



FINAL REPORT

1. The Forum for East Asia-Latin America Cooperation (FEALAC) Fourth Economy and Society Working Group meeting was held in Tokyo, Japan from 7 to 8 June, 2006. The meeting examined existing projects, presented new projects, and furthered the work of the First, Second and Third Working Group meetings which were held in Tokyo, Japan, from March 7 to 8, 2002; in Tokyo again from March 17 to 18, 2003; and in Buenos Aires, Argentina, from 23 to 25 November, 2004. The meeting was co-chaired by Mr Masashi MIZUKAMI, Deputy Director-General, Latin American and Caribbean Affairs Bureau, Ministry of Foreign Affairs, Japan and Mr Juan José IRIARTE VILLANUEVA, Director of Special Economic Affairs, Ministry of Foreign Affairs International Trade and Worship of Argentina.
2. The meeting was attended by delegates from Argentina, Australia, Bolivia, Brazil, Brunei Darussalam, Cambodia, Chile, China, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Indonesia, Japan, Republic of Korea, Laos, Malaysia, México, Myanmar, New Zealand, Nicaragua, Panama, Paraguay, Peru, Philippines, Singapore, Thailand, Uruguay, Venezuela and Vietnam. Representatives of the ADB, IDB, ECLAC and ESCAP also participated. [The list of participants is at Annex A.](#)
3. The co-chairs delivered welcome messages to the delegates. Outlining the purpose of the meeting, the co-chairs highlighted that this was the final Economy and Society Working Group meeting before the FEALAC Third Foreign Ministers Meeting (FMM III) to be hosted by Brazil in 2007. Noting challenges of economic and social development common to all participating countries and the importance of international cooperation as one of the best alternatives for overcoming these problems, the co-chairs emphasized the need for the Working Group to work on concrete issues. They also welcomed the participation in this Working Group meeting of regional financial institutions, noting that their participation demonstrated both recognition of FEALAC ideals and the need for projects with the potential to succeed to enable their financing.
4. The meeting adopted the proposed agenda (ECO/2006/2).
5. The meeting overviewed advances and developments of the Economy and Society Working Group. Noting the important number of achievements of the Working Group thus far, the meeting commented on the need for flexibility in



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FEALAC to enable the forum to be a practical instrument for filling gaps in fostering institutional relationships and dialogue between the East Asian and Latin American regions and for efficiency in FEALAC activities. The meeting encouraged the implementation of projects that are inclusive of many countries with the same level of interest. While currently the majority of projects are one-country driven, the purpose of FEALAC is oriented towards offering all interested members the opportunity for participation, and methods to achieve this, such as trilateral cooperation projects or the institutionalization of financial support, should be explored. The meeting also called for continuation of efforts to link businessmen in the two regions, such as through a business forum where businesspeople in member countries can find an appropriate framework to advance towards a more interrelated future.

6. Reports were presented on the following past and on-going projects:

- ❖ *5th FEALAC Young Leaders Invitation Program – Sustainable Development (Japan)*. Japan briefed the meeting on the activities undertaken under this program, which aimed to enhance the relationship between East Asian and Latin American regions through dialogue among young leaders. Held in December 2005, this program was attended by 28 young professionals representing each of the FEALAC member countries and Ten Suggestions from Young Leaders, and particular focus was placed on the Clean Development Mechanism (CDM). Japan expressed its intention to hold the 6th FEALAC Young Leaders Invitation Program on the theme of CDM-related issues, and the meeting welcomed the continuation of this program.
- ❖ *FEALAC Business Council (FBC) Proposal (Korea)*. The proposal for the establishment of a business council was discussed at length. Some delegations supported the proposal of a business council; others expressed the view that a council format would be too rigid and lack efficiency. Taking into account that the establishment of a forum of this type would require several further steps in order to attract private businesses, the meeting appreciated the Brazilian initiative to hold a Business Meeting on the occasion of FMM III. This would contribute to the creation of an opportunity for exchange and communication between business people in the two regions and would advance the process of establishing a bi-regional mechanism through a step-by-step approach.
- ❖ *International Training Course on Hotel Management; and International Training Course on Tourism Management (Thailand)*. Thailand briefed the meeting on these two training courses, which were organized in March and May 2006, respectively. They aimed to develop skills and quality, facilitate exchange of ideas, build networks, and provide both academic and working



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experience in different cultural and regional contexts. Some FEALAC countries participated in the courses with scholarships provided by Thailand.

- ❖ *Bio-regional Energy Cooperation within the Framework of the New Multipolar System (Venezuela)*. Venezuela briefly mentioned this proposal and requested that it remain in the Political, Cultural and Education Working Group, where it was initially presented.
- ❖ *Centre of Theoretical/Practical Studies for the Development of SME (Ecuador)*. Noting the importance of SMEs in the creation of jobs and economic growth, Ecuador briefed the meeting on the proposal and requested that FEALAC countries provide feedback on the project to enable the production of a more concrete document to form the basis of further discussion.

7. Reports were presented on the following new projects:

- ❖ *IT Development Policy for FEALAC Member Countries (Korea (ECO/2006/17))*. Korea announced the holding of this forum from July 17 to August 2, 2006. The objectives of the forum are to promote understanding of the telecommunications policies of Korea and other countries, increase knowledge of upcoming IT strategies, and promote understanding of HRD strategies for IT manpower and apply these to participants' countries.
- ❖ *Consultative Business Meeting between East Asia and Latin America (Brazil)*. Brazil outlined the proposal and aims of this meeting, which is intended to strengthen business and trade relationships between East Asia and Latin America, and called on FEALAC members to become more involved in preparations for the meeting by providing suggestions for the agenda. The meeting made several suggestions, including the addition of CDM on the agenda and a written outline of the meeting, and Brazil expressed appreciation for these comments.

8. Economic Discussion

- ❖ *A Survey on Impediments to Trade and FDI between Latin American and East Asian Countries (Japan) (ECO/2006/18)*. Japan presented the meeting with the results of a survey intended to identify impediments to trade and FDI among FEALAC countries. Report recommendations included further trade and investment liberalization, various trade and FDI facilitation measure, increased mutual understanding, and establishment of comprehensive FTA/EPAs. The meeting commented on the report, which



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shed light on quantitative and qualitative impediments, while suggesting that it be fine-tuned keeping in view of the observations made.

9. Social Discussion

- ❖ *Workshop: “Justice and Social Equity in the Frame of the Bi-regional Integration. An Outlook from Venezuela’s Experience” (ECO/2006/13) (Venezuela).* Venezuela described the achievements of its Bolivarian Missions in improving literacy, healthcare, food supply (discounted food), and education. The meeting welcomed Venezuela’s proposal to hold workshops in various regions – beginning with Venezuela in late 2007 – to share the achievements of these missions.
- ❖ *International Training Course on Poverty Reduction (Thailand).* Thailand presented details of this workshop, which was held in March 2006. The workshop consisted of a seminar and country reports and was intended to provide an opportunity for countries to share strategies. FEALAC members that had participated in the workshop commended it as a good experience, particularly the aspect of alternative crops, and proposed that priority in trade be given to alternative crops to promote and facilitate their merchandizing.
- ❖ *The Trust Fund for Human Security (Japan) (ECO/2006/6).* The meeting expressed much interest in this trust fund, set up by Japan and administered by the United Nations with the aim of protecting people from threats to their lives and dignity. The meeting welcomed the initiative, noting that the fund would enable the realization of projects that might otherwise go by the board due to lack of financing.
- ❖ During the meeting, attention was drawn to the economic and social threats posed by HIV/AIDS, Bird Flu and natural disasters to many FEALAC countries and suggestions were made for priority to be given in advancing cooperation between FEALAC member nations in responding to and developing response capability and mechanisms for containing and preventing these threats. In particular, education using the mass media of member nations was suggested as a possible means of combating HIV/AIDS and Bird Flu.

10. CDM Cooperation among FEALAC Countries

- ❖ *Analysis of the Present Situation and Future Prospects of the Clean Development Mechanism (CDM) in FEALAC Member Countries (ECLAC) (ECO/2006/7).* ECLAC presented the results of analysis of demand and



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supply in the CDM market; CDM institutional framework and operation; and key issues in the climate regime negotiations for FEALAC countries. Recommendations on future cooperation among FEALAC members included building political consensus to further strengthen the post-2012 multilateral climate regime; strengthening FEALAC's negotiating position to ensure the continuation of CDM; advancing proposals for institutional reform and improving the financial underpinnings of the CDM market; extending CDM development to transportation and urban energy efficiency, and supporting development of LULUCF project methodologies to expand the range of CDM opportunities in the forest and agricultural sectors.

- ❖ *Clean Development Mechanism Cooperation (Japan) (ECO/2006/19).* Japan first presented the “10 Suggestions” by FEALAC Young Leaders to promote cooperation on CDM that were formulated at the Sustainable Development Seminar held in Japan in December 2005. Japan then provided an overview of the current market situation for CDM and made suggestion for promoting CDM. Recommended actions for FEALAC members included learning from successful neighbours; helping ease the regional imbalance; streamlining CDM procedures, coming to agreement on a post-2012 regime; promoting future CDM (energy efficiency, small-scale transport); and proposing workable solutions to CER rules.
- ❖ *JBIC's Business Model for Supporting Kyoto Mechanism Projects (JBIC) (ECO/2006/8).* JBIC (Japan Bank for International Cooperation), an official financial institution with a special mandate owned by the Japanese Government, explained the bank's function and activities in support of GHG emission reduction projects (Japan Carbon Finance, methane gas recovery in China, wind power, CDM enhancement loans) and the demand side approach.
- ❖ *Clean Development Mechanism of the Kyoto Protocol: Opportunities for Cooperation among FEALAC Members (Brazil) (ECO/2006/9).* Brazil described the current situation in Brazil with regard to CDM, including CDM project cycle, governmental support (electricity generation, bio-diesel, alcohol-fuelled vehicles, landfills), project opportunities (energy efficiency, reduction of greenhouse gas intensive fuel, technological improvements in industrial processing, agriculture, waste management, afforestation and reforestation), and the ethanol industry.
- ❖ In relation to the discussion on possible cooperation on CDM among FEALAC countries, Japan proposed two forms of cooperation to the meeting: (1) cooperation for the development of CDM projects among FEALAC countries and (2) cooperation in international fora to further



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develop the framework of the Kyoto Protocol in accordance with the decisions of COP/MOP 1. The meeting recognized the importance of promoting such cooperation and other possible cooperation for the reduction of greenhouse gasses under the FEALAC framework.

- ❖ China distributed a summary of its policies on CDM and expressed briefly its position on CDM cooperation among FEALAC countries.
- ❖ Peru mentioned its national program on CDM and the current projects in this area. General information about the National Fund for Environment was distributed to participants.

11. ICT for Development of SMEs

- ❖ *The Major Fact Findings of and Policy Implications Derived from the Project “Information Technology for Development of Small and Medium-sized Exporters in Latin America and East Asia” (Japan) (ECO/2006/14).* Japan presented the major findings of two Japanese Government-supported studies on IT/SMEs in FEALAC member countries. Factors identified as barriers to the diffusion of e-commerce, SCM and other e-transactions were serious lack of confidence in e-commerce; scarcity of IT administrative systems; lack of e-commerce/SCM experience; high cost of starting e-commerce using e-marketplaces; and insufficient human resources and digital infrastructure.
- ❖ *Use of Directory of SMEs Promotion Agencies of FEALAC Member Countries (Argentina) (ECO/2006/25).* Argentina explained the use of the Directory of SMEs Promotion Agencies of FEALAC Member Countries and asked for the practical support of FEALAC member countries in concrete activities among related agencies utilizing this directory and to follow working on the proposal for SMEs made in the 3rd Working Group meeting in Buenos Aires.
- ❖ In relation to the economic discussion, Peru briefly explained to the meeting the findings of *PROMPYME’s Report for the IV Meeting of FEALAC Economy and Society Working Group: Information and Communication Technologies (ICT) for the Promotion of International Trade in Micro, Small and Medium Enterprises (MSMEs) as a result of the symposium held in Lima in July 2005 (Peru) (ECO/2006/24).*
- ❖ Brazil briefly explained about the Brazil TradeNet, the largest trade promotion portal in Latin America established by the Trade Promotion Department of the Ministry of External Relations of Brazil, and suggested



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the creation of a directory of similar websites from FEALAC countries in the FEALAC Web Portal.

- ❖ Panama briefly mentioned the existence of five fibre optic cables running parallel to the Panama Canal that could be used in the future by FEALAC members for ICT for the promotion of international trade by micro, small, and medium enterprises and other general purposes.
- ❖ China briefly explained about Chinese policy and strategy on supporting SMEs, and suggested approaches to promoting further SME cooperation among FEALAC members. China presented a SME-related event, the 3rd China International SMEs Fair, which will take place from 15th to 18th September in Guangzhou, the capital of Guangdong Province. SMEs of FEALAC countries are invited to join the event.

12. Dialogue with International Institutions, IDB, ADB, ECLAC and ESCAP

- ❖ The meeting invited the representatives of IDB and ADB to present their activities. The IDB presented *Inter-American Development Bank Group: An Overview (IDB) (ECO/2006/15)*, an overview of the strategies and activities of the IDB in promoting and improving the relationship between Latin America and Asia. The ADB presented *Asian Development Bank (ADB) and Japanese Representative Office (JRO) ECO/2006/20*, a report on the special features of the ADB and development challenges faced in Asia, noting strategic responses to these challenges that the region must take and outlining the ADB's mid-term strategies focussing on five key areas (catalyzing investment, strengthening inclusiveness, promoting regional cooperation and integration, managing the environment, improving governance and containing corruption). The meeting noted that all FEALAC countries could utilize these financial resources on their initiative for their FEALAC projects. In particular, some of the funds established by these regional development banks could be utilized.
- ❖ The meeting invited ECLAC and UNESCAP representatives to present the findings of their interregional research and activities. ECLAC presented the results of their study *How to Promote SMEs' Participation in Trade between Asia and Latin America: the Role of ICT (ECO/2006/12)*, which identified priority policy areas and proposed areas of action for the FEALAC Economy and Society Working Group (improvement of transport infrastructure, boost trade facilitation, raise port security awareness and invest in food security and traceability). ESCAP presented a report on *Cooperation between UNESCAP and ECLAC (ECO/2006/23)* focussing particularly on the areas of environment, trade, transport, statistics and Millennium Development



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Goals. The meeting exchanged opinions regarding increased synergy effect and collaboration between these international organizations and FEALAC, including the possibility of utilizing the UN Development Account for joint projects between the two regions.

13. Future Direction

- ❖ The meeting welcomed the candidacy of Korea and Ecuador for the positions of co-chairs of the 5th Economy and Society Working Group.
- ❖ The meeting discussed the continuation of ongoing projects regarding bi-regional activities of SMEs and other areas of priority that may provide a clear direction for future activities and projects to be carried out within the framework of this Working Group. Based on the discussions of the 4th Working Group Meeting, member countries identified several areas of priority, which may be called “core programs”: sustainable development, especially the Clean Development Mechanism (CDM); utilization of Information and Communication Technology (ICT); promotion of SMEs; and poverty reduction.

14. Other matters

- ❖ The meeting discussed the possibility of changing the modalities of future Working Group and SOM meetings, which had been previously proposed by Japan at the SOM VII in Seoul. Members expressed their respective views regarding the merits and demerits of each option, including the option of maintaining the status quo. At the meeting it was agreed that further discussion of this issue at the next SOM would be very worthwhile.
- ❖ Peru suggested that the use of video-conferencing for FEALAC meetings be considered.
- ❖ In relation to the 3rd Ministerial Meeting to be held in Brazil in 2007, Brazil hopes to receive by 15 July 2006 comments and suggestions to the draft of the Final Statement of the 3rd Ministerial Meeting circulated during the 3rd Core Group Meeting in March 2006.
- ❖ The meeting expressed appreciation to the Government of Japan for the excellent arrangements and warm hospitality accorded to all the delegations.