

## **FOURTEENTH APEC MINISTERIAL MEETING**

**LOS CABOS, MEXICO  
23-24 OCTOBER 2002**

### **JOINT STATEMENT**

Ministers from Australia; Brunei Darussalam; Canada; Chile; the People's Republic of China; Hong Kong, China; Indonesia; Japan; the Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Republic of the Philippines; the Russian Federation; Singapore; Chinese Taipei; Thailand; the United States and Viet Nam participated in the Fourteenth Asia-Pacific Economic Cooperation (APEC) Ministerial Meeting in Los Cabos on 23-24 October 2002. The APEC Secretariat was present. The Association of South-East Asia Nations (ASEAN) Secretariat, the Pacific Economic Cooperation Council (PECC), and the Pacific Island Forum (PIF) attended as observers.

The meeting was chaired by H.E. Mr. Luis Ernesto Derbez, Minister of the Economy, and H.E. Jorge Castañeda, Minister of Foreign Affairs, of Mexico.

The meeting took place in the context of continuing recovery from last year's economic slow down, including the impact of September 11, although some uncertainties and risks regarding the strength and pace of the economic expansion remain. Ministers expressed their commitment to a sound macroeconomic and financial environment, the promotion of good corporate governance, and the common goal of free and open trade and investment in order to increase growth and improve living standards.

The theme for APEC 2002 was "Expanding the Benefits of Economic Cooperation for Growth and Development. Implementing the Vision", with the following sub-themes:

- a. Policies for Sustained Growth and the New Economy;
- b. Building Capacities to Reap the Benefits of Globalization; and
- c. Making APEC more Relevant to Our Communities

The importance of the implementation of the APEC vision was underscored by Ministers. They reiterated their determination to ensure concrete outcomes that benefit business and the wider APEC community from the implementation of such vision.

The discussion of Ministers focused on the theme and sub-themes for APEC 2002, including the issue of counter-terrorism and economic growth.

### **POLICIES FOR SUSTAINED GROWTH AND THE NEW ECONOMY**

#### **Counter-Terrorism and Economic Growth**

Terrorism, in all its forms, is a threat to economic stability in APEC, as well as a threat to regional peace and security, and a direct challenge to APEC's vision of free, open and prosperous economies. The recent attack in Bali is a tragic reminder of the importance of maintaining a united, committed and sustained effort to ensure that terrorism does not prevent APEC from achieving its goals.

Ministers again condemned terrorism in the strongest terms. They endorsed and referred to Leaders the report prepared by the APEC Secretariat on measures adopted by members jointly and as

individual economies in response to the APEC 2001 Leaders' Statement on Counter-terrorism.

Substantial progress has already been made by APEC in implementing specific Leaders' commitments to suppress the financing of terrorism, enhance air and maritime security, strengthen energy security, strengthen critical sector protection and enhance security-related cooperation on customs and border security.

The collective and individual efforts of APEC economies have limited the economic fall out from the September 11 attacks and strengthened the resolve of Ministers to push ahead with APEC's ambitious economic growth and cooperation agenda. Ministers reaffirmed the importance of achieving the twin goals of enhanced security against terrorist threats and continued promotion of economic growth, including facilitation of the movement of goods, capital and people. In order to achieve those goals, Ministers discussed new cooperative commitments that APEC could adopt in the areas of trade, finance and communications.

Regarding trade, they discussed commitments to strengthen transportation security, customs and immigration cooperation while facilitating the movement of goods and people, including capacity building. In particular, Ministers recommended the adoption by Leaders of the Secure Trade in the APEC Region (STAR) Initiative. Ministers welcomed plans to hold a seminar on STAR on February 22-23 2003 in Bangkok, Thailand.

With the view of halting the flow of financing to terrorists while ensuring efficient financial markets, Ministers reaffirmed their commitment to the APEC Action Plan on Combating the Financing of Terrorism approved by the APEC Finance Ministers Meeting. The Plan seeks to deny terrorists access to the world's financial system, including improved international cooperation and better monitoring of alternative remittance systems and charities and non-profit organizations.

Ministers underscored the importance of protecting the integrity of APEC's communications and information systems while allowing the free flow of information. In responding to this challenge, they supported the APEC Cybersecurity Strategy developed by the APEC Telecommunications and Information Working Group, and instructed Officials to implement the Strategy.

Ministers instructed Officials to explore how to best provide capacity building assistance to developing economies to effectively implement APEC initiatives against terrorism.

### **APEC and the Multilateral Trading System**

Ministers reaffirmed the importance of supporting an open, rules-based multilateral trading system under the World Trade Organization (WTO). They noted the dynamic and catalytic role that APEC plays by virtue of its broad membership, embracing both developed and developing economies, and its continuing commitment to liberalization.

Recognizing the significant contribution that the successful and timely conclusion of negotiations on the WTO Doha Development Agenda (DDA) will make to economic development and social advancement in the APEC region, Ministers reaffirmed their full commitment to ensuring the successful completion of the DDA negotiations by 1 January 2005.

Ministers called on all WTO members to intensify substantive discussions in Geneva on all elements of the DDA in an effort to keep the negotiations on track and agreed to work to ensure that the cooperative dynamic in APEC complements and supports the DDA negotiations. Ministers committed to working together to meet all DDA deadlines and schedules in the lead up to the 5th WTO Ministerial in Cancun, Mexico, on 10-14 September 2003. They agreed that transparency will be an important element on the road to Cancun.

Ministers expressed their concern with progress on implementation issues, which are of particular concern to developing countries. They reaffirmed their determination to find appropriate solutions to them.

With regard to the negotiations on agriculture, Ministers committed to work with the aim of ensuring that the modalities for WTO agricultural negotiations are established by March 2003. In particular, they agreed that one of the objectives of such negotiations should be the abolition of all forms of agricultural export subsidies and unjustifiable export prohibitions and restrictions.

Ministers undertook to work in the WTO so as to ensure that a common understanding on the modalities for non-agricultural market access negotiations can be reached by the end of March 2003, with a view to reaching an agreement on those modalities by 31 May 2003. They also pledged to submit requests and to meet the March 2003 deadline for the submission of initial offers in the WTO services negotiations.

Ministers remain committed to on-going work in the negotiating group on rules. Such negotiations are aimed at clarifying and improving disciplines under the Agreements on the Implementation of Article VI of the GATT 1994 and on Subsidies and Countervailing Measures, while preserving the basic concepts, principles and effectiveness of these agreements and their instruments and objectives.

They also committed to progress in the WTO discussions on the relationship between trade and investment, trade and competition policy, transparency in government procurement and trade facilitation so that a decision based on an explicit consensus can be reached in Cancun on the modalities for the negotiations. APEC has contributed to the discussion on these issues through analytical work and the organization of policy dialogues, among other activities.

Ministers agreed to negotiate by the WTO Ministerial in Cancun the establishment of a voluntary and non-burdensome system of notification and registration of geographical indications for wines and spirits under TRIPS Agreement Article 23.4 that facilitates existing protection under the TRIPS Agreement without imposing new obligations on Members or limiting the use of existing exceptions as provided for in Article 24. They also agreed to discuss the extension of the protection of geographical indications for products other than wines and spirits as provided for in Article 23 of the TRIPS Agreement. They also committed to the protection of geographic indications other than wines and spirits already provided for in Article 22 of the TRIPS Agreement. They supported work, including increased technical assistance, to ensure that adequate and effective protection for these indications as well as trademarks is fully realized in all WTO markets on a national and MFN treatment basis.

Ministers reaffirmed their support for the Doha Declaration on TRIPS and Public Health and are fully committed to developing an expeditious solution to resolving the outstanding compulsory licensing issue by the end of the year 2002. To that end, the scope of the solution must be focused on the specific mandate from Doha.

Ministers undertook to move forward with negotiations on environmental goods and services. They stressed the importance of technical assistance and capacity building for developing countries, in particular the least-developed. Widespread application of environmental technologies is integral to maximizing the beneficial effects of trade liberalization for the environment and for sustainable development. APEC has made contributions previously to the advancement of this objective through work to identify a scope of goods and services in this area. It would be important to develop appropriate scope and list of environmental goods and services, taking into account of the current works done by international bodies, as well as recent technological progress in this area.

They also stressed the importance of the WTO Work Program on special and differential treatment of the DDA and reaffirmed their commitment to work in the Council for Trade and Development in a practical and constructive spirit, recognizing that the aim of special and differential treatment is the further integration of developing economies into the trading system.

Ministers acknowledged the crucial role that WTO capacity building and confidence building activities will continue to play in ensuring the full participation of developing and least developed economies in the world trading system. Ministers welcomed the leading role that APEC is taking to ensure developing economies participate fully in the DDA negotiations and noted that 19 WTO capacity building projects, totaling US\$2 million were funded through the APEC TILF fund in 2002. In addition a number of APEC members are providing substantial bilateral WTO capacity building assistance to

economies in the region.

Ministers agreed that WTO capacity and confidence building activities under the APEC Strategic Plan should remain a top priority for APEC. These activities should be demand driven and cover the full gamut of DDA issues, including implementation, market access and rules issues. In this sense, Ministers welcomed the expansion of the mandate of WTO Capacity Building Group of the CTI to include work related to confidence building on the DDA. In particular, APEC should further contribute to the DDA by encouraging and coordinating confidence building activities, including in areas such as investment, competition, trade facilitation, transparency in government procurement, and trade and environment.

Ministers supported the early accession of Russia and Viet Nam to the WTO.

Ministers appreciated the participation of the Director General of the WTO, H.E. Mr. Supachai Panitchpakdi, at the meeting.

### **Implementation of the Shanghai Accord**

Ministers recognized the significant progress made during this year and acknowledged the importance of the timely implementation of the Shanghai Accord. Ministers agreed that the initiatives contained herewith represent critical elements of a new "APEC Implementation Framework" through which APEC economies agree to move forward to achieve the Bogor goals.

### **Broadening the Osaka Action Agenda**

Ministers agreed that broadening the Osaka Action Agenda to reflect fundamental changes in the global economy, including the new economy and the strengthening the functioning of markets, put APEC on a faster track to achieving the Bogor goals of free and open trade and investment. They endorsed the full report on the Broadening and Updating Part I and II of the OAA presented by Senior Officials, including the recommendation to incorporate a new chapter on Strengthening Economic Legal Infrastructure in Part I.

### **Pathfinder Initiatives**

Ministers emphasized that pathfinder initiatives can invigorate progress towards the Bogor Goals and recognized that members who are ready and willing to commit to move faster in specific areas should be able to do so collectively.

They endorsed the following pathfinder initiatives: implementation of Unilateral Advance Passenger Information systems; the adoption of the revised Kyoto Convention on the Simplification and Harmonization of Customs Procedures; electronic SPS certificates; electronic certificates of origin; corporate governance; and mutual recognition arrangement of conformity assessment on electrical and electronic equipment parts II and III.

These initiatives will facilitate a better trade and investment environment for the benefit of business. Ministers directed relevant APEC fora to review progress in the pathfinder initiatives to encourage broader participation by APEC members, including through the provision of capacity building.

### **Policies on Trade and the Digital Economy**

Ministers emphasized the positive impact of the new economy on growth and development. In this regard, they recommended that Leaders adopt the "Statement to Implement the APEC Policies on Trade and the Digital Economy", which contains a set of targets related to appropriate trade policies for the new economy, as a pathfinder initiative.

### **Trade Facilitation Action Plan**

Ministers emphasized the importance of APEC's trade and investment facilitation goals and welcomed the development of the APEC Trade Facilitation Action Plan.

They agreed to recommend that Leaders endorse the APEC Trade Facilitation Action Plan including the agreed menu of concrete trade facilitation actions and measures. Ministers emphasized the importance of implementing the Action Plan for the realization of reducing transaction costs across the APEC region by 5% by the end of 2006. They agreed that all APEC members should identify, by SOM I 2003, which concrete actions and measures they intend to implement in 2003 and beyond.

Furthermore, Ministers acknowledged the Economic Committee's project titled "The Benefits of Trade and Investment Facilitation in APEC" demonstrating that if all the APEC economies reduce transaction costs by 5% in 5 years, APEC's GDP will increase by 1 percentage point.

Ministers reaffirmed the Leaders' directive to work in close partnership with the private sector, including ABAC, to ensure that actions taken reflect business concerns and to develop assistance programs to help build the capacity of developing economies to implement trade facilitation measures.

### **Transparency Standards**

Ministers recognized the need to enhance transparency as a means to regain investors' confidence. Ministers recalled Leaders' directive last year to pursue implementation of APEC's transparency principles contained in key trade areas and approved the submission of the "Statement to Implement APEC Transparency Standards" for Leaders' endorsement.

### **Individual Action Plans**

Ministers reaffirmed their commitment to achieve the Bogor goals through the actions outlined in their respective IAPs. They encouraged APEC members to keep up individual efforts to liberalize and facilitate trade and investment in order to achieve such goals.

Ministers welcomed progress in APEC to strengthen the IAP Peer Review Process, bearing in mind that an implementation mechanism is credible only if coupled with monitoring and assessment procedures. The involvement for the first time of outside expertise and the greater role played by the private sector ensures a more rigorous and meaningful review of the IAPs. They directed the officials to further improve the IAP Peer Review Process and to ensure that information in the e-IAP database is presented in a business-friendly format.

They stressed the importance of the new IAP peer review process for the mid-term stock take of the overall progress towards the Bogor Goals that will take place in 2005. In this sense, they welcomed the forward-looking guidelines for IAP Peer Reviews.

Ministers commended economies that have already volunteered to present their IAPs for review under the new mechanism, including Japan and Mexico which have submitted IAPs for peer reviews this year. They noted that fifteen other economies have agreed to submit their IAPs for review between 2003 and 2005: Australia; Brunei Darussalam; Canada; Chile; Hong Kong, China; Indonesia; Korea; Malaysia; New Zealand; Peru; Philippines; Singapore; Chinese Taipei; Thailand and Viet Nam.

### **Collective Action Plans**

Ministers stressed the importance of the Collective Action Plans (CAPs) in achieving the Bogor goals. They approved and endorsed the 2002 Committee on Trade and Investment Annual Report to Ministers containing the revised/enhanced CAPs. Ministers directed Officials to continue working and assessing CAPs in order to carry on producing tangible deliverables for the business community.

### **Regional Trade Arrangements (RTA)**

Ministers noted the growing number of regional trade agreements (RTAs) and free trade agreements (FTAs) being negotiated and concluded, to which many APEC members are parties. They believed that such agreements are instruments to achieve the Bogor goals and that they should be consistent with both APEC's principles and WTO rules. Ministers instructed officials to engage in a constructive exchange of views on the RTAs and FTAs.

### **New Economy and Electronic Commerce**

Ministers acknowledged the contribution of Information and Communication Technology (ICT) to sustainable economic growth, in particular in reducing the costs of trade and investment. They reaffirmed the importance of implementing appropriate policies to foster the use of ICT and maximize the benefits of the new economy, as reflected in the Paperless Trading IAPs and in the report endorsed by the meeting on implementation of the e-APEC Strategy.

### **Strengthening the Functioning of Markets**

Ministers encouraged APEC to further develop its work in the area of strengthening the functioning of markets to help build member economies' capacity to meet changing market demands and to engender business and investor confidence. Ministers highlighted the complementarity of the work on Strengthening Economic Legal Infrastructure and competition policies and the work of the Finance Ministers' Process on corporate governance, and stressed the need for member economies to review regularly their corporate governance practices.

### **Structural Reform**

Ministers acknowledged the importance of structural reform in achieving trade and investment liberalization and facilitation. They recognized the importance of various APEC initiatives on structural reforms aimed at strengthening the market fundamentals across the region and instructed officials to further promote dialogue and work in this area.

## **BUILDING CAPACITIES TO REAP THE BENEFITS OF GLOBALIZATION**

### **Micro, Small and Medium Sized Enterprises**

Ministers acknowledged the key role that micro, small and medium sized enterprises play as driving forces of sustained domestic and regional economic growth, as well as their potential to serve as important agents for alleviating poverty in developing economies.

Micro, small and medium sized enterprises make a substantial contribution to trade in the APEC region. Enhancing their participation in export markets, including through liberalization of trade and investment, has potential benefits for economic development. Ministers agreed to strengthen the policy environment and foster entrepreneurship through closer cooperation and exchanging information among economies on the appropriate policy environment conducive to the development of micro, small and medium sized enterprises in the region.

Innovative start-ups are key elements for the success of micro, small and medium enterprises. Ministers urged member economies to consider initiatives on areas including micro-financing, venture capital funds, loan guarantee schemes, incubation centers, and access to information and communications technology.

They stressed the importance of the updated Integrated Plan of Action for SME Development (SPAN) approved by the SME Ministerial, which is APEC's main instrument for the development of SMEs. The updated SPAN incorporates relevant issues for micro enterprises development and an evaluation framework to assess progress.

APEC is well suited to play a leading role in contributing to the integration of micro-enterprises to the globalization process. Ministers acknowledged that attention to small and medium size enterprises,

including micro-enterprises, is an organic part of promoting progress towards APEC objectives in terms of gender equity, economic growth, poverty alleviation and the strengthening of social safety nets.

In particular, Ministers expressed the need to address the issue of empowering micro-enterprises through access to information, human capacity building and financing. Consistent with such objective, they welcomed the decision by the SME Ministerial to create a sub-group within the SMEWG to address micro-enterprises development.

### **Other Economic and Technical Cooperation and Capacity Building Activities**

Ministers welcomed the 2002 Report of the SOM Committee on Ecotech (ESC), including the "Human Capacity Building Strategy for the New Economy", and endorsed the recommendations. Ministers commended the review of the role and mandate of the Ecotech Sub-committee and reconfirmed the mandate agreed in 1998.

They instructed officials to continue their efforts to improve the coordination of the activities of APEC fora, and urged APEC fora to enhance their communication efforts in order to avoid the duplication of activities and to maximize synergies.

Ministers welcomed the development of evaluation criteria for Ecotech Action Plans (EAP) prepared by members in the pilot phase of this initiative. Ministers called for a rigorous assessment of the value of the existing EAPs as a tool to progress APEC's economic and technical cooperation agenda.

They noted the outcomes of the Workshop on "Ecotech and Capacity Building: Assisting Integration into the Global Economy" held in Acapulco, Mexico, in August. The suggestions made by participants in the Workshop support the view of Ministers that there is a need to have more clear and focused goals for capacity building activities in APEC, so as to assist in the definition and improvement of strategies and monitoring and assessment mechanisms. They urged APEC fora to work in that direction.

Furthermore, consistent with those suggestions, Ministers agreed that links with international financial institutions and the private sector should be strengthened with the aim of engaging them in APEC's Ecotech and capacity building programs. In particular, Ministers urged officials to develop relationships with international financial institutions and the private sector with a view to leveraging financial support for APEC activities.

Ministers welcomed the evaluation work program in the APEC Secretariat and agreed that monitoring and evaluation will help to make APEC's Ecotech and capacity building efforts more effective. They also welcomed the involvement of other APEC stakeholders, such as ABAC and the APEC Study Centers in the monitoring and evaluation of Ecotech and capacity building activities.

## **MAKING APEC MORE RELEVANT TO OUR COMMUNITIES**

### **Dialogue on Globalization and Shared Prosperity**

Ministers welcomed the outcomes of the APEC Dialogue on Globalization and Shared Prosperity, held on 26 May 2002 in Merida. They acknowledged the importance of good domestic economic reform policies, sound institutions and skills development in promoting economic growth. They noted the Dialogue's focus on the importance of the social dimension of globalization, and on the need for appropriate measures to help people adjust to new circumstances and acquire the learning and skills needed to thrive in the New Economy. Ministers also acknowledged the need for social safety nets that cushion the impact on those displaced by economic change and that facilitate resumption of employment and protection.

They stressed the need to address these issues in order to maximize the political support to the globalization process, in particular to APEC's integration process, and called for communication strategies to disseminate and make understandable to all stakeholders the benefits and challenges of

globalization.

### **Dialogue with ABAC**

ABAC plays a unique role by providing advice on concrete initiatives that APEC should adopt to improve the business environment in the Asia Pacific region. Ministers welcomed the presentation of ABAC's report to Leaders on "Sharing Development to Reinforce Global Security". Ministers placed great value on ABAC's contribution to the APEC agenda and undertook to consider carefully ABAC's recommendations, noting that APEC was pursuing a number of initiatives identified by ABAC in areas such as counter terrorism measures, corporate governance, WTO capacity building and the promotion of micro-enterprises. They emphasized the need to continue strengthening the relationship between government and private sector.

### **Youth**

Young people are a vital source of renewal and innovation. They make a very important contribution to sustainable economic growth and development. It is important to support them in facing the new opportunities and challenges of globalization.

Ministers commended Mexico for organizing the highly successful APEC Young Leaders and Entrepreneurs Forum. They also took note of the key findings of the event on economy diagnosis, business incubation, financing of young entrepreneurs, and social responsibility of businesses. Ministers recognized the need to continue organizing activities aimed at developing young future leaders of APEC.

### **Women**

Globalization can be a powerful force for stimulating growth and development in the region with resulting higher living standards and improved social well-being for our communities. However, vulnerabilities in certain labor markets limit the extent of these benefits. Ministers resolved to work on ensuring that the challenges globalization presents for women, including indigenous women, are met and that the benefits of structural reform and a globalized marketplace reach all our communities, including the most disadvantaged.

APEC members recognized the need to eliminate gender inequalities in all aspects of social and economic life, recognizing the value of the multiple roles that women play in the economy, as well as the double burden of paid and unpaid work. Ministers also recognized the significant contribution of women in APEC economies and welcomed the study on gender specific economic data. They also recognized that society, as a whole, will gain from equal participation in policy and decision-making processes. In particular, they noted the important role of women in micro-enterprises since most of these firms are established and run by them.

In particular, Ministers reaffirmed their commitment to integrate gender into APEC processes and activities by: continuing to promote gender integration and recognize gender as a cross-cutting issue in APEC; reviewing and assessing the progress toward the implementation of the Framework for the Integration of Women in APEC; considering issues relevant to women's economic interests and opportunities; and acknowledging the gender integration achievements within APEC fora and economies. Ministers also endorsed the Gender Focal Points Network and called for its immediate implementation. They welcomed the decision by APEC ministers responsible for women's issues to put forward for Leaders endorsement the recommendations contained in the Joint Ministerial Statement of the II APEC Ministerial Meeting on Women.

### **Contribution of other stakeholders to APEC work**

Ministers recognized the important contributions of academic institutions, regional think-tanks, the Women Leaders Network (WLN) and other stakeholders in APEC work during 2002. They agreed to explore ways and means to strengthen their involvement in APEC activities.

## **OTHER ISSUES**

### **SOM Report to Ministers**

Ministers welcomed and approved the SOM report, including the decisions points contained therein.

### **Statements by Observers**

Ministers took note of the statements by ASEAN Secretariat, PECC and PIF.

### **APEC 2003**

Ministers thanked Thailand for the briefing on preparations for the Fifteenth APEC Ministerial Meeting and the Eleventh APEC Economic Leaders' Meeting.

### **Future Meetings**

Ministers noted that the future Ministerial Meetings will be held in Chile in 2004, and in the Republic of Korea in 2005. Ministers welcomed Viet Nam's offer to host APEC in 2006 and Australia's offer to host in 2007.

## **MINISTERIAL DECISIONS**

### **Trade and Investment Liberalization and Facilitation**

#### **Committee on Trade and Investment (CTI) Annual Report**

Ministers endorsed the 2002 CTI Annual Report containing the APEC activities on Trade and Investment Liberalization and Facilitation.

#### **Strengthening the Multilateral Trading System**

Ministers welcomed the proposal to hold a conference on trade and environment to be convened sometime between April and June 2003, and CTI's decision to hold trade policy dialogues on trade facilitation, and trade and competition at SOM I and II next year, respectively.

#### **Individual Action Plans**

Ministers endorsed the SOM report on 2002 IAPs Improvements and instructed officials to ensure that the e-IAP website is a truly useful tool for the private sector.

#### **Collective Action Plans**

Ministers approved and endorsed the revised/enhanced CAPs contained in the 2002 CTI Annual Report. They directed Officials to continue working and assessing CAPs' evolution in order to carry on producing tangible deliverables for the business community.

They welcomed the results of the Seminar on "Bilateral/Regional Investment Rules and Agreements" organized by Mexico, and highlighted the need for further work to continuing building capacity in the WTO process.

Ministers asked officials to review economies' progress in implementing and improving the Menu of Options on Investment and report progress by the Ministerial Meeting in 2003.

Ministers welcomed the success of the Third APEC Investment Mart and the Seventh APEC Investment

Symposium held in Vladivostok, Russia, in September 2002, under the theme "Investment Development in the APEC Region in the Age of Globalization", and noted that the Fourth APEC Investment Mart will be held in Bangkok, Thailand in October 2003.

Ministers welcomed the proposal to establish "APEC IPR Service Center" as a mechanism for improving IPR protection in each member economy, and directed officials to continue their discussion in order to further develop this initiative, including the financial aspect, by the next Ministerial Meeting.

Ministers took note of the continuing progress made in the APEC Business Travel Card scheme, which now has fourteen APEC economy members and, in particular, they welcomed the participation of Indonesia and Japan in the scheme. They also commended the on-going work, including through the implementation of capacity building activities in the following areas: Unilateral Advanced Passenger Information systems, travel document examination, professional immigration service, travel document security and issuance systems and legislation.

Ministers welcomed the progress in the preparation for the Seminar on Venture Capital and Start-up Companies to be held in Beijing, China, in December 10-12, 2002.

### **Trade Facilitation**

Ministers endorsed the reporting template to highlight trade facilitation measures in the Individual Action Plans to be used by all members starting in 2003. They commended Canada; Hong Kong, China; Japan; Malaysia; New Zealand; and Singapore for piloting the reporting template this year.

Ministers noted the report "The Economic Impact of Trade Facilitation: A Development Perspective in the Asia-Pacific Region" developed jointly by the World Bank and APEC, under a project overseen by Canada. The report concludes that bringing the below average APEC members half-way to the APEC average in the fields of port and customs efficiency, regulatory standards and harmonization, business mobility and electronic commerce usage, and administrative professionalism, would increase intra-APEC trade in the order of over 280 billion dollars. Ministers recognized that the report generates useful information to assist in policy formulation.

Ministers welcomed the study prepared by Australia "APEC Economies: Realizing the Benefits of Trade Facilitation", which quantified examples of trade facilitation reforms already implemented within APEC and highlighted that trade facilitating measures result in real income gains, improved market access, increased efficiency and reduced impediments to competition and innovation. The report found that increases in real income of over US\$17 billion per annum have been generated from trade facilitation reforms already implemented in APEC.

Ministers also welcomed the organization of a workshop on "Implementing the APEC Trade Facilitation Principles" organized by Thailand, Canada and Hong Kong, China, and the report of the workshop entitled "Toward the Shanghai Goal: Implementing the APEC Trade Facilitation Action Plan".

### **Automotive and Chemical Dialogues**

Ministers welcomed the productive outcomes of the Fourth Automotive Dialogue held in Singapore in 2002 and took note of preparations related the Fifth Dialogue to be held in 2003. Ministers also noted the progress made by the Automotive Dialogue, in particular the commencement of a "peer discussion" process and the Dialogue's offer to support and contribute to the new WTO trade round. Ministers encouraged the Dialogue to further develop and make progress on its market access and trade facilitation activities. Ministers applauded the Dialogue work to promote automotive standards harmonization and endorsed the group's "Revised Principles of Automotive Technical Regulation Harmonization".

Ministers welcomed the launch of the First Chemical Dialogue, held in 2002 in Mexico and welcomed the preparations for the Second Chemical Dialogue to be held in Thailand in 2003. Ministers applauded the work of the Chemical Dialogue including identifying and implementing measures to

contribute to the Shanghai Accord's objective of reducing business transaction costs. Ministers encouraged APEC members to work towards implementing the Globally Harmonized System (GHS) on hazard classification and labeling of chemicals and safety data sheets by 2006, including through capacity building. Ministers noted the potential adverse impact on APEC's manufacturing industries of the EU's proposed regulatory regime for chemicals and underscored the importance of transparency and openness in the EU regulatory process.

## **Economic and Technical Cooperation (Ecotech)**

### **Ecotech Sub-Committee**

Ministers recognized the significant role of the Ecotech Sub-Committee (ESC) in managing and coordinating Ecotech activities to ensure a more focused and intensified action agenda. Ministers endorsed the recommendations on the ESC's mandate and role, including the renaming of the ESC as the SOM Committee on Ecotech retaining the acronym ESC and the original mandate.

### **Implementation of the Human Capacity Building Promotion Program**

Ministers acknowledged the importance of capacity building as a vital means to empowering the Asia Pacific community and assist our communities in addressing the challenges of globalization. Ministers commended China's efforts in the implementation of the Human Capacity Building Promotion Program.

### **Human Capacity Building Strategy for the New Economy**

Ministers approved "The Human Capacity Building Strategy for the New Economy" prepared by the Human Capacity Building Coordination Group (HCBCG) as an effective response to the need for transforming the "digital divide" into "digital opportunities", so that the opportunities of the New Economy can be widely shared in the APEC region.

## **Health**

Ministers welcomed the progress made by the ISTWG on the implementation of the Infectious Disease Strategy. Ministers endorsed broadening the current APEC "infectious disease" priority to "health and sustainable development". Ministers support public/private partnership such as the APEC Healthcare Services Accreditation Projects, to expand cooperation between healthcare service accreditation organizations in the region. Ministers also recognized members' interest in promoting public health improvement, and have made the life-sciences sector a high priority by approving the establishment of a Life-Science Innovation Forum in APEC.

## **Biotechnology**

Ministers welcomed the First Agricultural Biotechnology High Level Policy Dialogue held in Mexico this year and welcomed plans to hold a Second High Level Policy Dialogue on Agricultural Biotechnology, in the margins of SOM I 2003 on February 14 - 15, 2003 in Chiang Rai, Thailand.

Ministers welcomed the outcome of the APEC Workshop on Technical Cooperation and Information Exchange on Safety Assessments in Agricultural Biotechnology held from August 29th to September 4 in Chinese Taipei, as another valuable contribution to safety, science-based and most of all the capacity building aspects of biotechnology.

## **APEC Food System (AFS)**

Ministers welcomed SOM's report on the implementation of the AFS. They took note of the inclusion of a separate chapter in the IAPs on the AFS and the adoption of the template proposed by New Zealand. Ministers also agreed on the abolition of economy reports of the existing APEC Food System

annual report.

### **Micro, Small and Medium Enterprises**

Ministers welcomed the report on the APEC High Level Meeting on Micro-enterprises held on 17-18, August in Acapulco, Mexico, and its recommendations for creating and enabling environment for micro-enterprises development in the region.

Ministers also welcomed the report jointly presented by Australia and Mexico on Small Business and Trade in APEC. The study underscores that, on average in APEC, small and micro businesses make up over 98% of all enterprises, account for 30% of direct exports, 10% of foreign direct investment by value and 60% of private employment.

Ministers welcomed the Australian initiative to hold seminars in 2003 aimed at assisting developing economies develop programs to remove obstacles and ease the transition into export for SMEs and micro-enterprises.

Ministers welcomed the forthcoming APEC Medium and Small Enterprises Technology Conference and Fair to be held in Qingdao, China, next year with a view to enhancing the capacity building of Medium, Small and Micro-enterprises of APEC region.

### **APEC Education Foundation and the APEC Consortium on Cyber Education Cooperation**

Ministers expressed their appreciation to the APEC Education Foundation for its continued leadership in advancing education cooperation and commended Korea and the United States for their leading roles. Ministers also welcomed expansion of the APEC Cyber Education Cooperation Consortium, and progress achieved so far. Ministers encouraged further participation in the activities of the Foundation and the Consortium by member economies, business, academia and other stakeholders.

### **APEC School Networking**

Ministers commended Thailand for its leadership in embarking upon the Sister Schools Networking project and encouraged members to fully participate in the project.

### **New Economy and e-Commerce Issues**

#### **New Economy**

Ministers took note of the progress made by lead economies on new economy initiatives, including: Empowering Peoples with Disabilities through IT Usage (Korea), Fostering IT Schools for the Information Age (Chinese Taipei) and OECD - APEC Global Forum on Policy Frameworks for the Digital Economy.

Ministers also commended the efforts by Chinese Taipei along with Thailand, Mexico and Indonesia in implementing the workshops on e-Business and Supply Chain Management under the Transforming "Digital Divide into Digital Opportunities Phase II" initiative.

Underscoring the importance of e-government for enhancing the quality and transparency of government services, Ministers approved the Strategy report on Promoting e-Government in APEC adopted at the APEC High Level Symposium on e-Government held in Korea on 2-5 July 2002 and encouraged its active implementation. Ministers welcomed the offer made by Mexico to organize a second APEC High Level Symposium on e-Government in 2003.

#### **e-Commerce**

Ministers took note of the 2002 Stocktake of Electronic Commerce Activities in APEC as a useful tool

for relevant APEC fora and member economies in planning e-commerce related activities.

Ministers welcomed the progress in the preparations for an APEC e-commerce Fair in Yantai, China, in 2003 and called on all member economies to encourage wide participation in this event by government officials, the business and academic communities.

Ministers recognized the value in developing appropriate and compatible frameworks for consumer protection in e-commerce and endorsed the "Report on Approaches to Consumer Protection" and the "APEC Guidelines for On-line Consumer Protection".

Ministers welcomed Individual Action Plans on Paperless Trading submitted by fourteen economies, namely Australia; Chile; China; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; Mexico; Russia; Singapore; Chinese Taipei; Thailand and Viet Nam and encouraged other member economies to participate in the delivery of Paperless Trading IAPs.

### **Strengthening the Functioning of Markets**

Ministers welcomed the progress on APEC's work on Strengthening the Functioning of Markets, including: outcomes on 2nd Symposium on Strengthening Economic and Legal Infrastructure held on 11-12 July in Jakarta (Japan, Australia, Indonesia); progress on Third Workshop and High Level Conference of the APEC-OECD Co-operative Initiative on Regulatory Reform held in Jeju Island, Korea on 16-18 October 2002 (Peru); outcomes on the First Seminar of APEC Training Program on Competition Policy (Japan, Thailand and Vietnam); outcomes and preparations of the Training Program to Promote Competition in APEC Economies (Mexico); outcomes of the Intensive Training on Commercial Laws seminars in Vietnam and the Philippines and preparations for further seminars in China, Indonesia, and Thailand (Australia); outcomes on APEC Academic Conference on Competition Policy and Economic Development, held in Beijing on 18-19 September 2002 (China and Japan); and preparations for the SME and New Business Support Workshop to be held in November (Japan).

They also welcomed the Best Practices Guidelines reached at the "APEC Symposium on Best Practices for Enhancing Women's Entrepreneurship and Start-up Companies" held on 6-7 August 2002 in Chinese Taipei, and they encouraged APEC to apply the guidelines in their future activities. They applauded the report "Strengthening Economic Legal Infrastructure in APEC: Supporting Trade, Investment and Economic Development".

### **Economic Issues**

Noting that Economic Committee reports are intended as analytical input and do not contain agreed policy conclusions or recommendations, Ministers endorsed the Economic Committee Report for 2002 and its four core projects for release: (1) 2002 APEC Economic Outlook; (2) The Benefits of TILF in APEC; (3) New Economy in APEC: Innovations, Digital Divide and Policy; and (4) the Implementation Plan for KBE Recommendations.

Ministers welcomed the "2002 APEC Economic Outlook", especially its structural chapter on Micro Banking development, regulation and supervision in the Asia-Pacific region, and proposal for the structural chapter of the 2003 Economic Outlook on the role of specialized financial institutions (SFIs).

They also welcomed the report on "New Economy in APEC: Innovations, Digital Divide and Policy" that complements the earlier reports on the new economy KBE by the APEC Economic Committee. Ministers welcomed the progress in implementing KBE Recommendations and urged Economic Committee to further develop its work on KBE and New Economy issues.

Ministers endorsed a new project proposal named "The Corporate Debt Restructuring Process and Economic Growth in the APEC Economies".

Ministers welcomed the outcomes from the 9th APEC Finance Ministers' process, including its work on combating the financing of terrorism and money laundering, financial and fiscal reforms, and

improving the allocation of domestic savings for economic development.

They also recognized the various initiatives taken by the APEC Finance Ministers' Process in promoting macroeconomic dialogue, policy exchange and capacity building exemplified by the "APEC Finance and Development Program" and welcomed the "Development of Securitization and Credit Guarantee Market" initiative.

They also welcomed the close communication achieved between the Finance Ministers' process and the SOM process in 2002.

Ministers welcomed the results of the International Meeting of Experts on Social Safety Nets co-hosted by the governments of the Republic of Korea and the Kingdom of Thailand in Seoul, Republic of Korea, during 25-26 July 2002. They also welcomed the establishment of the APEC Social Safety Nets Capacity Building Network (APEC SSN CBN) that will function virtually to promote the exchange of information and dissemination of effective practices for better social safety nets delivery in APEC.

## **ABAC**

Ministers took note of the ABAC project to develop a Trans-Pacific Multimodal Security System (TPMSS).

## **Communications and Outreach Strategy**

Ministers commended the APEC Secretariat's ongoing work in implementing the Communications and Outreach Strategy and noted the success of the recently concluded Communications Skills Workshops sponsored by Australia and encouraged the continuation of such activities in future.

## **Contribution of other stakeholders to APEC work**

Ministers welcomed the contributions of APEC stakeholders, including the APEC International Assessment Network Report (APIAN) report "Remaking APEC as an Institution", containing recommendations to improve APEC's structure and management. They also welcomed the foundation of the APEC Academy of China.

## **World Summit on Sustainable Development (WSSD)**

Ministers welcomed the paper prepared by the APEC Secretariat on the contribution of APEC to the WSSD and thanked Mexico for delivering it in Johannesburg on behalf of members and as APEC host for 2002.

## **Sectoral Ministerial Meetings in 2002**

Ministers welcomed the outcome of the 5th Ministerial Meeting on the Telecommunications and Information Industry held in Shanghai on 29-31 May and commended China for the adoption of the Shanghai Declaration, the Program of Action for the APEC Telecommunications and Information Working Group and the Statement on the Security of Information and Communications Infrastructures.

Ministers took note of the report of the 3rd Transportation Ministerial Meeting held this year in Lima, Peru and acknowledged the efforts to strengthen security and trade in the region.

Ministers welcomed the outcome of the 1st APEC Ocean Related Ministerial Meeting held in Korea on 25-26 April 2002, and commended Korea for the adoption of the Seoul Oceans Declaration. Ministers recognized that the meeting advances concerted approach to addressing ocean-related agendas, especially in strengthening cooperation on sustainable development of marine and fisheries

resources development in the region. Korea

Ministers expressed appreciation for hosting and commended the outcomes of Mexico's Ministerial Meetings this year, namely:

- Meeting of Ministers Responsible for Trade held in Puerto Vallarta, 29-30 May;
- Second Tourism Ministerial Meeting, held in Manzanillo, Mexico from 3-6 July, focused on Tourism and SMEs;
- 5th Meeting of the APEC Energy Ministers held in Mexico City on 22-23 July 2002, which focused on energy cooperation in the areas of investment, renewable energy, energy security and environmentally sound energy consumption through such initiatives as 21st Century Renewable Energy Development and Energy Security Initiative;
- 9th APEC SME Ministerial Meeting, held in Acapulco on 24-25 August, which focused on the expansion of cooperation; and
- Second Ministerial Meeting on Women in 2002, held in Guadalajara, on 28-29 September, which focused on "Advancing women Economic Interest and Opportunities in the New Economy", with particular emphasis on entrepreneurship, micro-businesses, trade facilitation and IT capacity-building for women.

### **Budget and Management Issues**

Ministers endorsed the BMC Chair's report on budget and management issues and approved the contributions from member economies for 2003 to the APEC Central Fund and the 2003 budget. Ministers commended the work by the BMC to improve and make project guidelines more user friendly.

### **Report of the Executive Director of the APEC Secretariat**

Ministers took note of the Report of the Executive Director of the APEC Secretariat.

Ministers welcomed the Report on Improving the Functioning of the APEC Secretariat, took note of the recommendations therein, including the observations of consultants supplied by Canada, and support their prompt implementation.

The Meeting commended the APEC Secretariat work on the establishment of a ISO-9001 standard Quality Management System, making the APEC Secretariat the first international trade-related Secretariat to attain ISO certification.

### **Management issues**

Ministers endorsed the Revised Guidelines on Non-Member participation drafted by a number of members in discussions led by Canada.

Ministers welcomed the work undertaken in the area of reporting requirements and clarifying a standard expectation of the APEC Secretariat's support for APEC Fora.

The Meeting took note of the list of activities in which it would be useful for APEC to participate regularly.

Ministers endorsed the revised "Seconded Staff Management Guidelines."

