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Analyzing ECOTECH's Role in APEC

Chen-Sheng Ho

APEC ECOTECH Issues before the Bogor Goals

An examination of APEC Ministers' Joint Statement from the 1989 1st Ministerial Meeting indicates that APEC is already interested in trade liberalization and economic cooperation. Essentially, the Meeting focused on four topics: 1) world and regional economic development; 2) global trade liberalization; 3) opportunity for regional cooperation in specific areas; and 4) future steps for APEC. With regard to world and regional economic development, Ministers noted that interdependence among regional economies had grown. They agreed that APEC should maintain good conditions for elevating the economic development of developing economies. As for opportunity for regional cooperation in specific areas, Ministers called for cooperation in investment, technology transfer and human resources development (APEC 1989).

Another significant document for understanding APEC in the early years was the Seoul APEC Declaration which was announced during the 1991 3rd APEC Ministerial Meeting. The Declaration put forward the following general activities for APEC: 1) exchange

information and consult on policies for sustaining growth; 2) develop strategies to reduce impediments to trade and investment; 3) promote trade, investment, finance, human resources development, technology transfer, industrial cooperation and infrastructure development; and 4) cooperate in sectors, such as energy, environment, fisheries, tourism, transportation and telecommunications (APEC 1991).

From these important APEC documents of the early years, we can see that APEC members have already developed a clear picture of the objectives and the tasks that they have wanted to accomplish. Specifically, APEC has recognized the need to promote multilateral trade liberalization with APEC taking a major role. Additionally, APEC has realized that economic and technical cooperation is necessary for sustainable development in the Asia-Pacific region.

APEC Three Pillars: TILF and ECOTECH

The direction for APEC became clearer with the announcement of the Bogor Goals during the 1994 Economic Leaders' Meeting in Bogor, Indonesia. The Leaders stated at the meeting that industrialized members will achieve free and open trade and investment

by 2010 while developing members will do the same by 2020. Another objective was that APEC members were requested to expand and accelerate trade and investment facilitation programs. In addition, the Leaders called for development cooperation among members in order to achieve sustainable growth, equitable development, and national stability (APEC 1995a).

APEC created the Osaka Action Agenda (OAA) in 1995. The purpose of OAA is to assist APEC with the attainment of Bogor Goals. The OAA is made up of trade and investment liberalization; trade and investment facilitation, that APEC has called TILF. Additionally, OAA has included economic and technical cooperation and is called ECOTECH. These three areas constitute the three pillars of APEC activities (APEC 1995b).

In 1996, APEC Economic Leaders established the Manila Action Plan for APEC (MAPA) which led APEC to the action phase for achieving the Bogor Goals. MAPA consists of individual action plans (IAPs) and collective action plans (CAPs) principally in the area of trade and investment liberalization and their facilitation (TILF) and activities for accomplishing ECOTECH (APEC 1996).

ECOTECH-TILF Relations before Bogor Goals

Let us first examine the ECOTECH-TILF relationship in the beginning of APEC's

existence. Even though the acronyms, ECOTECH and TILF, were not utilized in the early years, the ideas behind them were already in existence. We can see in the previous section that APEC had stressed the need to promote trade liberalization and economic and technical cooperation. A major reason was that APEC membership consisted of developed and developing economies. Developed economies were generally more interested in trade liberalization. Thus APEC developed economies were also major supporters of trade liberalization in APEC. In the case of developing economies, the attainment of economic and technical cooperation in APEC was their main focus. Developing economies needed the expertise of developed economies, in order to enhance their economic development. Therefore, one thing was certain, both developed and developing economies supported trade liberalization; economic and technical cooperation. The difference was in the degree of support.

In the early years, APEC's support for trade liberalization was manifested through the call for successful completion of the Uruguay Round of multilateral trade negotiations. Since APEC members were also GATT members, it was natural for APEC to voice support for the Uruguay Round. In the area of economic and technical cooperation, working groups were created to work on various issues, such as energy, fisheries, human resources development, marine resource conservation, telecommunications, and tourism.



Before the existence of the Bogor Goals, it can be argued that APEC did not favor the subject of trade liberalization over economic and technical cooperation. Developed economies did not push for APEC to emphasize trade liberalization. Developing economies had not focused on economic and technical cooperation. Both topics had enjoyed equal status in the beginning. A possible reason could be that APEC developed and developing members had wanted to show the world that APEC was coherent. Actually, it could be said that APEC had indirectly emphasized economic and technical cooperation, because working groups in many areas were developed to strengthen economic and technical cooperation during the early existence of APEC.

ECOTECH-TILF Relations after the Bogor Goals

Following the creation of the Bogor Goals in 1994, APEC has been working to achieve them since then and will continue to do so unless changes are made. A significant product of the Bogor Goals for APEC is the official birth of TILF and ECOTECH. They are collectively known as APEC's three pillars. This means that APEC will implement TILF and ECOTECH actions for achieving the Bogor Goals. Thus for APEC, TILF, ECOTECH, and Bogor Goals are inseparable.

In addition, the existence of Bogor Goals has caused TILF to garner greater attention than

ECOTECH. The reason is that the Bogor Goals are about free and open trade and investment. Therefore, TILF is exactly what is needed for achieving the Bogor Goals. Since the development of OAA in 1995, TILF has become the focus for APEC. The negative effect is that ECOTECH has not enjoyed equal status as TILF after the Bogor Goals. Before the Bogor Goals, ECOTECH had received greater attention than TILF with the creation of several APEC working groups to work on ECOTECH, as mentioned above. The reality has been different after 1994, ECOTECH has been considered to support TILF.

A possible outcome of the Bogor Goals is that APEC may have gradually become less cohesive. As we have said before, APEC developed members are more interested in trade liberalization and thus TILF, whereas developing members have shown greater concern for ECOTECH. The result of TILF gaining significance over ECOTECH with the arrival of Bogor Goals could indirectly cause developing members to show less enthusiasm for participating in APEC. The fact that developing economies have continuously called for greater attention to ECOTECH is a strong indication of developing members' unhappiness.

Evolving ECOTECH-TILF Relations

In recent years, the ECOTECH-TILF relations have undergone a subtle evolution. APEC's ECOTECH work has shifted from

assisting TILF activities towards greater independence. Specifically, APEC officials are not actively calling for ECOTECH actions to be linked to TILF actions. One reason could be that APEC has become less enthusiastic of TILF actions, so that it is unnecessary to channel all support to TILF. In addition, the rise of several significant ECOTECH issues has enabled the APEC ECOTECH pillar to enjoy substantial amount of attention and autonomy.

Examples of ECOTECH issues that have gained popularity in APEC are: APEC food system, climate change, emergency preparedness, counter-terrorism, and corporate social responsibility. Most of these ECOTECH issues are relatively new to APEC. Some of these issues are deemed to have longer or lasting impact that task forces have been created, such as the Counter Terrorism Task Force and the Task Force for Emergency Preparedness. In the immediate future, APEC would continue to give significant amount of attention to ECOTECH issues. The reason is that APEC members have been able to achieve noteworthy cooperation on ECOTECH issues. The result is that APEC developing members would be happier in seeing that the ECOTECH-TILF relationship is becoming more balanced. Developed members of APEC would still be pleased to see that the TILF pillar continues to remain resilient.

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Corporate Social Responsibility Issue in APEC

Darson Chiu

The emergence of corporate social responsibility (CSR) issue on APEC agenda is much related to the Asian financial crisis that happened in 1997. After the financial crisis, scholars in the region argued that conducting good corporate governance practices would be a feasible means to prevent the crisis from happening again. Impacted by the sub-prime financial crisis, APEC economies realize that it is about time to design and adopt a good corporate governance mechanism again, and that mechanism must be capable of managing negative effects of globalization and new economic environments. For that reason, CSR has been considered by APEC as an approach to empower corporate capacity to address crisis and also balance all stakeholders' interests.

The 2007 APEC Informal Senior Officials' (ISOM) meeting was held in Lima, Peru on 27-29 November. During this event, Peru as the 2008 APEC hosting economy stressed the importance of CSR. It was agreed by all participants that CSR is the sufficient and necessary condition for sustainable development in the region of Asia-Pacific, and CSR at issue can contribute to the prosperity of all APEC economies.

After the ISOM meeting, the 2008 SOM meetings in Peru continued to put CSR under the spotlight. The agenda of 2008 first Senior Officials' (SOM I) meeting consisted of three CSR relevant issues, which are resource governance, company best practice, and enabling environment. Resource governance is about optimizing the role of government, businesses and civil society to better manage limited resources. Company best practice as shared by delegates from developed economies can be derived from experience of the private sector. Enabling environment issues that developing economies are particularly interested include all potential factors that help nurture healthy investment environment.

In response to the SOM I emphasis, the first ABAC meeting of 2008 held in Jakarta, Indonesia further discussed the significance of CSR. ABAC representatives offered that it is crucial to clarify the definition of CSR from government as well as business perspectives. Nevertheless, a consensus reached in this ABAC gathering is for the US, New Zealand, and Mexico to work together and come up with a detailed CSR working plan in the future.

In the ABAC 2008 Report to APEC Economic Leaders, ABAC delegates summarized CSR with three main concluding points: (a) CSR can be recognized as a commercial activity, and businesses should conduct CSR with respect to their different business values and conditions, (b) CSR is not a concept that is trying to shift the responsibility such as infrastructure building from the public to private sectors, and (c) CSR must be conducted based on voluntary bases. In addition, CSR has been defined by ABAC as an optimal combination of corporate governance and public governance due to the reason that both governments and businesses can play a significant role in fulfilling the goals of CSR. Furthermore, it is confirmed that the promotion of CSR will be included in the 2008 APEC Leaders' Declaration.

On the subject of corporate governance, the OECD principles of corporate governance issued in 1999 have been recognized as the worldwide benchmark for business organizations and governments to promote CSR. The OECD principles of corporate governance consist of some major components that include: an effective corporate governance framework, the rights of all shareholders, the role of stakeholders, disclosure and transparency, and the board of directors' responsibilities. Basically, the OECD principles are a set of guiding principles utilized as a crucial reference by many organizations especially after the bursting of economic bubble in East Asia of the late 90s.

The 2002 US Sarbanes-Oxley Act is another milestone of corporate governance. The Act decrees the independence of the board directors of all listed companies. The functions of corporate independent directors include assessing CSR, ensuring the company's compliance with legal requirements, and monitoring managerial integrity and efficiency. Therefore, independent directors ensure the rights of shareholders and information disclosure. These legal requirements help ensure the corporations have a good start to create an effective corporate governance framework.

Scholars also suggest factoring in public governance into the concept of CSR. The definition of an effective public governance framework is a structure that promotes transparency and efficiency, is consistent with legal requirements, and specifies responsibilities of different supervisory and managerial levels of the public sectors. Sound public governance should be able to protect and assist the exercise of all stakeholders' rights. All stakeholders or civilians in different opinions need to be protected and treated equally by the effective governance framework.

Therefore, a viable governance plan ought to identify and ensure the rights of all stakeholders through relevant legal structures and mutual agreements. Once the stakeholders are identified, the governance framework should coordinate corporations and stakeholders to work together in maximizing their mutual interests. In addition, a sound governance plan



should set up an effective framework that is able to ensure that the supervisory board can provide the strategic guidance on the governing entities and effective monitoring on the management. That is the foundation of CSR, protecting stakeholders.

Concerning the moral underpinnings of protecting all stakeholders, the managerial bodies must create appropriate ethical standards. The decisions made by the management would influence the goals and ethical behavior of all levels. High moral reasoning and ethical standards should be the ultimate goal. Ethical considerations have influenced strategies of governments or businesses: accepting responsibilities with respect to the environments, ensuring safety, creating healthy conditions, and sharing necessary information.

Furthermore, external and internal interventions are imposed on governments or businesses to cure assumed ethical malaise; however, a better way is for them to create ethical climate to pursue their goals and conducting good performance via written regulations. A successful CSR practice must have united its compliance and ethics efforts and further shifted the major focus on their compliance efforts to creating value on the whole via an ethical organizational culture that fosters major components of good governance.

The final component of a good CSR practice ought to be trust building. Although trust is strongly correlated with perceived organizational support and integrity, the

managerial bodies should adopt a more holistic approach in building trust, valuing existed doctrines and promoting integrity by focusing on various constituents and levels.

When financial crises of all strips occur, CSR will appear on the top of regional agenda. And we should always be ready to incorporate the concept of CSR in our macroeconomic functions.

Climate Change Issue in APEC

Tiger Tang

Climate change has been a hot issue in recent years coincided by the frequencies and intensity of severe natural disasters probably caused by global warming. Scientists have got evidence that global warming will significantly increase the intensity of the most extreme storms worldwide, according to *Nature*, an English journal. Not only climate change causes natural disasters but also creates uncertainties for business and even holds conflict potential.

Climate change issue was first raised in APEC in 1995, connecting to energy issues concerning what fossil energy consuming might inflict upon societies and environments. APEC recognized the importance of accelerating action on a global level to deal with emissions of greenhouse gases in 1997 Leaders' Declaration. Since oil prices had been skyrocketed to an unprecedented level in 2004, APEC paid more attention to energy security and energy market reform, urging member economies to enforce APEC Energy Security Initiative to carry out international cooperation and developments of energy-effective technologies to help regional economic growth and clean and sustainable development. Busan Declaration in 2005 emphasized the need to develop increased

energy resources in ways that addressed poverty eradication, economic growth, and pollution reduction, and the need to address climate change objectives.

The stand-alone declaration of APEC leaders in 2007, Sydney APEC Leaders' Declaration on Climate Change, Energy Security and Clean Development, sets a milestone because it raises several measures and action agenda, including

- highlight the importance of improving energy efficiency by working towards achieving an APEC-wide regional aspirational goal of a reduction in energy intensity of at least 25 per cent by 2030 (with 2005 as the base year);
- work to achieve an APEC-wide aspirational goal of increasing forest cover in the region by at least 20 million hectares of all types of forests by 2020 - a goal which if achieved would store approximately 1.4 billion tonnes of carbon, equivalent to around 11 per cent of annual global emissions (in 2004);
- establish an Asia-Pacific Network for Energy Technology (APNet) to strengthen collaboration on energy research in our region particularly in areas such as clean fossil energy and renewable energy sources;



- establish an Asia-Pacific Network for Sustainable Forest Management and Rehabilitation to enhance capacity building and strengthen information sharing in the forestry sector; and
- further measures in trade in environmental goods and services, aviation transport, alternative and low carbon energy uses, energy security, the protection of marine biological resources, policy analysis capabilities and a co-benefit approach.

Australia, however, asserted that the climate change issue should be dominated by United Nations Framework Convention on Climate Change (UNFCCC) in SOM I meeting in 2007 and what APEC can do is just to pay due concerns. Several members echoed Australia's viewpoints, therefore, the issue did not get substantial discussions in the following SOM meeting. It seems that the 2008 Peru meeting might be willing to resume discussions on the lukewarm issue by discussing the possibility to continue to support the objectives of 2007 declaration with creative proposals to be considered in future multilateral negotiations. It is arguable whether if climate change issue is dead in APEC because key UNFCCC members struggle for a post-2013 framework of climate change and APEC is just a non-binding organization.

It is not easy to predict the future of the negotiations of UNFCCC framework. The 2007 Bali Road Map set a two-year negotiating process to craft an economically viable solution

to a huge problem and expected to have an agreed outcome in Copenhagen 2009 meeting. If they miss the window of opportunities to reach positive outcomes, there might be slim chances to start the new international arrangement in 2013. The critical barriers lie in different approaches of several key forces - United States, European Union, China, and most developing countries - to reach the goals of reduction of the emission of greenhouse gas (GHG).

Among developed countries, the United States maintains that it has the right to decide how to reduce the emission of GHG and dedicate to explore clean development technologies. European Union urges the United States to accept Kyoto Protocol regulations. Japan advocates Kyoto Protocol but fails to reach the goal of the Protocol's first period of commitment on the reduction on GHG emission, tending to agree on US position. Japan, however, owns advance low-carbon technologies and looks for the opportunities for exportation. Between developed and developing countries, the former ones expect to help the latter ones to share the responsibilities on the reduction of GHG while the latter ones assert the former one should bear more responsibilities because of high volume of CO₂ emission created by their economic growth. The developing countries demand developed ones to transfer needed technologies on a lower or free cost, however, the latter ones intend to explore markets of low-carbon products in developing world. The different positions make compromises hard to achieve but not impossible.

APEC has 21 member economies and accounts for nearly 60% of world economic output and almost half of all world trade. Among APEC members, the United States, China, Japan, and Australia are key players in GHG emission control regulation-setting. Under the operation guidelines of common but differentiated approach, APEC reaches consensus on several key issues in trade facilitation and liberalization. The same approach applied in Post-Kyoto negotiations is welcomed among parties of UNFCCC. APEC may not be able to reach an agreement on coordinating different positions of member economies, but APEC can offer a platform for member economies to discuss climate change issue and help shape an APEC position on climate change, which might be useful to pay efforts to the agenda-setting of the negotiations.

Climate issue remains important while the deterioration of natural environments and global warming might cause casualties and increase conflict potentials. It will become more and more urgent with large-scale disasters coming one by one and force the governments to take immediate measures to cope with. International coordination and cooperation are needed and APEC can still play a positive role to help mitigate the situation.



Disaster Risk Reduction and Emergency Preparedness in the APEC Context

Catherine Lin

In the aftermath of the Indian Ocean tsunami that struck in December 2004, 168 governments adopted the United Nations "Hyogo Framework of Action 2005-2015: Building the resilience of nations and communities to disasters (HFA)," a ten-year plan to make the world safer from natural hazards. As a region comprising 52% of the earth's surface area, 59% of the world's population, and over 70% of the world's natural disasters, the Asia-Pacific, led by the Asia-Pacific Economic Cooperation (APEC) Forum, echoed the UN's initiative immediately. In the same year, Chinese Taipei and Indonesia proposed an "APEC Strategy on Response to and Preparedness for Natural Disasters and Emergencies." A theretofore inactive APEC Virtual Task Force of Emergency Preparedness, established in 1998 by Australia, was subsequently renamed and leapt into action as the APEC Task Force for Emergency Preparedness (TFEP). This year, led by Peru, APEC also formulated a "Strategy for Disaster Risk Reduction and Emergency Preparedness and Response in the Asia Pacific Region: 2009 to 2015," which was submitted to 2008 Senior Officials Meeting III in August. The purpose of this article is to illustrate briefly the

difference and complementarities between the UN Hyogo Framework and the APEC Strategy proposal, and to place disaster risk reduction and emergency preparedness in the APEC context.

While the Hyogo Framework's emphasis is on the *political* commitment of 168 governments to facilitate effective implementation of *disaster risk reduction* at different levels, the APEC Strategy proposal, taking into account APEC's agenda to meet its core "Bogor Goals" of free and open trade and investment, tries to pay more attention to engaging the private sector. In addition, although incorporating the work of disaster risk reduction underscored by the Hyogo Framework in the Strategy proposal, the APEC TFEP is dissimilar to the UN International Strategy for Disaster Reduction, which maintains operations for disaster risk reduction at all times. TFEP's main role is focused on the area of *emergency preparedness* in the immediate prelude to and aftermath of disaster. Moreover, due to APEC's non-binding structure, TFEP, unlike the UN Office for the Coordination of Humanitarian Affairs, does not have a central office running APEC's emergency preparedness work systematically. Rather, each APEC economy, after sharing information

through activities organized by TFEP, is responsible for its own emergency preparedness work at home.

The UN Hyogo Framework for Action has three strategic goals: (1) to integrate disaster reduction into sustainable development, (2) to strengthen institutions and mechanisms to build resilience, and (3) to incorporate risk reduction into emergency management and recovery. There are also five priorities for action to guide the implementation of HFA and translate political commitment into action. The first priority is to ensure that disaster risk reduction is a national and local priority with a strong institutional basis for implementation, which can be fulfilled through developing national institutional framework including policies and legislation on, and national coordination mechanisms for, and allocating appropriate resources and budget for disaster risk reduction. The second priority is to identify, assess and monitor disaster risk and enhance early warning, which includes assessing vulnerabilities and risks and promoting reliable and timely people-centered early warning systems as well as effective space technology applications. The third priority tries to use knowledge, innovation and education to build a culture of safety and resilience at all levels. The education can be carried out through integrating disaster risk reduction concept in school curricula, collection and dissemination of good practices, building on traditional knowledge, developing educational material in local languages,

exchanging of information and data, facilitating media engagement, and training through courses, skills management and development, drills, and simulation exercises. The fourth priority is to reduce the underlying risk factors through poverty reduction strategies, land-use management, infrastructure strengthening as part of national development plan, and promoting the establishment of public-private partnership to better engage the private sector in disaster risk reduction towards a global culture of prevention. The fifth priority is to strengthen disaster preparedness for effective response at all levels, which includes contingency plans and standard operating procedures to improve relief operations and response activities' cost effectiveness.

Complementing the Hyogo Framework as well as highlighting the focus on the emergency preparedness and business-centered characteristics, the APEC Strategy proposal formulates three of its own strategic lines. There are to develop joint disaster preparedness actions, to provide support to recovery processes in disaster-affected economies through long-term development approach, and to establish prospective risk management. The focal point to developing joint disaster preparedness actions is to identify gaps in disaster preparedness, so that opportunities will be clearly identified for increased cooperation among economies, and with multilateral and bilateral development partners, international financial organizations and other international



and regional bodies that have an interest in contributing to improve national risk reduction and preparedness infrastructure. In the area of providing support to recovery processes through long-term development, the main thrust is to ensure business continuity regardless of the size of the enterprise, and to further develop the resilience of local and national actors. The APEC Strategy proposal moreover recommends APEC leveraging its strengths of multi-sectoral participation, private-sector partnerships, broad regional reach, and high-level political involvement in addressing long-term economic recovery in affected sectors. The need to engage the private sector in risk reduction and response is especially emphasized, which is considered to be part of corporate social responsibility. The third strategic line of thinking is to establish prospective risk management as part of APEC's ECOTECH agenda.

Based on the three defined strategic lines, several specific core initiatives have been developed as the basis for APEC projects, underlining its uniqueness as viewed against the UN's efforts. One initiative is a research project on the economic and social costs of disasters and projections for future disasters in the APEC region. While the quantitative exploration of this research on previous disasters will establish baseline data that can be used to assess the economic flows affected in post-disaster situations, the qualitative analysis of the knock-on effects in terms of businesses affected by previous disasters will be particularly valuable

to small and medium enterprises. Another initiative is a study to identify final-mile gaps in tsunami early warning systems that place economies and lives at risk. There is also the initiative of disaster risk management packages for local communities, which is to be conceived as a "train-the-trainer" exercise that aims to develop a teaching strategy, workbooks and teaching guides in multiple APEC languages. The pilot program to foster government and private sector managerial collaboration at a local level is aimed at identifying areas of collaboration that have proven successful in at least one developing member economy in the aftermath of disaster. One other initiative tries to link disaster risk information systems in the Asia-Pacific and to assess existing data exchange capacities, to detail priority information exchange gaps, and to provide recommendations on standardizing information-sharing protocols between APEC member economies. Still another initiative is dedicated to formulating a one- or two-page "Disaster Preparedness Guide" for local communities in their own languages in the APEC region, especially for distribution to small and medium enterprises. Finally, an initiative encourages business to take account of non-economic risks relating to disasters, such as regulations, social outrage, government reaction, corruption in government procurement and other relevant areas in order to increase the resilience of businesses in at-risk areas, and to foster corporate social responsibility.

In short, in the aftermath of the Indian Ocean tsunami of 2004, APEC has responded responsibly to international calls to address the issues of disaster risk reduction and emergency preparedness as well as further developing its own area of specialty in complementing the existing global framework, which can be seen from its Strategy proposal. It is the hope of the entire Asia-Pacific community that the ideas and initiatives presented in the APEC Strategy proposal will be duly implemented and fulfilled.



APEC's Counter-Terrorism Task Force (CTTF)

Gratiana Pei-fang Jung

The former inception of Counter-Terrorism Task Force under APEC framework in 2002 is a direct response of APEC member economies to the 911 attack on the US soil in 2001. Rarely in a loose type of regional institution such as APEC has reached an explicit and united front on sensitive issue of this kind. Through the creation of CTTF, APEC leaders demonstrated strong determination and an unequivocal stance on thwarting attempts to undermine the region's economic and social stability.

Indeed, the cooperation in APEC is one of the many endeavours of the US in combating terrorist attacks, and it seems the idea was received by APEC members without too many difficulties when launched. Nevertheless, it marked a significant step for APEC's evolution. It is an explicit step for this regional institution to venture toward a whole new area of issues such as health and emergency preparedness, which in the past were considered not directly related to economic development or too sensitive to be put on officials' meeting agenda.

911 and the setting up of CTTF extended the content of APEC's future cooperation, and since then APEC started to look into issues in a holistic view. From a long-term and broader

perspective, the development is a positive way. Trade and investment flow and growth can be affected by events that are economic in nature. It is recognised that if failing to hold a firm ground on fighting against terrorism and protecting the safety in society, we will have to pay a heavy price later on. Obviously, 911 gave a knock-on effect on including the subsequent non-conventional issues emerging in APEC forum, such as health security and emergency preparedness.

The two APEC Leaders Statements on counter-terrorism in 2001 and 2002 in Shanghai and in Los Cabos (Mexico) gave birth to CTTF. The two documents declared clearly that "(t)errorism is a direct challenge to APEC's goal of free, open and prosperous economies and an affront to the fundamental values that APEC members share," and "leaders are determined to enhance counter-terrorism cooperation in line with specific circumstances in their respective economies...". From the name of this task force, we also sense the strong commitment displayed to tackle the subject matter. Instead of choosing anti-terrorism, the task force like many mainstream efforts in fighting terrorists, APEC decided to use counter-terrorism in expressing

an offensive meaning of actions.

In the past 5 years, the forum has produced substantial achievements on many fronts, such as trade security (in particularly supply channels), finance, food defence, transportation security, cyber security, critical energy infrastructural, public and private partnership, and aviation security. Undertakings include setting out principles and action plans, and holding workshops and seminars. The concrete policy outcomes so far include APEC Key Elements for Effective export Control Systems, APEC Guidelines on the Control of Man-Portable Air Defence Systems (MANPADS), Secure Trade in the APEC Region (STAR Initiative), Counter Terrorism Action Plan (CTAPs), and CTAPs Cross Analysis Study. Obviously, the CTTF has developed a cross-cutting and comprehensive agenda on pre-empting possible terrorist attack.

This year (2008) has witnessed another confirmation of APEC commitment towards CTTF. In the third Senior Official Meeting in August, another two-year mandate was again granted to the task force for 2009-2010. It looks like that this year will also be a very productive year for CTTF. Apart from implementing the APEC Seminar on Protection of Cyberspace from Terrorist Use and Attacks in June and the APEC Workshop on Trade Recovery Programme in July, the major work for economies in the past year has been updating CTAPs. 15 member economies have finished the part of work and uploaded their contents on the CTTF CTAPs website. There are several

work plans to be followed in rest of the year, including STAR VI conference, the workshop on Effective Public Private Partnerships in Counter-Terrorism and Secure Trade, and the APEC Seminar on Securing Remittance and Cross Border Payments from Terrorist Use.

Apparently, the multi-dimensional nature of counter-terrorism activities indicates the necessity of cross-fora cooperation under APEC framework. The Capacity Building Workshop on APEC Trade Recovery Program held in Singapore on 23-24 July encouraged APEC economies to implement mutual recognition arrangements (MRAs) in a fashion of facilitating trade recovery among the region. By doing so, it is hoped that trade flow would be able to recover quickly and efficiently when suffering from a terrorist attack. In the meantime, Australia also proposed a plan on Regional Movement Alert System (RMAS) in the Business Mobility Group, and with a counter-terrorism focus. Upon that Chinese Taipei has expressed its intention to join in the undertaking. These two cases gave distinctive examples of CTTF's intention of taking a multi-sectoral approach in addressing the issue. It also reinforced the needs of a comprehensive agenda and a wider involvement of stakeholders in the process on counter-terrorism. Besides, the experience of related international organisations and current global discussions are also closely followed in the task force.

Indeed, what we have seen here in CTTF is not unique. Across APEC different fora have



been addressing different issues with the same approach. Nevertheless, CTTF might be the forum in APEC that most desperately needs to draw on resources from every possible means. While some economies might not really whole heartedly endorsed a CTTF with such a sophisticated approach, or worried that it somehow hijacked the whole economic-driven APEC agenda, it seems economies all committed to taking actions upon the threats. Perhaps in the end, it is just like other human security issues that APEC deals with, it would be better to face up a challenge in advance than being sorry later. Especially, nowadays APEC officials and leaders are increasingly under pressures to demonstrate the value and effectiveness of APEC and justify the existence of APEC as a regional institution to the general public and even the world. Consequently, a myopic and restricted perspective is hardly their option of proving their capability.

911 and the inception of CTTF represents a significant step vis-à-vis the development of APEC, since then it specifically has included subjects other than the most upfront trade and investment facilitation programmes. It began to look into across a whole range of issue areas that could have an impact on APEC's long-term economic growth and stability. While, there will always be debates about how closer the APEC should cooperate on those so-called unconventional issues in comparing to trade and investment, it seems so far even the most cautious APEC economies have received the

concept well.

APEC Food System (AFS) and its Bearing on Current Food Issues

Pei-Ru Chen

APEC Food System (AFS) first came to light in 1998, when APEC Business Advisory Council (ABAC) called on APEC Leaders to commit to an inclusive approach to the liberalization and facilitation of trade and investment by taking the food sector into account.

Formally set up in 1999, AFS was then charged "to efficiently link together food production, food processing and consumption..." to develop the APEC region into a single regional market. (APEC Food System, APEC website)

While AFS was long established to facilitate food trade among APEC economies, it was not until recently did it receive serious attention, in terms of its potential to address current food issues concerning food security and food safety.

To meet the challenges, therefore, issues in relation to climate change should be taken into account to better address food security concerns. Regulatory reform and corporate social responsibility (CSR) should also be taken as effective measures, too, to deal with food safety issues, thanks to their preventive characteristics. These would not work, however, if coordinated

actions are not in place.

According to the 1999 ABAC report to APEC Economic Leaders (P.44), AFS was intended to realize a vision where:

- Consumers have access to the food they desire at affordable prices.
- The productivity of the food sector is enhanced through region-wide availability of food-related technological advances and through efficient resource use.
- Supply security is improved through co-operation and interdependence.
- The prosperity and vitality of rural communities is enhanced through improved infrastructural development and through access to viable non-farm employment and industry.

To make it, four areas are identified with recommended actions contained therein: (pp.44-49, id.)

- Strategy for building the rural infrastructure.
 - Develop case studies of best practice in development of infrastructure needed for the APEC Food System.
 - Instruct central planning and financial agencies to support the proposed process of infrastructure development and to initiate



action to secure private sector participation.

- Develop plans, in conjunction with the private sector, and access World Bank, ADB, and IDB funding for part of the finance needed to execute the plans.

■ Food safety, food system technologies and Sanitary and Phytosanitary (SPS) issues.

- Develop legislation designed to stimulate domestic basic and applied research and to protect IPRs.
- Open liaison with private sector technology 'champions'.
- Include the establishment of science-based food standards as an objective to be pursued through Individual and Collective Action Plans.
- Give priority to funding for objective research into the long-term effects of genetically modified organisms (GMOs).

■ Achieving food security in an APEC Food System.

- Recommend to the WTO in 1999/2000 the adoption of commitments to non-discriminatory access to food supplies as a binding rule.

■ Process of trade and investment liberalization.

- Create an export subsidy free Zone for all agri-food trade in the APEC region.
- Put AFS-related matters individual action plans in line with Osaka Action Agenda.
- Include among Collective Action Plans commitments, in line with the Osaka Action Agenda, to:

◇ Investigate the feasibility of setting up a

network system for immediate on-time access to trade-related information;

- ◇ Assist each other to establish science-based SPS standards;
 - ◇ Investigate the feasibility of establishing commodity and food exchanges to facilitate the free flow of food products between APEC economies;.
 - ◇ Investigate the feasibility of establishing mechanisms to mitigate the impact of currency fluctuations on food trade.
- Recognize the social, environmental and other non-food roles of agriculture;
 - ◇ Distinguish the costs and benefits of food production from the costs and benefits of other roles of agriculture, because certain kind of measures supporting the multifunctional roles of agriculture may always be necessary.
 - ◇ APEC economies should fully comply with WTO rules with regard to export credits, public or private powers, and the use of domestic support programs that distort world prices.

- By the 2001 Leaders' Meeting, abolish the practices of limiting food supplies to other members for political or economic reasons and eliminate taxes and quantitative restrictions on exports as part of the commitment to implement an APEC Food System.

While comprehensive in nature, AFS has yet to make a real impact on the region's food sector, however. According to ABAC, which

brought AFS back into spotlight in May in its attempt to address the recent hike in food prices, a thorough review of the AFS is necessary before progress can be made to revitalize the system.

To build the momentum, the US undertook a review of the AFS in August, through which a variety of APEC activities are examined in juxtaposition to the objectives of the AFS. (APEC Administrative Circular 2008-168) Most of the food and agriculture-related activities under review are said to be in line with the AFS objectives. For example, to increase food production, Agricultural Technical Cooperation Working Group (ATVWG) has been working on technologies to reduce post-harvest losses or improve land management. Efforts have also been made to provide training on international food safety standards in order to facilitate product exchange in the region.

However, important aspects remain to be incorporated into AFS if we want to make the food system relevant to current food issues. For example, mostly unaware of at the time of the inception of the AFS, climate change has now become one of the most pressing issues of our time. Since agricultural activities are highly dependent upon climate factors, AFS will not be relevant unless it takes climate change into account. To do so, technological development in connection with climate change, such as water management; the development of clean energies such as second generation biofuels; and the promotion of biotechnologies in search of more

productive crops or better adaptive seeds or fertilizers, etc., should be top on the agenda.

On the other hand, food safety check can be more reliable as well, if AFS incorporates initiatives to undertake behind-the-border regulatory reforms. In that way, unwanted relationship such as corrupt collusion between food safety regulators and the food companies can be largely prevented. In addition, the promotion of corporate social responsibility would help, too, if food producers are made aware of and serious about the consequences of their corporate behaviors.

To make it happen, coordinated actions across the region are required, with the engagement of private sectors in the process.

In short, APEC Food System was initially set up to promote food trade only, and has remained largely inactive. However, it should not keep it from being relevant. Measures can be taken to enable AFS to meet new challenges. In the case of food security, emerging issues related to climate change should be taken into account. Technological development is essential to the realization of adaptation to climate change, as well as enhancement of agricultural productivity. In the case of food safety, it is recommended that preventive measures, such as behind-the-border regulatory reform and corporate social responsibility, be promoted to keep food producers from tainting food with poisonous materials. Certainly, it requires carefully coordinated mechanism to bring about effective actions. And leadership is what it takes



to make it all happen.

As APEC Leaders are going to meet soon and highlight the key issues to be addressed in the coming year, it is hoped that both food security and food safety issues will remain high on the agenda, accompanied by a rounded plan.

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