

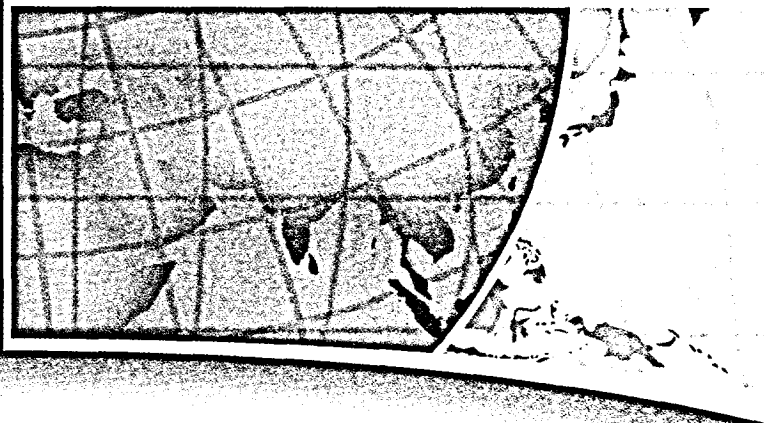
## *Asia-Pacific Economic Cooperation (APEC)*

Since its inception in 1989, the Asia-Pacific Economic Cooperation forum's agenda has evolved in response to developments in world trade. APEC ministers and leaders have acted as an informal caucus in support of strengthening the multilateral trading system. During the latest APEC Economic Leaders' Meeting held in Los Cabos, Mexico, in October 2002, leaders focused on the war against terrorism and the promotion of shared prosperity as a consequence of globalization. The juxtaposition of the two issues highlighted the interdependence of security and economic prosperity. Leaders re-committed APEC to the war against terrorism and launched the Secure Trade in the APEC Region (STAR) initiative, a program building on the achievements of the G8 Kananaskis Summit and designed to enhance security in the transportation sector.

The Mexican theme of complementing APEC's economic and trade liberalization goals with social and development targets was prominent. Developing countries expanded on the theme by noting the importance of trade- and terrorism-related capacity building in the quest for shared economic prosperity. The Mexican chair's emphasis on shared prosperity, reiterated throughout the year, clearly shaped the discussion of economic issues. Leaders stressed the need to address the challenges of globalization through capacity building, and pointed to APEC's work on micro enterprises, human capacity building and Brunei's connectivity targets. They also expressed the need for substantive progress in trade negotiations and in advancing developing-economy concerns in the WTO Doha Round, and issued a call for additional work on WTO capacity building.

Following up on the "Shanghai Accord"—adopted in 2001 to reinvigorate APEC's trade agenda and help provide momentum for achieving APEC's goal of free and open trade and investment in the region by 2010 for developed economies and 2020 for developing economies—members endorsed the APEC Trade Facilitation Action Plan. The plan aims to cut transaction costs in the region by 5% by 2006,

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and includes a menu of concrete actions and measures that members can implement to reach this goal. A World Bank–APEC study on the economic impact of trade facilitation (which Canada oversaw on behalf of the APEC Committee on Trade and Investment) was also released at the APEC Leaders' Meeting. The study shows that improvements in trade facilitation could increase intra-APEC trade by US\$280 billion. In addition, APEC members agreed on a Statement to Implement APEC Transparency Standards, which is designed to foster greater transparency in laws, procedures and administrative rulings of APEC members.

While rule making and liberalization in WTO negotiations are the key means by which APEC member economies will progress toward the goal of free and open trade and investment, APEC leaders also support the pursuit of WTO-consistent bilateral or regional free trade agreements as an additional way to reach this goal.

Throughout 2002, Canada was involved in a number of initiatives aimed at building the capacity of developing economies, oversaw the World Bank–APEC