

# **Building APEC's Institutional Architecture: Crosscutting and Participatory Mechanisms for Sustainable Development**

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Some Preliminary Thoughts

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At a March 1996 workshop in Vancouver, Canada -- "The Environment and the Economy in APEC: Realizing Convergence"<sup>1</sup> -- a group of leaders of National Sustainable Development Councils (NCSDs) from Asia Pacific Economic Cooperation (APEC) economies determined that the best way to have sustainable development considerations integrated into the APEC agenda was through their persuading the given year's APEC host to invite representatives from the key sustainable development organizations of each APEC economy to convene in the host economy some months before the annual Summit. This 'Regional Environmental Cooperation Forum' would consider a sustainable development issue (or issues) that affect the region as such, or that is important to all the constituent economies, and that had been identified as an issue of particular concern to the year's host. The advice would be made available for the consideration of the Economic Committee, the Committee on Trade and Investment, APEC Senior Officials and the Leaders themselves, as applicable and appropriate. This conclusion reflected the participants' view that as the Summit host possesses significant latitude in crafting the APEC agenda for the year and is the catalyzing agent in APEC, the only viable way to have SD better integrated is through direction from the top. The Chairs of the

NCSDs of both this year's and next year's APEC host (the Philippines and Canada, respectively) committed to trying to make the plan a reality.

What stands behind this determination? What does it reveal about APEC's present institutional architecture? Are there other, perhaps better, opportunities for having environmental considerations moved from the periphery of decision-making to the core? Each of these questions will be taken up in turn.

In the end, the author advocates the creation by APEC of an Environmental Eminent Persons Group as well as the convening of ad hoc Regional Environmental Cooperation fora of the sort outlined above. The two would be complementary. The Environmental Eminent Persons Group would have the task of developing and articulating a strategic vision for sustainable development in APEC, determining priority areas and suggesting solutions. The Regional Environmental Cooperation Forum would suggest ways a particular issue could be implemented, using the participants' collective expertise in reconciling the sometimes competing, sometimes complementary goals of environmental and economic improvement and their collective experience with the complexities and trade-offs that inhere in the accommodation of diverse points of view and priorities.

(1) The Rationale for the 'Realizing Convergence' Decision:  
The key elements of the proposed Regional Environmental Cooperation Forum are as follows:

(1) It is to be comprised of selected members of National Sustainable Development Councils (NCSDs) from all APEC economies;

(2) It is to be convened each year, some months in advance of the APEC Summit;

(3) Members would consider a sustainable development issue (or issues) that affects the region as such, or that is important to all the constituent economies, and that had been identified as an issue of particular concern to the year's host; and

(4) The advice would be made available for the consideration of the Economic Committee, the Committee on Trade and Investment, APEC Senior Officials and the Economic Leaders themselves, as applicable and appropriate.

Of these four elements, the first is probably the most contentious: Why NCSDs? Why not others, either in addition to these individuals or instead of them? Viewed cynically, there is nothing surprising about

members of NCSOs determining that they, in particular, would be ideally suited to offer good advice to APEC Leaders. However, there are compelling reasons for having NCSOs form at least the kernel of any ad hoc Regional Environmental Cooperation Forum. Because NCSOs are multi-stakeholder bodies, NCSO members can be expected to be fully familiar with the cross-cutting nature of environmental issues and with the complexities and trade-offs that inhere in the accommodation of diverse points of view and priorities. Secondly, NCSOs are traditionally established by the executive branch of the given government, and thus often enjoy an access to governmental decision-makers not paralleled by most non-governmental organizations. Third, there are powerful incentives to provide practical policy advice built in to the very nature of these organizations: in effect, their continued existence is predicated on their on-going utility to policy makers. Additionally, there is an administrative value in limiting the number of would-be participants (and in having a coherent basis for so doing). That being said, not all APEC economies have NCSOs and among those that do, there is a wide diversity among the NCSOs' structure, mandate and familiarity with APEC. There is no compelling reason to limit participation in the Regional Environmental Cooperation Forum to NCSO members. What is important is that, whoever participates, they possess at least most of the characteristics identified above.<sup>2</sup>

The second element of the Realizing Convergence proposal is that the Regional Environmental Cooperation Forum be convened each year at the initiative of the APEC host, some months in advance of the APEC Summit. The reason for this is quite straight-forward. The support of the APEC host is viewed as critical, as without it there is less likelihood that the outcomes of any meeting will influence APEC officials' agendas. By having the event proximate in time to the Summit, its outcomes are more likely to generate interest both within and without APEC circles and are thus more likely to be incorporated into final outcomes.

The third element is that members of the Regional Environmental Cooperation Forum consider a sustainable development issue (or issues) that affects the region as such, or that is important to all the constituent economies, and that had been identified as an issue of particular concern to the year's host. A number of important points are embedded in this third element. One is that no more than one or two issues be considered at any one time. This is a practical consideration, anchored in the belief that in order for well-considered policy options to emanate from the gathering, participants' attention cannot be too diffuse. The reason for limiting discussion to issues that are either inherently regional or common to all economies within the region is perhaps too obvious to require elaboration. At the same time, it does bear emphasizing that APEC members tend to be very jealous of their respective 'sovereignty' and very reticent to have APEC transform into anything even vaguely supranational. No initiative would be acceptable that was not aimed either at addressing an inherently regional issue or

one that, while in one sense local, affected all economies and was susceptible to amelioration through some form of international cooperation. The last component of this third element is likewise obvious: since the host Leader is the primary audience for the forum's outcomes and since the forum is convened at the initiative or at least at the sufferance of that Leader, it is only prudent to ensure that the topic is important to him or her.

The final element of the Realizing Convergence proposal is that advice would be made available for the consideration of the Economic Committee, the Committee on Trade and Investment, APEC Senior Officials and the Economic Leaders themselves, as applicable and appropriate. The rationale for this point is that there is no one institution within APEC that can house all of what might issue from the forum.<sup>3</sup>

## (2) APEC's Institutional Architecture:

The proposal to establish an ad hoc Regional Environmental Cooperation forum stands against the reality of a core institutional deficiency within APEC: there is no one institution that can or does systematically consider how to address or anticipate the environmental consequences of rapid economic growth in the various APEC economies and of the increasing economic integration among them. This growth and integration is remarkable. On average, Asian economies grew 6% in 1995. By the year 2020, if growth continues anywhere near its recent pace, China will have the world's largest economy (measured by GDP and by reference to purchasing power parity), the United States will have the second largest, and Japan, Indonesia, South Korea and Thailand will all be in the top ten.<sup>4</sup> According to World Bank estimates, foreign direct investment (FDI) in East Asia grew from \$1.3 billion USD in 1980 to an estimated \$42.7 billion in 1994. In the same time period, portfolio investment went from zero to an estimated \$17.6 billion. Total capital inflows tripled from 1990 to 1994 to reach an estimated \$91 billion.<sup>5</sup> APEC also encompasses one of the most highly integrated economic regions in the world. Nearly 70% of total APEC trade is intra-regional. In East Asia, about 45% of total East Asian trade is with other East Asian countries.<sup>6</sup> And while the significant increase in FDI has already been noted, it is also important that the flow of FDI within APEC is not only from its developed economies to its developing ones: in 1993, the share of FDI from developing Asian countries amounted to 45% of the total FDI stock of Asian countries. In other words, almost every second FDI dollar in developing Asia comes from another developing country in the region.<sup>7</sup>

The impact of economic growth on the environment is complex and mixed.<sup>8</sup> It is clear enough, however, that so long as environmental goods remain unpriced or inadequately priced, one cannot simply rely on market mechanisms to attain sustainable development. It is also

clear that national responses -- however meritorious on their own terms -- will not be sufficient to deal with environmental issues in a region as economically integrated and interdependent as the Asia Pacific region; indeed, this very integration impedes many autonomous 'pro-environmental' initiatives because of real or perceived (negative) competitiveness effects associated with going-it-alone in the context of porous borders. In these circumstances, the lack of an institution within APEC with the mandate and capacity to identify, analyze and propose policy responses for sustainable development issues on a regional level is a grave problem.

Currently, APEC exists as a process of regular intergovernmental meetings at four levels: the Working Group and Committee level; Senior Officials Meetings (SOMs); Meetings of Foreign Affairs and Economic/Trade Ministers; and Economic Leaders Meetings (Summits). There are currently three Committees (the Committee for Trade and Investment; the Economic Committee and the Budget and Administrative Committee), an Ad Hoc Policy Level Group on Small and Medium Sized Enterprises, a Task Force on Agriculture Technical Cooperation, and ten Working Groups (Trade and Investment Data Review; Trade Promotion; Industrial Science and Technology; Human Resources Development; Regional Energy Cooperation; Marine Resource Conservation; Telecommunications; Transportation; Tourism; and Fisheries). Meetings of APEC Senior Officials are held quarterly. Senior Officials coordinate the preparation of Ministerial and Leaders meetings and oversee the work programme mandated by Ministers and Leaders that is carried out by the Committee on Trade and Investment, the Economic Committee, the ten sectoral working groups and meetings of experts. APEC Ministerials occur annually. The Foreign Affairs and Economic/Trade Ministers from APEC economies direct and evaluate the SOMs' work. APEC Summits have occurred every year since 1993 and alternate between ASEAN and non-ASEAN APEC economies.<sup>9</sup>

In recent years, a pattern has developed whereby there are also ad hoc meetings of Ministers from departments other than foreign affairs and trade, and also meetings of senior officials from those other departments in preparation for those (other) Ministerials. For example, there have been meetings of Environment Ministers in 1994 and 1996 and another such meeting is scheduled for 1997. Finance Ministers have now met three times. This is a welcome phenomenon, as high level meetings generate if not compel 'deliverables' and bring in some sectoral expertise. However, the fact that -- in APEC parlance -- 'the SOM' and 'the Ministerial' still refer to meetings of foreign affairs and trade officials and Ministers gives an indication of the relative importance of the Ministries within APEC and is testimony to the overriding focus of the APEC forum.<sup>10</sup> Moreover, at least in the case of the Environment or Sustainable Development Ministerials, the absence of an Environment Working Group means that there is no APEC group from which initiatives can percolate up to Senior Environment Officials or Ministers of the Environment. Likewise, there is no group that can be tasked with doing the ground work or

follow-up associated with a particular initiative that may be accepted by those officials/Ministers. Senior Environment Officials are therefore handicapped relative to their counterparts from other sectors. For example, in contrast to the situation that Senior Environment Officials and Environment Ministers find themselves in, APEC Finance Ministers are now advised by a group of senior financial market representatives -- APEC Financiers -- when Finance Ministers meet on an ad hoc basis.

APEC is described as having two tracks: trade and investment liberalization and facilitation (TILF) on the one hand, and the economic and technical cooperation track (ECOTECH) on the other.<sup>11</sup> Some activities of a given Working Group, for example, might relate to TILF; others might relate to ECOTECH. There can be no question but that APEC's most notable achievements have taken place under the rubric of trade and investment liberalization and facilitation. Economic and technical cooperation has been decidedly de-emphasized. To date, economic and technical cooperation has been a fancy way of describing disparate initiatives that have nothing in common other than being unrelated to trade and investment.<sup>12</sup> There are any number of reasons for this. Without much doubt, APEC's genesis as an informal dialogue group for Foreign Affairs and Trade Ministers is part of the explanation. Many also believe that APEC was at least temporarily captured by the trade liberalizing zeal of the Eminent Persons Group (EPG) under the able Chairmanship of Fred Bergsten.<sup>13</sup> Perhaps the best explanation is that there has been little systematic thinking about what APEC can and should do under the rubric of economic and technical cooperation, and no one to champion a coherent agenda or approach.

The Economic Committee has recently been tasked with drawing up an inventory of ECOTECH initiatives as a first step toward the identification (and then -- one assumes -- eradication) of gaps and overlaps in Working Groups' activities.<sup>14</sup> It has also made a brave attempt at classifying the various ECOTECH initiatives according to their nature.<sup>15</sup> 'Sustainable Development' is one of the ECOTECH categories identified by the Economic Committee.<sup>16</sup> This is an important exercise, but ex post classification of initiatives, however elegant, is no substitute for coherent thinking up front. Currently, it is not within the Economic Committee's mandate, or, for that matter, the mandate of any other extant APEC institution to engage in this indispensable effort.<sup>17</sup>

This, then, is the context of the Realizing Convergence proposal for the inauguration of an annual Regional Environmental Cooperation forum.

(3) Are there other, perhaps better, opportunities for having environmental considerations moved from the periphery of decision-making to the core?

The Realizing Convergence group advocated the Regional

Environmental Cooperation Forum only after first considering and rejecting a variety of other mechanisms for better integrating sustainable development considerations into the APEC agenda. It was put forward against an appraisal of the do-able rather than as an ideal, abstracted from institutional contingencies. Some other mechanism considered were an environmental working group, an experts group and an environmental eminent persons group.

(I) Environmental Working Group:

The creation of an Environmental Working Group is the most popularly-rejectedd of all recommendations: detractors no longer even feel it necessary for it to be advocated before pooh-pooing it. There are two quite different sorts of arguments made against it. First, there are those who reject it on the grounds that it would constitute 'institution building'. This group further breaks down into those who claim that there should be no further institution-building within the APEC architecture, and those who -- sensing that disinclination -- reject EWG proposals as impractical. The second sort of argument is that creating an Environmental Work Group would have the unintended consequence of marginalizing the consideration of environmental issues in APEC, and run contrary to the principle of sustainable development and the goal of integrating environmental issues into decision-making across the whole range of issues taken up by APEC. At the Realizing Convergence workshop, the nay-sayers fell primarily into the second camp, though the pragmatic consideration was also voiced.

(ii) Environmental Experts Group/ Eminent Persons Group:

The merits of establishing a body akin to an 'Eminent Persons Group' on the Environment were also considered. In addition to the expertise that this group would add, some felt that it would have the advantage of standing somewhat removed from the APEC institutional structure, and could make its recommendations directly to ministers.<sup>18</sup>

A variation on this theme was also proposed. The Economic Committee was viewed by many as having the latent potential to become the institutional home for the furthering of a more coherent and effective technical and development cooperation agenda. It was argued that an experts group -- whether quasi-permanent or assembled on an ad hoc basis -- would be a valuable resource to the EC when it considered environmental issues. This group would be less an EPG than a committee of recognized scientific experts who would serve as a resource on specific major issues.

In the end, both these options were rejected. First, the leaders of the APEC National Councils on Sustainable Development felt that, while there is impetus within the Economic Committee for it to become the coordinating centre for environmental initiatives, some environmental issues -- for example, those related to trade and to investment -- would be considered by the Committee on Trade and Investment rather than by the Economic Committee. Secondly, neither the Economic

Committee nor the Committee on Trade and Investment exercise autonomous decision-making. Other than APEC Leaders, real authority and discretion is in the hands of the Senior Officials alone. It was viewed as more sensible to try to influence those with ultimate decision-making authority.

The third reason given for rejecting an Environmental Eminent Persons Group was again the pragmatic point of not wanting to advocate a new institution in the face of what would likely be determined opposition. This was coupled with at least a majority view that, because the original Eminent Persons Group had proven to be a divisive element with the APEC institutional constellation, anything smacking of another EPG would be rejected out-of-hand. This was a majority view; at least one participant felt that there was no a priori hostility in APEC to the formation of a form of Eminent Persons Group, so long as its mandate (and membership) was different from that of the original EPG.

In light of past institution building and the recent creation of the APEC Business Advisory Council (ABAC), and an Agriculture Technical Cooperation Task Force, it can no longer plausibly be maintained that APEC is not prepared to embark on institution building. Of course it may well be that APEC would not countenance the creation of an Environmental Working Group, but that would be for reasons other than those generally given when the issue comes up. The only principled basis for rejecting an Environmental Working Group is the one enunciated at the Realizing Convergence workshop: its creation would serve to marginalize environmental issues and would be inconsistent with the cross-cutting nature of sustainable development.

As regards an 'Environmental Eminent Persons Group': the merits and demerits of this option have not yet been fully addressed. To date, the only comments have been of the order of 'APEC is probably unprepared to consider the creation of such a body'. In the face of a broadening consensus that environmental degradation is becoming or has the potential to become a limiting factor on future economic growth in the region and in view of the complexity inherent in addressing the cross-cutting theme of sustainable development in the context of a regional, cooperative organization, the assumption that 'APEC is probably not ready' at least needs to be tested. It is true that the environmental EPG will not get off the ground unless a lot of good work is put into defining the proposed nature, composition, mandate, and possibly duration of the environmental EPG. In the author's opinion, an Environmental Eminent Persons Group (EEPG) holds great promise, not as an alternative to a Regional Environmental Cooperation Forum, but in addition to it.

The principal focus of the EEPG, at least initially, would be to articulate the priorities for a coherent sustainable development strategy for APEC. While the stocktaking currently being undertaken by the Economic Committee is a valuable resource, the EEPG's exercise



would be somewhat different: its focus would be first principles as it were; evaluating the extent to which current activities satisfy the identified needs and priorities would be an important, but second-order, concern. At the Realizing Convergence workshop, a considerable amount of time was spent coming up with substantive action areas that merited priority attention.<sup>19</sup> To my mind, while this was valuable and, in the circumstances, necessary, this sort of strategic thinking would better be housed in the EEPG. The Regional Environmental Cooperation Forum might take up one of the issues or sub-issues identified by the EEPG and of interest to the particular year's APEC host, and endeavour to find practicable solutions on the basis of the participants' collective experience with multi-sectoral fora, with the cross-cutting nature of environmental/ sustainable development issues, etc.

Because the EEPG would not be an official APEC body and would not be governmental, it would be somewhat less constrained than are official delegations to suggest priorities that are or may be 'sensitive'. While inevitably there would be an element of self-screening by the EEPG, it would largely fall to Ministers and Senior Officials to accept or reject proposals or priority areas on the basis of sensitivity or some other consideration: they, rather than the EEPG, would be the gatekeeper. This division of responsibilities between the non-governmental EEPG and the governmental and intergovernmental mechanisms would be of considerable value to both these sets of players. The EEPG could create a sustainable development plan, grounded but not mired in awareness of shifting political contingencies; and the APEC Ministers would have access to that strategic thinking and planning without having to shoulder ultimate responsibility.

The composition of the EEPG requires some thought. For both political and practical reasons, it should reflect APEC's diversity, though there is no compelling reason to insist that all economies have someone on the EEPG. It may be best to limit the number of people on the EEPG itself, and permit/encourage EEPG members to reach out to the expert community on particular issues. In this way, the EEPG would constitute a core, enriched by a changing constellation of experts on an as-needed basis.

Just as with the Eminent Persons Group, APEC Ministers would not need to establish the Environmental Eminent Persons Group as a permanent body. It could be given an original mandate of one or two years and have its mandate extended on a discretionary basis thereafter should Ministers continue to find its output helpful. This would accommodate the Ministers' reluctance to establish a permanent body with the ongoing financial support implications such a body would entail. Presumably, it would also serve to focus the minds of the EEPG members!

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this paper are his alone, and are not to be taken as representing those of the NRTEE or any of its members. The paper is sub (sub) titled 'Some Preliminary Thoughts' because it is a work-in-progress. I deeply regret not being able to personally attend the conference to get response to some of the ideas contained in this paper from people very much more expert than me.

1Hereinafter, the 'Realizing Convergence' workshop. The final report of the March 25-26 workshop is available by mail at: NRTEE, 1 Nicholas St., Suite 1500, Ottawa, Ontario, K1N 7B7. A somewhat abridged version is available at internet site: <http://www.nrtee-trnee.ca>

2This could be achieved by having each APEC economy decide for itself which was the appropriate institution(s) to send to the forum (with perhaps a maximum of two from each). The downside of this approach is that the choice(s) would almost inevitably become politicized and create a credibility issue.

3This point is developed in the second section of this paper. At this point, it will suffice to mention that while many have viewed the Economic Committee as a logical home, environmental issues related to trade and investment would more logically be taken up under the auspices of the Committee on Trade and Investment.

4Richard Halloran, "The Rising East" Foreign Policy, No. 102 (Spring 1996) 1 at pp. 10-11. Figures derive from the Central Intelligence Factbook 1995 and World Bank growth estimates. These are estimates based on current trends, and do not represent forecasts as such. To take one example, these estimates take no account of the potential constraint that environmental degradation constitutes on future growth possibilities.

5Ibid, pp. 11-12.

6Lyuba Zarsky, "APEC and the Environment: Guiding Principles, Innovative Strategies" a paper delivered at the "The Environment and the Economy in APEC: Realizing Convergence" workshop, organized by the National Round Table on the Environment and the Economy, the Asia Pacific Foundation of Canada and the Philippine Council for Sustainable Development in Vancouver, Canada, March 25-26, 1996.

7Karl P. Sauvart (Chief Research and Policy Analysis Branch, Division on Transnational Corporations and Investment, UNCTAD), remarks made on Oct. 2, 1995, at the APEC Investment Symposium in Bangkok, Thailand.

8In "APEC and the Environment: Guiding Principles, Innovative Strategies", Lyuba Zarsky does a good job of outlining and explaining the principal interrelationships without glossing over the ambiguities and complexities.

9The United States was the site of the first Summit; Indonesia was the host in 1994; Japan in 1995; and the Philippines in 1996. Canada will be APEC host in 1997, and Malaysia in 1998

10APEC was originally an informal 'dialogue group' for Foreign Affairs and Trade Ministers to discuss regional trade, investment and economic cooperation. It has come to be the primary regional vehicle for promoting open trade and practical economic cooperation.

11This is the current way of describing APEC activities; 'traditionally', one spoke of the three pillars of trade and investment liberalization; trade and investment facilitation; and economic and technical cooperation.

12 A short schematic of APEC initiatives that related to sustainable development is included as an Appendix to this paper. This is taken from Annex 1 of The Report by the Economic Committee on the State of Economic and Technical Cooperation in APEC (DRAFT: August, 1996)

13 In the author's opinion, this latter phenomenon is at least partially attributable to the fact that the EPG was able to develop coherent action plans and realizable interim goals, and present them as a package that could be endorsed 'as is' or with minimal modification. Without an equivalent amount of upfront work being done by other groups on different issues, the EPG did not so much capture APEC as it displaced other, less well thought-out (but perhaps equally or more valid) initiatives and agenda.

14The Economic Committee is doing this in response to a request from APEC Senior Officials at their meeting in Manila on February 6-8, 1996.

15Report by the Economic Committee on the State of Economic and Technical Cooperation in APEC (DRAFT: August 16, 1996). The Report itself confirms the assessment of ECOTECH initiatives, stating: "Economic and technical cooperation (ICHTHYIC) has not generally been used as a defined concept. In the APEC context, ECOTECH is defined by the specific activities that have been grouped under this rubric." (p. 36)

16Sustainable Development initiatives are classified according to whether they pertain to the Environment, to Food and Energy, or to Achieving Prosperity . Under the subcategory of Environment, the Economic Committee lists initiatives relating to the following: green GDP, the three main items identified at the Philippines' Sustainable Development Ministerial of July, 1996 (clean pacific, clean production/clean technology, sustainable cities), sustainable forestry, preserving biodiversity, and energy as a sector specific issue. Nothing has yet been undertaken with regard to sustainable forestry or the preservation of biodiversity.

17The summary of Sustainable Development initiatives in the Economic Committee's Draft ECOTECH Report graphically displays their fractured and almost random nature. This section of the Report (pp 45-46) is therefore excerpted verbatim. The Report reads: "APEC work on sustainability issues has flowed from the APEC Leaders Economic Vision Statement at Blake Island in 1993 which made sustainable development a central APEC objective and the Environmental Vision Statement and Framework of Principles for integrating economic and environment issues by APEC Environment Ministers in Vancouver in 1994.

"Most generally, all APEC fora have been asked to consider environmental impacts in their regular work. A preliminary report on this has been submitted to Senior Officials. The Economic Committee meanwhile has launched a project on the use of economic instruments for environmental protection which will result in dissemination for general application in the region of 'best practices' in utilization of these techniques. And the HRD WG [Human Resource Development Working Group] has a broad program on developing the human resource capacity to manage sustainable development.

"More specifically,

- the Marine Resources Conservation Working Group has sustainability of the marine environment as its main focus;
- the Energy Working Group has endorsed 14 non-binding principles for rational energy consumption and adopted an action program to integrate environmental considerations alongside specific work on clean coal technologies and renewable energy;
- the Industrial Science and Technology Working Group has held two symposia on environmental technology cooperation;
- the Tourism WG plans to promote best practice models in implementing the concepts of environmental, cultural and social sustainability in tourism development;
- the Ad Hoc Policy Level Group on Small and Medium-Sized Enterprises is compiling information on policies and practices for sustainable development to be used as guidelines for the SMEs in the region.

"The initiation of the Sustainable Development Ministerial has intensified the work in this area and given it 3 focal points: clean production, a clean Pacific and Sustainable Cities.

"In addition, pursuant to the Leaders' Meeting in Osaka...a work program on the impact of the Asia Pacific region's fast-expanding population and rapid economic growth on food and energy resources and on the environment has been launched in the Economic Committee.

"Issues directly related to poverty alleviation and social issues have by and large not been directly addressed within APEC. Fundamentally, the basic premise underlying APEC's economic and technical cooperation has been that the economic growth and development is the best approach to eradicate poverty on an economy-wide basis and accordingly has been the priority.

"Nonetheless, some direct attention to the social agenda has been paid in the context of a number of APEC programs. In particular, the HRD

WG's activities promoting basic education and the Infrastructure Dialogue's consideration of accessibility to basic infrastructure and gender impacts contribute directly to poverty alleviation."

18In 1992, APEC Ministers decided to set up an independent, non-governmental Eminent Persons Group to develop a vision of trade in the region to the year 2000. The EPG subsequently submitted three major reports, one for each of the ensuing three years. The 1993 EPG Report was formulated prior to the conclusion of the Uruguay Round of multilateral trade negotiations, and its greatest emphasis lay in supporting the ongoing GATT negotiations and in contemplating alternatives in the event of the failure of those negotiations. The 1994 Report was significant in at least two major respects. First, it proposed a two-track time line for full trade liberalization, with industrialized economies within APEC to achieve full liberalization by 2010 and the others by 2020. Second, it advanced what would prove to be a much more contentious proposition: that individual economies within APEC should be able to determine whether to extend the benefits of APEC-motivated trade liberalization to non-APEC countries. This latter proposition has now been rejected explicitly. At the Economic Leaders Meeting in Osaka, Japan in November, 1995, Leaders stated that the outcome of trade and investment liberalization in the Asia-Pacific region will be the actual -reduction of barriers not only among APEC economies but also between APEC and non-APEC economies. The final EPG Report, "Implementing the APEC Vision" was completed in August 1995. It is a more mundane report, focussing as it does on implementation of existing APEC commitments (political) rather than on breaking new ground. Among other recommendations, this report suggested that macroeconomic and monetary cooperation be considered alongside trade and investment liberalization and facilitation and economic and technical cooperation.

The EPG occupied a unique position within APEC, and took full advantage of its advisory mandate to articulate a coherent, if often controversial, vision for the future of APEC. The EPG was able, through its focused and helpful work product and through the force of personalities, to help shape the very way APEC now conceives of itself.

19In the end, the 'short list' was energy, urban infrastructure and natural resources management (especially agriculture and forests).

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