

Asia-Pacific Economic Cooperation (APEC) and Australia

Established in 1989, APEC consists of 21 member economies, which meet annually to strengthen regional links and pursue common trade and economic goals. The next annual meeting will be held in Chile in November 2004. [APEC's 21 Member Economies are Australia; Brunei Darussalam; Canada; Chile; People's Republic of China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; The Republic of the Philippines; The Russian Federation; Singapore; Chinese Taipei; Thailand; United States of America; Viet Nam.]

A significant focus of APEC is the achievement of the *Bogor Goals*, set in 1994, to create the world's largest free trade and investment area by 2020. APEC work centers on "three pillars":

1. Trade and Investment Liberalization
 - reduction of tariff and non-tariff barriers and opening markets.
2. Business Facilitation
 - opening markets by reducing costs of cross-border trade, improving access to trade information, and aligning policy with business strategies – eg. harmonizing standards, improved business travel arrangements.
3. Economic and Technical Cooperation
 - helping economies build institutional capacity to implement and take advantage of the benefits of trade and investment reforms.

Membership of APEC expands Australia's focus beyond the domestic market and provides tremendous opportunities to create jobs and income. Australian business has access to over 2.5 billion consumers and around 60% of global income in 21 APEC member economies. These economies also purchase around three-quarters of Australia's merchandise exports. In the last decade APEC exports have more than doubled to nearly AUS\$5 trillion, and APEC economies have generated 195 million new jobs and 70% of the increase in the world's economic growth.

2003 Australian Highlights

1. Reaffirmed APEC support for the WTO Doha Round, including through significant WTO capacity building to which Australia will contribute \$4 million in 2003-04.
2. Welcomed the implementation of the counter terrorism measures agreed in 2002 and support new counter terrorism initiatives including the Australian led Advanced Passenger Information system and Energy Security Initiative Implementation Plan.
3. Launched the Australian counter-terrorism report on "Costs of Terrorism, and the Benefits of Working Together". The report argues that terrorism and the threat of terrorism depresses trade and investment, and not acting to secure trade and travel will impose significant long-term costs on economies throughout the region.
4. Highlighted the importance of continuous, broad ranging structural reform to enable economies to maximise opportunities arising from trade and investment liberalisation.
5. Released an Australian booklet "Strengthening Commercial Laws in the APEC Region", highlighting the importance of strengthening commercial law regimes to provide greater transparency and certainty for domestic and foreign investors.
6. Encouraged Leaders to endorse a mandate to pursue reform of APEC in 2004.

Australia's APEC Objectives for 2003

Future directions for APEC have been set under three themes:

1. Promoting Trade and Investment Liberalization

APEC reaffirmed the primacy of the multilateral trading system and the current WTO Doha Round and will continue to support the successful conclusion of the Round. Such activity is also consistent with meeting the Bogor Goals of free and open trade and investment. Some of the other objectives under this theme are:

- reduction of business transaction costs in the APEC region by 5% by the year 2006;
- advancement of the pathfinder initiatives, (pathfinders are when some APEC economies implement an initiative ahead of the others,) including the APEC Sectorial Food Mutual Recognition Agreement and Digital Economy Statement (which will stop optical disk piracy and allow technology choice for business for example); and
- fight corruption by working to develop specific domestic actions to combat it. Promote transparency by implementing standards through the Transparency by 2005 Strategy.

2. Enhancing Human Security

In the face of transnational terrorism, APEC is committed to the mission of ensuring the security of its people. A comprehensive package of initiatives have been agreed upon to fulfil this mission.

3. Using APEC to Help People and Societies Benefit from Globalization

Sustainable economic development requires empowering people and strengthening societies for globalisation. APEC will contribute to this process by: making APEC itself more effective; better focusing and strengthening its work on economic and technical cooperation; and increasing its interaction with international financial institutions, the private sector and other outside organisations.

For more information contact Jacky Millership, Manager Trade & Commercial, by email jackym@aigroup.asn.au or phone (03)9867 0299.