

Editorial Statement

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Politics of Trade in APEC 2013: The Bogor Goals and Environmental Goods List

Charles T. Chou

The 2013 APEC Leaders' Week was closed in success after the APEC Summit held on 7 and 8 Oct. 2013. With the leadership of Indonesia, APEC made “Attaining Bogor Goals” one of the three priorities this year. Issues like supporting multilateral trading system, Bogor Goals, trade in service, green growth and FTAAP are discussed under the umbrella of this priority. Diversified interests of different member economies have involved and made the relevant discussions complicated. Progresses in different pace are witnessed among issues, which imply opportunities and challenges for the host of APEC 2014.

This article aims to review the development of the discussions in 'Bogor Goals' and 'environmental goods (EGs) list' during the Leaders' Week. It is observed that, while the progress in facilitation targeting at the Bogor Goals 2020 are welcomed, the difference in the relevant paragraphs between the Ministerial Statement and the Leaders' Declaration implies uncertainties for the year to come. As for the EGs list, Indonesia's temporary frustration in enlarging the coverage of the list, demonstrates the cleavage between APEC's developed and developing members.

Bogor Goals at a Crossroads

Since given birth in 1994, the Bogor Goals have been established as the general strategic aim of APEC's agenda in trade and investment liberalization and facilitation (TILF). This year when APEC comes back to the motherland where the Bogor Goals was born, it's widely expected that the Indonesia leadership should help to add fuel to the Bogor Goals heading toward its final achievement by 2020. The reality quite let down our expectation before the Leaders' Week.

Pressures emerged during the discussion on the Bogor Goals in three aspects:

1. For the past 2 years, the emergence and growth in number and strength of plurilateral trade agreements like TPP, RCEP, and even the Pacific Alliance, has become the mainstream of trade and investment liberalization in the region. APEC responded by adopting them as paths toward its long term goal – FTAAP, so as to absorb the resources and public attention they get. However, this has inevitably diluted the role and significance of Bogor Goals in APEC's TILF agenda.
2. With ASEAN countries' enthusiasm for introducing 'regional connectivity agenda' into APEC process, Indonesia made 'promoting connectivity' the 3rd priority of APEC 2013 and suggested a 'Connectivity 2030' target. This provoked concerns about the relationships between the 'Bogor Goals 2020' and 'Connectivity 2030', given the possible competition between them for resource allocation and public attentions in the coming years.
3. In 2010, the progress of the developed economies for fulfilling the Bogor Goals was not that satisfactory for everyone. And in 2020, it will be in the developing's turn to be examined. While the developed hasn't met their 'promises', the developing is hesitate to move forward. This complicated the



issue.

Examining the relevant paragraphs in the Leaders' Declaration and the Ministerial Statement, it's observed that the relationship between the paths toward FTAAP and the Bogor Goals is not clarified. The connectivity agenda is seen as part of APEC's efforts for achieving Bogor Goals. And, the expressions in the Ministerial Statement regarding the respective duties and owe-to-be efforts of the developed and developing member economies, as well as 'to review in 2014 our progress towards the Bogor Goals by providing complete information in the Individual Action Plans...' are totally ignored in the Declaration.

Debates regarding the EGs

Last year APEC leaders consolidated the APEC EGs list which contains 54 product items for tariff reduction in the near future. In 2013, the relevant discussions were encountered with a hot debate centered by Indonesia's attempt to add palm oil products into the List.

Most of the 54 items in the APEC List are composed of products in the comparative advantage of the developed economies. The main effect of tariff reduction of these products could increase the export of the developed economies, while the developing ones will have to suffer an expansion of import that damages their current account balance, at least in the short run. Quite some 'hard talks' took place when Leaders' tried to firm the content of the List in 2012, due to the anticipated effect mentioned above. For the developed economies, the main target of this year was to keep what was gained in 2012 and further its implementation efforts. However, Indonesia the host of 2013 wished to add palm oil and rubber products, its staples for export, into the list. This made the situation complicated. Setting aside

the arguments about if the processing of these products is environmentally friendly or not, this action of Indonesia would inspire other developing economies in the same position to react in the same way. If Indonesia's appeal succeeds and is followed by others, APEC will have to re-open the negotiation, which means the implementation of EGs list is doomed to be delayed.

Usually China considers itself as the leading one among developing economies in the region, nevertheless, in this case it is hesitated to support Indonesia, given its concerns on the possible disturbance caused to its current tariff structure of the related products in Chinese Custom.

Indonesia's appeal is frustrated in the face of surging skepticisms by the Leader's week. Indonesia therefore transformed its proposal into a research project on 'trade in products that contribute to sustainable and inclusive growth through rural development and poverty alleviation'. Of course, palm oil and rubber products are the objects in this new project. It's very likely that the issue of tariff reduction of these products will be on the table again after this research project is completed. In addition, APEC leaders agreed to establish a new mechanism of Public Private Partnership on Environmental Goods and Services (PPEGS), as well as to enhance the relevant capacity building efforts by 2015.

Prospects

To attract more attention to the Bogor Goals, APEC will have to keep progressing its facilitation agenda, and to continue Indonesia's efforts for promoting regional connectivity by well linking the roadmap of APEC Connectivity Framework with the mid-term review of Bogor Goals toward 2020. China has promised to take the lead in formulating the roadmap of



APEC Connectivity Framework next year.

As for the EGs list, in the eyes of the developing members of APEC, furthering the implementation of the List could be not desirable even when the new mechanism and the relevant capacity building programs are in position. Targeting at 2015, what could be achieved in the 2014 will be crucial for APEC's EGs agenda.

2014 will be a critical year, as APEC's role for advancing the pursuance of the Bogor Goals and the implementation of EGs list are concerned. China is surely taking the centre stage.

Taiwan's options to join the TPP and to enhance its economic relations with the U.S.

Darson Chiu

The Ma administration has announced that Taiwan ought to join the Trans-Pacific Partnership (TPP) agreement so as to secure its economic growth and development. As the correlation coefficient between Taiwan's GDP and world trade growths from 1990 to 2012 was estimated as high as 86%, that means relying on the external demand is the most important and only option for Taiwan. It is known that international trade is nothing more than a game of comparative advantages. What Taiwan should do is trying to ensure the game it is playing is a fair game. And the way to ensure that is actively pursuing regional economic integration; TPP is one essential process for Taiwan to apply for membership.

TPP has been led by the largest economy in the world. Taiwan might ask itself what Taiwan and the United States can and should do before Taiwan formally seeks to join TPP negotiations. How can they create an atmosphere conducive to Taiwan's inclusion in TPP? Kurt Tong, a U.S. APEC official, stated when he visited Taiwan in 2011 that Taiwan itself had to be ready for TPP first. Said statement has been viewed as the main U.S. perspective on Taiwan's potential participation in TPP. Therefore, it is needed for the U.S. side to firmly believe that Taiwan is ready to join TPP prior to issuing formal membership application.



What can and should Taiwan and the U.S. do before Taiwan seeks to join the TPP is to build a formal bilateral negotiation mechanism similar to the channel between Japan and U.S. before Japan pledged to join in TPP negotiations. The most obvious and recent example would be Japan's incumbent Prime Minister Shinzo Abe met with the U.S. President Barack Obama and reached a consensus in February, 2013. After that event, Japan has agreed to further open its markets for US agricultural products and exchanged for U.S. support to join TPP. The successful formula can certainly applied for the Taiwan-U.S. case. The key is for Taiwan to be fully aware of U.S. priorities. Such a bilateral mechanism can help make the actions of Taiwan's liberalization to better meet the demands from the U.S. side and to launch a consensus between both sides.

Through multi-round bilateral negotiations, an atmosphere contributing to Taiwan's inclusive in TPP can then be created. Of course, Taiwan also needs to take concrete actions to further open its markets meaning a series of actions of tremendous liberalization. For example, the U.S. pointed out that Taiwan should lift the quota on rice imports, and Taiwan has to respond to that demand with goodwill. By doing so, the U.S. might eventually be convinced by Taiwan's strong willingness to become a member of TPP. Such a bilateral dialogue mechanism is similar to the U.S.-Taiwan Trade and Investment Framework Agreement (TIFA), but both sides need to meet more often to speed up the process. Taiwan has been criticized by international markets observers as an economy of over protection; it is time for Taiwan to alter that "stereotype".

TIFA is an existential channel for Taiwan and U.S. to exchange views. Therefore, Taiwan could also ask itself how the recent TIFA talks help position Taiwan for TPP membership. By definition, TIFA is a trade pact between trading partners that seeks to develop frameworks, which may

lead to free trade agreement. In addition, TIFA is an important channel for bilateral high-level economic and trade consultations between Taiwan and the U.S., while at the same time serves as a primary platform for bilateral trade dispute resolution, trade promotion, and investment cooperation.

Taiwan and the U.S. have accomplished many achievements through said dialogue mechanism, such as promoting the U.S. to support Taiwan's efforts in accession to the World Trade Organization (WTO) and in signing the WTO government procurement agreement, enhancing Taiwan's institution for protecting of intellectual property rights, and allowing related economic and trade systems of Taiwan to be in line with international standards. Therefore, TIFA talks can certainly help position Taiwan for TPP membership as the talks would be significant for Taiwan to gain the trust from the U.S. as the very first step. Trust building between both sides is indeed a must for the time being, since the Ma administration has long been questioned for placing more efforts and weights in improving cross-Strait relations. To make TIFA more effective, several rounds of pre-meetings would be helpful so that both sides of Taiwan and U.S. can be on the same page during the scheduled TIFA meet ups.

The reason why Taiwan places such great emphasis on TPP is because the TPP is all about the U.S. market. As an export oriented country, Taiwan simply cannot ignore the fact that the U.S. is the largest end-market in the whole world. For that reason, further enhancing Taiwan-U.S. bilateral economic relationship is crucial. To work together with the U.S., a highly market-oriented market, liberalization is the key. What are the internal and external obstacles to further liberalizing Taiwan-U.S. bilateral trade?

The internal obstacles would be from the news media, congress, and more vulnerable domestic sectors once Taiwan decides to further liberalize. In general, the agricultural sector is considered as the most defenseless and



sensitive sector while further liberalizing trade. It is therefore essential for Taiwan to convince domestic stakeholders that liberalization will bring in more benefits if that is the true story.

Regarding external obstacles, the U.S. and China would be two major factors. TIFA must continue, and US needs to understand how important it is for Taiwan's government to maintain a ban on imports of U.S. pork containing residues of the leanness-enhancing drug "ractopamine". Otherwise, the pressure of internal obstacles will hinder Taiwan to go even one step closer to the negotiation table. As for China factor, it is crucial that further liberalizing Taiwan-U.S. bilateral trade will not compromise the progress of cross-Strait Economic Cooperation Framework Agreement (ECFA). If not, China will probably take extreme measures to block Taiwan from all trade pacts, not to mention further strengthening Taiwan-U.S. bilateral trade.

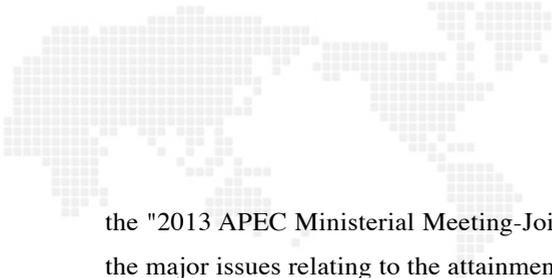
The APEC Bogor Goals and the “2013 APEC Ministerial Meeting-Joint Ministerial Statement”

Chen-Sheng HO

Introduction

In 2013, APEC has chosen "Attaining the Bogor Goals" to be one of the APEC priorities. One reason is that Indonesia, the 2013 APEC host, is also the birthplace of the Bogor Goals. In 1994, Indonesia was the APEC host and the APEC Economic Leaders announced the Bogor Goals during their meeting in Bogor, Indonesia. Therefore, it is only appropriate that Indonesia, the 2013 APEC host, has focused on "Attaining the Bogor Goals" this year. Specifically, the Bogor Goals are about the attainment of free and open trade and investment by 2010 for developed economies and 2020 by developing economies. In 2010, APEC stated that more work needed to be done. Thus all APEC members have been working towards the 2020 deadline.

Most importantly, there exists rising interests in APEC to advance the achievement of the Bogor Goals, as the year for realizing the Bogor Goals will soon arrive in 2020, which is seven years away. In addition, the lack of progress in the WTO Doha Round may also serve as a catalyst for APEC members to pay greater attention to the Bogor Goals. Another reason could be that APEC has evolved to become more stable and has recognized the need to ensure the achievement of the Bogor Goals to show that APEC is a successful organization. Therefore, the purpose of this article is to examine



the "2013 APEC Ministerial Meeting-Joint Ministerial Statement" to identify the major issues relating to the attainment of the Bogor Goals.

Major Issues of Bogor Goals

The "2013 APEC Ministerial Meeting-Joint Ministerial Statement" has provided a clear and comprehensive APEC's views on "Attaining the Bogor Goals." Under the heading of "Attaining the Bogor Goals, several major issues are listed: 1) Supporting the Multilateral Trading System; 2) Advancing Trade and Investment Liberalization; 3) Promoting Trade in Services; 4) Facilitating Investment; 5) Promoting Green Growth; 6) Promoting Industrial Dialogues on Automotives, Life Sciences and Chemicals; 7) Addressing Next Generation Trade and Investment Issues; 8) Exploring a Free Trade Area of the Asia-Pacific (FTAAP); and 9) Facilitating Trade Financing.

Let us examine the Ministerial Statement regarding the aforementioned issues. With regard to the support for the multilateral trading system, Ministers reaffirmed their commitment to ensure that new barriers to investment or to trade in goods and services are not raised. Ministers also called for supporting the multilateral trading system and the WTO. They will seek to achieve success at the 9th WTO Ministerial Conference in Bali, such as realizing agreement on trade facilitation, parts of agriculture and development, and issues of importance to LDCs. They believed that the achievements at Bali would serve as a stepping stone to the conclusion of the Doha round of trade negotiations. In addition, Ministers called for concluding the negotiations to enlarge product coverage of the WTO Information Technology Agreement (ITA) (APEC 2013).

On the issue of trade and investment liberalization, Ministers stated that APEC should seek to attain sustainable, balanced, inclusive and innovative

growth in the Asia-Pacific region, so as to promote regional economic integration (REI) and to advance trade and investment liberalization. In addition, Ministers mentioned that APEC should assist developing economies to achieve the Bogor Goals by 2020. The benefits of liberalization should also be shared by all. The developed economies must implement more concrete actions to attain the Bogor Goals. Ministers instructed officials to review APEC's progress towards the Bogor Goals in 2014 through examining the Individual Action Plans (IAPs) (APEC 2013).

In the area of trade in services, Ministers recognized the importance of services to global trade. In particular, they welcomed APEC's work to enhance the transparency of services trade regulations and to pinpoint good practices that facilitate services trade, such as in the areas of financial services, cross-border education, retail services and logistics services. Ministers welcomed the development of the APEC Services Trade Access Requirements (STAR) Database that served as a tool for business to enter new services export markets. Furthermore, Ministers also promoted the implementation of the Action Plan on Statistics on Trade in Services which strengthened statistical data collection on services trade. Another important endeavor in 2013 was the public-private dialogue on services in which Ministers voiced their strong support. They encouraged government, private sector and academia to examine impediments to the growth of services trade in the Asia-Pacific region (APEC 2013).

As for the issue of investment, Ministers said that they called on APEC to find ways to enhance investment flows. A good example of APEC's work was the APEC Investment Facilitation Action Plan (IFAP). Ministers also welcomed the public-private dialogue on Corporate Social Responsibility (CSR). They encouraged officials and the private sector to work together to promote good CSR practices.



With regard to the promotion of green growth, Ministers supported the Proposal on Capacity-Building Activities to Assist Implementation of APEC's Environmental Goods Commitments. They called on officials to enhance capacity building, so as to advance the reduction of tariffs on the 54 products in the APEC List of Environmental Goods. Ministers also endorsed the establishment of the APEC Public-Private Partnership on Environmental Goods and Services (PPEGS). The purpose of the forum will be to serve as a platform for dialogue on EGS. They welcomed the first meeting of the PPEGS and the dialogue on clean and renewable energy in 2014 (APEC 2013). Additionally, Ministers recognized the need to work further on trade in goods that advance sustainable and inclusive growth through rural development and poverty alleviation (APEC 2013).

Ministers welcomed the promotion of industrial dialogues on automotives, life sciences and chemicals. They recognized the need to promote dialogues with industrial partners, so as to enable the provision of actions to achieve the Bogor Goals. Most importantly, Ministers called for strengthening the participation of SMEs in the automotive sector. It will also be important to enhance regulatory procedures for medical products. Furthermore, they welcomed the work on regulatory cooperation and convergence on chemicals (APEC 2013).

As for next generation trade and investment issues, Ministers stated that the work on these issues will assist with the achievement of the Bogor Goals and the advancement of the Free Trade Area of the Asia-Pacific (FTAAP). Specifically, Ministers called for developing the APEC Innovation and Trade Implementation Practices. Ministers also encouraged APEC to work on additional next generation trade and investment issues in 2014 (APEC 2013).

On the issue of exploring a FTAAP, Ministers reaffirmed their commitment to realize a FTAAP. They stated that APEC will continue to

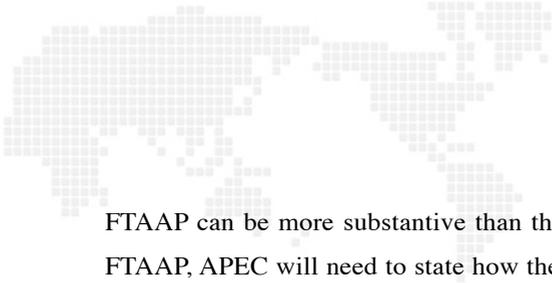
take the leadership role to advance regional economic integration. APEC will focus on information sharing, transparency, and capacity building as well as will hold a policy dialogue on regional RTAs/FTAs. Ministers also agreed to strengthen communication among regional RTAs/FTAs and to enhance the capacity of APEC economies to perform negotiations (APEC 2013).

In addition, Ministers called for facilitating trade financing. They believed that the enhancement of trade finance and risk reduction in time of crisis will assist with global recovery and growth. Ministers also recognized that SMEs had to face numerous obstacles in accessing finance. They encouraged financial institutions to support trade financing in the Asia-Pacific region (APEC 2013).

Conclusion

From examining the issues relating to the Bogor Goals, it can be inferred that APEC will continue to emphasize the Bogor Goals in 2014. In particular, APEC will seek to advance trade in services, as the issue has been recognized to be important by ABAC as well as officials. In addition, the promotion of green growth will also receive greater attention. Most importantly, the focus will be on capacity building to enable APEC members to implement commitments in environmental goods. The creation of the PPEGS shows APEC's determination on the issue of green growth.

Overall, the relationship between the Bogor Goals and the FTAAP will continue to be discussed in 2014. Hopefully, the relationship will become clearer. APEC could state that after reaching the Bogor Goals in 2020, the next step will be to achieve a FTAAP. The Bogor Goals promote the idea of free and open trade and investment. On the other hand, the FTAAP is about a free trade area, such as through a free trade agreement (FTA). Thus the



FTAAP can be more substantive than the Bogor Goals. In order to realize a FTAAP, APEC will need to state how the TPP and RCEP can be pathways to a FTAAP. A clear definition of a FTAAP will positively enhance cooperation among APEC members because they will have common focus.

APEC. 2013. "2013 APEC Ministerial Meeting Joint Ministerial Statement." Singapore: APEC Secretariat.

Chinese Taipei's Achievements in Reducing APEC Food Losses

Eric Chiou

In recent years, food security issues have attracted broad attention and again gathered a lot of spotlights on the global stage. To respond the increasingly pressing challenges of food security, different international organizations and regional institutions have launched various programs and initiatives to enhance related efforts on food security issues. APEC is not an exception. Over the past few years, APEC has passed the Niigata Declaration on Food Security in 2010 and the Kazan Declaration on Food Security in 2012, as well as the APEC Food Security Action Plan. Moreover, in the APEC Economic Leaders' Summit in October, 2013, APEC Economic Leaders had agreed on the implementation of the APEC Food Security Road Map Toward 2020, which symbolizes a great leap forward to strengthening food security in the APEC region.

In that declaration, APEC leaders indicating the following steps will be taken, including "to implement the APEC Food Security Road Map Towards 2020 to enhance supply chain connectivity, achieve efficiencies, reduce post-harvest losses and waste, and improve the food system structure by 2020, to provide lasting food security to APEC economies", etc. Among the preceding tasks, reducing post-harvest losses and waste is one of critical issues taken by Chinese Taipei.



In fact, the challenge of food losses and waste has been increasingly recognized by more and more international/regional organizations and states. Given the importance of this issue, Chinese Taipei has proposed an APEC multi-year project of "Strengthening Public-Private Partnership to Reduce Food Losses in the Supply Chain" in early this year, aiming to lower food losses and waste in the APEC region through establishing a unified APEC methodology of food losses assessment, enhancing capacity-building, and developing a tool-kit in reducing food losses. This initiative has not only obtained many APEC member economies' support, but also finally attained the approval from the APEC Budget and Management Committee (BMC).

This project is scheduled to be carried out in three phases within five years. The first phase (2013) focuses on providing a broad understanding of post-harvest food losses, facilitating exchanges of best practices from public and private sectors, and promoting experience-sharing among APEC economies. The second phase covers different themes of post-harvest losses, including fruit and vegetables in 2014, fishery and livestock products in 2015, and food wastes issues occurred on the food consumption in 2016. And the third phase is planned to generate the final conclusion of policy recommendations and relevant outputs.

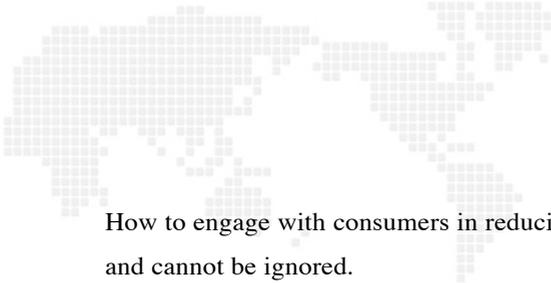
Since the project was approved by APEC, Chinese Taipei has worked assiduously to prepare the "APEC Seminar on Strengthening Public-Private Partnership to Reduce Food Losses in the Supply Chain," which had been held in early August, 2013, in Taipei. This seminar invited many renowned scholars, experts, and business owners in private sectors from various APEC economies as speakers. Totally, more than 120 participants from 18 APEC economies, including officials, representatives, academics, and relevant agri-business delegates, attended this significant event.

This seminar is designed to have a thorough discussion on the following

four topics, including: (1) the main challenges in the present society-food losses and food security; (2) key issues on strengthening public-private partnership on reducing post-harvest losses; (3) APEC best practices in reducing post-harvest losses on harvest; (4) new steps and action plans for reducing post-harvest losses in APEC.

After enthusiastic deliberations, the participants have reached an agreement on important key findings and some constructive policy recommendations. First, regarding key findings, the participants recognized the current situation of food losses, including the amount of food losses accounting for 24% of global food supply by energy content and 32% of global food supply by weight. Moreover, the findings also highlighted that the potential contribution of the private sector in the supply chain for reducing food losses and waste has not been fully recognized and appreciated. In addition, there are many promising post-harvest technologies and management options available, but have not been effectively utilized. Finally, the findings also indicated that practices, such as recycling, could be an important option to reduce food losses and waste.

Furthermore, as for best practices, the findings also pointed out that there are many successful stories, such as innovative social marketing strategies in the rice sector, which can be learned and taken as a model by other economies. With regard to public-private-partnership (PPP) model, the seminar concluded that the PPP model to work on lowering food losses should cover both public and private sectors, as well as NGOs and academia, since each player could make different contribution to the partnership and move toward the common goal. Additionally, the findings articulated that sufficient education of all stake holders along the food supply chain is a critical and integral part of quality and safety-assurance programs in reducing food losses and waste. The role of consumers should not be underestimated.



How to engage with consumers in reducing food losses and waste is essential and cannot be ignored.

Finally, the seminar reached several important policy recommendations for the future implementation of the project and APEC as a whole. For instance, participants considered that there is a need for a holistic assessment on the extent and consequences of food losses and waste at all stages of the food supply chain. In addition, there are also needs to further explore the most cost-effective approach of reducing food losses and waste by strengthening the PPP model. Furthermore, participants recognized the significance of Chinese Taipei's multiyear project and encouraged APEC economies to actively partake in this project. APEC economies should facilitate their stakeholders to participate in this project by providing related data, best practices, successful stories, etc.

Overall, it is fair to say that the success of this seminar has been widely recognized and appreciated by the participants. Many considered that it was very worthwhile to attend this meaningful event, while taking plenty of practical and constructive outputs with regard to related reducing food losses knowledge, management, and skills back to their home economies. Most importantly, the achievements made in this seminar have shown that with thoughtful planning, a clear goal, and unwavering determination, Chinese Taipei can take a lead in the global stage on this important issue and actively make indispensable contribution to the APEC food security.

Connecting the Asia-Pacific through Enhancing Infrastructure Development

Wayne Chen

To attain Bogor Goals and beyond, Indonesia identified promoting connectivity as one of the three annual priorities of APEC 2013. This proposal was firmly supported by APEC economies, particularly developing economies, and it was agreed that connectivity will be continuously deliberated in APEC in the sequential 4 year (2013-2016) under the chairmanship of Indonesia, China, the Philippines, and Peru. This is an attempt to carry forward an initiative on the SOM level in a multi-year manner ever seen in APEC. It reflects that connectivity is one issue highly interested by and essential to the development of APEC economies, and that APEC needs to enhance it works on capacity building further hand in hand with actions of Trade and Investment Liberalization and Facilitation (TILF) in advancing regional economic integration.

As elaborated in the APEC Leaders' Declaration 2013 on forming a seamless Asia Pacific, APEC are initiating actions in 3 areas, namely, physical connectivity, institutional connectivity and people-to-people connectivity, and the infrastructure development is deliberated under the physical connectivity category.

Physical connectivity aims to enhance supply chain performance and is merged greatly with the ongoing works in relation to supply chain connectivity. Elimination of trade barriers, as a result, is essential in this aspect, and the



target of a 10% improvement in supply chain performance in terms of time, costs and uncertainty by 2015 is one deliverable to achieve. Furthermore, infrastructure development was raised as one crucial task requiring cooperation among APEC economies, which includes transportation networks, energy, and telecommunication in both domestic as well as the regional scales.

In guiding future APEC work on infrastructure development and investment, a multiyear plan was drafted in which 4 work streams were established after stocktaking impediments faced by economies. The 4 work streams are: 1. supportive climate, including a strong regulatory framework; 2. integrated planning system mechanisms; 3. development of government capacity to generate a pipeline of bankable infrastructure projects; 4. development of a financing environment that is supportive to long term investors.

To advance a supportive climate, governments need to encourage participation of businesses in infrastructure projects by improving regulatory frameworks and taking actions to ensure that regulatory systems deliver transparency and certainty to business, and responsive to the private sector's needs. Areas of actions include promoting good regulatory practices; implementing structural reform; enhancing PPP regulatory coherence and cooperation; advancing enforcement, dispute settlement and legal certainty; improving property rights frameworks/land acquisition, and; advancing government procurement process.

The second work stream is focused on establishing well-coordinated planning mechanisms to demonstrate strong commitment of governments to the longer term infrastructure. Such declaration of resolution is crucial to increase willingness of enterprises to join and invest in projects and is focused by work stream 3. On the other hand, ensuring the profitability of infrastructure projects and access to financing are necessary for the formation of PPP is also important by improving financial incentive and capability

of the private sector in contributing to infrastructure development. As a result, work stream 4 is to boost enterprises' participation by increasing the bankability of relevant projects. In the regard of improving governments' capacity, APEC will encourage exchange of views and best practices on project planning and financing, and seek to build pilot PPP center to set a model for APEC economies to follow.

APEC and governments recognize that inadequate capacity is one major impediment constraining infrastructure development and therefore tasking a wide range of capacity building activities to create conducive climate to boost investment on infrastructure projects. However, there are some issues else also concerned by the private sector but was not fully incorporated in current deliberation.

In the seminar of Connectivity and Inclusive growth in the Asia-Pacific cohosted by the Pacific Economic Cooperation Council (PECC) and the Boao Forum for Asia during the APEC 2013 Leaders week in Bali, Fang Fang, the CEO in China J.P. Morgan argued that capital is sufficient in East Asia and South East Asia, but the major challenge is to mobilize private savings for financing infrastructure projects. Enterprises are in fact willing to participate in infrastructure project provided that governments assist by providing concession, land acquisition and access to financing. Furthermore, government policy and procurement need to be more transparent, for example adopt open bidding process to initiate projects, to reduce corruption and enhance market access for enterprises. Regional political uncertainties is another issue overlooked in current discussion, including the ongoing territorial disputes in the East and South China Sea, which is a crucial factor not only deteriorate diplomatic relations between economies but hold back private investors at their consideration of taking a part in related projects.

Under Indonesia's leadership, in 2013, APEC drafted a Framework on Connectivity and committed to carrying out this initiative in 2013-2016.



However, how China, the host of APEC 2014, and other successors would carry the initiative forward based on the Framework on Connectivity and the Plan on Infrastructure Development and Investment until Xi Jinping, the Chinese president, visited Indonesia before the APEC Leaders' Meeting in October. Xi's visit in Indonesia and other ASEAN states was considered a strategic and very successful move advancing Chinese international relations in the Southeast Asia. During Xi's state visit to Indonesia, he and Susilo Bambang Yudhoyono, the Indonesian President, witnessed the signing of cooperation agreements worth \$23.6 billion between countries, and both sides will work together to lift bilateral trade to \$80 billion. Moreover, to support the process of interconnection and integration of the economic development in the region, China proposed to build the Asia infrastructure investment bank and provide financial support to infrastructure development in developing countries in the region. Suryono recognizes the significance of Xi's proposal and agrees that the bank is very important for Indonesia, which has drawn up a \$400 billion plan for its domestic infrastructure construction and requires investment.

Zheng Xinli, Vice Chairman of China Center for International Economic Exchanges argues that the establishment of the infrastructure bank declares a new era of China in the spectrum of national development shifting from a beneficiary of international aid to a benefactor to other developing countries. In addition, the Chinese government is now aware that facilitating financing on infrastructure projects is an effective approach to promote international relations with its neighbors and increase its influence in the region. For 2014, China will discuss the infrastructure issue further in the APEC financial ministerial meeting and for the establishment of the infrastructure bank, China will seek collaboration with regional financial institutes, e.g. Asia Bank of Development, and APEC economies that are interested.

APEC Voices of the Future is an annual program which invites young leaders from 21 APEC Economies to attend the APEC Leaders' Week including the APEC CEO summit. In 2013, these youth ambassadors gathered in Bali, Indonesia, to exchange views with each other as well as high level officials and opinion leaders from industries in the Asia-Pacific.

Since 2011, CTPECC has been responsible for nominating youth representatives from Taiwan for the APEC Voices of the Future. This year, led by Faustian Huang, 9 youth delegates were elected and spent 1 week with leaders from APEC region. CTPECC applauds to their active participation in various events, including meetings, cultural events and discussion joined by officials and entrepreneurs. Their outstanding performances and impressive enthusiasm indeed reflected a new generation emerging in Taiwan and the greater APEC community.

In the last issue of 2013, the Editorial Committee of Asia Pacific Perspective would like to share some observations of Eric Chan, one of the Taiwanese delegates, with our readers.



APEC 2013 Bali Voices of the Future

Eric Chuhao Chan (詹主皓)

I am fortunate to be selected as a member of the Taiwan delegation to the Voices of the Future 2013 in Bali Indonesia. This program has inspired me and will always have an important place in my memory. The weeklong program was a combination of Balinese cultural experiences, colorful cross-border exchanges among fellow participants, and close engagement with CEO dialogues about challenges to come in the future. Each and every moments of the program stimulated me with new observations of Bali and the APEC region as a whole, and brought about reflections on how to prepare myself for a better tomorrow.

Culture

For developing countries, Bali serves as a widow to see how a potential tomorrow may look like. The dynamic indigenous culture fuses with waves of modernization from abroad, and together created synergy in forming Balinese everyday life.

One night we were presented the Kecha dance. The performance was opened by a group of young Balinese man dancing blatantly with arms toping to the dark sky and fingers stretching as far as they could. As they slowly spread out onto the stage, the dancers chanted "Cha cha cha cha···

" with each "cha" accented with power and density. The chant did not sound in unison or harmonious, but it was actually well-organised. A leader chanted louder than everyone else in the beginning of a phrase, and then others joined in - together the melody mimic sparks of fire grew into fierce flames. Yes like burning flames, after the prelude chant the performance featured brutal fights between good and evil spirits symbolized by flamboyant and dazzling costumes respectively.



Kecha Dance in Blanco Museum

The Kecha dance made me realize how little I knew about Balinese culture even though it is not far from Taiwan. When viewing the Kecha dance, I couldn't help but related the costumes of the good and bad spirits respectively to those of Dragon Dance troops and Bajiajiang (八家將) in Taiwan. That thought for a while took me away from the actual performance, and I almost missed the part which the good and bad spirits struggled to oust each other.

There are two extreme perspectives that outsiders are inclined to adopt when evaluating a new cultural practice. On one end, new culture is assimilated to be a copy of home culture, and thus becomes a trivial subcategory of a fantasised mother origin. On the other extreme, the new is taken as completely different, and is prone to give rise to exoticism, fetishism or xenophobia. Neither of them is healthy. I tilted to the assimilation end when comparing





the traditional ritual costumes in Bali and Taiwan, and played down the uniqueness of Kecha dance. The experience has once again shown me how careful I should be in encountering new culture.

Economy

During our stay, I tried to catch a glimpse of local Bali from the bus window wherever we visited, yet the outside world appeared disconcerting. Maybe the window was too narrow for me to grasp the full picture, but here is what I saw.

Constructions are almost everywhere we visited. Workers hurried to build the mighty Kori Kuwadi (traditional Balinese doorway) for the grand entrance of the airport; right across our hotel a new resort will soon open for tourists with private access to the beach; new road is being paved in Kuta to take in more tourists and shoppers; a cross-bay toll way was just completed for better connectivity. In the less-trodden north, a new airport project is underway to turn it into another paradise among high-end resorts.

Nevertheless, most of the infrastructure projects connect the outside



This bamboo bridge in the Green School is built without any additional material. Just bamboo.

world to Bali in a piecemeal manner, but fail to consolidate a robust interconnection network. The urbanised South Bali is still plagued with rugged pedestrian paths, congested roundabouts and the absence of any local public transportation methods.

Bali's infrastructures continue improving its tourism, but I do not see how these developments benefit the larger Balinese inhabitants. One can argue that a larger tourist base, without saying, improves the standard of living in local communities, but at least for now, I do not see a substantial positive correlation. All these pose considerable challenges in sustaining a health local economy and raising the standard of living in Bali.

People

Another source of aspiration in the program is its participants. Asia-Pacific region covers a good part of the world with various cultures and lifestyles. We may have different views, but we managed to work and enjoy the time in Bali as a big family.

We share a forward-looking value system. We are critical of the current status, proactive and entrepreneurial for the near future, loving to be creative and fun. Our opinions might differ given that we come from different education and family backgrounds, yet we all believe in one thing. That now is the time to act, to change and to live up to challenges each society faces.

Somehow the cooperative ambience in the youth program was also observable in the CEO Summit. The very name of our program, Voices of the Future, poses a question that every business and policy-making leaders of APEC CEO summit try to address: what is the Future?

For APEC economies, the image of its future has too much political hue to produce a coherent agenda. Member economies do not sacrifice their sovereignty for a utopian dream for free trade and capital flow. Adding to that, different business environments and strategic market developments also make it impossible to enforce agreements, not to mention that the consensus-based formality that achieves nothing but chats. However, these discouraging



remarks did not stop ideas from floating in the APEC summit.

The gist of all these razzle-dazzles is high-level dialogues. I had a chance to sit in most of the high-level conversations and listen to the world leaders speaking. Shinzo Abe commented on the imperatives of structural reforms in Japan to boost its high-tech industries, which could be the bedrock of sustainable development in the region; Park Geun-hye shared how South Korean government fosters science and innovation; John Kerry disapproved protectionist trade measures and expected TPP to set the norm right; Lee Hsien Loong emphasized the importance of human capital investment; Xi Jin Ping proposed to establish Asia Pacific Infrastructure Investment Bank to expedite infrastructure building in developing countries.

On the outset, they might not seem to be talking with one another, but, taken as a whole, they represent domestic voices and form an Asia-Pacific perspective that covers half of the global population. Without the conversations in APEC, leaders from the member economies could not have had the chance to exchange insights and plans for the unknown future.

Conclusion

I am still appreciative of our government in supporting Taiwanese youths to attend APEC 2013 Voices of the Future. This program provides me a more positive attitude and the will to exert myself. I believe this annual multinational gathering will continue to inspire new generations and set the blueprint for a better future.