

ASIA-PACIFIC ECONOMIC COOPERATION (APEC) 2015

APEC Strategy for Strengthening Quality Growth

1. We, the APEC Leaders, reaffirm our commitment to the 2010 APEC Leaders' Growth Strategy. We recognize its continuing relevance in guiding APEC towards its fundamental purpose of providing prosperity to the region through trade and investment liberalization and facilitation.
2. This year, in Manila, we reaffirm our aspirations towards a balanced, inclusive, sustainable, innovative, and secure growth in the APEC region, by agreeing on an APEC Strategy for Strengthening Quality Growth for the period until 2020 to bring greater focus to the importance of pursuing quality growth as envisaged in the 2010 APEC Growth Strategy.

Strengthening the 2010 APEC Growth Strategy to Respond to Emerging Challenges

3. We recognize the continued important contribution of the APEC region to global economic growth. We emphasize that liberalization and facilitation in trade and investment continue to be core drivers of economic growth and development in the region. Improving the quality of growth and ensuring that it remains dynamic requires greater impetus for a concerted effort among APEC members.
4. We recognize that global economic growth continues to face major challenges and note that regional growth remains moderate and uneven. The Asia-Pacific region is faced with such challenges as: 1) potential volatility in financial markets; 2) increasing inequality; 3) the gap in physical infrastructure; 4) the need to foster innovation and increase access to skills; 5) environmental concerns that include the impact of climate change; and 6) food security and sustainable management of agriculture. We support the APEC Finance Ministers' work to strengthen economic growth and promote financial stability in the APEC region.
5. We welcome global efforts to lift economic growth, including the existing work of the G20 and the United Nations, which recently released the 2030 Agenda for Sustainable Development. We reaffirm APEC's commitment in complementing the global efforts in addressing the many challenges to sustainable economic growth. The APEC Strategy for Strengthening Quality Growth will bring more synergy between the APEC Growth Strategy and the Sustainable Development Goals.

The APEC Growth Strategy and Related Initiatives

6. The 2010 APEC Growth Strategy includes action agendas for each attribute. We welcome the effort to evaluate the progress of APEC member economies vis-à-vis the action agendas. While APEC as a region has made progress in achieving growth in all its attributes, much still remains to be done, particularly in making sure that the gains already achieved are further expanded and sustained. We enjoin APEC fora to continue their efforts, guided by their respective strategic plans, in contributing to the ultimate goals of the 2010 APEC Growth Strategy, as enriched by the 2015 APEC Strategy for Strengthening Quality Growth.
7. We endorse the agreement on the Renewed APEC Agenda on Structural Reform (RAASR) which covers the areas of inclusive growth, innovation, and services. The RAASR builds on APEC New Strategy for Structural Reform (ANSSR), which we endorsed in 2010, to help economies attain high quality growth and become more resilient. This initiative encourages APEC economies to implement structural reforms in priority areas, and also provides the chance for APEC economies to participate in capacity-building programs and other technical cooperation activities to train government officials in the implementation of those reforms.
8. We also endorsed in 2014 the Accord on Innovative Development, Economic Reform and Growth which aims to promote closer cooperation in five areas: 1) economic reform; 2) new economy; 3) innovative growth; 4) inclusive support; and 5) urbanization. We reaffirm the commitment to accelerate the pace of reform and innovation, and explore new growth areas. We note that this Accord includes policy actions in each of the five Growth Strategy attributes and thus provides strong support to the implementation of the Growth Strategy.

The 2015 APEC Strategy for Strengthening Quality Growth

9. The APEC Strategy for Strengthening Quality Growth builds on the 2010 APEC Growth Strategy by strengthening and sustaining quality growth as expressed by the Key Accountability Areas (KAAs) of institution building, social cohesion, and environmental impact. Without institution building, social cohesion, and addressing environmental impacts, we will not be able to sustain quality growth. The

KAAs are also intended to give more traction to the five attributes and help align the Growth Strategy with the Sustainable Development Goals.

10. We agree to strengthen cooperation that directly relate to and contribute to the achievement of the KAAs.

- a. *Institution Building*

Institutions matter for economic growth and development because they shape the incentives of key economic actors in society; in particular, they influence investments in physical and human capital and technology, and the organization of production.

We recognize that different development levels and economic conditions affect the prioritization of the various aspects of institution building. Some of the more important economic institutions are: (i) rules-based economy that promotes legal certainty and reduces the cost of doing business; (ii) a market-based economy supported by sound public institutions and regulations; (iii) deep financial markets that efficiently intermediate savings combined with effective regulatory systems that promote financial stability; (iv) a shareholder-oriented corporate governance system; (v) mechanisms that support trade and investment liberalization and facilitation; and (vi) a labor market that allows re-allocation of labor in response to market demand but at the same time protects the welfare of workers.

The action agenda in the area of institution building should recognize different levels of development and therefore feature a multi-track and multi-speed program.

- b. *Social Cohesion*

We see social cohesion as both an end and a means to achieve economic growth and development. We see the role of society in working cohesively towards the well-being of all its members by fighting exclusion and marginalization, by creating a sense of belonging, by promoting trust, and by offering to its members the opportunity of upward mobility.

Public policies are often more effective in socially cohesive societies resulting in greater poverty reduction and a more stable growth process. Lack of social cohesion hampers the ability to implement efficient fiscal policy aimed at reducing inequality. Social cohesion also reduces transaction costs, that is, the costs incurred in making economic exchanges, such as information gathering, communications, and contract enforcement. Finally, social cohesion enhances growth by facilitating collective action, that is cooperation among individuals in pursuit of shared objectives.

- c. *Environmental Impact*

Responses to climate change include measures to reduce greenhouse gas emissions, to increase carbon sequestration, and to adapt to the effects of climate change. Measures to reduce emissions will encourage economies to move toward low carbon societies. Meanwhile, we emphasize the need to adapt to climate change through disaster preparedness and risk reduction. Adaptation entails investments in science and technology, disaster resilient infrastructure, and eco-system based adaptation, among other strategies. Both adaptation and mitigation measures will be important for agriculture, fishery, forestry and industrialization policies. We reiterate the call of Leaders through the 2010 APEC Growth Strategy to develop more resource-efficient economies that will enable us to prosper as low-carbon and resilient societies. We continue to encourage new green industries and jobs.

The Role of the Private Sector

11. We recognize that the private sector plays an important role in economic growth and development, especially in achieving 'growth that matters' – as they foster innovation, create employment, and promote corporate social responsibility. We encourage private sector participation in developing whole-of-economy, whole-of-society approaches towards ensuring dynamic and quality growth.

Implementation

12. We resolve to implement the APEC Strategy for Strengthening Quality Growth, building upon our commitment to the 2010 Growth Strategy and bearing in mind the commitments in past and ongoing APEC initiatives in various APEC fora. We commit to work to support individual economies in their implementation of the APEC Strategy for Strengthening Quality Growth – consistent with the KAAs as presented in the Annex which we adopt as a living document – by sharing experience and capacity building.

13. We instruct the Senior Officials to commission the PSU to report in 2020 on the impact of the extensive APEC work program on improving growth, and to report to Leaders, for their review, on APEC's progress in promoting the APEC Strategy for Strengthening Quality Growth. At that point, Leaders may consider the future direction of this Strategy.

Annex to the APEC Strategy for Strengthening Quality Growth

GROWTH ATTRIBUTES (related to specific action items)	KEY ACCOUNTABILITY AREAS (1 – Primary KAA; 2 – Secondary KAA)		
	Institution Building	Social Cohesion	Environmental Impact
BALANCED			
Balanced Growth Across Economies			
1. Initiatives to address excessive current account deficits, mainly through boosting domestic savings, with attention to local conditions in order not to derail economic growth	1		
2. Initiatives to address excessive current account surpluses to reducing reliance on external demand and strengthening domestic demand-led growth	1		
3. Initiatives to strengthen multilateral cooperation to promote external sustainability and pursue the full range of policies conducive to reducing excessive imbalances and maintaining current account imbalances at sustainable levels.	1		
4. Initiatives to move towards more market determined exchange rate systems that reflect underlying economic fundamentals	1		
Balanced growth within Economies			
1. Initiatives to establish open, well-functioning, transparent, better-regulated and competitive markets	1		
2. Initiatives to develop financial markets	1		
3. Initiatives to increase domestic demand	1		
4. Initiatives to strengthen social safety nets	2	1	
5. Initiatives to promote a competitive environment	1		
6. Initiatives to enhance public sector and corporate governance	1		
Facilitate growth through infrastructure development			
Initiatives for innovative solutions, technical assistance, and advisory services for raising private and public financing for infrastructure-related projects	1	2	
INCLUSIVE			
Promote job creation, human resource development, and active labor market policies			
1. Initiatives to improve quality education for women, youth, elderly workers, and vulnerable groups including people with disabilities	2	1	
2. Employment opportunities for women, youth, elderly workers, and vulnerable groups	2	1	
Promote SMEs, MEs, and entrepreneurship development			
1. Initiatives to encourage SME participation in high growth sectors	2	1	
2. Initiatives to increase SME access to global markets (high value-add products, opportunities global markets, trade barriers)	2	1	
3. Initiatives to improve the business environment, increase management capacity, and expand access to relevant technologies	1	2	
Promote more inclusive to finance and financial services			

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Initiatives to facilitate access to finance for SMEs, MEs, women entrepreneurs, and vulnerable groups including people with disabilities	2	1	
Enhance social resilience and social welfare through means such as improving social safety nets			
1. Initiatives to support the individual's economic security (sharing experience, capacity building)	2	1	
2. Well-functioning safety nets programs that enhance social insurance coverage and encourage labor market participation	2	1	
3. Initiatives to accelerate the reduction of the population below the poverty line	2	1	
4. Initiatives to improve income distribution through social protection that is based on community empowerment and economic opportunities of the low income population	2	1	
Create new economic opportunities for women, elderly, and vulnerable groups			
Initiatives to increase economic opportunities for women, elderly, people with disabilities, and vulnerable populations (employment, business, opportunities, quality education)	2	1	
Promote tourism		1	2
SUSTAINABLE			
Enhance energy security and promote energy-efficiency and low-carbon policies			
1. Initiatives to enhance energy security	2		1
2. Initiatives to promote energy-efficiency	2		1
3. Initiatives to promote low-carbon policies	2		1
Develop a low-carbon energy sector			
Initiatives to introduce low-emission power sources and to assess the potential of options to reduce carbon emissions	2		1
Improve to access for environmental goods and services (EGS) and develop EGS sectors			
1. Initiatives to increase utilization of EGS, reduce barriers to trade and investment in EGS and enhance the capabilities of members to develop their EGS sector, which will take into account different circumstances and different level of development of each economy	2		1
2. Diffusion, climate friendly, and other EGS technologies	2		1
Promote green jobs education and training			
1. Initiatives to build skill competencies, share best practices, and support education for sustainable development jobs	2		1
2. Initiatives to promote ecotourism	2		1
Promote private investment in green industries and production process			
Initiatives to promote private investment in green industries and production processes	2		1
Promote conservation and more sustainable management of agriculture and natural resources			
1. Initiatives to enhance forest management	2		1
2. Initiatives to conserve soil	2		1
3. Initiatives to conserve marine resources	2		1
4. Initiatives to manage watersheds	2		1
5. Initiatives to promote sustainable agriculture	2		1

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6. Initiatives to adopt to water-related risks	2		1
Promote the establishment and development of green supply chains			
Initiatives to strengthen capacity building of green supply chains and the relevant networking efforts	2		1
INNOVATIVE			
Promote Innovative Development, Economic Reform, and Growth			
1. Initiatives to overcome the Middle-Income Trap	1	2	
2. Initiatives to tap into the growth potential of emerging sectors, such as the Internet Economy, the Blue Economy, and the Green Economy	1		2
3. Initiatives to advance cooperation on urbanization and sustainable city development		1	2
Realize smart socioeconomic activity through enhanced ICT use and by sharing best practices			
Initiatives to promote smart socioeconomic activity through enhanced ICT use and by sharing best practices	1	2	
Promote Digital Prosperity			
Adopted policies and regulations to foster innovation and use of ICTs. Promoting:			
1. Trade and Investment in ICT products and services	1		
2. Adapting globally accepted standards and international practices	1		
3. Investment in high speed broadband infrastructure	1		
4. Competitive environment conducive to emerging technologies and innovative services	1		
5. Effective privacy protection	1		
6. Information and communication flows	1		
Develop a skilled, adaptable, and professional APEC work-force			
Initiatives to develop technical and vocational education and training to nurture more skilled personnel in certain strategic directions	1	2	
Enhance Dialogues and information sharing on innovation policy			
Initiatives to share best practices for more effective policy making and implementation	2	1	
Promote innovation and creativity through effective, comprehensive, and balanced intellectual property (IP) Systems			
1. Initiatives to improve intellectual property right protection and enforcement	1		
2. Initiatives to improve IP utilization	1		
3. Initiatives to improve IP commercialization	1		
Promote cooperation on standards			
1. Initiatives to promote cooperation on standard in coordination with Specialist Regional bodies and promote greater alignment of domestic standard in international standards	2	1	
2. Initiatives to promote cooperation on standardization in advanced technologies	2	1	
Promote innovation in Life Science			
Initiatives to stimulate innovation and application of medical and related ICT innovations in health systems (investment, sustainable development in the pharmaceutical and biologics industries, regulatory harmonization on medical products, cooperation to prevent trade in counterfeit medical products)		1	
SECURE			

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Counter terrorism and promote secure trade			
Initiatives to counter terrorism and promote secure trade agenda – promoting transportation security, anti-money laundering and counter-terrorism finance, supply-chain security and trade recovery, cyber security, protecting infrastructure	1		
Prepare for emergencies and natural disasters			
1. Initiatives to understand disasters’ economic and social costs	2		1
2. Initiatives to identify gaps in disaster risk reduction approaches	2		1
3. Initiatives to develop practical mechanisms to maximize business and community resilience	2		1
Enhance infectious disease preparedness and control of non-communicable diseases, and strengthen health systems			
1. Initiatives to effectively manage emerging and re-emerging infectious diseases	1		2
2. Initiatives to build capacity for the prevention of non-communicable diseases	1		2
3. Initiatives to strengthen health system	1	2	
Strengthen food security and food safety			
1. Initiatives to promote food security through sustainable development of agriculture	2	1	
2. Initiatives to promote food safety	2	1	
Combat corruption and promote transparency			
1. Initiatives to address corruption and transparency in public sector governance	1		
2. Initiatives to address corruption and transparency in private sector governance	1		