telecommunications and information infrastructures, dismantle technical barriers to trade, reinforce the globalisation of service provision, and facilitate access to a broader range and better quality of telecommunications and information services at more competitive prices;

commending the wisdom and value of APEC's traditions of multilateralism and voluntariness, particularly in addressing common technical, policy and regulatory issues which technological advancement and increased market liberalisation pose;

reinforcing the complementary roles which governments and the business/private sector can play in TEL's work programme, in particular by harnessing the business/private sector's access to technology, capital and expertise and the public sector's ability to set appropriate policies and regulations to facilitate business and promote universal access and sustained investment in infrastructure development;

highlighting the importance of continuing co-operative activities in research and development, and enlarging the scope of co-operation among researchers from industry, government and academia of member economies, in order to explore and implement cutting-edge infrastructure, applications and services;

having reviewed the activities undertaken by TEL to implement

- a) the various directions of our Leaders to further develop the APEC telecommunications and information industry, and
- b) the Action Plan endorsed at TELMIN2 at the Gold Coast in September 1996;

DO HEREBY ADOPT the following Programme for Action:-

1. Ministers note that this Programme for Action for the telecommunications and information sector will contribute to the Action Plan to be considered at the APEC Economic Leaders' meeting to be held at Kuala Lumpur, Malaysia, 17-18 November 1998.

2. Ministers affirm that the four pillars of TEL's work programme; namely, Business Facilitation, Development Co-operation, Human Resource Development and Liberalisation, remain valid and important parts of TEL's work mandate to realise the APIS vision and to support APEC's goals of trade and investment liberalisation and economic and technical co-operation.

3. Ministers recognise the considerable impact that rapid technological development and convergence will have on APEC economies. Ministers urge TEL to consider the scope of its activities within the context of these phenomena, so that TEL's objectives and goals remain relevant in the new global telecommunications and information environment.

4. Ministers note that the dynamism of the telecommunications and information environment and changing expectations by member economies will require TEL to become ever more focused on its objectives and effective in its work. Ministers welcome TEL's adoption of criteria to assist in evaluating project proposals, and urge TEL to be responsive to the need to formulate strategic priorities as its work programme expands.

5. Noting the continuing development gap that exists within APEC, Ministers direct TEL to pay particular attention to the need, highlighted recently by Leaders and Ministers responsible for Trade, to facilitate greater economic and technical co-operation activities to bridge this gap and help member economies regain their economic strength.

6. Ministers support the increased role which the business/private sector has come to play in TEL, and encourage TEL to continue to work co-operatively with ABAC, PECC and other representatives of the business/private sector with the aim of ensuring long-term sustained investment in infrastructure needs of the region and a flourishing telecommunications and information industry.

7. Ministers recognise the direction given by the Leaders in November 1997 that an APEC Electronic Commerce workplan be developed by November 1998. Noting the work of the APEC Electronic Commerce Task Force in developing this workplan for APEC, Ministers direct TEL to support the work of the Task Force.

Business Facilitation

8. Ministers note with appreciation the long-standing work of TEL to facilitate and encourage governments, companies and individuals to conduct transactions electronically via the growing telecommunications and information infrastructure. Ministers further note TEL's encouragement of the business/private sector to initiate and participate in the planning and deployment of services and infrastructure capacity. This is in line with the Leaders' recognition of the private sector's primacy in the development and

use of electronic commerce in the region, which is key to economic growth in the next century.

9. Ministers direct TEL to continue its work to promote the use of emerging applications and the development of electronic commerce products and services. Ministers emphasise their belief that APEC has a unique opportunity to promote electronic commerce for businesses and consumers through:

- a) efforts to harmonise the region's electronic commerce policies, legal and regulatory practices;
- b) facilitating the electronic delivery of government services, where appropriate; and
- c) enhancing the development of electronic commerce infrastructure as well as services and applications relevant to Asia-Pacific users.

10. Ministers endorse the priority accorded by TEL to business integration and business-to-business systems in its work on EDI and Internet-based electronic commerce, as this supports efforts to strengthen regional economies and to liberalise trade and investment in the region.

11. Ministers welcome work already done to make known the policy issues for small business enterprises conducting business electronically in the APEC region. Ministers direct TEL to consider further areas for practical work to support the use of electronic commerce by Small and Medium-sized Enterprises (SMEs), such as

- a) conducting surveys to measure their usage and uptake of these technologies and services;
- b) conducting a study of the cost to SMEs of the telecommunications and information infrastructure and services that underpin electronic commerce in the region; and
- c) the study and, if and when appropriate, development, by the next APEC Ministerial Meeting on Telecommunications and Information Industry, of compatible and sustainable international charging arrangements for Internet services as electronic transactions become increasingly conducted over the Internet.

12. In undertaking a co-ordinated work plan on electronic commerce, Ministers emphasise the need to be mindful of the work of other APEC fora as well as of other international organisations in order to:

- a) avoid duplication of efforts;
- b) enhance collaboration and linkages with other fora, where possible, to take advantage of mutually beneficial activities; and
- c) ensure that the unique perspectives and needs of APEC economies are considered and met.

13. Ministers note the need to promote pervasive consumer access to and use of electronic government and business services. Ministers welcome the increasing work of TEL in supporting consumer involvement in electronic commerce issues and instruct TEL to consider in its work:

- a) consumer use of electronic commerce in the APEC region to conduct their day-to-day transactions such as, obtaining information, paying bills, transacting with government or municipal authorities and purchasing products and services; and
- b) the identification of key issues that will affect consumer confidence and ability to use electronic commerce within the APEC region, in particular, issues of access, affordability, privacy and security.

14. In addition to its continued focus on the above, Ministers direct the four Steering Groups of TEL to undertake an expanded work programme to promote electronic commerce consistent with the reference framework document at Annex A and the decisions flowing from the APEC Task Force on Electronic Commerce.

Development Co-operation

15. Recognising our Leaders decision to make the APII a priority for infrastructure development in APEC, Ministers reaffirm the critical importance of development co-operation activities to realise the concrete benefits of the APII. Ministers recognise that the APII underpins APEC's overall economic infrastructure and is a vital prerequisite for the development of the APIS. Ministers call on TEL to continue its work to further the development of the APII.

16. Ministers note with appreciation and encourage TEL's efforts to make the transition from vision to reality when developing the APII, as seen in the demonstrations on telemedicine, distance learning and electronic commerce applications, which Ministers witnessed this week.

17. Ministers encourage TEL to build on the practical work being done by the APII Co-operation Centre in Korea and the APII Technology Centre in Japan to further accelerate the development of the APII.

18. Ministers welcome the work done to promote business/private sector participation in telecommunications and information infrastructure development and encourage members to support it with practical implementation measures. Ministers direct TEL to expand collaboration with the business/private sector to support the development of the APIS, consistent with the priorities of member economies.

19. Ministers instruct TEL to undertake a systematic developmental needs assessment, so as to set strategic priorities for further economic and technical co-operation activities. Ministers further direct TEL to identify and develop applications and projects, which will be of particular benefit to developing economies with rural and under-served areas.

20. Ministers applaud the efforts of member economies to develop their broadband information infrastructures and encourage the efforts of TEL to interconnect these networks and test-beds, beginning with linkages between public institutions such as schools, universities, hospitals and libraries, so as to ensure that the benefits of the APII are experienced by citizens of the region.

21. Ministers direct TEL to encourage technical co-operation, collaborative research and development and voluntary technology transfer among member economies through the mechanism of joint APII research and development projects.

22. Ministers encourage member economies to enhance access to the APII, particularly in Internet infrastructure, by expanding high-bandwidth connectivity among economies. In this regard, Ministers request TEL to study how to create sustainable and equitable financing arrangements for the establishment of these links.

23. Ministers welcome TEL's project on universal access to expand the reach of basic telecommunications services as a first step to achieving the APIS, noting the broad economic and social benefits of universal access and the corresponding costs of limited access. Ministers encourage economies to refer to the "Universal Access Principles" found in Annex B when developing policies in this regard.

Human Resources Development

24. Ministers recognise that the development of, and investment in, the region's human resources are essential to the achievement of their goal of balanced development of the APIS. Ministers note that TEL's human resource development programmes must respond to the diverse needs of member economies.

25. Ministers welcome the determination of TEL to ensure that its human resource development activities support the priority objectives of TEL. Key among these in the next period will be human resource development activities to support:

- a) expanded access to telecommunications services;
- b) the implementation of the Mutual Recognition Arrangement (MRA);
- c) development of regulatory regimes that promote competition, including management of interconnection arrangements; and
- d) linkages with telecommunications training organisations in the region.

26. Ministers direct TEL to continue to expand its work to provide the HRD support required for the development of the APII. Ministers further direct TEL to work with other training and development fora to ensure that economies are able to make use of the knowledge and techniques developed through the projects and studies carried out by these other fora.

27. Ministers recognise the importance of improving proficiency in the usage of available technologies and direct TEL to expand HRD activities to include training in the relevant skills to achieve the APII such as

- a) Broadband networking;
- b) Multimedia technologies;
- c) Internet applications; and
- d) Content production tools.

28. Ministers urge TEL to build on economies' knowledge and experience through personnel exchanges, skills standards, practical training and distance learning to ensure the availability of an adequate corps of capable personnel to operate and use the telecommunications and information networks of the region.

29. Ministers further recognise the potential of the APII to deliver training tools to benefit APEC in general and direct TEL to work collaboratively with other working groups in APEC to explore how the APII can be utilised to address and support the training programmes of APEC as a whole. Ministers direct TEL to provide focused attention to the following areas:

- a) expanding training initiatives to help member economies to meet the demands of a liberalised telecommunications environment by acquiring skills for the knowledge economy;
- b) developing distance learning systems using advanced technology, such as multimedia; and
- c) building a HRD database to assist economies in developing HRD programs.

30. Ministers support the development by the International Telecommunication Union of a dedicated Centre of Excellence to develop, strengthen and focus human resource development activities in the Asia-Pacific region. Ministers instruct TEL to establish links, including virtual links, with the Asia-Pacific Centre of Excellence to be established and to work with the ITU and with other international fora, to establish co-ordinated and sustained training programmes in the region.

Liberalisation

31. Ministers recognise that telecommunications trade and investment liberalisation is fundamental to the attainment of the APEC Leaders' vision of free trade and investment by 2010/2020. Ministers commend TEL for the work it has done to assist member economies to adjust to the reality of global market liberalisation in the telecommunications and information sector and call upon TEL to continue to work to promote liberalisation to support expanded access to telecommunications and information infrastructure and services.

32. Recognising the need for policy and regulatory reform in this new environment, Ministers request TEL to explore collegial approaches to the regulatory and policy challenges presented by convergence and market liberalisation, as well as to support the work of other international fora in this regard.

33. Ministers direct TEL to assist member economies to implement the WTO Agreement on Basic Telecommunications. Ministers note that APEC member economies are in various stages of liberalising their telecommunications markets, and that there is diversity in the form and manner of these liberalisation activities.

34. Ministers note that the *WTO Reference Paper on Regulatory Principles* ("Reference Paper") could serve to establish a common understanding among economies on how an effective regulatory environment conducive to competition could be created, thereby assisting member economies in their transition to the new multilateral trade regime. Ministers also recall the *Reference List of Elements of a Fully Liberalised Telecommunications Services Sector*, which they recognised at their 1996 meeting to contain a good general description of what free and open trade and investment means in the telecommunications sector. Ministers note that both these documents could assist member economies to develop appropriate policy and regulatory approaches in a liberalised environment. To this end, Ministers direct TEL to promote:

- a) improved understanding and implementation of the Reference Paper principles on:
 - (i) competitive safeguards to prevent abuse of market power by a major supplier;
 - (ii) transparent, non-discriminatory interconnection at cost-oriented rates;

- (iii) public availability of licensing criteria;
 - (iv) universal service;
 - (v) establishment of an independent regulator; and
 - (vi) allocation and use of scarce resources.
- b) the exchange of information among economies' on their practical experiences in activities such as the corporatisation or privatisation of telecommunications operators;
- c) the development of a stable and effective telecommunications environment by:
- (i) encouraging effective and timely implementation of basic telecommunications services commitments of APEC WTO member economies;
 - (ii) assisting non-WTO APEC member economies in working toward the establishment of policies consistent with principles of the WTO Agreement on Basic Telecommunications;
 - (iii) supporting the prompt accession to the WTO of non-WTO members in accordance with WTO protocol and based on effective market access commitments, with a view to achieving universality of WTO membership; and
 - (iv) playing a leading role in the development of next round of multilateral trade negotiations on telecommunications and information technology.

35. Ministers recognise that the post-WTO environment will usher in new international settlement rates arrangements. Ministers reiterate their firm support for activities now being undertaken by other international fora to achieve a comprehensive and balanced multilateral programme of reform. Ministers recognise that such a programme of reform must demonstrate a concrete commitment to action, but must also be flexible enough to accommodate differing levels of telecommunications development.

36. Ministers call upon TEL to continue work on measuring the benefits of liberalisation to users, and encourage economies to use, where appropriate, the "Indicators to Measure the Benefits of Liberalisation" developed by TEL.

37. Ministers recognise that it is crucial to establish fair and transparent interconnection and access arrangements to support competitive service provision. They endorse TEL's efforts to develop guidelines on interconnection policy. Ministers also direct TEL to improve upon economies' understanding and implementation of interconnection issues by:

- a) creating a flexible, non-prescriptive framework containing the necessary principles to formulate interconnection arrangements in a manner that promotes fair and effective competition in the market and delivers benefits to users;
- b) discussing appropriate and credible types of information needed as a basis for formulating interconnection arrangements;
- c) identifying best practices for interconnection arrangements, including price benchmarks and time frames for negotiation; and
- d) increasing knowledge in APEC on how to develop and implement interconnection principles that promote fair and effective competition in the market.

38. Ministers endorse the Mutual Recognition Arrangement (MRA) on Conformity Assessment for Telecommunications Equipment in the form shown in Annex C and direct TEL to take the following measures to support the MRA and encourage its implementation on a voluntary basis and in a timely manner, in order to ensure that all economies benefit as fully as possible from it:

- a) an implementation project to provide practical advice to each economy to facilitate MRA participation which would:
 - (i) identify general tasks and issues that could arise for economies when implementing the MRA;
 - (ii) conduct research on the technical regulatory practices for telecommunications equipment among APEC economies in need of assistance in implementing the MRA to identify existing and potential legal, administrative and technical barriers to the implementation of the MRA; and
 - (iii) develop a comprehensive plan and schedule for addressing identified general and specific tasks that are necessary to the implementation of the MRA.

- b) development of best practice principles for technical regulation, to assist economies that are reconsidering their technical regulations to support the introduction of competition in the provision of telecommunications services.

39. Ministers recognise that an essential precondition for the success of the MRA is to boost member economies' mutual confidence in the competence of conformity assessment bodies across APEC to test or assess conformity to an importing economy's requirements. To that end, Ministers direct TEL to implement appropriate confidence-building activities, such as

- a) organising courses, seminars, personnel exchanges, inter-economy comparisons and joint audits to develop a greater familiarity with others' requirements and a greater commonality of approach; and
- b) encouraging member economies to institute systems of accreditation for Conformity Assessment Bodies, using guides such as ISO/IEC guides or recommendations issued by international bodies.

40. Ministers request each APEC member economy to voluntarily report on the implementation status of relevant items of TEL Collective Action Plan (CAP).

Enhanced Co-operation between the Public and Private Sectors

41. Ministers note the recent adoption of the Vancouver Framework for Enhanced Public-Private Partnerships in Infrastructure Development by Leaders, which commits to enhancing the partnerships between the public and private sectors to develop the infrastructure needs of member economies.

42. In response to the Leaders' call and recognising the important role of the business/private sector in the development of the telecommunications and information industry, Ministers applaud the inaugural Minister-Industry Dialogue held during the 3rd APEC Ministerial Meeting on the Telecommunications and Information Industry in Singapore.

43. Ministers appreciate the perspectives and ideas offered by industry leaders and commend the wide range of interests represented at the Dialogue, including the user community, SMEs, trade associations, product

manufacturers, Internet associations, the multimedia industry and telecommunications operators. Ministers recognise that these exchanges will help forge a greater partnership between the public and private sectors and urge TEL to take into consideration in its work programme the following points raised by the business/private sector:

- a) Industry is committed to remaining engaged in the APEC process that demonstrate the commonality of concerns and objectives between public and private sector in the region to achieve the potential of the APIS;
- b) governments, businesspersons and users must learn from and with each other if they are to achieve the benefits to be had from the rapidly evolving telecommunications and information marketplace;
- c) governments should continue to accelerate efforts to liberalise markets, ensuring greater transparency of regulation, facilitate access and interconnection agreements, and address the privacy, security, authentication, and bandwidth pricing issues impeding network utilisation;
- d) governments and industry should work to facilitate accessible, affordable, and reliable mediums for voice, data and video information exchange and communications for users and providers of network services;
- e) TEL, in conjunction with the industry, should address efforts to accelerate human resources development if the promise of the APIS is to be achieved;
- f) both government and industry recognise the importance of utilising the Internet for service delivery and electronic business purposes;
- g) industry recognise its lead role in developing the market for digital communications and commerce, and welcomes the Ministers' commitment to develop an environment conducive to the growth of electronic commerce in the region such as: having the government "lead by example" in its use of the Internet, assisting in the development of technologically skilled work forces and IT-literate consumers and involving in efforts to develop trust and consumer confidence in the Internet;
- h) industry and governments should work together to implement the MRA so as to expedite trade in the region; and

- i) governments to accelerate their work to develop and implement universal access principle and the interconnection framework.

The Way Ahead for TEL

44. Ministers agree that a key challenge facing APEC economies is how to make the transition to knowledge-based societies. The advent of the APIS will create vast opportunities for growth and development but it will also require that our citizens acquire a new set of skills and competencies to live and do business.

45. In contributing to the creation of the APIS, Ministers believe that TEL can draw upon its key strengths; namely, its commitment to technological innovation, trade and investment liberalisation, its strong partnership with the business/private sector and its long-standing work in enhancing training and skills development in the Asia Pacific region. Ministers recognise the importance of the pilot projects as a good working method to facilitate the achievement of this goal. Ministers recognise that there needs to be a balanced work agenda so that it respects the diversity of the region. Ministers also believe that TEL will have to forge strong partnerships with other relevant organisations, entities and APEC fora to fully exploit these strengths.

TEL's Priorities

46. Ministers reaffirm that TEL should remain focused and streamline its activities. Ministers are of the view that TEL should not take on activities that are not within its objectives and goals. Ministers urge TEL to formulate priorities and be disciplined in the work programme it undertakes.

Electronic Commerce

47. Having already recognised electronic commerce as an engine for economic growth, Ministers encourage TEL to consider a forward-looking work agenda on e-commerce as a way to spur member economies in a timely way.

Technological Innovation

48. Noting that technology was a powerful enabler of development and economic growth, particularly in a region as diverse as ours, Ministers encourage TEL to further its efforts to harness emerging technology in ways that are relevant and useful to member economies' needs. Ministers recognise the potential for telecommunications and information technologies to vastly reduce costs, improve efficiency and create jobs. Ministers encourage the broadening of participation by member economies in the APII experiments and pilot projects so that the APIS' potential benefits are mutually shared.

Trade and Investment Liberalisation

49. Ministers recognise that the region's recent economic crisis will pose significant challenges. However, Ministers fully expect that APEC economies will overcome these challenges soon and will emerge stronger and more confident as a result of their continued commitment to and implementation of liberalisation action plans. Ministers recognise that the MRA and the WTO Implementation activities, such as interconnection in a pro-competitive environment, will become crucial ways in which TEL can assist member economies in concrete ways to face the new global market. Ministers also recognise that flexibility and greater attention must be paid to the special needs of developing economies, especially during this period of economic difficulty.

Public – Private Sector Partnership

50. Ministers also believe that it will become increasingly important for TEL to engage the business/private sector in technical co-operation, human resource development and policy setting. Ministers welcome the industry's interests in working with the public sector in facilitating the implementation of the MRA and encouraging the growth of the electronic commerce. Ministers believe that the business/private sector should likewise share responsibility for developing and shaping the emerging APIS by investing in member economies and providing human resource development training.

Training and Skills Development for the Information Age

51. Ministers recognise that convergence has created tremendous challenges to existing human resource capabilities. Ministers stress the need to implement creative work programmes to create a dynamic, innovative and

entrepreneurial workforce crucial to a resilient and culturally vibrant regional economy and see the linkage with the ITU Centre of Excellence as helping fulfill this goal. Ministers reiterate their call for constant skills upgrading for developing economies to assist their human resource development.

Closer Co-ordination with Others

52. Ministers see that as a result of convergence, there will be increasing need for TEL to work more closely with other relevant entities when addressing new issues of the “cyber society”. These issues would involve both infrastructure and content. Consistent with the APEC vision, Ministers call for greater co-ordination and co-operation between TEL and other APEC fora to avoid duplication, and note that the APEC Secretariat will continue to play an important role in this process. Ministers would welcome the inclusion of these other APEC fora in TEL meetings where appropriate, and call upon these other fora to likewise, include TEL in their work. Ministers also encourage co-ordination with other international fora on matters where TEL can provide a useful regional perspective.

Connecting the Region

53. Ministers believe that individual economies’ efforts to construct their own information infrastructures should include an important international dimension. They urge member economies to take proactive steps to facilitate the interconnectivity and interoperability of these infrastructures so as to fuel the larger APEC goal of the APIS.

A REFERENCE FRAMEWORK FOR ACTION ON
ELECTRONIC COMMERCE

1. The APEC Telecommunications Working Group (TEL) is a singularly important focus of electronic commerce activity in APEC. TEL has a key role in contributing to the development of a co-ordinated APEC-wide work plan for electronic commerce by the APEC Electronic Commerce Task Force for approval by the Leaders in November. Part of this contribution will be TEL's new reference framework for action on electronic commerce.

2. The new reference framework will

- (a) promote electronic commerce for use by businesses and by consumers;
- (b) contribute to the harmonisation of the region's electronic commerce policies, its legal and regulatory practices;
- (c) enhance the development of electronic commerce infrastructure as well as services and applications relevant to the needs of users in the region; and
- (d) facilitate the electronic delivery of government services.

TEL's reference framework will encourage other APEC fora to adopt similar electronic commerce action frameworks. Implementing these frameworks will help bring to fruition APEC's electronic commerce work plan. This document sets forth the rationale and a suggested framework for further work on electronic commerce by TEL.

3. Subsequent to the Leaders call for action on electronic commerce promotion, TEL worked with PECC to create a forum for government-industry discussion over priorities and objectives for APEC in this area. This endeavour has brought industry in as a full partner in the new TEL work programme on E-commerce – a work programme that had its genesis in a 1990 project on EDI development in the region.

A Global Focus

4. TEL's reference framework will help position APEC to play a lead role in the global expansion of electronic commerce initiatives. Such initiatives are recognised as a principal component of economic growth in the next

century and also will position the member economies of APEC to bridge the development gap that continues in the region and to regain their economic strength.

5. Accordingly, in developing an action plan under the reference framework, TEL will collaborate with the APEC Task Force, where possible, and with other international organisations so as to share mutually in the benefits and to avoid duplication. In its plan, TEL will endeavour to ensure that the specific needs of APEC economies are met. Work also will be undertaken in close co-operation with other APEC fora, other organisations in the region, and between APEC member economies on a bilateral basis to ensure co-ordination in the Asia-Pacific region.

6. While involvement of the private sector has always been a hallmark of TEL's activities, it is realised that the electronic commerce programme of TEL requires an expanded network of advisors from the communications and information industries. TEL is committed to working with PECC and other relevant organisations to develop this network and subsequent joint efforts for the promotion of electronic commerce.

The Challenges

7. TEL recognises that electronic commerce will be a key driver of business development and expansion and new trading mechanisms in the region. Business expansion will be based largely on business integration as well as on the provision of consumer products and services by electronic means.

8. Nevertheless, TEL has noted that there are challenges presented by the roll-out of electronic commerce. These challenges include the need to ensure that the telecommunications and information infrastructure continues to develop in a manner that supports electronic commerce, and the need to promote a stronger role throughout APEC for Small and Medium-sized Enterprises (SMEs).

9. In addition, measures must be taken to develop electronic commerce for the benefit of the whole region and to ensure that economies that rely on existing telecommunications and information systems are supported in the transition to electronic commerce.

Impediments to Electronic Commerce

10. The efforts of TEL will address many of the impediments to electronic commerce that exist in the region. The most fundamental obstacle to electronic commerce is inability to access and use the network infrastructure. Access and use are functions of

- a) network capacity at local, country and international levels;
- b) cost of network access and use;
- c) availability and cost of access devices (telephones, personal computers); and
- d) availability of technical skills to facilitate access.

11. These issues lie at the core of TEL's mandate, and TEL has actively pursued relevant liberalisation, human resource development and economic and technical co-operation activities to meet each of these challenges.

12. Further impediments are barriers to market entry and competition in member economies, such as laws and regulations restricting particular industry sectors. Other impediments include economic disincentives to investment such as those caused by the fear of the impacts of systems failure, the absence of suitable business models, the "immature" state of the electronic marketplace, inadequate intellectual property protection, and the need to facilitate business and consumer confidence and trust. While the range of electronic commerce issues exceeds the mandate of TEL, its framework for action focuses on a variety of issues including those of trade liberalisation, business facilitation, the need for development and co-operation among member economies and human resources development.

Promoting Business-to-Business Electronic Commerce

13. It is anticipated that business integration activity over the next five years may account for up to ninety percent of the expansion of electronic commerce on basic, advanced and value-added networks. The Internet and other public networks also will play an increasingly important role as security and data protection are enhanced. Improved security and data protection will contribute to the confidence of SMEs in electronic commerce.

14. Business-to-business communications have been the focus of past activity of TEL. This remains a priority, with the particular emphasis on promoting SME involvement in e-commerce. Business-to-business communications is the basis for strengthening regional economies, ensuring broad-based access to networked infrastructure and for liberalising trade and

attracting investment. Accordingly, TEL's reference framework builds on work that already has been carried out or has been initiated recently to identify the issues for SMEs doing business over the Internet in the Asia-Pacific region. Further work will review the integration of SMEs into electronic commerce by measuring their usage and uptake, studying the cost to SMEs of the telecommunications and information infrastructure and services that underpin electronic commerce in the region and determining how SMEs can play a stronger role throughout APEC. TEL will promote a test-bed programme between interested SMEs in APEC economies to design, manufacture and market appropriate products.

Promoting Business-to-Consumer Electronic Commerce

15. Consumer transactions will expand from current levels and contribute to the growth of electronic commerce in the region, but expansion is not expected to occur at the same rate as business-to-business transactions. Consumer involvement will rely most directly on access to Internet connectivity and on standard telecommunication services linked to private networks. Increased consumer confidence in the reliability of networks, the security of networks and the protection of personal information, and affordability to Internet access to consumers are key to increasing their purchase of goods and services by electronic means in the region.

16. There also will be consumer and social involvement, in addition to the transactional activity noted above. It will focus on access to electronic services provided by both government and business. Governments, as model users, will spur the development of information, health, education, and community services. The provision of consumer services such as entertainment, financial, media, retailing, recreational support and travel will contribute to enhanced levels of consumer participation and overall levels of awareness and confidence. Economies of scale will unfold as networks and information services expand to serve both business and community needs.

A TEL Electronic Commerce Reference Framework for Action

17. The following reference framework is established to guide the development of a focused TEL work programme through each of its Steering Groups to promote electronic commerce in the Asia-Pacific region. The categories of actions that might be taken have been established in response to the need to access electronic commerce, raise awareness about the benefits,

- Encouraging competition among providers of telecommunications and Internet capacity, leading to more affordable and higher quality services; and
- Discouraging market access restrictions or regulatory barriers that inhibit telecommunications and Internet service providers from entering the market and/or providing access to end users.

b) Raising Awareness

- Developing and sharing a knowledge base on the economic and social benefits of electronic commerce on the Asia-Pacific region;
- Continuing its programme of activities, technology trials and pilot projects to demonstrate the practical benefits of electronic commerce;
- Promoting awareness of the benefits of electronic commerce and encouraging its use among SMEs in all member economies; and
- Encouraging governments and other public sector organisations to act as model users to promote electronic commerce.

c) Building Confidence and Trust

- Building an understanding of business and consumer confidence in digital transactions and developing appropriate strategies to respond to identified needs across the region;
- Reviewing and contributing to international approaches for protecting the privacy of personal data; and
- Verifying the feasibility of digital transactions and authentication through electronic commerce test-bed pilot projects.

d) Developing compatible approaches to the electronic marketplace

- Reviewing different approaches to authentication, which could include electronic signatures and electronic records among economies;
- Using the results of the surveys of legal and regulatory barriers to electronic commerce in the region, identify the essential elements of

a legal and regulatory framework for electronic commerce;

- Encouraging all APEC member economies to remove existing and avoid the introduction of new legal, regulatory and other barriers to conducting electronic commerce in the region to the greatest extent possible and as soon as practicable; and
- Promoting the use of best practices on electronic commerce, e.g., the development of self-regulation measures by industry.

Further Support to the APEC Task Force on Electronic Commerce and Collaboration with Other Relevant Fora

18. In many cases, the priorities proposed in TEL's reference framework for action already are being addressed by the four Steering Groups within TEL. Such electronic commerce activities influence and support the development of an APEC-wide workplan for electronic commerce by the APEC Task Force. Any new project activity in support of TEL's framework for action that is identified at the next meeting of TEL in September, in Papua New Guinea will be made available to the Chair of the APEC Task Force on Electronic Commerce.

19. The Task Force and other APEC Working Groups and Committees were represented at the APEC-PECC Electronic Commerce Seminar held in conjunction with the TEL meeting in Brunei in March 1998. Continued collaboration with relevant APEC fora such as the APEC Sub-Committee on Customs Procedures, Expert Group on Intellectual Property Rights, Policy Level Group on SMEs, the Human Resources Development Working Group, the Transportation Working Group, the Industrial Science and Technology Working Group and other groups supporting the APEC work programme in areas such as consumer protection, banking, finance or taxation issues. TEL stands ready to support electronic networking of relevant information within APEC.

20. TEL will also continue its close contact with relevant work in other international organisations including UNCITRAL, OECD, ISO, WTO and ITU.

UNIVERSAL ACCESS PRINCIPLES

For those APEC economies who believe there is a need to provide universal access to telecommunications services, the following principles provide guidance on how APEC economies can accomplish this in line with the prevailing legal and regulatory environment and government structure of each economy, within the framework of the Bogor Declaration timetable for achieving free trade and investment in the APEC region:

1. Extension of basic telecommunications access is recognised as fundamental to economic development.
2. Each economy will decide on the scope of its own Universal Access objectives according to its own circumstances.
3. The evaluation of universal access objectives should take account of the broad economic and social benefits and the corresponding costs of limited access.
4. The telecommunications regulatory framework
 - should be administered independently from service operators in order to champion the interests of users;
 - should encourage rational competition so that market-driven network development has the greatest opportunity to flourish; and
 - should provide the kind of certainty in the market that encourages maximum private investment in the network.
5. The policy framework for universal access should encourage
 - the private sector to use innovative bases for generating and calculating revenues;
 - governments to consider using communications technology to deliver services both for the cost benefit to the government budget and for the intangible benefits to the people of strengthening the communications network;
 - the universal service providers to minimise the costs in providing universal service without compromise on the quality of service; and
 - equitable sharing of the net universal service costs among the relevant contributing parties. The obligation in supporting the provision of universal service should not affect the relative

competitiveness of the operators and service providers in the telecommunications market.

6. To be sustainable in the long run, universal access must be provided on a basis that is independent of implicit cross-subsidies. Therefore revenues should be arranged so that net costs are met through one or more of the following mechanisms:

- requiring the provision of universal access as part of the conditions of the licenses of carriers;
- mobilisation of diverse capital resources, including public, private and foreign capital;
- transparent funding mechanisms to channel resources to universal access providers, consistent with Members' international commitments and other policies;
- commercial arrangements negotiated against the backdrop of competition laws.

**APEC Meeting of Ministers
Responsible for Trade
Kuching, Malaysia
22-23 June 1998**

APEC MEETING OF MINISTERS RESPONSIBLE FOR TRADE

KUCHING, MALAYSIA

22 – 23 June 1998

STATEMENT OF THE CHAIR

APEC Ministers Responsible for Trade met in Kuching on 22 – 23 June to review progress on the implementation of instructions given by Leaders in Vancouver and the ongoing APEC work programme on trade and investment liberalisation and facilitation. Ministers also exchanged views on the current economic situation, developments in international trade and on APEC's contribution to the work of the World Trade Organisation (WTO). In addition, Ministers engaged in a dialogue with ABAC on APEC's response to the 1997 ABAC's recommendations and on broadening APEC outreach to a wider segment of the business/private sector.

The Meeting of APEC Ministers Responsible for Trade is being held during a period of financial and economic turmoil in the East Asian constituents of the APEC region. It was noted that the turmoil has had its impact on a broad spectrum of economic sectors, curtailing the capacity to generate economic growth. It has also brought about social ramifications that are and will continue to be far-reaching. APEC member economies recognised that regional and global economic inter-linkages and interdependence can have a contagion effect on other economies outside the region. While individual APEC economies affected by the financial turmoil must undertake domestic policy initiatives to effect economic recovery, other APEC member economies could, where possible, assist in the process of economic recovery. APEC may not be the mechanism for direct intervention, but it is important that APEC supports initiatives to manage the financial crisis – both in terms of the causes and impacts.

Early Voluntary Sectoral Liberalisation

3. Ministers considered the report of the SOM Chair and noted that officials have made significant progress since Vancouver in further developing the EVSL initiatives, based on APEC's principle of voluntarism. Ministers recognised that specific concerns have been raised by individual economies in each sector.
4. There is emerging consensus on product coverage, target end rates and target end dates, and Ministers endorsed the recommendations of Senior Officials, as a means to further progress work in the fast-track sectors.
5. Participation in the 9 sectors and all three measures (trade liberalisation, facilitation, and ecotech) in each sector will be essential to maintain the mutual benefits and balance of interests, which Leaders had established when selecting the sectors in Vancouver.
6. In order to enable finalisation of the sectoral arrangements that would maximise participation, Ministers agreed that flexibility would be required to deal with product-specific concerns raised by individual economies in each sector. Such flexibility would generally be in the form of longer implementation periods. In principle developing economies should be allowed greater flexibility.
7. Ministers agreed that consideration of other forms of flexibility should take into account the broader goal of maximising mutual benefits, and the need to maintain the balance of interests.
8. Ministers also noted the significant work done on NTMs, facilitation and ecotech, and endorsed the existing implementation schedule, and the related work programme in these areas. Ministers regarded facilitation and ecotech as important elements of the EVSL initiative, and agreed that such measures continue to be identified for implementation.

9. Ministers agreed that all sectors containing tariff liberalisation proposals be communicated to the WTO by the APEC Chair for transparency purposes once all details of the sectoral proposals are finalised.

10. Ministers instructed senior officials to continue work to finalise by September the sectoral arrangements on the fast-track sectors on the basis of decision taken at this meeting, and further develop the other six sectors.

11. Ministers will consider the final agreements/arrangements of each sector in its entirety at the Ministerial Meeting in November, with a view to commencing implementation in 1999.

Individual Action Plans

12. Ministers welcomed and endorsed the preliminary plans of member economies to implement and improve their Individual Action Plans (IAPs) for 1998. Ministers noted that despite the adverse impacts of the current financial crisis, members remained committed to IAP improvements and implementation. They reaffirmed that the IAP is the primary mechanism for the implementation of APEC's trade and investment liberalisation and facilitation (TILF) agenda. Ministers recognised that improving IAPs is a continuous and progressive process and urged members to continue to strengthen their IAPs in terms of transparency, level of detail and specificity. Ministers stressed that faithful implementation would lend credibility to the Plans.

13. An added value of IAPs is that they provide member economies with the opportunity to draw on the experiences and approaches of other member economies in undertaking liberalisation and facilitation. Members can draw on these experiences and adopt and incorporate such best practices in improving their IAPs.

14. In an effort to make IAPs more effective in meeting the needs of business, Ministers noted that IAPs should continue to take account of ABAC's recommendations. They noted that some of these recommendations have already been implemented while others are under consideration. Member economies will continue to take into account the views of the business/private sector in the improvements of the IAPs.

15. Ministers commended Malaysia for submitting its IAP for peer review in Kuching. They welcomed Korea's decision to present its IAP for peer review in September at the margins of SOM III. It was acknowledged that bilateral consultations and voluntary peer reviews are confidence building measures that will facilitate exchange of information and contribute towards transparency and comparability of the IAPs. In this context, interested member economies were encouraged to volunteer their IAPs for peer review.

16. To further advance work on IAPs, Ministers agreed that:

member economies submit revised IAPs, including the financial sector, according to the revised format guidelines by October 15;

member economies continue to give consideration to the views and opinions of the business/private sector in formulating their IAPs.

17. Ministers called for a report on revised IAPs to be submitted to them in November for their review.

Collective Action Plans

18. Ministers reaffirmed the importance of Collective Action Plans (CAPs) for advancing APEC's TILF agenda. Ministers welcomed work to further enhance and implement CAPs, including work underway on more than 80 CAPs activities. They stressed the importance of trade and investment facilitation activities in APEC in the 15 areas under Part I of the Osaka

Action Agenda. Ministers took note of the SOM Chair's Report on collective actions and endorsed the list of over 30 TILF outcomes for 1998. These outcomes are expected to contribute towards reducing transaction costs and facilitating business activities such as movement of goods, capital, services and business people.

19. At this time of financial turmoil in the region, APEC's trade facilitation activities would contribute to improving the capacity and confidence of members in their liberalisation efforts. In this context, Ministers also noted the need to prioritise projects in order to make efficient use of limited resources and to maximise benefits to members.

20. In advancing work on CAPs, Ministers :

- endorsed the collective commitment of APEC economies to grant multiple entry visas to regular business travellers through unilateral or bilateral means, unless there are reasonable grounds not to do so; and**
- agreed that capacity of member economies be enhanced through training and technical cooperation programmes to ensure effective implementation of CAPs.**

21. Ministers further instructed that a report be submitted in November on:

- achievement of TILF outcomes in 1998;**
- training and technical cooperation programmes in the TILF areas;**
- areas for priority work in 1999; and**
- APEC's response to ABAC's recommendations.**

Electronic Commerce

22. Ministers welcomed the report of the Task Force on Electronic Commerce and noted the progress of work in both the Task Force and other APEC sub-fora.

23. Ministers endorsed the second stage of the work programme which would include possible development of principles and practical cooperative activities for promoting the use of electronic commerce in the region, recommendations on technical cooperation and capacity-building activities, including public sector use of electronic commerce, as well as outreach and training programmes. Ministers also endorsed the programme of information exchange and technical cooperation to address the "millennium bug/Year 2000" problem and to identify impediments to electronic commerce in the region.

24. In advancing the work programme, Ministers requested the Task Force to take into account:

the views of the private sector;

differing levels of development in member economies; and

the need to avoid duplication of work in both APEC and the international fora.

Impact of Liberalisation

25. Ministers welcomed the progress report by the Steering Group on work to develop an APEC-wide programme to assess and promote the understanding of the impact of trade liberalisation. There will be a two-stage implementation plan, involving analytical work on five case studies in Phase I and the development of a strategy for communicating the findings of the study in Phase 2. Ministers welcomed the offer of New Zealand to host a seminar on communicating the outcomes of the Study under Phase

2 of this project just before the next Trade Ministerial Meeting in New Zealand in June 1999.

26. Ministers recognised that the study is timely and relevant especially during this time of economic difficulties and concerns expressed over the benefit of further liberalisation. Ministers reaffirmed the importance of promoting a broad-based and balanced understanding of the impact of liberalisation, taking into account both benefits as well as the associated adjustment costs. In this context, they underscored the importance of selecting appropriate sectors to reflect this approach.

Supporting the Multilateral Trading System

27. Ministers expressed satisfaction with the outcomes of the Second WTO Ministerial Conference and welcomed the agreement to embark on a work programme which includes the implementation of existing Uruguay Round Agreements, the built-in agenda, and recommendations concerning other possible future work on the basis of the work programme initiated in Singapore and recommendations on other matters proposed by members. In this regard, Ministers welcomed the Statement presented by the APEC Chair at the Conference, which underlines APEC's commitment to open regionalism and the multilateral trading system.

28. Ministers recognised the importance of APEC's on-going programme of activities which supports work in the WTO, in particular seminars and training activities on the implementation of WTO agreements such as customs valuation, subsidies and CVD, TRIPs and services. They agreed that these activities should be continued. Ministers also agreed that APEC's on-going information exchange on electronic commerce would be an important contribution to the WTO.

29. In recalling APEC's role in ITA I, Ministers called for a successful conclusion of the ITA II, with a balanced outcome that takes into account interests and concerns of members.

ABAC

30. Ministers welcomed the briefing by Mr. Timothy Ong, ABAC Member representing the ABAC Chair, on the 1998 priorities of ABAC and confirmed APEC's intention to continue to work closely with ABAC. Ministers noted ABAC's view on APEC's work in EVSL, electronic commerce and APEC action plans. ABAC acknowledged the need for capacity building to complement APEC's liberalisation efforts.

31. Ministers' confirmed that APEC fora have responded positively to the recommendations contained in ABAC's 1997 Report to Leaders in the areas of promoting cross-border flows, enhancing private investment in infrastructure and access to capital as well as in implementing economic and technical cooperation. Ministers expressed their desire to continue to work closely with ABAC for liberalising and facilitating trade and investment in the region. Ministers also called upon ABAC to reach out to domestic business groups including small businesses so that APEC activities would permeate through a broader cross-section of the business sector.

Other Matters

32. Ministers welcomed remarks from members-designate, Peru, Russia and Vietnam on their preparations to assume full membership in APEC in November. Ministers also received reports from representatives of the Pacific Economic Cooperation Council (PECC), the South Pacific Forum (SPF) and the Association of South East Asian Nations (ASEAN).

Kuching, Malaysia
23 June 1998

**Fifth Meeting of APEC Ministers
Responsible for SMEs
Kuala Lumpur, Malaysia
7-8 September 1998**

FIFTH MEETING OF APEC MINISTERS RESPONSIBLE FOR SMES
Kuala Lumpur, Malaysia
September 7-8, 1998

JOINT MINISTERIAL STATEMENT

1. APEC Ministers Responsible for SMEs met in Kuala Lumpur on 7 – 8 September 1998 to review the work of the Policy Level Group (PLG) on SMEs and discusses:
 - an integrated plan of action for SME development;
 - the impact of the regional financial instability on SMEs; and
 - the importance of electronic commerce for SMEs.

In addition, Ministers had a dialogue with representatives of the business sector on the outcome of their meetings and on how the private sector could benefit from the APEC process.

2. Ministers took note of the report of the SME PLG on its activities and welcomed the decision of the APEC Senior Officials to extend the mandate of the SME PLG for another two years. The mandate was extended with the understanding that decisions on the PLG's future focus and mandate may result from the current review of APEC management process. Ministers also noted the on-going activities under various APEC fora, both public and private, as presented by the APEC Secretariat.
3. Ministers noted the progress on the implementation of the seventeen approved projects which have significant impact on capacity building of the public and private sectors to provide high quality information and services to SMEs and to improve their capacity to adopt new technology and penetrate new markets. To date 7 projects have been completed and the remaining 10 are at various stages of implementation.
4. Ministers further endorsed the following three new project proposals prioritised by the PLG SMEs, while acknowledging that future project proposals must take into consideration existing financial resources of APEC:-
 - i. A Strategy for Internationalisation of SMEs in Asia-Pacific Area: Lessons from Empirical Study on Korea and other APEC Member Economies

Ministers recommended the funding of this project be shared by the APEC Secretariat and the Republic of Korea

- ii. Training and Certification for Small Business Counsellors – Phase III

Ministers recognised the importance of this project for all APEC economies and stressed on the need to manage the project efficiently.

iii. Electronic Commerce Impact Study for SMEs

Ministers agreed that in order to avoid duplication, the SME PLG will coordinate with the Telecommunications Working Group and the E-Commerce Task Force on the implementation of this project.

5. Ministers welcomed the report on best practices for disseminating information to SMEs. Ministers acknowledged that there is no single best way to deliver information to SMEs and encouraged giving priority to the development of effective information management for SMEs. Ministers stressed that it is crucial that SMEs be informed of all APEC initiatives to enable SMEs to benefit from such activities.
6. Ministers emphasised the importance for the SME PLG to ensure that APEC projects build on work of other APEC fora and benefit a majority of member economies. Ministers agreed that implementation of future projects should not necessarily be constrained by the resource availability in APEC. Member economies are encouraged to contribute the balance required for the implementation of approved projects.

Integrated Plan of Action for SME Development (SPAN)

7. Ministers considered the proposed Integrated Plan of Action for SME Development (SPAN) which serves as a set of broad guidelines for SME development in individual economies. The SPAN builds on the Framework of SME activities approved by Ministers in 1997. Ministers recognised that SPAN provided a convenient reference point for review of initiatives, programmes and regulatory frameworks to promote the development of SMEs and to plan future action at the individual economy level and collaborative efforts at the APEC level. Ministers emphasised the importance of focusing the SME work programme on key issues which affect SME development, and on sharing best-practice responses to these issues.
8. Ministers emphasised that SPAN, besides focusing on enterprise development, should also promote the development of new entrepreneurs including technopreneurs. In this regard, there is a need to demarcate between enterprise and entrepreneurial development.
9. Ministers further requested the SME PLG to collaborate with other international organisations to ensure that APEC perspectives are reflected in the work of such organisations, and with other APEC fora to ensure that such perspectives are developed in a coordinated and efficient manner.
10. Ministers commended the inclusion of micro enterprises and women entrepreneurs as an integral part of SPAN. Ministers agreed that SPAN should also include environmental considerations. Ministers recognised that environmental friendly and cost effective technology should be accessible to SMEs.
11. In endorsing the SPAN, Ministers acknowledged that it is not intended to be prescriptive and that adoption would be on a voluntary basis. Ministers stressed the importance of private sector participation in contributing to and carrying out the objectives of SPAN.

Ministers asked the PLG SME to compile information on SME programmes and services in member economies to be appended to the SPAN.

12. The SPAN will be presented to the Ministerial Meeting and Leaders in November 1998.

Electronic Commerce and SMEs

13. Ministers recognised the importance and benefits of electronic commerce for SMEs. Ministers exchanged information on efforts undertaken by their respective economies in promoting the use of electronic commerce.
14. Ministers reaffirmed the leading role of the business sector in the development of electronic commerce and the role of the market in advancing the expansion of electronic commerce throughout the APEC region. Ministers reaffirmed the need for specific programmes to facilitate and promote the wider use of electronic commerce by SMEs. Ministers also recognised the need for setting-up appropriate information infrastructure to ensure business access to electronic networks.
15. Ministers noted the work programme of the APEC Electronic Commerce Task Force, the various APEC fora and ABAC on electronic commerce including the year 2000 (Y2K) problem, a major issue that needs to be addressed.
16. Ministers directed the SME PLG to work closely with the relevant APEC fora with the view to further develop capacity building initiatives and to assist SMEs in the use of electronic commerce. The APEC Secretariat was asked to compile a list of electronic commerce hub and network service providers available in APEC economies.

Addressing the Impact of Regional Financial Instability on SMEs within the APEC Region

17. Ministers noted that the Asian financial crisis has affected other economies outside the region. Ministers expressed concern that, if not addressed urgently, the global contagion effect that is evident now will exacerbate.
18. Ministers noted the work undertaken by Finance Ministers and other APEC fora to overcome the crisis. Ministers strongly endorsed APEC Financial Ministers' decisions to:
- share knowledge and experiences on approaches to financial market regulations
 - consider establishing a global system of multilateral surveillance of national financial sector supervisory and regulatory systems
 - develop immediate measures to support SMEs and strengthen social safety nets in affected economies
19. Ministers emphasised that APEC Finance Ministers should develop the necessary securities and financial market regulatory framework as soon as possible.
20. Ministers agreed that proposals pertaining to measures, to address the financial crisis discussed at this Meeting, be conveyed to Financial Ministers.

21. Ministers also noted that reforms have been taken by individual economies to strengthen financial institutions and economic governance at the domestic level. Ministers stressed that it is important to continue with the liberalisation process and that the present financial turmoil should not deter progress in this regard. Ministers also stressed the importance of APEC economies taking measures either individually or collectively to prevent a future recurrence of the crisis.
22. Ministers encouraged the adoption of specific measures to address the impact of the crisis on SMEs. These could include:
 - Ensuring the availability of trade financing by exports credit agencies
 - Expansion of industrial supply and subcontracting business cooperation
 - Better risk assessment capabilities in relation to credits for SMEs
 - Dissemination of information on opportunities to build better business linkages for trade and investment among SMEs
 - Establishment of an interactive business matching web sites.
23. Ministers directed the SME PLG to work closely with other APEC fora to assist SMEs to overcome their difficulties as a result of the financial crisis.

Dialogue with the Business Sector

24. Ministers took note of the report by the Pacific Economic Cooperation Council (PECC) and commend its efforts to support the APEC SME PLG.
25. Ministers welcomed the briefing by the representatives of the various private sector groups on their recent meetings. Ministers noted the importance of greater private sector involvement in APEC and called upon the private sector groups to ensure that the initiatives and programmes contribute to the growth and development of SMEs. Recognising the special needs of SMEs, Ministers welcomed the SME Business Forum's proposal to establish an ongoing SME Task Force to foster closer public/private sector SME dialogue.
26. Ministers welcomed the Declaration of the 1998 Women Leaders' Network Meeting and took note of their recommendations. Ministers emphasised the importance of eliminating barriers to the full participation and contribution of women to our respective economies: and noted the establishment of the confederation of Women's Business Councils in APEC economies as a catalyst to facilitate and enhance business networking and partnerships among women entrepreneurs.
27. Ministers commended the APEC Export Credit Agencies and Export Financing Institutes Working Group on SME Exporters Support for their commitment to working with commercial lenders and international financial institutions to enhance trade financing, risk sharing and co-insurance opportunities to improve credits risks of SME exporters and augment financing availability. Ministers also noted the Working Group's focus towards simplification of documentation and improvement of services to SMEs by means of electronic communication.

28. Minister's welcomed the recommendations made by the APEC Business Advisory Council (ABAC) especially on initiatives that would accelerate the recovery of the SME sector.
29. Ministers took note of the report of the Young Entrepreneurs' Organisation (YEO) and their proposal to create the Young Entrepreneur Business Award and the formation of the Young Entrepreneurs' Advisory Council (YEAC).
30. Ministers welcomed the suggestion from the Business Forum on the establishment of the SME Task Force and noted that its participation in the activities of the PLG SME will be subject to the APEC rules on non-member participation. The PLG will follow up on this and other recommendations of the business organisations.

Next Ministerial Meeting

31. Ministers welcomed New Zealand's offer to host the next Ministerial Meeting in Christchurch in April 1999.
32. Ministers thanked the Chair for her guidance in chairing the Meeting and Malaysia for the warm hospitality extended for the duration of the meeting.

8/9/98 at 3.05 p.m.

**Third Meeting of APEC Energy
Ministers
Ginowan, Okinawa, Japan
9-10 October 1998**

Third Meeting of APEC Energy Ministers

"Energy: Driving Force for Economic Recovery and Development"

Ginowan, Okinawa, Japan

October 9-10, 1998

DECLARATION

1. The third meeting of APEC Energy Ministers was held on October 9-10, 1998 in Ginowan, Okinawa in Japan. Ministers and their representatives from Australia; Brunei Darussalam; Canada; Chile; the People's Republic of China; Hong Kong, China; Indonesia; Japan; the Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; the Philippines; Singapore; Chinese Taipei; Thailand; and the United States of America attended. They welcomed Peru, Russia and Vietnam, members-designate, to the meeting and looked forward to their formal accession to APEC in November in Malaysia. Also present were representatives from the APEC Secretariat, the Energy Working Group Secretariat, and observers from the Pacific Economic Cooperation Council.
2. Ministers discussed the serious economic situation of several APEC economies. Ministers also discussed the implications for the energy sector of the economic situation and the future energy supply and demand outlook. Ministers considered several ways in which the energy sector can contribute to the recovery of economic growth in the region.
3. Ministers stressed the importance of implementing the 14 non-binding energy policy principles to address the current economic difficulties as well as to achieve the goals of sustainable economic growth, stable energy supply and environmental protection.
4. Ministers acknowledged that important stimulants to renewed growth and prosperity are open and efficient energy markets which are guided by appropriate rules to ensure their smooth and equitable functioning and the development of efficient energy infrastructure. Ministers also noted the importance of improving living standards and of sustainability, and in this context the importance of mitigating negative local, regional and global environmental and social impacts of energy production, delivery and use.
5. Ministers reiterated the important role that the energy sector could play in stimulating regional economic activity, including by raising the technical capability and economic efficiency of member economies and creating employment, in addition to improving the quality of life. To draw the maximum potential benefits, Ministers agreed that appropriate policy reforms should be rigorously pursued in the energy sector with capacity- and infrastructure-building stimulated by investment, including from the business sector.

6. Ministers examined the policy implications arising from decisions by APEC Economic Leaders and at the two previous meetings of APEC Energy Ministers, as well as the energy outlook prepared by the Asia Pacific Energy Research Centre. They resolved to work cooperatively to secure tangible economic, social and environmental benefits for member economies by focusing on initiatives that will have an early and enduring impact.

7. Ministers agreed that the energy outlook prepared by the Asia Pacific Energy Research Centre should be used by the Energy Working Group as an important basis for policy discussion and that the Centre should continue its work to better understand the energy supply and demand issues confronting the Asia Pacific region. Ministers welcomed the decision of the Energy Working Group to further strengthen policy dialogue among member economies on important issues such as energy security, energy infrastructure, energy efficiency and energy and environment. Ministers also welcomed the actions of the Energy Working Group to facilitate improved communication with the business sector.

Energy Security

8. Ministers discussed the results of the regional energy outlook prepared by the Asia Pacific Energy Research Centre, considering the influence of the current economic difficulties. Ministers noted that according to the outlook, in spite of the current economic downturn in Asia and projected slower growth in demand, the region's demand for energy is expected to outpace its energy production by a wide margin, underscoring the APEC region's growing energy import dependence. Total primary energy demand in the region is projected to increase by 41 percent, while indigenous energy production will increase by 31 percent over the period of 1995 to 2010, with total imports to be doubled as a consequence. Ministers also noted that lower energy infrastructure and production investment as a result of the Asian downturn could induce bottlenecks, preventing the efficient delivery of energy to satisfy the higher energy demand growth expected beyond 2000. Ministers confirmed that energy supply diversification, intraregional energy infrastructure development and improvement of energy efficiency are vital issues from the viewpoint of enhancing energy security.

9. Considering the strong forecast growth in demand and increasing dependence on oil from outside the region, Ministers recognized the need to promote diversification of energy supply, including where appropriate natural gas, renewables and nuclear energy, and to promote market-driven energy infrastructure development. Ministers also recognized that well-functioning markets, market-based pricing, greater energy efficiency and information flows among market participants are important for enhanced energy security.

10. Ministers welcomed the initiation of information sharing on oil markets, and endorsed the decision by the Energy Working Group to discuss oil supply and demand security issues.

11. Ministers noted the recommendations from the report on "Energy Security: Fuel Supplies for the Power Industry," which emphasize the importance of encouraging the efficient operation of market-based mechanisms.

12. Considering the dependence of economic activities on energy, Ministers emphasized the importance of sharing information, among themselves and with others, that will assist in addressing potential disruption caused by the Year 2000 "millennium bug" computer problem. Ministers commended the Energy Working Group for referring this issue to its Energy Regulators' Forum for comment and report. Ministers instructed the Energy Working Group at its next meeting in April 1999 to propose actions that may help member economies and business in the remedial steps that they are taking.

Energy Infrastructure

13. Ministers recognized that continuous development of adequate energy infrastructure is essential as a stimulus for economic recovery as well as for sustainable development in the region. Under the current economic situation, development of efficient energy infrastructure should be actively pursued to improve the productivity of economic activities and to facilitate recovery. Estimates are that hundreds of billions of dollars will be required for energy power infrastructure alone in APEC economies over the next decade. Ministers reaffirmed their support for efforts that build markets and address the goal of reducing disparities among members. Ministers stressed the importance of the availability of funds and investments towards the development of such infrastructure in the developing economies.

14. In this regard, Ministers stressed the importance of promoting private sector participation in infrastructure development in those areas permitted by their respective legal frameworks, and re-emphasized the need for a predictable, transparent institutional and regulatory framework to enhance the investment climate.

15. With respect to the role of the energy sector in the region's economic recovery, Ministers agreed that existing action directed at improving investor confidence and mobilizing capital could be enhanced. To this end, Ministers instructed the Energy Working Group to hold a business/government workshop to develop recommendations for early action. The newly established EWG Business Network, as well as the Energy Regulators' Forum, should be involved in the development of the workshop agenda on an urgent basis. This would be compatible with, and make an important contribution to, other APEC activities to assist in the region's economic recovery.

16. Ministers discussed progress in implementing the best practice principles for independent power producers agreed at the second meeting of APEC Energy Ministers and directed the Energy Working Group to effectively follow up the implementation of these principles in close communication with the private sector.

Natural Gas Initiative

17. Driven by the goals of promoting economic development and growth, increasing energy security and improving the environment, demand for natural gas in APEC is expected to grow significantly over the next 20 years. Meeting this demand will require increased natural gas

production and significant new infrastructure development. The Asian Development Bank estimates that as much as \$70 billion in investment will be required for natural gas infrastructure in Asia over the next 15 years. In addition, it is estimated that hundreds of billions of dollars in investment will be required in other APEC economies over the next 15 years. Meeting increased demand for natural gas in the APEC region will also require increased trade in natural gas and natural gas-related products and services among APEC member economies, which will have a powerful multiplier effect on APEC economic growth prospects.

18. Ministers endorsed the recommendations contained in the report of the initiative "Accelerating Investment in Natural Gas Supplies, Infrastructure and Trading Networks in the APEC Region." Ministers agreed that implementation of the recommendations would be consistent with the priorities of individual economies and regularly reviewed. The APEC Natural Gas Initiative will promote the acceleration of investment in natural gas supplies, infrastructure and trading networks in the region. Natural gas trading networks comprised of internal and cross-border pipelines, LNG terminals and distribution systems would promote economic development within economies and further cooperation and trade between the APEC economies. Feasibility studies on pipeline projects in this region should be conducted.

19. Recognizing the necessity to minimize the adverse environmental impact of new energy infrastructure development, Ministers endorsed the Recommended Work Program on Environmentally Sound Energy Infrastructure in APEC Member Economies." They agreed that the work program would provide impetus to the application of environmental policy practices that are predictable, transparent and consistent. Ministers noted that such practices would facilitate energy investment while allowing investors flexibility in meeting environmental objectives, and charged the Energy Working Group to develop practical and effective means of implementation.

Energy Efficiency

20. Hundreds of billions of dollars are expended on energy annually in member economies. Ministers noted that even a one percent energy saving on infrastructure and energy use translates into literally billions of dollars of investment freed up for other purposes. Increased energy efficiency will not only contribute to the competitiveness of industrial activities, but will also reduce environmental impacts as the amount of energy required to produce a given level of goods and services is reduced.

21. Ministers recognized the importance of fostering continuing improvements in the production, delivery and use of energy and agreed to implement a voluntary pledge and review program comprising: developing and implementing programs to achieve efficiency gains where economic to do so; reporting on the programs developed, their specific objectives and the results achieved; sharing information and experience in achieving improved energy efficiency; and developing indicators and databases that will enable the measurement of performance over time.

22. Furthermore, Ministers instructed the Energy Working Group to develop a program to exchange information on policies, technologies and practices to improve the efficient production, transportation and consumption of energy. Ministers endorsed the recommendations on improving energy efficiency in the "Report of Guidelines for Improving Energy Efficiency," and agreed that energy efficiency should continue to be a priority of the Asia Pacific Energy Research Centre, encouraging the Centre to advance its work on energy efficiency indicators.

23. Ministers welcomed the progress made in implementing cooperation on energy efficiency standards testing, and endorsed the Standards Notification Procedure. Ministers noted that this is an immediate step which will not only increase transparency to business and facilitate trade, but also help to minimize the proliferation of differing test procedures in the region.

24. Ministers emphasized the importance of regional cooperation to promote the development and deployment of energy technologies to reduce the growth of greenhouse gas emissions, noting the importance of progress in improving energy efficiency and the increased use of low or non-carbon emitting energy systems. Ministers encouraged greater efforts to attract private investment in advanced energy technologies as a way to produce vigorous economic growth while limiting emissions. Ministers noted that mechanisms to address this issue are being discussed within the context of the United Nations Framework Convention on Climate Change.

25. Ministers stressed the importance of promoting energy research and development, commercial and economic transfer of environmentally sound technologies, and continuing cost-reduction in the introduction of these new technologies, with the direct participation of the business sector.

26. Ministers welcomed progress made in promoting environmentally sound and efficient measures in the area of minerals and energy exploration and development.

Interaction with Business

27. Ministers welcomed the report from the business sector following their deliberations in the Okinawa Energy Business Forum and noted that energy-related investment and energy efficiency were seen as major business opportunities. Ministers referred the report to the Energy Working Group for further consideration. Ministers welcomed the actions of the Energy Working Group to improve and sustain the interface between the Group and the business sector, particularly the newly established EWG Business Network. Ministers urged continued efforts on business and government communication.

Recommendations to APEC Economic Leaders

28. Ministers agreed to report the accomplishments and development of the third Energy

Ministers Meeting to APEC Economic Leaders for their consideration at Kuala Lumpur in November 1998. Ministers recommended that Leaders highlight the important role that the energy sector could play in the recovery from the current economic difficulties through improvement of the business environment facilitated by expanded policy dialogue among member economies, development of efficient energy infrastructure and improvement of energy efficiency. Ministers agreed that the recommendations from the Natural Gas Initiative should go forward to APEC Economic Leaders for their consideration in November 1998.

**Ministerial Meeting on Women
Makati, Philippines
15-16 October 1998**

**APEC Ministerial Meeting on Women
October 15-16, 1998
Makati, Philippines**

Joint Ministerial Statement

Preamble

1. We, the Ministers from Australia; Brunei Darussalam; Canada; Chile; the People's Republic of China; Hong Kong, China; Indonesia; Japan; the Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; the Republic of the Philippines; Singapore; Chinese Taipei; Thailand; and the United States of America; members designate from Peru, Russia, and Vietnam; representatives of the APEC Secretariat; observers from the Pacific Economic Cooperation Council, South Pacific Forum, and ASEAN Secretariat responsible for women's concerns related to economics and trade of the Asia-Pacific Economic Cooperation (APEC) region met in Manila on 15-16 October 1998, to give practical effect to the commitments made by Leaders in 1996, to "put special emphasis on the full participation of women and youth" (Paragraph 18), and, in 1997, when Leaders directed APEC to "take specific steps to reinforce the important role of women in economic development" and hold a Ministerial Meeting on Women "to take stock of the progress to date in involving women in APEC's agenda and to determine next steps to integrate women into the mainstream of APEC activities" (Paragraph 20).

2. The theme of our meeting was "Women in Economic Development and Cooperation in APEC", with the sub-themes: "Women and Small and Medium Enterprises"; "Women and Industrial Science and Technology" and, "Women and Human Resources Development". Throughout our deliberations, we were cognizant of the role that women play in the achievement of the objectives of the Bogor Declaration, the Osaka Action Agenda and the Manila Action Plan. We noted the cross-cutting nature of the issues and the linkages that exist between the sub-themes.

3. In view of the economic and financial crisis in our region, we are concerned with its differential impacts on women and men. While the full social and economic consequences of the crisis have yet to be fully understood, we believe that a disproportionate share of the burden falls on female youth and women, particularly where there have been decreases of expenditures on education, training, health care and social services as well as supply shortages of basic needs such as food and medicines, and a general reduction in employment. We stress that women have a crucial role in the successful planning, design and implementation of economic recovery programs, not only as beneficiaries but also as decision-makers. Additional investments in training, retraining and upskilling women workers can aid in the recovery process.

4. Recognizing that progress has been made on the advancement of women and the rapid pace of development in the APEC region, we emphasize the importance of preparing women to fully utilize their potential in order to meet the challenges to the region. We also wish to ensure that all APEC decision making levels take into account the concerns and perspectives of women in APEC in the different fora.

5. We commend APEC for the initiatives already taken to promote the full participation of women in its processes and activities. Throughout our discussions, we built upon the commitments made by Ministers of Finance, Human Resources Development, Small and Medium Enterprises, Science and Technology, Transportation, and, Environment and Sustainable Development, as well as the activities undertaken by APEC Committees and Working Groups. We also commend Officials for their work as they prepared for this APEC Ministerial Meeting on Women and the experts who prepared the technical papers that provided the basis for a constructive dialogue and led to the formulation of recommendations to APEC Leaders. We believe that the papers contain valuable information and analysis and could serve as useful references in APEC for follow-up work to this Ministerial Meeting.

6. We took note with appreciation of the contribution made by the Women Leaders' Network (WLN) from APEC economies, since 1996, on issues pertaining to women and APEC.

Women in Economic Development and Cooperation in APEC

7. Women are critical to the achievement of sustainable economic development in our region. At this time of economic and financial crisis, it is especially important that women continue to contribute to global growth and recovery. Women now constitute between 32 and 46 percent of the labour force in individual economies. Globally, the increase in women's overall share of the labour force has been particularly marked in export-oriented sectors, where women comprise as much as three-quarters of the workforce. Although women are known to be particularly active in the informal sector, their participation and contribution to the economy through this sector is undoubtedly greater than current estimates. Furthermore, women's unpaid work constitutes a major contribution to the economy.

8. In terms of the impact of women on trade and investment, women's participation in these areas as workers, entrepreneurs, and investors contributes to the achievement of sustained economic growth. However, as a result of gender biases in institutions, women workers and women in business are often less able to take advantage of the economic opportunities that may be created by trade and investment liberalization. With appropriate policies and programs in place, women's increasing labour force participation and the growth of women's businesses will significantly contribute to the capacity of APEC economies to engage in and benefit from global trade. Regarding the impact of trade on women, increased labour force participation has created in some cases, incentives for investments by public and private sectors in education and training for girls and women. These gains, however, must be balanced against the negative

effects of poorly paid jobs, and poor and hazardous working conditions as well as their consequent strain on domestic economies' health and social expenditures.

9. As a result of our deliberations, we conclude that the specific realities faced by women must be recognized, understood and systematically taken into account in the formulation and implementation of policies, programs (including economic recovery programs), and projects. We urge APEC to address the paucity of data and research on the roles and contributions of women. Where trade and investment liberalization and globalization may create different effects and opportunities for women and men, we believe that gender impact analysis will lead to an improved understanding of their relative merits, and thus, should be undertaken across all APEC sectors. We acknowledge that analysis of data is being undertaken in various APEC sectors. In this respect, we support further efforts to identify gaps in such data collection and where necessary, suggest improvements.

10. In the context of the current economic and financial crisis affecting many economies in the region, we conclude that greater effort is needed to enhance the contribution of women to their economies and to explicitly integrate women's participation and concerns in economic recovery programs. Measures are also needed to minimize the disproportionate burden of the crisis on women.

11. We are pleased that several of the APEC Working Groups have begun to address gender issues as part of their activities. However, we note that the efforts vary in emphasis and scope from one Working Group to another, and believe that APEC would be greatly strengthened by a more concerted and coordinated approach to integrate women and gender into all its processes and activities, and engagement of broader sectors of society. We support the view expressed by Ministers at the 1996 Conference on Regional Science and Technology Cooperation, recognizing gender as a "cross-cutting concern with implications in other APEC fora".

12. We recognize that APEC activities related to trade and investment liberalization and facilitation (TILF) and economic and technical cooperation (ECOTECH) are closely inter-linked in areas such as education and training, labour force participation (in the formal and informal sectors), access to information and technology, and business and credit. We also recognize that these agendas have major implications for women.

Women and Small and Medium Enterprises (SMEs)

13. It is well recognized that SMEs have been leading contributors to economic growth in most economies. The growth of micro, small and medium enterprises owned or operated by women has been a worldwide phenomenon over the past years. While in most economies, data on the full extent of women's participation in SMEs is not available, their contribution across APEC member economies is much larger than commonly perceived and continues to grow rapidly. In industrialized economies, over one-third of new businesses are set up by women and in some cases, women's businesses are creating employment faster than the domestic average. However, women-owned

SMEs face gender-specific barriers that limit their capacity to maximize their contribution to the economic growth and social development of APEC economies.

14. In many APEC economies, women business-owners experience serious difficulty in accessing financial resources, including start-up or venture capital. Examples persist of gender bias in the legal structures and financial institutions of our economies which limit women's choices to enter into and develop successful businesses. Financial institutions need to remove gender-stereotype prejudices affecting business women and become gender sensitive in lending decisions. Institutional and structural changes in terms of policy reforms and legal framework need to be pursued to provide women equal access to financial resources. Access to financial packages and services targeted towards the large and growing sector of women-operated SMEs has to be available. Access to markets including tourism, information and technology, particularly media and communication technologies, are important factors in determining the success of businesses. On-line marketing and information services for women have to be established to enable them to search for niche markets and do business. The participation of women in domestic and global trade fairs/missions has to be encouraged to build networks for their businesses. Networking to link women entrepreneurs in the formal sector with those in the informal sector is important for business linkages, technology transfer and management upgrading via fostering sister relationship programs. There needs to be a focus on improving the management capacity and capability of women-owned SMEs. Women's training has to address the urgent need for specialized skills training and acquisition of education to meet the labor requirements of globalization. Given women's multiple burdens, assistance needs to be provided to women in SMEs to cope with multiple roles by facilitating family-friendly employment and providing basic support, such as parental leave.

15. We find that as a result of the lack of sex-disaggregated data on women's contributions to SMEs and to the economy, economies may be missing opportunities to enhance and promote the development of SMEs and economic growth. We note with concern that out of fifteen APEC SME projects since 1994, only two were gender-specific. We encourage APEC to build on the commitment made by APEC Ministers at their Meeting on SMEs in 1997, where they "agreed to promote gender sensitive policies and measures related to the development of SMEs to empower women in technical, managerial, and entrepreneurial fields," and to take the necessary measures to remove the barriers faced by women-owned SMEs so that they may develop, expand and thereby increase their contribution to the social and economic growth of the region.

16. We welcome the agreements reached by the 1998 APEC SME Ministers to include micro enterprises and women entrepreneurs as an integral part of the Integrated Plan of Action for SME Development. They also emphasized the importance of eliminating barriers to the full participation of women to individual APEC economies. In this context, they noted the establishment of the Confederation of Women's Business Councils in some APEC economies as a catalyst to facilitate and enhance business networking and partnership among some entrepreneurs. We welcome the reference by SME Ministers to recent statements of APEC Finance Ministers about the impact of the financial crisis. SME Ministers highlighted the need to develop immediate measures to

support SMEs and strengthen social safety nets in affected economies. We further recognize the importance and benefits of E-commerce in SMEs and encourage other APEC fora to give special assistance to women in the use of E-commerce in business.

Women and Industrial Science and Technology (IST)

17. In the new global, knowledge-based economy, competitive advantage requires a highly skilled and diversified workforce that will increase productivity and fuel innovation. Economies need the talent of their entire population, male and female, to create a leading-edge workforce. This will be achieved through policies that place greater emphasis on science and technology education and training for skills upgrading and reskilling. It further implies the full utilization of women's talent and competence in these fields. We commend APEC Ministers at their Conference on Regional Science and Technology Cooperation, in 1996, for recognizing the "importance of removing barriers and promoting the full contribution of women to science and technology as essential elements in meeting APEC's goal of achieving sustainable and equitable development" as well as the need to strengthen "the exchange of scientific and technical men and women across the region".

18. As part of APEC's economic goals and activities, we must address the range of factors that discourage female youth and women from pursuing interests in and considering careers in science and technology. We note that in many economies fewer young women than young men obtain formal education, and that of the number who do, an even smaller proportion obtain training in science and technology. Skills gaps, as well as skilled workforce shortages, are already creating major bottlenecks in global and regional economic production and scientific development. Yet, women remain an under-utilized intellectual resource in most parts of the world.

19. We note in particular, women's important role in local knowledge systems and indigenous science and technology. Whether in agriculture, textile, food processing, and many other technologies, women's deep involvement with traditional knowledge systems has been commonly recognized. We believe APEC must make greater efforts to understand and preserve these knowledge systems, including promoting mutually beneficial exchanges between practitioners of modern and traditional technology, and, to support the continuing development of traditional practices and knowledge of indigenous and rural women.

20. Given the importance of science and technology for future sustainable economic development, we are concerned that there is severe under-representation of women in science and technology. We are also concerned by the limited information available at domestic and global levels, on the participation rates of women and men in scientific and technological education and careers, and, on the possible differential impact of technological change on the lives of women and men. In this regard, impact studies particularly on information and communication technologies should be conducted. We commend the Industrial Science and Technology Working Group (ISTWG) for establishing an Ad Hoc Group on Gender and Science and Technology for a two-year period from 1997 to 1999, to document and share best gender practices, and to design a

gender and science and technology web site for information dissemination. In view of the need to complete its work, which has been postponed due to the financial and economic crisis, it is recommended that extension of the mandate of the Ad Hoc Group be considered to allow it to complete its workplan, mindful of the current management review process. Furthermore, we suggest that special efforts to improve the recruitment and retention of women in science and technology, be included as part of the proposed APEC Agenda for Science and Technology Industry Cooperation in the 21st Century.

Women and Human Resources Development (HRD)

21. Investments in human resource development enhance economic development and the well-being of our populations. A sound educational base provides a foundation for employment security and lifelong learning. We agree that full participation by female youth and women at all levels of education and training is critical to developing a skilled workforce that can respond to economic change. We conclude that obstacles to women's full access to human resource development strategies that recognize the different realities of women and men must be examined and addressed.

22. We are pleased to note the increased labour force participation of women. But we are concerned with the trend of increased feminization of low-wage and low-skill employment, jobs frequently accompanied by unsafe and unhealthy conditions with little opportunity for skill development in most economies. Throughout our economies, we see evidence of barriers that prevent women from advancing in their careers. Earnings differentials, and education and occupational segregation between women and men remain persistent forms of economic inequality. In addition, we recognize the need to better understand how women may benefit from and may be disadvantaged by, globalization and changes in the organization of production. We also note that the performance of unwaged work falls disproportionately on women and believe that HRD strategies can ease work-family tensions in order to achieve full participation of women.

23. As we come together during this time of financial crisis, we stress the importance of recognizing investments in women's and female youth's education and training as sound investments in economic growth and the importance of understanding that as young women acquire more education, there is a corresponding improvement in the general welfare of future generations that is closely linked to economic growth. Therefore, these investments should not be subjected to austerity drives such as reduction of budget allocation.

24. We commend the considerable work of the Human Resources Development Working Group in integrating gender into its work, including through the HRD WG Statement of Medium Term Priorities that emphasizes that activities should be undertaken with due consideration of gender implications. The HRD WG agrees to integrate gender-based analysis into the Project Management Guide which could serve as a model for other APEC fora.

Common Themes

25. We note the inter-relationship of barriers to the realization of women's full economic contributions across the range of our discussions particularly the differential impact of the current economic and financial crisis on women. It is essential that we direct our efforts to:

- ♦ Expand economic opportunities in areas where women are traditionally under-represented;
- ♦ Empower and increase capacity building of women to respond to economic opportunities and challenges;
- ♦ Eliminate barriers to women's full participation in the economy;
- ♦ Recognize the economic contributions of women's unpaid work and that APEC economies address, where possible, the constraints created by these responsibilities;
- ♦ Increase the availability and quality of sex-disaggregated data, research, and analytical information; and
- ♦ Ensure the integration of women in the planning, design and implementation of responses to the current economic and financial crisis.

26. We recognize the close linkages that exist between the issues and activities of other APEC fora and the issues affecting women in small and medium enterprises, science and technology, and human resources development. We urge the SOM in their coordinative function to encourage all APEC fora to take into account the range of our conclusions in their respective work.

Recommendations:

27. We are pleased to report that important steps have been taken in "integrating women into the mainstream of APEC processes and activities". We strongly urge APEC to build on these initial efforts and to this end, the following recommendations are submitted to Leaders and are addressed to APEC as a whole.

We seek the endorsement of APEC Leaders to:

- a) **Recognize gender as a cross-cutting theme in APEC. The successful integration of women into the mainstream of APEC processes and activities under TILF and ECOTECH, requires a comprehensive, horizontal and gender-sensitive approach to all APEC planning and programming, as well as the implementation, by sector, of women-specific activities and projects. Moreover, greater emphasis should be placed on the sharing of experiences among APEC economies, and the engagement of broader sectors of society. The current SOM review of**

the APEC management process and subsequent implementation may provide a timely opportunity for the identification of the institutional measures to integrate gender as a cross-cutting theme in APEC.

- b) **Place a high priority on the collection of sex-disaggregated data. The lack of sex-disaggregated data hides the actual, as well as the potential, contributions of half the population to our economies and may hinder effective policy development. We recommend that APEC identify the gaps in data collection methodologies and processing and take steps to address these gaps in the most cost-effective way. Each member economy is encouraged to build its own sex-disaggregated database in a format comparable to internationally-recognized standards, where available.**

- c) **Implement gender impact analysis of policy, program and project proposals as an integral component of APEC decisions, processes and activities, including planning, priority setting, resource allocation, design, implementation and evaluation. We believe that APEC must examine its current practices in this regard, and develop methodologies and tools (or adapt those currently available in other fora), that will meet the needs of APEC and provide the best results.**

- d) **Place a high priority on the development of further studies on the impact of the financial and economic crisis on women and the development of strategies to minimize any disproportionate effects on them; and to explicitly integrate the economic interests of women into regional and domestic strategies for economic recovery and future prosperity.**

- e) **Accelerate the progress of integrating women in the mainstream of APEC processes and activities. We recommend the development of a "Framework for the Integration of Women in APEC". We believe that this Framework will maximize the effectiveness of APEC policies and activities, strengthen horizontal linkages across APEC, and promote a common understanding of how the goals of gender integration can be achieved. The Framework would include: the development of guidelines for gender analysis; improvements to the collection and utilization of sex-disaggregated data; approaches to the involvement of women; and an implementation plan for the Framework, including options for a process to review the progress of integrating women in APEC in future years, taking note, among others, of the suggestions from the technical papers of this Ministerial Meeting. The Framework would be developed within one year by an Ad Hoc Task Force on the Integration of Women in APEC under an existing APEC mechanism to be determined by SOM. This Task Force will be resourced by individual economies, would communicate electronically and by other means, and will be disbanded following the completion of the Framework.**

- f) **Promote and encourage the involvement of women in all APEC fora. We believe that APEC should review its approach to all APEC planning and programming, encouraging all APEC fora to increase the involvement of women, especially in decision-making. This should include APEC-related fora such as the APEC Business Advisory Council (ABAC). We also recommend greater application of gender perspective and expertise in APEC work.**

- g) **Ensure the implementation of these recommendations and accountability for results. This Ministerial Meeting on Women has no precedent in APEC. We believe that the momentum gained at this Meeting in addressing the role and contribution of women in economic development and cooperation in APEC must be carried forward. However, the scope and complexity of the issues facing women and APEC economies on the eve of the 21st century will require a longer-term perspective, sustained commitment, better coordination, equitable access to resources and accountability for results. We therefore believe that, within an existing APEC mechanism, it is essential that a process to ensure the progress of integrating women in APEC be an inherent part of the Framework. And since APEC activities occur within the context of economic policies determined by officials of the various APEC economies, we encourage more women to participate in the decision-making structures of these economies.**

28. In summary, we wish to emphasize to Leaders women's critical role in economic development and cooperation in APEC, and the importance of building on APEC's initial efforts to integrate women in the mainstream of its processes and activities. To accelerate progress toward this goal, we recommend the development, in consultation with other APEC fora, of a Framework for the Integration of Women in APEC, over the course of the next year, by an Ad Hoc Task Force on the Integration of Women in APEC under an existing APEC mechanism to be determined by SOM.

Closing Remarks

29. We were honored by the presence of His Excellency Joseph Ejercito Estrada, President of the Republic of the Philippines. We wish to express our most sincere appreciation to President Estrada and the Philippines for their warm hospitality, and thank all those involved in ensuring that this Meeting was a resounding success.

**Third APEC Ministers'
Conference on Regional Science
and Technology Cooperation
Mexico City, Mexico
21-23 October 1998**

**The Third APEC Ministers' Conference on
Regional Science and Technology Cooperation**

**Mexico City,
October 21-23, 1998**

Mexico Declaration

We, the Ministers responsible for science and technology from Australia; Brunei Darussalam; Canada; Chile; the People's Republic of China; Hong Kong, China; Indonesia; Japan; the Republic of Korea; Malaysia; Mexico; New Zealand; the Republic of the Philippines; Singapore; Chinese Taipei; Thailand; and the United States of America, meeting in Mexico City, on October 21-23, 1998, for the Third APEC Ministers' Conference on Regional Science and Technology Cooperation;

Being consistent with the Osaka Action Program for Industrial Science and Technology, which included as a priority a **"strong endorsement for enhancing links between government agencies, the private/business sector (including small and medium sized enterprises) and academic institutions engaged in collaborative industrial S&T research and development"**;

In pursuance of the APEC vision to create a community of Asia-Pacific built on the economic dynamism of the region based on free trade and investment, and active and intensive regional cooperation in science and technology that will be **"a source of economic dynamism, a vehicle to a prosperous Asia-Pacific and as a means to achieve sustainable and equitable development of the region"** as declared at the Second APEC Ministers' Conference on Regional Science and Technology Cooperation in Seoul, 1996 ;

Recognizing the timeliness of strengthened economic and technical cooperation for addressing the challenges of the changing regional and global economies, consistent with the **"Framework for Strengthening Economic Cooperation Development adopted in Manila, 1996; in order to rapidly and effectively achieve the vision shared by member economies by harnessing technologies for the future, developing human capital and safeguarding the quality of life"**; and acknowledging that the Vancouver Declaration of the APEC Leaders recognized that 'connecting' people, resources issues, and science and technology will contribute to accelerate the development of the region, APEC economies have supported the creation of public/private partnerships that stimulate regional dynamism and facilitate science and technology exchanges; and

Noting that S&T is increasingly integrated within APEC fora and activities, which is a recognition of the role of S&T in fostering economic growth and social development;

Do hereby declare as follows :

In order to realize the vision of an APEC community thriving on the basis of dynamic industries and sustainable resources, the innovative capability of the region must be maintained and strengthened.

Despite the current global economic situation, member economies should sustain and further their support for S&T efforts and build on the progress made.

To sustain discovery and innovation and maximize the efficiency of existing investments in S&T across the region, partnerships and networks have become indispensable. Cooperative public and private partnerships and networks allow participants to link their human, intellectual and infrastructural resources to address regional economic, social, and environmental issues. Such linkages have a positive multiplier effect, spreading the benefits and stimulus of investments and innovation widely across the APEC region.

The proposed APEC Agenda for Science and Technology Industry Cooperation into the 21st Century recognizes that science and technology can contribute to the broad APEC goal of economic and technical cooperation (EcoTech) being pursued through various APEC fora. Effective implementation of that agenda and the outcomes of this Ministerial Conference will require the ISTWG to coordinate on horizontal issues with other APEC fora.

As we enter the new millennium, we thus conclude that the support of partnerships and networks should be a top priority of APEC, and we encourage APEC fora to take the following actions:

- i. *identify and share information about best practices for technology diffusion, and develop initiatives to provide APEC-wide linkages between technology networks among member economies;*
- ii. *foster the formation and strengthening of networks in specific areas of S&T across APEC;*
- iii. *encourage APEC fora, particularly the ISTWG, to continue to work with, and systematically engage, the private sector to participate in the policy dialogue, in particular as it pertains to the assessment of constraints and opportunities for partnerships and networks among APEC economies;*
- iv. *conduct further analyses and implement additional actions on human resources issues, including, in particular, facilitation of mobility of personnel, and increasing the public awareness of S&T activities, especially among the young;*
- v. *encourage the elimination of barriers to the fullest participation in, and contribution to, S&T by all members of society, with special attention to underrepresented segments, such as women and persons with disabilities;*

- vi. *identify key skills necessary for effective innovation and assess the need for training in member economies;*
- vii. *promote linkages among universities, public science agencies and industries to enhance the development of technologies and research training capacities;*
- viii. *promote cleaner production both to preserve the environment and to stimulate economic growth;*
- ix. *foster the pursuit of new knowledge and the development of technologies for humanistic concerns, such as the better health, well-being and enriched culture of all segments of the population;*
- x. *disseminate best practices in natural disaster mitigation and emergency preparedness.*