

Chapter I

GENERAL PERSPECTIVE ON THE ECONOMIC AND TECHNOLOGY COOPERATION OF APEC

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1. GOALS, PRINCIPLES AND MODES

Since Osaka leaders' meeting of APEC, progress for the economic and technology cooperation issues are talked in each ministerial meeting or working group. In Osaka Action Agenda, "Economic and Technology Cooperation" (ECOTECH) is grouped in Part I and defined as co-equal pillar with "the trade and investment liberalization" and "the trade and investment facilitation" which were grouped in Part II. The goals, guiding principles and modes of ECOTECH cooperation in APEC, which are based on the Osaka Action Agenda and other declarations, can be summarized as follows.¹

Goals

- Achieving sustainable growth and equitable development in the Asia Pacific region;
- Reducing economic disparities among APEC economies;
- Improving economic and social well-being; and
- Building Asia Pacific communities.

¹ THE STATE OF ECONOMIC AND TECHNICAL COOPERATION IN APEC, APEC ECONOMIC COMMITTEE 1996.

Guiding Principles

- *Mutual benefit and equality*, including respect for diversity and the different situations of members, focusing on member economies' strengths rather than their shortcomings.
- *Mutual benefit and assistance*, with a firm commitment to making genuine contributions toward the goals of sustainable growth and equitable development and reducing disparities in the regions, based on their diverse and complementary capabilities.
- *Constructive and genuine partnership*, creating opportunity for mutually beneficial exchange between and among developed and developing economies, thus creating a virtuous circle of development and dynamism. This will include working with the private sector to ensure that cooperation is consistent with market principles and promotes the efficient allocation of resources within an increasingly integrated Asia-Pacific community, while reducing disparities in the region.
- *Consensus building*, in line with the consultative, consensual approach nurtured through the development of APEC.

The modes

- **policy dialogue** to develop common understanding of issues to guide joint activities and inform the development of individual members' policies and activities.
- **sharing technical expertise and experience**, including identification of "best practices" (or more accurately "good practices"), exchanges of experts, technical assistance, study tours, etc.;
- **sharing of information** to promote transparency and knowledge about member economies, including generating consistent information on APEC member economies by conducting surveys and publishing the results;
- **harmonization** through agreement on common standards and approaches and /or mutual recognition where harmonization is not possible or desirable;
- **training** in support of implementation of international commitments or best practices; and
- **joint funding** for projects of common interest.

Thirteen sectors of cooperation were listed up in Osaka Action Agenda based on the three essential elements of Economic and Technical Cooperation derived from the above guidelines and consisting of Common Policy Concepts, Joint Activities, and Policy Dialogue. The Policy Concepts are meant to guide the formulation of joint activities and provide information on the development of each economy's policies and activities. Through the Policy Dialogues, Working Groups and APEC Fora have developed and reviewed the goals, priority, themes and joint activities of each area relevant to APEC cooperation. As of November of 1996, 320 joint activities are reported to be undertaken and 151 of those are completed by working groups and APEC Fora. Progress reports on these joint activities are all integrated into the APEC Actions Reporting and Monitoring System (ARMS), which was developed by the Philippines as a management tool for APEC ECOTECH activities. APEC ECOTECH activities as reported by Working Groups are as follows:²

Human Resources Development		86
Industrial Science and Technology		41
Small and Medium Enterprises		20
Energy		43
Transportation		13
Telecommunication and Information	26	
Tourism		10
Trade and Investment		5
Trade Promotion	13	
Marine Resource Conservation		7
Fisheries		12
Agriculture and Technical Cooperation		35
<u>Economic Infrastructure</u>		<u>9</u>
Total		320

² MANILA ACTION PLAN FOR APEC (MAPA) VOLUME 1-B, Overview of Economic and Technical

At Manila meeting, even though they did not arrive at a fully satisfactory consensus, member economies agreed to take positive steps to strengthen the cooperation. MAPA expressed this as follows.³ “Economic and technical cooperation in APEC supports and complements the liberalization of trade and investment. It addresses structural, policy and administrative bottlenecks to sustained and equitable growth, especially in developing APEC economies, and strengthens economic performance through accelerated technological development, training, sharing of best practice, and other activities that promote the effective use of the region’s resources and increase the effectiveness of policy measures. Towards this end, APEC economies have cooperated in the conduct of economic and technical cooperation joint activities to establish the conditions for growth and development. APEC economic and technical cooperation deepens the spirit of community in the Asia-Pacific region.” The meeting also adopted “Declaration on Asia-Pacific Economic Cooperation Framework for Strengthening Economic Cooperation and Development.”⁴ It provides a framework to guide members in the implementation of Part II of the Osaka Action Agenda, and articulates the goals, guiding principles and themes for focused outcomes in key areas of APEC ECOTECH cooperation.

In the declaration, character of APEC ECOTECH Cooperation is described as follows:

- (1) To achieve our goals, we agree that economic and technical cooperation in APEC must be goal-oriented with explicit objectives, milestones, and performance criteria.
- (2) Considering the increasing role of the private/business sectors in APEC, we encourage them not only to participate but also initiate economic and technical cooperation activities in line with APEC goals. Thus, economic and technical activities can combine government actions, private sector projects and joint public-private activities with the public sector playing a direct or indirect role in creating and enabling environment for

cooperation

³ MANILA ACTION PLAN FOR APEC (MAPA) VOLUME 1-A, Highlight of Manila Action Plan for APEC

⁴ APEC 96/MM, V/WP 5/RP/22-23 NOV.1996

private sector initiative.

- (3) To help build a growing sense of community and promote a spirit of enterprise that leads our people to work with and learn from each other in a cooperative spirit, economic and technical cooperation activities should draw on voluntary contributions commensurate with member economies' capabilities and generate direct and broadly shared benefits among APEC member economies to reduce economic disparities in the region.

The above describes the role of private sector more clearly than does Osaka Action Agenda, while it still relies on the governments which are expected to set forth explicit goals.

The declaration also insists on the importance of organizing themes and priorities, which are meant to achieve sustainable growth and equitable development, and benefit from the move toward free and open trade and investment, and promote the welfare of economies in the region. Themes are developing Human Capital; developing stable, safe and efficient capital market; strengthening economic infrastructure; harness technology for the future; safeguard the quality of life through environmentally sound growth; and developing and strengthening the dynamism of Small and Medium Enterprises. New themes are welcomed in addition to the above.

At the Manila meeting, more progress was made toward ECOTECH cooperation than under Osaka Action Agenda. However, despite the prioritizing of themes above, it seems there are as yet no clear standards for defining themes or setting priorities because every cooperation project is conducted on voluntary and diversified bases, which encourage member economies to adopt quick and realistic actions. While the reason of prioritizing themes at the Manila meeting was to arrange for cooperation in line with APEC goals, participants did not arrive at realistic and concrete consensus of cooperation guidelines. It is owing to constraints of the characteristics of APEC preferring voluntary and unilateral cooperation, but not collective activities. Behind this is the fact that "Strengthening Economic and Technology Cooperation" is titled as a main highlight of Manila Action Plan (MAPA). Thus, "it addresses structural, policy and administrative bottlenecks to sustained and equitable growth, especially

in developing APEC economies, and strengthens economic performance through accelerated technological development, training sharing of 'best practices', and other activities that promote the effective use of the region's resources and increase the effectiveness of policy measures."

2. IMPLEMENTED ACTIVITIES

APEC member economies have reported 320 joint activities and 151 activities in thirteen areas was completed since the APEC foundation in 1989. Activities cover wide range of areas involving policy dialogues, research, data and information sharing, training programs and seminars, sharing of technical expertise and experience, establishment of research and business networks, and many other similar undertakings. From 1992 to 1996, 151 joint activities have been completed and, in 1995 and 1996, there was increased number of completed activities mainly in human resources development (HRD), energy, telecommunications, small and medium enterprises (SME), trade promotion and tourism are increased (shown in Table 1). It is notable that HRD projects (completed ongoing and new) number to 87, of which 74 are completed.

In 1996, APEC member economies accomplished the following important joint activities.

- a. The top highlight is the adoption of the Manila Declaration on an Asia-Pacific Economic Cooperation Framework For Strengthening Economic Cooperation and Development (November). It is the first measure APEC, through Economic Committee, provides a framework to guide members in the implementation of Part II of the Osaka Action Agenda. It articulates the goals, guiding principles and themes for focused outcomes in key areas of ECOTECH cooperation, and stress on integrating the efforts of the various APEC Fora to implement activities with result oriented and outcome-based approach.

Table 1 BREAK DOWN OF COMPLETED APEC JOINT ACTIVITIES BY ECOTECH AREA AND YEAR

APEC WORKING GROUP/FORA	1996	1995	1994	1993	1992	Undate	Total
HRD	15	14	-	-	-	5	34
IST	14	5	-	-	-	-	19
SME	7	3	-	-	-	1	10
ENERGY	13	12	5	4	3	-	38
TRANSPORTATION	1	-	-	-	-	-	1
T & I	3	5	2	-	1	-	11
TOURISM	5	4	-	-	-	-	9
TRADE & INVESTMENT	3	1	-	-	-	-	4
TRADE PROMOTION	6	2	1	-	-	-	9
MRC	2	2	-	-	-	-	4
FISHERIES	-	-	-	-	-	6	6
ATC	3	-	-	-	-	-	3
ECONOMIC INFRASTRUCTURE	2	1	-	-	-	-	3
TOTAL	74	49	5	4	4	12	151

(SOURCE) Data based on October 1996 Working Group and APEC Fora Reports

MANILA ACTION PLAN FOR APEC (MAPA) VOLUME 1-A, Highlights of Manila Action Plan

(Notes)

- HRD Human Resource Development
- IST Industrial Science and Technology
- SME Small and Medium Enterprises
- T&I Telecommunications and Information
- MRC Marine Resource Conservation
- ATC Agricultural and Technical Cooperation

- b. Based on the Ministers' Meeting on Sustainable Development, Senior Official Meeting are annually coordinating and reviewing activities, in 1996, policies and practices for sustainable development are compiled, that is, guidelines for Small and Medium Enterprises development, environment education and training for engineers, exchanges of

information on environmentally friendly agricultural product measures and technologies and sharing among members of best practice models.

- c. The second APEC Ministers Conference on Regional Science and Technology Cooperation adopted the Seoul Declaration on Science and Technology Cooperation. It sets the goals for enhancing the creativity and mobility of scientific and technical men and women across the regional economies.
- d. In order to promote joint researches, policy dialogue, exchange of officials and experts and establishment of an Labor Market Information (LMI) database on labor market trends, labor standards and qualitative information on regulations on labor migration, local employment, and labor laws of economies, the Labor Market Information Framework was established.
- e. APEC Center for Technology Exchange and Training of Small and Medium Enterprises (ACTETSME) was established in the Philippines.
- f. APEC Economic Infrastructure Action Program was adopted to respond huge infrastructure needs of APEC economies which is estimated to total 1.5 trillion US dollar.
- g. APEC Education Foundation was set up for responding to APEC Leaders' Initiative launched in Seattle in 1993, which support activities linking economic enterprises and academic institutions.
- h. Asia Pacific Energy Research Center (APEREC) was established in Tokyo in July. It is managed under the guidance of Energy Working Group and its works are focused on the development of a regional energy outlook and research.

ECOTECH cooperation implemented until now is characterized as follows. First, most of projects are small in budget between US\$ 10,000 and US\$ 100,000s. APEC cooperation is quite small in comparison with some grant projects of Japanese ODA, one example of which account about five billion Yen for a environment center, APEC cooperation is quite small. Second, projects are so-called "pet projects" that are voluntarily proposed and financed by traditional donors, and which are not yet have new APEC frameworks. In this regard, APEC is obliged to develop more sophisticated concepts so that ECOTECH

cooperation will be directed more realistic framework and integrated with general purpose of APEC as well as promoting the private sectors participation in larger scale projects. Finally, cooperation is oriented to multilateral projects consolidated from unilateral and diverse approaches. However, multilateral activities are not yet fully developed, although they are gradually unfolded. In order to further cooperation, member economies have to design realistic and integrated cooperation projects that fit to the framework announced at the Manila meeting in November 1996.

3. FRAMEWORK AND DIRECTION

Although APEC starts initially with loose structure relying on voluntary and unilateral actions of each member economies, since Bogor declaration ECOTECH cooperation has had to be conducted as more institutional activities with specific goals. As number of cooperation projects increased and activities area is widened, more coherency and complementarity are required to implement projects and coordinate them with the goals of APEC. The framework for coherency and complementarity is clearly articulated as follows:⁵

A clear statement of goals and guiding principles

A strong affirmation of the critical roles that the business sector and other pertinent institutions play in the APEC economic cooperation process

Introduction of a management approach that is geared towards concrete outcomes and

The identification of key areas where cooperation needs to be intensified to achieves jointly agreed focused outcomes.

For providing greater coherence and direction that ensure sustainable and equitable growth, six areas of cooperation are identified;

⁵ MANILA ACTION PLAN FOR APEC (MAPA) VOLUME 1-A, Highlights of Manila Action Plan for APEC

Development human capital
Developing stable and efficient capital markets
Strengthening economic infrastructure
Facilitating technology flows and harnessing technologies for the future
Safeguarding the quality of life through environmentally sound growth, and
Developing and strengthening the dynamism of small and medium enterprises(SME).

“By addressing key factors, APEC joint activities will have greater positive impact on the economic and social well-being of the people in the region”. However, ECOTECH cooperation activities are not confined to six areas above, which are categorized sector by sector in development cooperation and implemented by small scale of budget. To integrate cooperation work on cross-cutting issues has to be done by Senior Officials Meeting (SOM) functioning as a coordination body. Here, we see some restraints of ECOTECH cooperation based on a loose cooperation forum.

4. A CROSS-CUTTING ISSUE: FEEEP

It is very important to tackle coherent and complementary joint activities with cross-cutting and inter-locked project. At the Manila meeting, Ministers Meeting received the belief report submitted by Economic Committee on impact of the long-term and inter-related issues of Food, Energy, Environment, Economic Growth and Population (FEEEP). This report related progress made in advancing Leader’s Initiative. There are not yet comprehensive joint FEEEP projects, but some related works have commenced. They are as follows.⁶ (1) Economic Committee Task Force on Food (TFF), co-chaired by Japan and Australia, which will initially examine regional food issues in order to promote the understanding within APEC, and, then, explore possible options for initiating joint actions to deal with regional food challenges that could arise in future. (2) Ministers noted also the relevance of work arising

⁶ JOINT STATEMENT OF THE EIGHTHAPEC MINISTERIAL MEETING, APEC 96/MM,Jt Stmt/22-23
NOV.1996

from the Ministerial Declaration and Action Program for Sustainable Development in APEC and the activities of the APEC Fora and Working Groups such as the Human Resources Development, Marine Resources conservation, and Fisheries Working Groups which would help advance the FEEEP. (3) Energy Working Group undertook the work to reform and liberalize regional energy markets, ensure that energy does not become a constraint on the region's economic growth and the expected APEC regional energy outlook to be prepared by APERC.(4) Ministers welcomed the commitment of the relevant APEC Fora to contribute to FEEEP work in a timely manner to report to Leaders at their meeting in Vancouver in 1997. Ministers also welcomed Canada's offer to host a Symposium on FEEEP-related work.

FEEEP, as a long-term and global issue that APEC has to undertake as a main cooperation subject, has yet to gain clear common understanding among member economies with diversity to accommodate it in responsible manners. The initiative of Canada to hold a symposium on FEEEP in Vancouver in September 1997 is highly welcomed for consolidating APEC cooperation, while the direction of discussion and methodology to approach a better consensus among member economies will have to be consonant among members so that APEC will be able to contribute to the sustainable economic growth within the region as well the world.

It is notable that Manila Leaders' meeting welcomed the report of Economic Meeting about Leaders' initiative to consolidate the FEEEP concept. The report, Impact of Economic Growth and Population to Food Energy and Environment which was delivered by Japan under the title of Economic Growth, Energy and Environment (3E) at the Seattle meeting in 1993, and the term of FEEEP has come to elicit more realistic images since the Osaka meeting. Combining the term "Economic Growth" to FEEEP will help APEC confine FEEEP issues to the economic cooperation facilitating trade and investment. Although the concept of FEEEP is not yet defined as concretely as terms for cooperation activities, we can commence actual activities to improve the FEEEP issues by making logical approach to defining what is solvable or constrained. Here, I will touch on some view points that identify characteristic problems. The first step, assuming population increase to be a factor accommodated by the world society, is important because it cannot be inevitable in

undertaking policies for development. The second is to set the economic growth at the center of the issues to be dealt with, i.e., Food, Energy and Environment, which are seen as subsidiary but indispensable. The main views of the relationships among FEEEP items focus on sub-subjects as follows:

(1) Possibility of increasing food supply to adapt the population growth.

Constraining factors here are considered to be the erosion and deterioration of soil, shortage of water resources, climate change, etc. Rapid growth of food consumption in big country like China and changes in food consumption patterns accompanied by higher living standards and other factors make for deep concerns about the prospects of food and agriculture.

(2) Interrelations of environment issues with economic development.

Is it possible to control the pollution of water and air by industry and consumer wastes that accumulate and cause global environment problems? Or global warming by CO₂, pollution by changes in industrial structures or life styles, etc. can be controllable? Can clean system of production and consumption stop more environmental deterioration?

(3) Changes in consumption patterns result from economic growth and rising energy demand.

The energy consumption, increase along with economic growth, waste of energy in big countries, especially USA, must be checked in order to restrict the accumulation of CO₂, NO_x, SO_x, and research should be performed on the limits and possible diversifying of energy resources.

(4) Inter-linkage of FEEEP and urbanization.

The inter-linkage effect of FEEEP will typically emerge with urbanization, especially in Mega-police like Bangkok and Jakarta in the developing economies, with negative and positive impact. Peoples life-styles, the construction of infrastructures, types of industrialization and other factors have impact on development of urban areas. In MAPA, challenge of urbanization problems is also insisted as a priority for ECOTECH cooperation. Even a little polluted city like Singapore which is one of the top-ranked cities with the highest per capita energy consumption is considered as a example for discussing inter-linkage effect of FEEEP.

5. NEWLY CHALLENGED COOPERATION

At the Manila Meeting, Japan set forth a new idea on cooperation for arranging a trade insurance system, the concept of which is explained in Japanese government document.⁷ Behind the idea is; (1)strengthening of development cooperation for facilitating liberalization, (2) the growing need for building infrastructure to sustain the rapid economic growth in the region, (3) the need to create enormous business opportunities for private sectors, and (4) the deep concerns by the Philippines, Indonesia and others to shift the agenda of development cooperation to more importance.

Starting cooperation consists in: (1) establishing a trade insurance network through discussion among trade insurance institutions, (2) technology cooperation for development of human resources in the trade insurance sector, and (3) improvement of investment environment properly adapted to the scope of trade insurance agencies.

The expected impact of the trade insurance are: (1) promotion of private investment in the infrastructure construction sector by proper support of governments, (2) arranging of supporting scheme for infrastructure construction projects, which tend to need financial resources and diverse sources for procuring capital goods and materials, and, (3) promotion of balanced APEC activities so as to foster the development cooperation, one of the twin wheels of APEC cooperation, with supplying concrete momentum.

Australia, Canada, Chile, Indonesia, Korea, Japan Philippines, Thailand and the United State said they would cooperate in the trade insurance system. This is very important to see that liberalization and facilitation APEC trade and investment are not obstructed by the risks generating from world or individual economies fluctuations, policy failures, natural disasters and other factors. Considering that APEC activities are seen as moving steadily forward without any setback, and need for risk management to sustain activities are not the subjects of such deep concern, the idea of fostering the trade insurance is highly evaluated as a

⁷ Attached Paper of Explanatory document for the result of APEC Manila Meeting, MITI, December 1996

means of assuring sound APEC cooperation. Nevertheless, the concept of trade insurance cooperation is not matured, and it is not clear where APEC will find the resource to finance the insurance. Step one consists in activities for cooperation in human resource development in this sector, but the important second step will be to provide financial resources and to institutionalize an insurance system that will be able to function effectively. We must then recognize the difficulty of setting up a collective body to operate the system, because we still do not have the consent of all member economies, some of which are still suspicious of unilateral governance by stronger powers.

6. DIFFERENCE FROM TRADITIONAL COOPERATION

While the principle of APEC cooperation is mainly relying on the private base, the role of government is quite large, especially in development cooperation, because developing economies, being financially weak, expect developed economies contribute more for cooperation as resource financiers. With regard to private cooperation, it is notable that President Fidel V.Lamos of the Philippines affirmed that large sums of from US\$ 1.2 to 1.5 trillion needed for building infrastructure would be beyond the capacity of governments to raise and manage, and that participation of the private sector is essential to the decision-making and the work of APEC.⁸ In line with Ramos's affirmation, APEC members are committed to increasing private sector participation in the construction, management and ownership of infrastructure facilities. Also, some economies are exploring arrangements for risk-sharing between government and private sector. The government role, though it must be combined with that of private sector, is still substantial, because there are a lot of fields in which the private sector has no interest. For example, expected participation by private companies to infrastructure construction in the form of Build Operate Transfer (BOT) or Build Own Operate (BOO) schemes are limited to profit based project, so governments have to invest in non-profitable, large scale and high-risk projects.

⁸ Toward a living Asia-Pacific Community, Opening Statement of H.E Fidel V.Ramos, President of the Philippines, at the press conference at the close of the APEC Economic Leaders' Meeting, Subic, 25 November

The APEC development cooperation differ considerably from traditional means which depend mainly on Official Development Assistance (ODA). In Manila Declaration on an APEC Framework for Strengthening Economic Cooperation and Development, a new model of Development Cooperation is articulated. “the principles of mutual respect and equality, mutual benefit and assistance, and consensus building underpinning APEC economic and technical cooperation forcefully shifts the nature of economic cooperation from the ‘old style donor-donee’ relationship that characterized past foreign aid relationships. Instead, the APEC relationship points toward joint responsibilities and ‘pooling’ of resources, expertise and technology for a commonly agreed activities. The above mentioned principles also imply that the APEC developing economies are more willing to initiate or contribute to APEC economic and technical cooperation activities, in contrast to the previous years when the OECD members of APEC took much of the leadership in “overseeing” most of the APEC joint activities.”⁹ But, the new model mentioned above is not clearly identified from an OECD concept. The OECD is also seeking a new way to cooperate and says “Partnerships are becoming more complex. Earlier, aid efforts are almost involved in central government. Today, we are working with more partners to meet demands for greater efficiency, respond to more pluralistic and decentralized political systems, and recognize the importance of a dynamic private sector, local ownership and participation by civil society,” and “Our understanding of development and development co-operation has undergone fundamental change. It has expanded to take more fully into account how societies operate and how the international system function.”¹⁰

Although there is not such a big so far in rhetoric on the new direction of the cooperation between APEC and OECD, we should mention some differences in approach between them. First, OECD is a formal institution of developed countries, while APEC is a organization for cooperation involving both developed and developing economies, with

1996

⁹ Perspectives on the Manila Action Plan for APEC Philippine Institute for Development Studies November 1996

¹⁰ Shaping the 21st Century: The Contribution of Development Co-operation, DAC, OECD, Paris, May 1996

cooperation based on voluntary and unilateral activities, and equal partnership. Second, the OECD function is to coordinate Official Development Assistance (ODA) policies to developing economies from developed countries based on bilateral relations between donor and donee, while APEC priority to trade and investment development co-pillared by development cooperation with private sector initiative based on multilateral cooperation under equal partnership. Third, ODA financial resources come mainly from government budget while those of APEC do not rely on the governments with some exceptions like the Fund of “Progress for Prosperity” (now TILF) provided by Japan. With regard to the last issue of the financial resources and how they relate to APEC development cooperation, new resources are hard to find, while the private sector is one of the main contributors. Here, we have to understand that emerging limit of ODA is the reason for intensifying the private sectors role of both APEC and OECD. Apart from the inefficient use of ODA due to various factors in recipients’ culture, weak economic structure, instability in politics and so on, donors have are also unable to find new financial resources for ODA because of their increased budgetary burdens, loss of interest in ODA after the Cold War and other reasons. Aid recipients also lessened absorption capacity as they have worsened the conditions of budget and balance of payments owing to rapidly multiplying debt- service burdens. The declining role of governments generates expectations for a growing private-sector role in economic cooperation, whether it be APEC or not. For APEC cooperation, member economies have to find new financial resources to finance large-scale projects. Developing countries still suffer from a shortage of investment funds. When we discuss the new model of cooperation, we must also seek channels to secure financial resources. Provided that APEC will not have a permanent organization like OECD or other international bodies, a new system of mobilizing capital should be constructed by consolidating a concrete and practical strategy which combines the public and private roles.

As Minister of International Trade and Industry (MITI) of Japan, Shinji Sato said, “I believe that official development aid is not to appropriate. An appropriate APEC approach will entail dividing roles between the public and private sectors on the basis of market mechanisms, with public and private sector cooperating as equals in aspects such as

improvement of the investment environment.”¹¹ For this purpose, MITI called for the establishment of Export Credit Agencies which are subsidy-free and simply handle risk. According to Minister, Sato, “The risks which should be taken on by governments are taken on by governments, while the risks which the private sector should deal with are dealt with by the private sector. Where this kind of strategic alliance between government and the private sector operates smoothly, projects also operate smoothly.” Indeed, the Export Credit Agencies are useful in promoting by risk-controlling the huge capital investment in infrastructure, 30 percent of which will be expected to come from the private sector. However, the export credit agencies may worry where the fund resources will come from, and, from which resource developing economies of APEC will be able to secure the capital, either private or third channel. Japan’s recent experience shows some new directions of linking ODA with private cooperation. For instance, for supporting the profitability of a power plant, in East Jawa of Indonesia, constructed jointly by Japanese and US enterprises, the government of Japan assisted Indonesia to construct electricity distribution networks. In this case, the private sector get a good business opportunity, while government can efficiently use ODA resources which cannot increase due to budgetary constraints.

7. CHALLENGE FOR CONTINUOUS ACTIONS

At the Manila meeting, APEC economic leaders declared that APEC work shifted from Vision to Action. Challenges for continuous action lie in providing a common focus to a widening scope of joint activities, most of which have cross-cutting implications developed in various APEC Fora. “The action plans in MAPA are ‘rolling nature’, that is to say, they are meant to be continually revised.”¹² This review results in the expansion and improvement of the present guidelines, and individual and collective actions. APEC needs not only review but also formulation and implementation of new idea to ensure cooperation based on voluntary

¹¹ Public-Private Alliance for a Common APEC Agenda, Luncheon Speech by H.E. Shinji SATO, Minister of International Trade and Industry, APEC business Forum, Manila, RP, November 22, 1996

¹² MANILA ACTION PLAN FOR APEC (MAPA) VOLUME 1-A, November 1996

actions and consensus. Japan's proposal at Manila meeting for establishing the Export Credit Agencies is one of pioneering activities for securing soundness in the liberalization and facilitation of the trade and investment. Taking actions for aggressive development requires that various ideas with long-term vista must emerge from members economies and show clear results. Also needed are continuous dialogues to harmonize voluntary and unilateral actions of diverse economies so that the cooperation forum like APEC can be successful without a tightly legalizes institution. APEC development cooperation, whether it needs massive funding or not, might foster the new type of regionalism so called "Open Regionalism", through joint activities on the basis on equal partnership among rich and poor economies. Though developing economies in the region have not yet constructed autonomous economic growth system, they have attracted the world attention by rapid growth in the last two decades. The successful ECOTECH cooperation of APEC will assure the development of APEC's open regionalism. In other words, this new type of international cooperation is a trailblazing experiment is evolving the traditional cooperation system under the Breton-Woods system fully complemented by World Trade Organization (WTO).