



THE FOUNDATION FOR
DEVELOPMENT COOPERATION

Promoting economic and technical cooperation in APEC

Panel discussions of APEC Study Center Japan Consortium,
6th Annual Meeting, International Workshop of APEC Study Center,
Institute of Developing Economies (IDE)

17 December 2000

Nature of the meeting

A panel discussion at the 6th annual meeting of the APEC Study Center Japan Consortium and the international workshop of the APEC Study Center of the Institute of Developing Economies (IDE) considered the promotion of economic and technical cooperation (Ecotech) through the APEC process.

The panel discussion was co-chaired by Professor Ippei Yamazawa (President, IDE) and Dr John Conroy (Special Consultant, The Foundation for Development Cooperation, Australia). The members of the panel were policy experts from several Asia-Pacific economies, including Australia, Brunei Darussalam, Japan, the Philippines and Thailand, who are familiar with the origin and evolution of the APEC process, including its efforts to promote Ecotech.

This short paper by Dr Andrew Elek of Australia provides some brief background on the evolution of Ecotech and outlines recommendations which arose from the discussions. These recommendations have been conveyed in person by FDC to Vice Minister Wang Guangya of the Ministry of Foreign Affairs of the PRC, who is Chair of APEC Senior Officials for 2001.

Background

The origin of APEC's Ecotech efforts

Ecotech has been part of the APEC process from the beginning in 1989, although the name itself dates from a later period. By 1991 there were 10 working groups concerned with Ecotech issues.

The Bogor Declaration stressed the importance of 'development cooperation' in 1994, while the Osaka Action Agenda of 1995 listed 13 specific areas for economic and technical cooperation. A progress report prepared for the Manila meetings in 1996 reviewed 320 separate activities, of which 120 had been completed. The Manila Declaration set out principles and priorities for action, and the term 'Ecotech' was introduced to the APEC vocabulary. Priority areas identified were human resources development (HRD), capital markets, economic infrastructure, technical development, environment, and small and medium enterprise (SME).

Trade and investment liberalisation and facilitation (TILF) dominated APEC's efforts from 1993 to 1998. However, following the financial crisis, it is now recognised that cooperation needs to extend well beyond matters of international trade and investment, and that capacity building is essential to all of APEC's activities.

Much of the work conducted and promoted by APEC's committees and working groups is in the nature of Ecotech. That includes the human resource development activities of all working groups, not just the HRD group itself, activities under the APEC finance ministers, and activities under the Committee for Trade and Investment (CTI) to improve the capacity for trade facilitation and for implementing the World Trade Organization (WTO) obligations of APEC economies.

At Vancouver in 1997, the Ecotech Sub-committee (ESC) was established to coordinate APEC's expanding Ecotech efforts. Priorities agreed at the Kuala Lumpur summit in 1998 included HRD and technical development. Measures strengthening market development were adopted in Auckland in 1999.

The current problems of Ecotech

Problems which reduce the capacity of Ecotech to achieve APEC's broader objectives include the fact that the resources available for Ecotech activities are too limited. The activities themselves are overly diffuse and there is considerable overlap and duplication.

As well, there has been excessive multiplication of working groups, task forces and 'networks' concerned with implementation. APEC has proved unable to coordinate this diffuse set of activities in order to achieve its own specified objectives.

The ESC (Ecotech Sub-committee) lacks both authority and adequate resources to do its job. APEC itself has failed to channel resources from external agencies (both multilateral and bilateral) in support of Ecotech activities.

These problems were identified as early as 1996, but still remain largely unresolved. Although many useful activities are under way, APEC's Ecotech efforts remain poorly understood and largely invisible to the participants in, and observers of, the APEC process.

The Brunei Darussalam meeting of APEC leaders

The November 2000 meeting of APEC leaders in Brunei Darussalam made two very important contributions towards strengthening APEC's Ecotech and capacity-building strategy.

First, APEC leaders stressed that capacity building is central to economic cooperation in the Asia Pacific; all Asia-Pacific economies need better policies, institutions, skills, technology and infrastructure. Their declaration makes it clear that Ecotech is an important input and complement to TILF.

APEC leaders also made a significant commitment to capacity building in the region by their ambitious commitment to:

... develop and implement a policy framework which will enable the people of urban, provincial and rural communities in every economy to have individual or community-based access to information and services offered via the internet.

Realising the vision of access to information technology and the new e-economy for all the people of the region will make a huge contribution to the productivity and closer, mutually beneficial, economic integration of the region. APEC leaders emphasised that this cannot be achieved by governments alone, stressing that their ambitious vision will:

... require massive infrastructure development and human capacity building, and technologies which are only now in their formative stages.

Options for strengthening Ecotech

These two achievements of the Brunei Darussalam meeting of APEC provide valuable opportunities to strengthen the Ecotech process. This paper sets out specific recommendations for doing so, based on the following considerations.

Capacity building in the Asia Pacific, including through APEC's Ecotech, is a collective challenge for the private sector as well as the governments of the Asia-Pacific region. APEC is not, and should not be, an implementing agency or an alternative source of ODA.

APEC should continue to promote capacity building through Ecotech, based on its accepted style of voluntarism, flexibility, dialogue and consensus building to identify opportunities to promote development by sharing the information, experience, expertise and technology in the diverse Asia-Pacific region. APEC then needs a practical strategy for mobilising the development agencies of existing governments, the multilateral development agencies operating in the region as well as the private sector, to implement new opportunities for economic and technical cooperation.

In this context, APEC needs to consolidate and focus the many Ecotech activities under way. This will take time and, to be effective, it will be necessary to strengthen the role and authority of the ESC (Ecotech Sub-committee) of the APEC Senior Officials Meeting as set out in the first set of recommendations A.1 to A.7.

The ongoing review of activities should also be used to pinpoint the most successful projects to date and use these as examples for others, and to inform the community about the modest but useful contributions APEC has already made to capacity building in the region.

APEC's Ecotech efforts need to be made more tangible and visible. Some of APEC's activities, including some training programs highly relevant to TILF have been successfully 'pilot-tested' on a small scale. The time has come to persuade existing development agencies and the private sector to implement on a larger scale — large enough to be visible and begin to match the vast HRD needs of Asia-Pacific economies.

The forthcoming meeting in 2001 to be co-hosted by Brunei Darussalam and China is a very important opportunity to raise the profile of capacity building through Ecotech.

That meeting, involving APEC leaders as well as high-level representatives of the private sector, will focus on the capacity building, especially human resource development, that will be needed to realise the commitment of APEC leaders to provide access to information technology (IT) to all the people of the Asia Pacific by 2010.

The second set of recommendations, B.1. to B.7, seeks to maximise the opportunity provided by this special meeting of Asia-Pacific leaders.

Recommendations

Two sets of recommendations emerged from the meeting, related to:

- A. consolidating and evaluating the Ecotech activities being pursued by APEC's committees and working groups;
- B. preparing for the high-level APEC meeting to be held in Beijing in May 2001, co-hosted by Brunei Darussalam and China. This meeting will consider human resource development needed to realise the Brunei vision of ensuring access to IT to people in every community of the Asia Pacific by 2010.

A. Integrated strategy for ECOTECH

APEC's capacity-building strategy needs to be sharpened in two fundamental ways. The very long list of activities and proposals needs to be reviewed and reduced to a more manageable set of coherent programs and more visible activities, more closely related with APEC's goals.

To achieve this:

- A.1 The ESC (Ecotech Sub-committee) should be given more authority and resources: in particular, to review and evaluate all Ecotech-related activities, including those of TILF working groups, and to commission independent reviews of Ecotech programs.
- A.2 APEC leaders and officials should seek to catalyse greater financial support from both public and private sources to implement capacity-building opportunities identified by APEC committees and working groups. Existing development agencies such as the Asian Development Bank should be encouraged to finance and implement such activities.
- A.3 APEC should mandate action plans for Ecotech. APEC governments should prepare Individual Action Plans (IAPs) and Collective Action Plans (CAPs) which indicate the contribution they (or their agencies) are making to capacity building in the region.
- A.4. Since APEC is not designed to be an implementing agency, APEC should also encourage, recognise and welcome the important potential contribution of existing international agencies and the private sector towards capacity building and closer economic integration of the region.

APEC can do more to demonstrate the importance of capacity building and the contribution of its Ecotech activities to the region. Therefore:

- A.5. APEC officials should highlight the important contribution that Ecotech projects are already making to support the trade and investment liberalisation and facilitation (TILF) agenda, through projects such as the development of legal commercial infrastructure and enhancing the capacity to implement WTO commitments.
- A.6. The electronic 'Ecotech clearing-house', which identifies the capacity-building needs and activities of Asia-Pacific economies is a welcome initiative, which should be kept up to date with greater efforts to encourage its use by the region's public and private sectors.
- A.7 APEC working groups such as the human resource development (HRD) working group should be asked to identify and nominate some activities which have been implemented successfully on a small scale and could now be expanded in order to make APEC's Ecotech efforts more visible to the public.

B. Access to the new e-economy: from vision to reality

The high-level meeting of APEC government and business leaders, to be co-hosted in 2001 by Brunei Darussalam and China, is an important opportunity. It provides the opportunity to begin to realise the commitment of APEC leaders to provide region-wide access to the information and services offered through the Internet by 2010. Careful preparations will be needed to ensure the success of this meeting.

The high-level APEC meeting will need to define this ambitious vision in more detail: to place it in the context of the APEC process as a whole; to define the nature and scope of the investments which will be required; and then to identify the expected contributions of business and governments.

At the outset, it would be useful for APEC leaders and high-level representatives of the private sector:

- B.1. To reaffirm the vital role of capacity building in the APEC process, through wide-ranging cooperation in enhancing the capacity of the people, markets, institutions and infrastructure of the region. The vision of broad access to IT is, in turn, a vital means of capacity building.
- B.2. To make it clear that region-wide access to the Internet will not be achieved by governments alone; it needs a constructive partnership between governments and business to meet the massive requirements of infrastructure and human capacity building needed to realise this vision. It will also require an environment of outward-looking and market-oriented policies which can attract the necessary investment and contribution of skills from universities and other training institutions.

Very large commitments of financial as well as human resources will be needed to achieve full region-wide access to IT. Government and business leaders of the Asia Pacific should state clearly that:

- B. 3. The resources needed for this effort will need to be raised from global capital markets, then repaid from the increased productivity generated by accelerating access to the new e-economy. Coalitions or consortiums of governments and enterprises will be needed to mobilise these resources.
- B.4. The most urgent task is to identify specific commercially viable projects to create the necessary hardware and software to realise region-wide access to IT. While governments can contribute seed money to define such projects, the projects themselves will need to be financed on a commercial basis.

In large part, this is a challenge for development bankers and investment bankers. Accordingly:

- B.5. The international financial community, including development banks such as the World Bank and the Asian Development Bank should be constructively engaged in preparations for the 2001 meeting of high-level government and business leaders from the Asia Pacific.
- B.6. Preparations for the meeting should seek to identify a small number of projects in sufficient detail for APEC leaders to commission feasibility studies to define the nature and financing requirements of these projects during the coming decade.

It will be essential to ensure that the high-level meeting is followed up vigorously. This will need the continued attention of APEC leaders. Therefore:

- B.7. APEC leaders should instruct their officials, in consultation with enterprises and agencies involved in financing and implementing the major projects, to prepare annual progress reports to meetings of APEC leaders.