



Outcomes of the 2001 APEC Summit

by

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The APEC Leaders' Meeting (Summit) for 2001, which took place in Shanghai on 20–21 October, 2001 was overshadowed by the events of 11 September in New York City. Few media accounts of the APEC Summit went beyond the Leaders' statement of their collective resolve to fight terrorism, other than to report on the numerous 'one-on-one' meetings between Leaders for which the annual Summit provides opportunities — meetings which were mostly concerned with bilateral, non-APEC, issues. For example, the Australian press was preoccupied with the question of whether Prime Minister John Howard would secure 'bilaterals' with either George Bush or Megawati Sukarnoputri (he didn't) and whether Bush would hit it off with Jiang Zemin (he did).

It was strange (and unfortunate for public understanding of the APEC process) to see how little attention the news media paid to the agenda of regional economic integration and cooperation which APEC has been advancing since its creation in 1989. The member economies have jointly progressed this agenda in the face of reverses in recent years. These included the Asian economic crisis since 1997, the challenge to regional harmony posed by the events in East Timor in 1999, the aborted WTO preparatory meeting in Seattle in 1999 and, now, the 'war against terrorism'. By concentrating almost exclusively on bilateral meetings between leaders on the margins of APEC, media reporting served to obscure some real progress made at the Summit meeting towards the creation of an Asia Pacific community.

Leaders' commitments to new opportunities

The Leaders' Declaration of the 2001 APEC Summit produced a reaffirmation of the Bogor commitment, made in 1995, to the achievement of a regime of free and open trade and investment in the Asia Pacific by 2010 (for the developed member economies of APEC) and 2020 (the developing members). This is the so-called TILF agenda (for trade and investment liberalisation and facilitation). The APEC Leaders also committed to the launch of a new WTO round of trade negotiations at Qatar in November 2001. In an accompanying document, the Shanghai Accord, they have charted a course for the development of APEC in its second decade.

The Shanghai Accord sketches a 'roadmap to Bogor' which requires APEC to take into account two concerns which have loomed much larger since the statement of APEC goals and modalities was made in the *Osaka Action Agenda* of 1995. The Accord states that 'Globalization and the New Economy have transformed the global and regional economy significantly since the Bogor Goals, bringing forward extraordinary opportunities as well as challenges'.

And in what is surely a reaction to Seattle and other pressure points, the Leaders' Declaration worries that '...the opportunities arising from [globalisation and the new economy] are not sufficiently shared among and even within economies'. In the same vein, the Declaration:

- instructs officials to convene an APEC dialogue on globalization and shared prosperity
- welcomes a proposed Ministerial Meeting on women in 2002
- calls for member economies to develop and strengthen 'social safety nets' to protect vulnerable groups from economic shocks
- instructs ministers and officials to 'build on APEC's Integrated Plan of Action for SMEs and place special emphasis on micro-enterprises'.

The specific APEC issue with which we at FDC have concerned ourselves since 1995 — the process of 'economic and technical cooperation' (or 'Ecotech') between member economies — is now explicitly acknowledged as being as central to the APEC agenda as TILF itself. This is something the FDC policy dialogue group on

APEC and Ecotech, convened by Andrew Elek, has been saying for years. The Leaders' Declaration states that TILF and Ecotech 'should be mutually reinforcing' and the Shanghai Accord calls for an approach which:

... addresses trade and investment liberalization and facilitation and economic and technical cooperation in an integrated manner to maximize the benefits for all economies in the region.

In this Leaders' Declaration from Shanghai, Ecotech is seen (as it has been from the beginning of APEC) as having a role in advancing the TILF agenda and in correcting international 'disparities' among APEC members.

Ecotech to have key role in capacity building

More novel for APEC, however, is the role given to Ecotech to underpin APEC's new strategy for responding to the challenges of globalisation and the new economy. That strategy is 'capacity-building' in the APEC economies, and the capacities to be built are both human and institutional. By means of such capacity building, Ecotech is expected to contribute to a more equitable sharing of benefits, within as well as among economies.¹

An example of a well-established form of capacity building is the 'APEC WTO-related capacity building strategic plan' which aims to improve the capacity of developing member economies to participate in the multilateral trading system and also to equip them to participate in a new WTO round. A special TILF fund has been allocated to finance capacity-building initiatives under this plan, and twelve such projects received funding in 2001.

However, the profile of capacity-building as a core activity of APEC has been raised considerably this year as a result of the Beijing Initiative agreed in May 2001 at a High Level Meeting in China. This is described by the Leaders' Declaration as 'a comprehensive set of principles for human capacity building, which also provides opportunities for further work in the New Economy'.

Comprehensive Internet access by 2010

The High Level Meeting which produced the Beijing Initiative was sponsored by the then APEC Chair (China) and the previous Chair (Brunei) and arose from the determination of the latter government to pursue and realise a commitment made by Leaders at their Summit in Brunei in 2000. This commitment, which Andrew Elek believes may come to be regarded as equal in significance to the Bogor trade targets, called for APEC economies to triple access to the Internet between 2000 and 2005. Further, it called for them to ensure that all groups within each economy should have access, individually or via community-based services, to the Internet by 2010.

These ambitious targets were affirmed by APEC Ministers, meeting in Shanghai on the eve of the Leaders' Meeting. Further, in Shanghai the APEC Leaders adopted an ambitious 'e-APEC Strategy' designed to realise for all APEC economies the potential benefits of the New Economy. This has enormous implications for capacity building. On the institutional front, it requires the strengthening of market structures

¹ Andrew Elek and the FDC policy dialogue group have been developing the idea of capacity building as a primary objective of Ecotech for some time. See Elek's papers on this subject prepared for the SOM Chairs in 2000 (Brunei) and 2001 (China) at www.fdc.org.au/programs/110_regional

and institutions, as well as the creation of an environment conducive to infrastructure and technology development.

At the grassroots level, for example, to realise the community access goals cited above, the e-APEC Strategy requires attention to infrastructure (cyber-kiosks, telecentres, community technology centres), appropriate technologies (both hardware and software), connectivity costs and content issues. In terms of human capacity building, it requires comparably major efforts and investments, including increased emphasis on basic education for all, specific training and skills-development programs and information exchange.

Priorities for Mexico meetings

The APEC Leaders' Meeting for 2002 will take place late in the year at Los Cabos, Mexico. A preliminary list of priority issues to be pursued in the intervening period, and on which progress must be reported to the Leaders at Los Cabos, was agreed in Shanghai. It consists of

- growth policies for the new economy, including appropriate trade and investment, macroeconomic, financial and business facilitation policies
- building capacities to reap the benefits of economic development including the promotion of SMEs and microenterprises
- making APEC a more relevant forum to its people, including fostering greater participation of youth and women, stepping up our efforts in communicating the benefits of globalisation and the improvement of the functioning of APEC.

This priority list reflects concerns apparent from the 2000 (Brunei) Leaders' Declaration, including the challenge of securing the benefits of the new economy, but also the distributional challenge of achieving 'trickledown' to small and medium enterprise and to the microenterprises which provide the major portion of employment in many APEC economies, especially the developing ones.

It also reflects concern that APEC needs to explain itself better to the political constituencies of member economies and to convince them of the benefits of globalisation and the particular form of regional economic integration — open regionalism — to which APEC is dedicated. Finally, it appears to recognise the need for a more inclusive approach to consultation within the APEC process, incorporating women, youth and civil society.

New emphasis on microenterprise

The inclusion of microenterprises in the list of APEC priorities was apparently at the behest of the new APEC host, Mexico, and reflects domestic political priorities in that country. The government of President Vicente Fox has a strong interest in fostering microenterprise development and microfinancial services to redress distributional concerns in Mexico. For FDC this new APEC priority brings together two of the principal strands of the organisation's work program over the past decade, microfinance and the Ecotech agenda of APEC

Economic and technical cooperation within APEC could usefully be directed towards invigorating the microenterprise sectors of member economies and assisting them to extend the reach of their financial systems to serve their 'micro' and informal sectors.