Pathfinder initiatives and APEC guiding principles for facilitation

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Meeting in Shanghai in 2001, APEC leaders strongly endorsed the concept of 'pathfinder initiatives'. In the Shanghai Accord, they reaffirmed the principle, first stated in the Bogor Declaration, that APEC economies that are ready to implement a co-operative arrangement may do so, while those that are not yet ready to participate may join such an arrangement at a later date.

To make the concept work, it is important that new co-operative arrangements, initiated by some economies, take account of the interests of others and encourage them to join all such new arrangements. That would benefit both existing as well as new members of these arrangements and accelerate progress towards the Bogor vision of region-wide free and open trade and investment.

The experience of APEC's first 10 years indicates that most cooperative arrangements to facilitate trade and investment are perceived to be positive-sum games. In such cases, any particular arrangement can be implemented on its own merits and its coverage can also be expanded without detriment to existing participants. Like telephone networks, most of these arrangements become increasingly beneficial to existing participants as coverage is expanded. It will often be in the interests of existing participants to help others acquire the capacity needed to participate in as many of such arrangements as possible.

One example of a pathfinder initiative could be a voluntary decision by some APEC governments to implement agreed principles of transparency and enter into a binding agreement on government procurement procedures or other aspects of governance. Such an initiative could include a capacity-building component to assist governments to acquire the expertise and institutional structures needed to join the agreement.

This concept of encouraging accession is likely to be acceptable for co-operative arrangements for facilitation initiated in APEC working groups. However, many other initiatives for facilitating trade and investment are likely to be pioneered in the context of closer economic partnerships (CEPs) or regional trading arrangements (RTAs), such as the one between Japan and Singapore. To be consistent with the pathfinder concept, these arrangements should also be open to wider participation.

Current APEC principles seek to ensure that cooperative arrangements to facilitate trade and investment are transparent and non-discriminatory. Adding a further principle on wider participation would ensure that such arrangements are open to others who wish to join them. Such an additional principle for facilitating trade and investment could be stated as follows:

Encouraging wider participation

Co-operative arrangements to facilitate trade and investment may be pioneered among pairs or groups of economies, including in the context of new closer economic partnerships (CEPs) or regional trading arrangements (RTAs) involving APEC economies. . In line with the principles of the Osaka Action Agenda and the concept of pathfinder initiatives endorsed in the Shanghai Accord, they should be encouraged to do so. In the interest of promoting wider free and open trade and investment, any economy whose government adopts policies compatible with any existing or proposed co-operative arrangement should be able to, and be encouraged to, become party to any of these arrangements.

Illustrative Examples

The APEC Business Travel Card Scheme is a practical initiative to improve business mobility among the economies that have adopted the arrangement. The scheme was pioneered by Australia, Korea and the Philippines, followed by Chile and Hong Kong, China. Several other APEC economies have since joined the scheme and all others are being encouraged to join the arrangement.

The new closer economic partnership between Singapore and Japan also contains many options for facilitating trade and investment. Some of these deal with standards, others with issues like e-commerce. Japan and Singapore should encourage all other economies to join any of the specific practical arrangements for facilitation which they pioneer. For example, Papua New Guinea would be welcome to join an arrangement to facilitate e-commerce, even if they were not able to consider joining other arrangements for facilitation agreed between Singapore and Japan.