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Key APEC Documents

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## ***INTRODUCTION***

***Key APEC Documents 2006*** is the 13th in a series produced by the APEC Secretariat. The ***Key Documents'*** publication provides a reference set of the key policy decisions and initiatives endorsed by APEC Leaders and Ministers each year. Collectively, these documents frame the policy directions for APEC's annual work programmes.

This issue presents a compilation of the statements from each of the APEC Ministerial Meetings held during 2006 together with the APEC Economic Leaders' Declaration from their recent meeting in Ha Noi, Viet Nam. The Executive Summary of the annual APEC Business Advisory Council Report to APEC Economic Leaders is also included for easy reference.

The APEC website, [www.apec.org](http://www.apec.org), provides a further source of documentation of policy and reference papers; and APEC committee reports; and information relating to the wide-ranging activities of APEC.

APEC Secretariat  
December 2006



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## ***14th APEC Economic Leaders' Meeting***

***Ha Noi, Viet Nam  
18–19 November 2006***

### ***Ha Noi Declaration***

We, Economic Leaders of Member Economies of the Asia Pacific Economic Cooperation (APEC), gathered in Ha Noi, Viet Nam on 18–19 November 2006 for the 14th APEC Economic Leaders' Meeting under the APEC 2006 theme of ***“Towards a Dynamic Community for Sustainable Development and Prosperity.”***

With a strong commitment to achieving the vision of stability, security and prosperity for the Asia-Pacific region, we agreed to make every effort for realizing APEC's goals of free and open trade and investment. We dedicated ourselves to preventing threats to sustainable development, to building a secure and favorable business environment and to enhancing human security. We pledged to continue our work towards a dynamic and harmonious Asia-Pacific community by building strong societies for the well-being of our peoples.

#### ***1. Advancing Free Trade and Investment***

We reaffirmed that support for the Doha Development Agenda (DDA) remains a top priority of APEC. The consequences of the failure of the Doha Round would be too grave for our economies and for the global multilateral trading system. We should, therefore, spare no efforts to break the current deadlocks and achieve an ambitious and overall balanced outcome of the Round with the development dimension being at its core. Our will and resolve were stated in the 14th APEC Economic Leaders' Meeting Statement on the DDA of the WTO.

We acknowledged the role of high-quality, consistent, transparent and comprehensive Regional Trade Agreements/Free Trade Agreements (RTAs/FTAs) in advancing trade liberalization and the need to ensure that RTAs/FTAs lead to greater trade liberalization and genuine reductions in trade transaction costs. We commended the completion of model measures for six RTAs/FTAs chapters. We reaffirmed that the model measures would serve as the reference for APEC member economies negotiating high-quality FTAs. We also reiterated the non-binding and voluntary nature of the model measures, bearing in mind that

they will not prejudice the positions of APEC members in their existing and future RTAs/FTAs negotiations. We instructed Officials to continue work on model measures in 2007, so model measures for as many commonly accepted RTAs/FTAs chapters as possible are developed by 2008, as we called for in 2005 in Busan.

We recognized that unprecedented economic developments in the Asia-Pacific region are drawing our economies closer together. We noted that our business communities have highlighted the implications of the growing number of diverse FTAs in the Asia-Pacific and that other regional arrangements are emerging. We reiterated our commitment to greater economic integration in the Asia-Pacific region and pledged to strengthen our efforts towards this end. We shared the APEC Business Advisory Council's (ABAC) views that while there are practical difficulties in negotiating a Free Trade Area of the Asia-Pacific at this time, it would nonetheless be timely for APEC to seriously consider more effective avenues towards trade and investment liberalization in the Asia-Pacific region. Therefore, while affirming our commitments to the Bogor Goals and the successful conclusion of the WTO/DDA negotiations, we instructed Officials to undertake further studies on ways and means to promote regional economic integration, including a Free Trade Area of the Asia-Pacific as a long-term prospect, and report to the 2007 APEC Economic Leaders' Meeting in Australia.

We noted with satisfaction the progress made by member economies in implementing the Busan Roadmap towards the Bogor Goals, which demonstrates APEC's commitment to achieving free and open trade in the Asia-Pacific. We welcomed and endorsed the Hanoi Action Plan to implement the Busan Roadmap towards the Bogor Goals, which is comprised of specific measures, schedules, and capacity building initiatives. In this regard, we emphasized the importance of measures aimed at reducing business transaction costs and building a more secure and favorable business environment. We



highlighted numerous steps taken this year to carry forward the Busan Business Agenda of the Busan Roadmap, including the following:

- Concluding that APEC has met the Shanghai target, set in 2001, of a five-percent reduction in trade transaction costs by 2006, we welcomed the framework for the next Trade Facilitation Action Plan, targeting a further reduction of trade transaction costs by five percent in the APEC region by 2010;
- We welcomed the expanded work program on investment liberalization and facilitation in collaboration with ABAC and other relevant international organizations;
- Affirming the importance of strong intellectual property rights (IPR) protection and enforcement to economic growth and trade in the Asia-Pacific region, we endorsed the two new Model Guidelines under the APEC Anti-Counterfeiting and Piracy Initiative to inform citizens about the importance of IPR protection and enforcement and to secure supply chains against counterfeit and pirated goods. We called on economies to continue their work to address IPR protection and enforcement challenges in the region in close consultation with the private sector; and
- We welcomed the multi-year Private Sector Development Workplan designed to cut red tape and lift the quality of business regulations, which would particularly benefit small and medium-sized enterprises. We instructed the SMEs Ministers to lead coordination efforts within APEC.

We instructed Ministers to ensure steady implementation of the Hanoi Action Plan in close collaboration with ABAC. We also appreciated relevant recommendations from ABAC and encouraged APEC fora to take them into consideration when developing their work programs.

We recognized the need to intensify work on structural reforms and took note of progress in carrying out the Leaders' Agenda to Implement Structural Reform toward 2010 (LAISR 2010). We welcomed the completion of the Report on Socio-Economic Disparity in the APEC region and stressed the importance of enhancing activities across APEC fora in order to combat socio-economic disparity issues in the APEC region.

We noted the importance of open and robust financial systems and the orderly adjustment of global imbalances through fiscal sustainability, price and exchange rate flexibility, reforms to promote

investment, strengthened financial markets, more balanced domestic demand, and improved corporate governance and legal infrastructure across the Asia-Pacific region as identified by APEC Finance Ministers. We welcomed the progress made on IMF reform, including quota and voice reform, and called upon IMF members to work towards its timely conclusion. Recognizing the importance of financial stability for the region's continuing economic growth and development, we noted the discussion at the IMF examining the possible creation of a new liquidity instrument that could help prevent financial crises in the region.

As part of our continued work to advance the 2002 Leaders' Pathfinder "Statement to Implement APEC Policies on Trade and the Digital Economy," we adopted the "APEC Technology Choice Principles" as a new pathfinder initiative to spur the cycle of innovation and opportunity and to promote economic development across the region. We also called on member economies to exercise appropriate oversight to achieve the objective that central government agencies use only legal software and other copyright materials; that such bodies implement effective policies intended to prevent copyright infringement on their computer systems and via the Internet, in accordance with relevant international conventions and domestic laws and regulations concerning copyright and related rights; and that central government funds are not used by contractors or recipient institutions to purchase illegal software or other illegal copyright materials. In addition, we recognized the need for continued efforts to increase capacity building to assist economies of different levels of development to strengthen IPR protection and enforcement.

## 2. *Enhancing Human Security*

We condemned terrorist acts, which are posing serious threats world-wide. In keeping with our commitment to advance regional prosperity and sustainable development and our complementary mission of ensuring security for our peoples, we are determined to continue efforts to combat terrorism in every form and manifestation. We reaffirmed that any measures taken to combat terrorism must comply with our international obligations.

We commended the progress in implementing the commitments adopted in Bangkok in 2003 to dismantle trans-boundary terrorist groups, to eliminate the danger posed by the proliferation of weapons of mass destruction and their means of delivery, and to confront other direct threats to the security of our region. Toward this end, we acknowledged the need to take appropriate individual and joint actions, consistent with each economy's circumstances, to

further those commitments, including the need to protect legitimate financial and commercial systems from abuse.

We welcomed the APEC 2006 counter-terrorism initiatives endorsed by Ministers and encouraged member economies to take appropriate individual and joint actions, in accordance with international law and consistent with each economy's circumstances, to implement the existing commitments with a view to enhancing secure trade in the region.

Acknowledging the significance of counter-terrorism efforts to realizing APEC's core goals of free trade and investment, we reiterated the importance of counter-terrorism work in APEC. We emphasized total supply chain security as a priority for 2007 and welcomed a study by APEC economies to look at ways to facilitate the recovery of trade in the event of major disruptions to the global supply chain caused by terrorist attack or other calamities. We agreed to take forward in 2007 further cooperation and capacity building activities to counter the financing of terrorism. We welcomed measures to improve aviation security and encouraged member economies to further share strategies and develop best practices to defend the food supply from deliberate contamination. We welcomed the expansion of the Regional Movement Alert System (RMAS) and noted that the system is open to additional member economies.

We endorsed the APEC Action Plan on Prevention and Response to Avian and Influenza Pandemics adopted in May 2006 and we affirmed our commitment to its implementation. We welcomed the Beijing consensus adopted at the APEC Symposium on Emerging Infectious Diseases. We commended the collaboration in APEC on health and emergency preparedness and urged continued multi-sectoral, regional and international cooperation on policies and infrastructure to mitigate pandemic influenza. We called on expanded capacity building and technical collaboration between economies, and urged deepened engagement of the private sector to help ensure continuity of business, trade and essential services in the event of a pandemic outbreak. We welcomed the Life Science Innovation Forum's plan to discuss ways to address these challenges in conjunction with other APEC fora.

We agreed to enhance cooperation within APEC on HIV/AIDS, and resolved to expand efforts towards combating the spread of HIV/AIDS, ensuring the protection of the rights of those living with the disease; and achieving the United Nations declared goal of universal access to comprehensive prevention programs, treatment, care and support by 2010.

We noted APEC's value-added role and cooperative efforts in dealing with emergency preparedness and disaster response. Recognizing that large-scale natural disasters that affect one economy can affect all of us, we urged member economies to further intensify cooperation, including with the private sector, to maximize regional available resources in order to better prepare the region for disasters and post-disaster rehabilitation and reconstruction. We also took note of the importance of cooperation in developing and sharing new technologies and adapting the existing ones, including in agriculture, to mitigate the damage caused by natural disasters.

We reiterated that energy security is critical for sustainable economic development. Noting the challenges of meeting rapidly growing energy demands while minimizing environmental effects, we urged member economies to continue to work to facilitate energy investments and cross-border energy trade, to develop new and renewable energy sources and technologies to ensure cleaner use of fossil fuels, to boost energy efficiency and conservation, to enhance emergency preparedness and to better protect critical energy infrastructure. We commended the launch of the APEC Biofuels Task Force. We instructed Ministers to report to us in 2007 on ways in which APEC might further contribute to responding to these challenges through pursuing policies and technologies that promote the development of cleaner energy and the improvement of energy efficiency, thereby enabling economies to meet increasing energy needs with a lower environmental impact and to address climate change objectives.

### ***3. Building Stronger Societies and a More Dynamic and Harmonious Community***

While we noted with satisfaction the important progress achieved this year, we understood many other tasks remain to be fulfilled in order to build stronger societies and a more dynamic and harmonious community.

We recognized the importance of economic and technical cooperation to ensure equitable growth and shared prosperity in the region and global competitiveness as a foundation to advance trade and investment liberalization and facilitation. We welcomed the outcomes and efforts to strengthen the prioritization and effective implementation of economic and technical cooperation through APEC fora. These achievements will ensure more focused economic and technical cooperation and bring a more strategic perspective to APEC's capacity building and technical assistance. We reiterated that education and capacity building remain a priority within the APEC agenda.

We welcomed the contributions by the People's Republic of China, Republic of Korea and the United States to the APEC Support Fund to advance economic and technical cooperation to ensure equitable and shared prosperity. We welcomed earlier contributions by Australia and Chinese Taipei to the Fund. We also appreciated Japan's continuous contribution to the Trade and Investment Liberalization and Facilitation (TILF) Fund. We encouraged member economies' further contributions to the APEC TILF and APEC Support Fund with a view to providing more resources for facilitating trade and investment and implementing capacity building activities.

We also endorsed the APEC Port Service Network Initiative to facilitate cooperation and communication among ports and related sectors in APEC member economies.

We underlined the importance of small and medium sized enterprises and urged member economies to make every effort to develop and implement specific measures to improve their competitiveness, innovation and entrepreneurship in line with the "Hanoi Declaration on Strengthening SME Competitiveness for Trade and Investment" and "the Daegu Initiative on SME Innovation Action Plan".

We identified corruption as one of the greatest obstacles to economic and social development, agreed to fight corruption and usher in a community of integrity by effectively implementing APEC Anti-corruption and Transparency (ACT) Task Force's initiatives through enforcement of anti-bribery law, prosecution, law enforcement, and denial of safe haven. We endorsed the APEC 2006 Key Deliverables on Prosecuting Corruption, Strengthening Governance and Promoting Market Integrity, and encouraged APEC economies to strengthen APEC's work and to complete a progress report on the implementation of ACT commitments by 2007. We instructed Senior Officials to work with ABAC and other business leaders to strengthen corporate governance to assure greater economic opportunities and prosperity.

We affirmed the significance of Information and Communication Technology (ICT) for APEC's development. We acknowledged the efforts made in reaching the Brunei Goals on Internet access and instructed Ministers to further facilitate achievement of these goals. We reaffirmed the importance of realizing the Asia-Pacific Information Society. We recognized the significance of the cross-border privacy rules concept in ensuring responsible and accountable cross-border information flows without creating unnecessary barriers.

We attached great importance to the APEC priority on promoting community linkages with a view to generating better understanding and trust among APEC members. We endorsed the Hoi An Declaration on Promoting Tourism adopted by APEC Tourism Ministers and urged member economies to further explore opportunities for tourism cooperation and to identify the impediments to the travel and tourism industry. We welcomed the APEC Inter-Cultural and Faith Initiative endorsed by Ministers and acknowledged that in order to support economic growth and to promote a healthy multi-cultural environment, it is important to deepen mutual understanding and develop social interaction through inter-cultural and faith dialogue in the APEC region.

We emphasized the need to make APEC more efficient and results-oriented. We commended progress on APEC reform and endorsed the 2006 reform package. We reaffirmed that reform is a high priority and that APEC must continue to evolve to meet new challenges and opportunities in a rapidly changing environment. We instructed Ministers and APEC Senior Officials to continue their work on APEC reform in 2007 and beyond, including the allocation of greater resources, further measures to streamline the organization, to improve evaluation and coordination, to strengthen and professionalize the Secretariat and to develop more effective delivery mechanisms for policy initiatives.

We endorsed in full the Joint Statement agreed by Ministers at the 18th APEC Ministerial Meeting.

## **14TH APEC ECONOMIC LEADERS' MEETING**

***Ha Noi, Viet Nam  
18–19 November 2006***

### ***Statement on the Doha Development Agenda of the WTO***

1. We, the APEC Economic Leaders, celebrate Viet Nam's accession to the WTO and the completion of a major milestone towards Russia's admission to the WTO. We intend to build on the energy and momentum generated by these historic events to meet the challenges we confront in the Doha Round.
2. We reaffirm our collective and individual commitments to concluding an ambitious and balanced WTO Doha agreement. To meet this goal, we have an urgent need to break the current deadlock and to put the negotiations back on a path towards a timely conclusion. A successful Doha Round will contribute to global economic growth and to the alleviation of poverty. It must do so by creating new trade flows and by effectively addressing the development dimension.
3. APEC economies have a proud tradition of leadership on WTO matters. We are determined to resume without further delay negotiations to achieve a balanced and ambitious outcome that works for all WTO Members. Although agriculture remains the key to resolving the current impasse, we need to build an overall package covering market access for industrial goods and services, rules and trade facilitation.
4. We are ready to break the current deadlock: each of us is committed to moving beyond our current positions in key areas of the Round. That means making deeper reductions in trade-distorting farm support by major players, creating new market access in agriculture, making real cuts in industrial tariffs, and establishing new openings in services trade, while dealing seriously with Members' concerns and sensitivities. All APEC Members are ready to lead, but others also must signal their readiness and resolve.
5. APEC's future is inextricably linked to a strong and vibrant multilateral trading system. We will remain personally involved to ensure that negotiations are resumed and will ensure the necessary flexibility and ambition to secure a breakthrough. We urge our partners in other regions to be similarly bold and engaged.



## ***18th APEC Ministerial Meeting***

***Ha Noi, Viet Nam  
15–16 November 2006***

### ***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 Philippines; Russia; Singapore; Chinese Taipei; Thailand; the United States of America; and Viet Nam gathered in Ha Noi, Viet Nam on 15–16 November 2006 to participate in the Eighteenth Asia-Pacific Economic Cooperation (APEC) Ministerial Meeting (AMM-18). The APEC Secretariat was also present. The Association of Southeast Asian Nations (ASEAN) Secretariat, the Pacific Economic Cooperation Council (PECC) and the Pacific Islands Forum (PIF) attended as official observers. The APEC Business Advisory Council (ABAC) attended as full participant.

The Meeting was co-chaired by H.E. Pham Gia Khiem, Deputy Prime Minister and Minister of Foreign Affairs, and H.E. Truong Dinh Tuyen, Minister of Trade, Viet Nam.

Ministers discussed issues under the theme of APEC Viet Nam 2006 "Towards a Dynamic Community for Sustainable Development and Prosperity." Ministers reaffirmed their support for the multilateral trading system and commitment to achieving the Bogor Goals of free and open trade and investment by 2010/2020. They stressed the need for greater economic and technical cooperation, and enhanced human security for the prosperity of the people. In this spirit, Ministers pledged to strengthen concerted efforts to reduce economic and social disparities in the APEC region and achieve sustainable development, and undertook to work towards a harmonious and dynamic Asia-Pacific community for the well being of the people of the region.

Ministers reviewed the key achievements of APEC 2006 hosted by Viet Nam and agreed upon initiatives to be undertaken during the APEC 2007 year, to be hosted by Australia.

Ministers agreed to the following:

#### ***I. STRENGTHENING THE MULTILATERAL TRADING SYSTEM***

##### ***1. APEC's Contribution to the World Trade Organization (WTO) Doha Development Agenda (DDA) negotiations***

Ministers reaffirmed their longstanding commitment to strengthen the multilateral trading system and agreed to explore every avenue to achieve the necessary breakthroughs at the earliest opportunity and to put the Doha work on a path towards an ambitious and balanced outcome.

Ministers reaffirmed that these efforts shall be based on the Doha Declaration, the Framework Agreement and the Hong Kong Declaration and reflect effectively the development dimension in all negotiating areas.

Ministers recommended APEC Economic Leaders to issue a Stand-alone Statement on the DDA reaffirming APEC resolve in resuming the negotiation process without further delay.

##### ***2. WTO Capacity Building***

Ministers emphasized the high importance of WTO capacity building activities by APEC as a tool to enable developing member economies to accede to and fully participate in WTO negotiations, so as to enjoy the full benefits of WTO membership and the potential of trade towards social and economic development.

Ministers welcomed the review of APEC's past WTO capacity building projects and discussion to revitalize activities towards more efficient and effective approaches in this area. Ministers noted with satisfaction APEC initiatives in WTO Capacity building, including: APEC Workshop on WTO Rules Negotiation in Services held in Kunming, China in June 2006; a planning of a five-day training program, supported

by Canada on the WTO negotiation process for APEC member government officials to be held in the first calendar quarter of 2007.

Ministers welcomed the significant contributions of this process to the Aid for Trade initiative in the WTO and agreed to further pursue the "Aid for Trade" initiative in WTO as well as duty-free and quota-free access for the products from LDC in line with the WTO Hong Kong Ministerial Declaration. Ministers instructed Senior Officials to continue to implement capacity building activities across the full range of areas included in DDA negotiations and during the implementation of WTO's obligations.

Ministers noted the Global One Village One Product initiative (OVOP) which is intended to assist developing economies, in line with the "Aid for Trade" approach, to participate further in the multilateral free trade system by enhancing their capacity to identify and develop potential products for export. Ministers welcomed the APEC OVOP seminar held in Ha Noi in September 2006 where members shared their experiences in the area and discussed measures which could contribute to improving the competitiveness of SMEs.

### **3. Accession of APEC members to the WTO**

Ministers congratulated Viet Nam for its successful completion of the proceedings for accession to the WTO. Ministers noted that the entry of Viet Nam into the WTO family, while being a milestone in Viet Nam's reform process, would also signify the commitment of the APEC region in furthering the course of trade liberalization in the multilateral trading system.

Ministers also welcomed the considerable progress of the Russian Federation in the WTO accession and underlined the importance of efforts to expedite conclusion of these negotiations for Russia's early accession.

### **4. APEC Geneva Caucus**

Ministers commended the work undertaken by the APEC Geneva Caucus to advance the DDA negotiations and noted with satisfaction greater interaction between the APEC Caucus in Geneva and the SOM process aimed at maximizing APEC's contributions to the DDA negotiations. Ministers instructed SOM to continue working closely with the Caucus in 2007 to advance the APEC work related to WTO and the DDA negotiation.

## **II. THE HA NOI ACTION PLAN TO IMPLEMENT THE BUSAN ROADMAP**

Ministers reaffirmed APEC's commitment to achieve the Bogor Goals in 2010/2020 and recognized that the Bogor Goals remain important for APEC in today's fast changing trade and investment environment. In furtherance of the progress towards the Bogor Goals, Ministers endorsed the Ha Noi Action Plan to implement the Busan Roadmap, which was agreed in 2005 to accelerate progress towards the Bogor Goals.

The Ha Noi Action Plan will help translate the Busan Roadmap into reality by elaborating concrete actions that APEC member economies should take by specific timelines in five key areas, including: support for the multilateral trading system, strengthening IAPs/CAPs, promotion of high-quality RTAs/FTAs, the Busan Business agenda and ECOTECH.

Ministers stressed the importance of capacity building activities in the Action Plan and would like to see these actions implemented effectively to assist developing member economies to fully realize their commitments and reap the benefit from trade and investment liberalization and facilitation and behind-the-border reforms.

Ministers emphasized the importance of steadily implementing the activities outlined in the action plan. Ministers encouraged economies to collaborate with ABAC and International Financial Institutions (IFIs) in the implementation and review of the activities under the Action Plan.

Ministers agreed to submit the Action Plan to Leaders for adoption.

## **III. REGIONAL TRADE ARRANGEMENTS AND FREE TRADE AGREEMENTS (RTAs/FTAs)**

Ministers reaffirmed that high quality, transparency, broad consistency, and comprehensiveness in FTAs are important avenues to achieving the Bogor Goals of free and open trade and investment in the region and were pleased with progress in the development of the APEC model measures for RTAs/FTAs chapters. Ministers agreed on a set of 6 model measures for commonly accepted chapters of FTAs in 2006. Ministers instructed Senior Officials to continue work on model measures in 2007 so that model measures for as many commonly accepted RTAs/FTAs chapters as possible can be developed by 2008. Ministers reaffirmed that the model measures would serve as a reference for APEC member economies to help them achieve comprehensive and high-quality free-

trade agreements and reiterated the non-binding and voluntary nature of the model measures, bearing in mind that they will not prejudice the positions of APEC members in their existing and future RTA/FTA negotiations.

Ministers agreed that APEC should continue to play a constructive role in this area by exchanging information and experiences on APEC member economies' RTAs/FTAs with a view to encouraging high quality, consistency and coherence among them. In this regard, Ministers took note of the successful outcomes of 4th SOM Trade Policy Dialogue on RTAs/FTAs, held in Ho Chi Minh City in May, which explored a range of issues of particular concerns to the business community. The Committee on Trade and Investment (CTI) Trade Policy Dialogue held in September in Da Nang examined common features of FTAs in the Asia-Pacific region, again with a strong business perspective. Ministers took note of ABAC's offer to share the results of its analysis and "catalogue of RTAs/FTAs in the APEC Region" with respect to the Best Practices. Ministers also noted the APEC workshop on Best Practices in Trade Policy for RTAs/FTAs, held in Ho Chi Minh City in May, and the capacity-building workshops on negotiating FTAs, held in Jakarta in 2005 and Kuala Lumpur in January 2006 with funding from Australia. Ministers also welcomed two symposia held in March and September in Japan, respectively "Catalytic Role of the APEC Process: Behind the Border, Beyond the Bogor Goal" and "Impact of Regional Economic Integration in East Asia on APEC Trade Liberalization". These reiterated the significant role of APEC in supporting the multilateral trading system and mechanisms for regional integration such as RTAs/FTAs in the Asia-Pacific region.

Ministers welcomed ABAC and PECC joint study on the feasibility of a Free Trade Area of the Asia-Pacific (FTAAP) which offers valuable insights on emerging issues in regard to RTAs/FTAs and the larger issue of regional economic integration.

Ministers took note of CTI's work progress in providing capacity building on RTAs/FTAs.

#### **IV. TRADE AND INVESTMENT LIBERALISATION AND FACILITATION**

Ministers reiterated the importance of TILF (Trade and Investment Liberalization and Facilitation) activities in paving the way towards the Bogor Goals, and appreciated Japan's continuous contribution to the TILF fund. Ministers commended and endorsed the **2006 Committee on Trade and Investment Annual Report** to Ministers on APEC's Trade and Investment

Liberalization and Facilitation activities, including the Collective Action Plans developed by CTI sub-fora.

##### **1. Individual Action Plans (IAPs) and Collective Action Plans (CAPs)**

Ministers reaffirmed the importance of member economies' continued commitment to trade and investment liberalization and facilitation and welcomed the new progress by member economies in their 2006 IAPs.

Ministers noted the preparations to launch the second round of enhanced IAP Peer Reviews in 2007 and welcomed efforts to enhance the peer review process through the active engagement of ABAC, CTI and relevant sub-fora. Ministers stressed the need for the process to become a more robust, inclusive and forward-looking tool to progress achievement of the Bogor Goals.

Ministers recognized the importance of CAPs as a useful channel to implement APEC commitments on Trade and Investment Liberalization and Facilitation (TILF), which complement IAPs. Ministers encouraged consideration of the establishment of annual review mechanism for CAPs and agreed that these need to be revised, taking into consideration results from such a review.

Noting the different stages of economic development of member economies, Ministers emphasized the importance of incorporating pathfinder initiatives with capacity building elements in the development of CAPs.

##### **2. Investment**

Ministers noted the importance of investment flows to, from and within the APEC region and reaffirmed the importance of furthering APEC's works on investment liberalization and facilitation in progress towards the Bogor Goals. Ministers commended the contribution of APEC member economies to the development of the expanded work program on investment liberalization and facilitation and called for its steady implementation in collaboration with ABAC. In this regard, Ministers took note of the APEC Seminar on Experiences of some APEC Economies in Attracting Investment from Trans-national Corporations (TNCs) held in Ho Chi Minh City, Viet Nam in May 2006 and looked forward to the Seminar for Promoting the Public - Private Sector Dialogue to be held in Australia in June 2007.

Ministers reaffirmed the need to improve the investment environment for business in the region. In this regard, Ministers acknowledged the completion



of the Stage 1 report of the project Enhancing Investment Liberalization and Facilitation in the Asia-Pacific Region, which improved knowledge of the importance of investment to growth and poverty reduction, barriers to investment in APEC economies, and the importance of removing such barriers to improving the investment climate. Ministers looked forward to the Survey and the Symposium on Investment Liberalization and Facilitation in 2007, to be conducted in collaboration with ABAC, which have the aim of identifying priority issues and making policy recommendations to improve the environment for investment and business in APEC member economies. A study and a seminar, held in Mexico City in October 2006, for the APEC-UNCTAD project on Investor-State Dispute Settlement in the APEC region were also completed. This project identified issues and trends arising in relation to investor-state disputes in the APEC region and their likely impact on member economies. Both project outcomes have provided a substantial base of policy analysis to take forward in further projects in 2007.

Ministers welcomed the APEC-OECD Seminar on the Policy Framework for Investment (PFI) held in Viet Nam in September 2006, which promoted understanding of PFI principles and discussed how to make use of the PFI. Ministers welcomed the APEC High-Level Public-Private Policy Dialogue on the OECD's Policy Framework for Investment to be held in Melbourne, Australia in March 2007. Ministers also welcomed the current Study of the Core Elements in Existing RTAs/FTAs and Bilateral Investment Treaties, which could help promote better understanding of the role of these agreements in facilitating investment.

Ministers reiterated the need for building capacity and sharing best practices in investment liberalization and facilitation. In this regard, Ministers welcomed the APEC Non-discrimination Workshop on Investment Agreements held in Xiamen, China in September 2006, which enhanced member economies' understanding of the non-discriminatory treatment issue and its economic and development implications. Ministers welcomed the Capacity Building for Investment Liberalization and Facilitation project, which will enhance the understanding of investment-related regimes among the public and private sectors of developing member economies. Ministers also welcomed Viet Nam's initiative to host the APEC Investment Forum in Ha Noi in November 2006, in conjunction with the CEO Summit, in order to share information on investment policies and opportunities.

### **3. Trade Facilitation Action Plan**

Ministers reaffirmed the key importance of trade facilitation in achieving the Bogor Goals of free and open trade and investment in the APEC region. Ministers welcomed the report on the final review of the Trade Facilitation Action Plan (TFAP). Ministers concluded that APEC has met the 2001 Shanghai target of a five-percent reduction in trade transaction costs by 2006 and commended the actions of member economies for their high level of commitment to implementing the TFAP.

Ministers welcomed the framework in the report for taking forward the next phase of trade facilitation work in APEC to achieve another five-percent reduction in trade transaction costs by 2010. They instructed Officials to develop a detailed action plan (Trade Facilitation Action Plan 2 or TFAP2), taking into account the evolving nature of the regional trading landscape, for endorsement at the Meeting of Ministers Responsible for Trade in 2007. Drawing on APEC's experience with the first Trade Facilitation Action Plan, they encouraged Officials to consider in particular capacity building, input of the private sector, and closer linkage between collective and individual actions when developing TFAP2.

Ministers endorsed the development of a new initiative which will simplify Customs and other trade reporting procedures in the region. The initiative will involve the development of a common approach to the development of single windows for the use of international traders, transport operators and government agencies. This will simplify and decrease the regulatory burden on business. Ministers looked forward to the progress of this initiative in 2007.

Ministers laid emphasis on the importance of strengthening public-private partnership in delivering trade facilitation initiatives. Ministers welcomed the outcomes of the APEC Public-Private Dialogue on Trade Facilitation hosted by Viet Nam in May 2006. Ministers particularly encouraged member economies to foster relationship with APEC Business Advisory Council and the wider business community.

### **4. Customs Procedures**

Ministers acknowledged and commended efforts and contributions by member economies to facilitating trade through simplifying and developing common approaches to customs procedures in the region. They welcomed the Sub-Committee on Customs Procedures (SCCP) Shanghai Goal Final Report which provided qualitative examples of initiatives undertaken by SCCP members to reduce trade transaction costs.

Ministers also noted the successful completion of the 2006 APEC Customs-Business Dialogue held in conjunction with the Second SCCP Meeting in 2006.

Ministers encouraged member economies to continue pursuing work for regional enhancement of harmonized, standardized and simplified customs procedures. They directed officials to work on further actions and measures listed as examples in the report to Ministers on the final review of the Trade Facilitation Action Plan Report to the Ministers namely, developing common approaches to single windows and a plan to assist economies implement national single windows, including identification of capacity building and technical assistance requirements; implementing the APEC Framework for Secure Trade to create a secure trade environment; implementing Time Release Surveys (TRS) to provide a self assessment tool for identifying bottlenecks in customs-related procedures; protecting IPR border enforcement and working towards providing all customs and border-related information in electronic format.

#### **5. Business Mobility**

Ministers reiterated the importance of business mobility in trade facilitation. They supported efforts to encourage all member economies to fully participate in the APEC Business Travel Card (ABTC) scheme to maximize the benefits for the APEC business community. Ministers welcomed the announcement by the United States that it will engage the ABTC program by providing expedited processing, in some cases, at its international airports, Embassies and Consulates.

#### **6. Standards and Conformance**

Acknowledging the important contribution of actions and measures, particularly the collective action plans, in the area of standards and conformance to facilitating trade in the region, Ministers welcomed the final report undertaken by the Sub-Committee on Standards and Conformance (SCSC) which assesses the effectiveness of SCSC's implementation of Trade Facilitation Collective Action Plans (TFCAP). Ministers welcomed the successful completion of the 4th Good Regulatory Practice (GRP) Conference and the 6th Conference on Standards and Conformance held in conjunction with the second SCSC in 2006. Ministers also welcomed the new voluntary standards alignment work on International Electro-technical Commission (IEC) standards for electrical equipment that was initiated in 2005 and would be completed by 2010. Ministers commended the outcomes of the case study on the effectiveness of Mutual Recognition Arrangements (MRAs) and similar mechanisms, led by

Japan, whereby both member economies and private companies were surveyed, noting that they would help the practical application of MRAs and similar mechanisms and make them more effective, which would support trade facilitation. Ministers also noted and welcomed the initiative of SCSC to strengthen its relationship with Specialist Regional Bodies to achieve synergy in capacity building and mutual recognition arrangements.

Ministers agreed that greater involvement of regulators in regional discussions on standards and conformity assessment procedures could help resolve regulatory issues which impede trade and encourage the adoption of international standards, particularly where regulators are responsible for setting the standards and the associated conformity assessment procedures. They welcomed suggestions for specific initiatives to invite regulators to sectoral meetings in priority areas such as electronics and electrical products and encouraged member economies to ensure that regulators actively participate in such meetings.

Ministers recognized the importance of standards education and encouraged members to develop reference curricula and materials to address the significance of standards and conformance to trade facilitation in the region.

#### **7. Private Sector Development**

Ministers endorsed the Private Sector Development Work plan and welcomed the leadership of the Small and Medium Enterprise Working Group (SMEWG) in promoting the importance of a supportive business environment. They also encouraged the involvement of other relevant committees and working groups in implementing private sector development activities. They welcomed the commitment of the next four host economies to hold capacity-building workshops, based on the priority areas identified at the Montreal Symposium, successfully organized by New Zealand and Canada where member economies can share best practices and discuss how to best improve business climate of their respective economies. Ministers also welcomed the collaboration established with other organizations such as the World Bank and ABAC and noted that this agenda is a good example of the concrete application of process reforms in APEC.

#### **8. Strengthening Intellectual Property Rights Protection and Enforcement**

Ministers affirmed that effective protection and enforcement of Intellectual Property Rights (IPR) are key components to building knowledge-based

economies and are important for promoting economic growth by expanding investment opportunities, spurring innovation and facilitating the growth of creative industries, including small businesses.

Ministers therefore reaffirmed their support of the APEC Anti-Counterfeiting and Piracy Initiative and endorsed the Model Guidelines for Effective Public Awareness Campaigns on IPR and the Model Guideline to Secure Supply Chains against Counterfeit and Pirated Goods. These two new sets of Guidelines are in addition to three previous IPR Model Guidelines endorsed in 2005: Model Guidelines to Reduce Trade in Counterfeit and Pirated Goods, to Protect against Unauthorized Copies, and to Prevent the Sale of Counterfeit Goods over the Internet. Ministers considered that all five Guidelines are timely policy responses to the emerging challenges of online piracy and trade in counterfeit and pirated goods, and act as valuable tools for helping economies strengthen their IPR protection and enforcement regimes. In line with this, Ministers called on economies to continue exchanging information on implementation templates of the first three sets of 2005 Guidelines before the 2007 meeting of APEC Ministers Responsible for Trade. Ministers called economies to increase capacity building efforts to help implement the IPR guidelines.

Also building on the APEC Anti-Counterfeiting and Piracy Initiative, Ministers welcomed the initiative to include a statement in this year's Leaders' Declaration that central government agencies use only legal software and other copyright materials and implement effective policies intended to prevent copyright infringement on their computer systems and via the Internet, in accordance with relevant international conventions and domestic laws and regulations concerning copyright and related rights; and central government funds are not used by contractors or recipient institutions to purchase illegal software or other illegal copyright materials.

Given the importance of actively pursuing strong IPR protection and enforcement in the region, Ministers called on economies to take further steps in the coming year in order to build on the APEC Anti-Counterfeiting Initiative. Ministers stressed the importance of building effective information sharing channels to strengthen IPR border enforcement. In this context, Ministers instructed officials to explore the possibilities of establishing the APEC information exchange mechanism of IPR customs protection.

Ministers also called economies to complete the exchange of information on IPR websites and IPR enforcement point of contact before the 2007 meeting of APEC Ministers Responsible for Trade,

and continue in 2007 to take steps to apply the APEC Effective Practices for Regulations Related to Optical Disc Production.

Ministers welcomed members' progress to advance the CAPs on IPR including the establishment of 14 IPR Service Centers and encouraged remaining economies to establish Centers as soon as possible. Ministers also welcomed efforts to enhance education on IPR measures for small and medium enterprises and called on economies to continue their work in this important area. Ministers supported the Auto Dialogue's IPR Best practice paper, which aims to provide the member economies with a reference for their planning and implementing measures to protect IPR in the automotive and motorcycle industries and the parts industries.

## **9. Information and Communication Technologies (ICT) and E-commerce**

Cognizant of the increased use of information and communication technologies in business and government processes in the region, Ministers reaffirmed the importance of developing policies and capacity building projects conducive to realizing the benefits of electronic commerce. In this context, Ministers commended the work of the Electronic Commerce Steering Group towards fulfilling APEC's Data Privacy and Paperless Trading agendas, and welcomed the involvement of the private sector. Ministers acknowledged the cross border rules concept with a view to ensuring responsible and accountable cross-border information flows and effective privacy protection without creating unnecessary barriers. Ministers encouraged Officials to facilitate this goal by developing and disseminating implementation frameworks such as best practices for cross-border rules. Ministers also noted the importance of creating the Information Privacy Individual Action Plans (IAPs) in developing compatible approaches in privacy protection and ensuring the free flow of information in the APEC region. Ministers acknowledged the need to provide more training to the private sector, the major stakeholder and beneficiary of paperless trade and to share experiences and expertise regarding policy formulation and expand collaboration with international organizations in paperless trade. Ministers welcomed the convening of the 2nd APEC E-commerce Business Alliance Forum and commended a number of APEC E-Trade and Supply Chain Management Training Courses held in China in 2006.

Ministers encouraged member economies to more deeply engage in building Information and Communications Technologies (ICT) infrastructure and capacity to support strong efforts made in

reaching the Brunei Goals on Internet access in the region. Ministers welcomed the collaboration with the private sector on developing a framework for ICT-enabled growth in the region, focusing initially on the four key sectors of infrastructure, health, finance and commerce.

Ministers recognized that the continued development and implementation of ICT brings opportunities for all economies, but at the same time these new technologies can lead to new threats to the security of information and communications networks. In this regard, Ministers took note of the work begun by TEL on drafting of guidelines on the protection of information systems for essential infrastructure and services as part of an ongoing focus on online security, spam and related threats. Ministers highlighted the importance of cooperative activities to address and mitigate the threats posed by spam and malware through the TEL Spam and Related Threats Symposium in April 2006. Ministers noted the work of TEL on developing good practice guidelines to support economies in coming up with effective domestic regulation on telecommunications and information technology sectors in line with their commitment under GATS.

Recognizing the importance of continuously addressing the gaps among member economies digital capabilities, Ministers acknowledged that converting digital divides into opportunities is helpful for member economies in developing the digital economy. They welcomed the progressive activities and contributions made by the APEC Digital Opportunity Center (ADOC) in 2006 and encouraged member economies to enhance their cooperation in this area of work.

Ministers highlighted the work of APEC TEL on developing a clearer vision of the Asia Pacific Information Society (APIS) and encouraged APEC TEL to advance the development of the APIS further.

Ministers acknowledged the outcomes of the two conferences on the Development of Model Government Chief Information Officer (CIO) Councils held in June in Japan and September in the United States. The conferences provided a platform for discussion and participation by academia, business and government officials to advance thinking on emerging issues facing CIO Councils as well of issues of relevance to the evolving ICT sector. Ministers supported the development of new APEC TEL activities to build on this work.

## **10. Pathfinder Initiatives**

### **10.1 Trade and the Digital Economy**

Ministers acknowledged the significant role played by the Information Technology Agreement (ITA) in APEC economies and emphasized the need to review how its product coverage can be maintained in the face of technological development, such as the convergence of technologies and the addition of new functions, thereby preserving the effectiveness of the ITA. Ministers are concerned that technologically advanced versions of ITA products may be in danger of no longer receiving duty-free treatment due to an overly narrow interpretation of ITA product coverage. Ministers encouraged officials, together with those of non-APEC economies, to work on how best to address the issue and explore further actions. In this connection, Ministers also welcomed the recent initiatives by some of the APEC economies to agree on duty free treatment of Multi-Chip Packages (MCPs) as a complement to the ITA, and further encourage APEC economies to join such initiatives.

### **10.2 Technology Choice**

To advance the 2002 Leaders' Pathfinder "Statement to Implement APEC Policies on Trade and the Digital Economy" and to promote principles of technology choice in a market-opening, trade-liberalizing manner that spurs the cycle of innovation and opportunity, and promotes economic development across the region, Ministers recommended that Leaders adopt the "APEC Technology Choice Principles" as a new pathfinder initiative.

### **10.3 APEC Sectoral Food Mutual Recognition Agreement (MRA)**

Ministers welcomed the fruitful outcome of the second APEC Sectoral Food MRA Pathfinder Initiative Meeting hosted by Thailand in August. This Initiative will work closely with the APEC Food Safety Cooperation Initiative to promote internationally harmonized food standards and to coordinate capacity building activities in the APEC region. Ministers encouraged member economies to participate actively to facilitate trade in food products, which is important to the region and APEC's overall goals.

## **V. ANTI-CORRUPTION AND TRANSPARENCY**

Ministers highlighted the fact that corruption threatens APEC economies' regional security and stability, undermines economic performance, creates barriers to trade and investment, and hampers APEC's efforts to achieve prosperity and sustainable

growth throughout the Asia Pacific region. While the impact of corruption is felt by all segments of society, Ministers agreed that it disproportionately hurts the poor, the vulnerable, and the young.

Ministers appreciated the progress made by APEC members in 2006 in fighting corruption and ensuring transparency. Ministers endorsed APEC 2006 key deliverables on Prosecuting Corruption, Strengthening Governance and Promoting Market Integrity and encouraged member economies to take actions to realize their commitments. Ministers also encouraged all economies to complete their progress reports on the implementation of ACT commitments by 2007. Ministers welcomed APEC efforts to conduct a stocktaking exercise of bilateral and regional arrangements on anti-corruption in cooperation with relevant international and regional organizations, and encouraged member economies to fully participate in the stocktaking activities.

Ministers applauded those member economies that have ratified the United Nations Convention against Corruption (UNCAC) and encouraged relevant member economies to ratify, or commit to ratify, the UNCAC where appropriate. Ministers stressed the importance of preventive measures and integrity systems in the fight against corruption and urged member economies to adopt and implement codes or norms of conduct that are aligned with the UNCAC.

Acknowledging the valuable information and experience that multilateral organizations can share with APEC in the area of anti-corruption, Ministers encouraged the APEC Anti-Corruption Task Force to strengthen cooperation with other international and regional organizations, as appropriate, particularly with the United Nations, the World Bank, the Asian Development Bank (ADB), OECD, INTERPOL, Financial Action Task Force and the Asia-Pacific Group on Money Laundering (APG) on their anti-corruption initiatives in the Asia-Pacific region.

Ministers underscored their commitment to prosecute acts of corruption, especially high-level corruption by holders of public office and those who corrupt them. In this regard, Ministers commended the results of the Workshop on Denial of Safe Haven: Asset Recovery and Extradition held in Shanghai in April 2006. Ministers agreed to consider developing domestic actions, in accordance with member economy's legislation, to deny safe haven to corrupt individuals and those who corrupt them and prevent them from gaining access to the fruits of their corrupt activities in the financial systems, including by implementing effective controls to deny access by corrupt officials to the international financial systems.

Ministers emphasized the significance of public-private coordination on anti-corruption and ensuring transparency and welcomed the results of the Public and Private Dialogue on Anti-Corruption and Ensuring Transparency in Business held on the margins of SOM III in Viet Nam. Ministers agreed to deepen public-private partnerships by working with ABAC and business leaders to strengthen corporate governance with innovative strategies that assure greater economic opportunities and prosperity.

Ministers also reiterated the importance of robust implementation of APEC's general and area-specific Transparency Standards and encouraged Senior Officials to fully complete the assessment of implementation of the Transparency Standards.

## **VI. HUMAN SECURITY**

Ministers shared the grief over the suffering and loss of the victims of terrorist attacks, natural disasters, infectious diseases and other tragedies, and offered heartfelt condolences to the affected families and governments. They reaffirmed their determination to take necessary and timely actions to enhance human security in the areas of counter-terrorism, health security, emergency preparedness and energy security.

### **1. Counter-Terrorism and Secure Trade**

Ministers strongly condemned all acts of terrorism and reiterated that terrorist attacks continue to pose serious challenges to security, stability, growth and the welfare of the peoples of the APEC region. They encouraged APEC members to continue to review the progress in implementing APEC Leaders' commitments made in Bangkok in 2003 to dismantle trans-national terrorist groups; to eliminate the danger posed by the proliferation of weapons of mass destruction and their means of delivery; and to confront other direct threats to security in the region. Toward this end, Ministers acknowledged the need to take appropriate individual and joint actions to protect legitimate financial and commercial systems from abuse, in accordance with international law and domestic legislation and consistent with respective circumstances and policies. Such actions could include increasing barriers to proliferation activity and strengthening export controls including through implementation of the 2004 APEC Key Elements for Effective Export Control Systems adopted by Ministers.

Ministers welcomed progress made to implement existing commitments and to provide capacity building and technical assistance, with a view to creating a

secure environment for economic cooperation in the APEC region. They noted additional contributions made by APEC members to the Asian Development Bank's Regional Trade and Financial Security Initiative to support meaningful programs and projects for developing members to enhance anti-money laundering, border controls and port and aviation safety and security across the region. Ministers also noted individual and joint efforts to provide voluntary assistance for implementation of existing commitments in the areas of safe handling and trade of radioactive sources and protecting airports against the threat caused by Man-Portable Air Defense Systems.

Ministers welcomed the benefits of the APEC Counter-Terrorism Action Plans (CTAPs) in identifying capacity gaps in regional security frameworks and encouraged the annual submission and regular update of comprehensive CTAPs by all member economies. They reiterated their commitment to appropriate capacity building activities and development of best practices, and called for more concrete measures to be undertaken to assist member economies in filling the capacity gaps as identified in the CTAPs cross-analysis.

Ministers encouraged further individual and joint actions to secure trade and eliminate the danger of terrorism. They welcomed the new initiatives including "Mitigating the Terrorist Threat to the APEC Food Supply" and the resulting Food Defense Workshop co-hosted by the United States and Thailand in November in Bangkok; "APEC Counter-Terrorism Review" completed by the Philippines; "Counter-Terrorism Financing Workshops" proposed by Australia; and "Aviation Security Quality Control Programs" proposed by the United States. They also welcomed the incorporation of the business resumption points of contact and the aviation security points of contact, as proposed by Canada and the United States, respectively, into the APEC Register of Pandemic and Disaster Management Coordinators.

Ministers also took note of Russia's proposal to upgrade the counter-terrorism protection of critical energy infrastructure and to establish a relevant APEC Rapid Response Points of Contact Network. Ministers recognized the necessity of early conclusion of the International Convention for the Suppression of Acts of Nuclear Terrorism as well as the Amendment to the Convention on the Physical Protection of Nuclear Material.

Ministers reaffirmed their resolve to ensuring secure trade in the APEC region. They welcomed the outcomes of the 4th Secure Trade in the APEC Region (STAR IV) Conference in Viet Nam in February, and looked

forward to the STAR V Conference in Australia. They further encouraged the active participation of the private sector in the STAR initiative. They emphasized the importance of balancing the efforts on secure trade and the implementation of trade facilitation measures so as to ensure both security and economic efficiency, and to minimize the additional transaction costs borne by the business community as a result of increased security measures.

Ministers commended the outcomes of the APEC Symposium on Total Supply Chain Security hosted by Singapore in July and recognized the urgent need for APEC member economies to examine ways to facilitate the recovery of international trade and domestic businesses in the event of disruptions caused by a major terrorist attack or other calamities on the global supply chain.

Ministers commended the APEC Viet Nam Customs eManifest Demonstration Project as an important public-private partnership to increase trade facilitation and enhance security. The project allows for expedited clearance of goods, improved inventory management, increased revenue collection, and improved security and risk management. Additionally, the eManifest electronic system promises to create a more transparent process for Viet Nam Customs encouraging Viet Nam's implementation of the APEC Framework for Secure Trade. Ministers noted that the project could serve as a model that could be replicated in the APEC region and instructed Senior Officials to explore this and report back.

Ministers noted that the voluntary implementation of the APEC Framework for Secure Trade will facilitate trade by establishing and implementing a common set of standards and encouraged member economies to begin implementation. To date, 18 APEC economies have committed to implementing the framework's standards to expedite and secure the flow of goods.

Ministers welcomed the success of the Regional Movement Alert List (RMAL) pilot between the United States, Australia and New Zealand, a world first in real time multilateral travel document data exchange, which helps to combat trans-national crime and terrorism by detecting the use of lost and stolen travel documents while facilitating the safe and efficient movement of legitimate travelers. They welcomed the completion of a multilateral policy framework to enable the expansion of RMAL as a fully operational system to be known as the Regional Movement Alert System (RMAS) and encouraged further members to consider joining when they are ready.

Ministers welcomed the successful efforts to raise awareness of international standards for biometric

travel documents and supported further capacity building to assist adoption of the standards. They noted the importance of Advance Passenger Information Systems to facilitate travel and passenger security and encouraged the further implementation of these systems.

Ministers valued the effective role of the Counter-Terrorism Task Force (CTTF) in coordinating counter-terrorism activities and applauded the Senior Officials' decision to extend its mandate until the end of 2008. They welcomed Korea as the CTTF Chair for the next two years.

## **2. Health Security**

Ministers reiterated the importance of cooperation and coordination on health security issues in the APEC region, and renewed their commitment to the three priority areas of the APEC Health Task Force (HTF): (1) Enhancing avian and human pandemic influenza preparedness and response; (2) Fighting against HIV/AIDS in the APEC region; and (3) Improving health outcomes through advances in health information technology. Ministers commended the HTF on the valuable work undertaken in 2006 in continued response to the objectives set at the APEC Ministerial and Leaders Meetings of 2005. They looked forward to further examination by the HTF in the coming year about how best it could continue to work to promote the health of people in the APEC region.

### **2.1 Enhancing Avian and Human Pandemic Influenza Preparedness and Response**

Ministers noted with great concern that the potential for the highly pathogenic avian influenza/ H5N1 virus to mutate into a pandemic strain remains a continued threat to the APEC region and to the world. This year, APEC economies focused on building capacity to control avian influenza at source in birds and mitigate the effects of pandemic influenza. Ministers welcomed the actions undertaken by APEC economies to build capacity to mitigate the effects of this threat and to implement the measures endorsed in the APEC Initiative on Preparing for and Mitigating an Influenza Pandemic. Ministers reaffirmed their commitment to ensuring that APEC remains prepared to respond effectively to infectious diseases throughout the entire APEC region.

While acknowledging the work accomplished, Ministers highlighted the continuing need for vigilance and action regarding animal disease outbreaks to reduce the prevalence of the virus. Ministers renewed their commitment to transparent communication of outbreaks and the sharing of samples for research to improve preparedness, and urged continued efforts to

develop, integrate, and practice avian and pandemic influenza preparedness plans to mitigate human suffering and major impacts on commerce, trade and security due to an influenza pandemic.

Ministers agreed to continue to collaborate with the International Partnership on Avian and Pandemic Influenza and to maintain cooperation with specialized international organizations, in particular the World Health Organization (WHO), the United Nations Food and Agricultural Organization (FAO), and the World Organization for Animal Health (OIE) to achieve mutual objectives for global preparedness and emergency response capacities.

Ministers welcomed the outcome of the APEC Ministerial Meeting on Avian and Influenza Pandemics and strongly encouraged all APEC economies to work individually and cooperatively to implement the APEC Action Plan on Prevention and Response to Avian and Influenza Pandemics to prevent, prepare for and mitigate the impact of avian influenza and a possible influenza pandemic.

Ministers endorsed the conclusions and the consensus reached at the APEC Symposium on Emerging Infectious Diseases in Beijing in April 2006, which reinforced the common objectives of preparedness and prevention of emerging infectious diseases and created opportunities for further exchanges and cooperation among APEC economies for disease surveillance and response, risk communication and coordinated collaboration on emergency response in the APEC region.

Ministers acknowledged the success of the Pandemic Risk Communications Workshop, which highlighted the importance and understanding of enhancing regional coordination in risk communication, build risk communication capacity among APEC economies, and encourage APEC members to develop communications strategies as part of pandemic preparedness planning.

Ministers were highly satisfied to see member economies collaborate with the Regional Emerging Diseases Intervention (REDI) Center to develop a list of available regional experts. Ministers also applauded the APEC HTF Seminar on Assessing Pandemic Preparedness Plans, which provided a framework for assisting developing economies in making decisions on how to assess their domestic pandemic preparedness plans, an area deemed of great importance by the Ministers.

Ministers noted the important work to assist APEC economies to maintain economic activity and reduce business disruption in the event of a pandemic, and

were pleased with the success of the Symposium on Functioning Economies in Times of Pandemic. Ministers welcomed economies' contributions to the important work on pandemic preparedness as discussed at the SME Ministerial Meeting, 28–29 September 2006 in Ha Noi, supported the prompt development of an APEC Pandemic Preparedness for Small Business Checklist and encouraged close collaboration with ABAC and the on-going work in the private sector to prepare for and mitigate an influenza pandemic.

Ministers were pleased with the outcome of the APEC Capacity Building Seminar on Avian Influenza: Preventing AI at its Source and a Dialogue on Indemnity co-hosted by the US and Japan, which increased information sharing and collaboration amongst animal and human health Senior Officials to minimize animal disease outbreaks and therefore human infections, and agreed to share reports on domestic measures to mitigate the negative effects of avian influenza and to enhance efforts to control and interrupt transmission of H5N1 in poultry.

Ministers recognized that access to affordable anti-viral medicines is an essential element of the strategy to contain an influenza pandemic. Ministers therefore encouraged APEC member economies to work towards ensuring the availability of affordable drugs and vaccines.

Ministers welcomed the work of the HTF and the Task Force on Emergency Preparedness (TFEP) and underscored the importance of integrated planning and a coordinated approach involving the widest spectrum of actors as possible to address both the animal and human health dimensions of avian influenza. Ministers instructed all APEC fora and economies to continue to work cooperatively to achieve these goals.

## ***2.2 Fighting against HIV/AIDS in the APEC region***

Ministers noted with concern the rising HIV prevalence rates in the Asia-Pacific region and renewed their commitment to work individually and collectively to combat the spread of HIV/AIDS in the APEC region. They recognized that failure to properly address HIV/AIDS and its related illnesses could have potentially grievous impacts on human health and also on the social and economic well-being of APEC economies.

Ministers commended the HTF's work in the area of HIV/AIDS and called for sustained efforts in this area in accordance with the 2004 APEC Leaders statement on "Fighting against AIDS in APEC".

Ministers were pleased by the release of an APEC HIV/AIDS Statement at the XVI International AIDS Conference held in Toronto, Canada, which reaffirmed APEC's commitment to fighting the disease and appealed to APEC Leaders to continue to scale up their engagement in the fight against HIV/AIDS.

Ministers noted progress achieved in the development of guidelines for creating an enabling environment for employers to implement effective workplace practices for people living with HIV/AIDS, in particular migrant workers, women and girls and reiterated the importance of access to affordable life-saving medicines.

## ***2.3 Improving health outcomes through advances in health information technology***

Ministers welcomed the work of the HTF in the area of health information technologies and recognized that advances in information technology can help expand access to health information and health care services in the APEC region. Ministers also commended the cooperation between the HTF and other APEC fora on this issue.

Ministers are looking forward to the outcomes of the Initiative on Enhanced APEC Health Communications, the e-Health Initiative Project, which includes the organization of an annual APEC e-health seminar, and are pleased with the launch of the HTF Website.

## ***3. Emergency Preparedness***

Ministers welcomed the work of the Task Force on Emergency Preparedness (TFEP) during 2006 in building disaster preparedness and response capacity in the APEC region. Ministers encouraged information sharing and technical cooperation between and among member economies, as well as with relevant international organizations, such as the UN and the Red Cross Movement, in order to better prepare for and respond to emergencies as well as to provide assistance during the recovery phase of reconstruction and rehabilitation while ensuring that APEC's work complements existing multilateral and regional initiatives.

Ministers noted the success of APEC 2006 Pandemic Response Exercise, led by Australia and co-sponsored by Singapore on 7–8 June 2006, which was the first time APEC economies had come together to test regional responses and communication networks, and its following post-exercise APEC Workshop on Avian Influenza in Singapore on 14–15 August 2006. Ministers took note of the completion of the APEC



2006 Register of Pandemic and Disaster Management Coordinators and encourage the Register be updated regularly. Ministers also encouraged the further engagement of experts and emergency management agencies with the Task Force.

Recognizing the important role of women in all aspects of disaster preparedness and recovery, Ministers emphasized the need for APEC to explore ways to strengthen their role in all phases of disaster management.

Ministers looked forward to the new APEC initiatives in the field of disaster reduction, including the forthcoming APEC workshop for Chief-Executive Officers of APEC disaster management agencies.

Acknowledging that the TFEP term will expire in March 2007, Ministers instructed Senior Officials to consider future directions of the TFEP at SOM I in 2007.

#### 4. *Energy Security*

Ministers reiterated the concerns of member economies about the impact of high oil prices, noting that effective responses require a range of supply and demand side measures. Ministers reaffirmed that energy security, in the form of reliable access to reliable sources of energy is fundamental to the region's continued economic development. Ministers encouraged the Energy Working Group (EWG) to continue its work to pursue energy policies that reduce or remove market distortions, result in efficient consumption and production, and enhance energy security within the APEC region, while mitigating the environmental effects of energy supply and use. Ministers also encouraged the EWG to continue its implementation of initiatives on liquefied natural gas (LNG) public education and communication and on financing of high-performance buildings and communities.

Ministers also noted the need to address the environmental side effects of rapidly growing energy demand. In particular, they urged APEC to consider ways in which it might further contribute to promoting cleaner energy, thereby addressing energy security, improving air quality, and advancing climate change objectives.

Ministers encouraged the strengthening of cooperation on energy issues through the Energy Security Initiative, including practical measures to improve energy data transparency through the Joint Oil Data Initiative, respond to energy supply disruptions, facilitate investment and cross-border trade, enhance energy efficiency, diversify energy sources including

new and renewable energy, clean use of coal, and nuclear energy for interested economies, and promote technology cooperation. Ministers recognized the establishment of an APEC Bio-fuels Task Force, focused on issues such as economics, infrastructure, vehicles, resources and trade. Ministers welcomed the project to increase cooperation among nuclear safeguard authorities. Ministers also welcomed closer cooperation between the EWG and the International Energy Agency (IEA) which will broaden the view of EWG and lead to enhancement of EWG activities.

#### VII. *ECONOMIC AND TECHNICAL COOPERATION (ECOTECH)*

Ministers reaffirmed the importance of ECOTECH in contributing to sustainable growth and achieving common prosperity and its significant role in ensuring the achievement of the Bogor Goals.

Ministers welcomed the work of the Steering Committee on ECOTECH (SCE) to refocus and provide a more strategic approach to APEC's economic and technical activities and endorsed the *2006 Senior Officials' Report on Economic and Technical Cooperation*. Ministers also reaffirmed their commitment to the Manila Framework that provides the basis for the implementation of the ECOTECH activities outlined in the Osaka Action Agenda and endorsed the updated list of priorities.

Ministers endorsed the recommendations of the SCE review of APEC Fora, recognizing that these improvements will ensure more focused economic and technical cooperation and bring a more strategic perspective to APEC's capacity building and technical assistance. Ministers also welcomed the independent assessments of the Small and Medium Enterprises Working Group (SMEWG) and the Tourism Working Group (TWG), which pave the way for improving operations and responsiveness to meeting the Bogor Goals. Ministers instructed the SCE to continue efforts to improve the operations and work of working groups, task forces and networks to ensure ECOTECH activities are targeted, effective and efficient to make the best use of scarce resources in 2007 and beyond.

Ministers also acknowledged the broad range of economic and technical capacity building initiatives completed in 2006 by working groups and task forces, as reported in the 2006 SOM Report on Economic and Technical Cooperation and the 2006 Fora Report. Ministers encouraged ongoing efforts to continue to review working arrangements and to target capacity building efforts to reflect broader APEC priorities.

Recognizing that taking further steps towards an integrated and coordinated shipping industry will help to more fully support realizing APEC's overall aim of free and open trade, Ministers endorsed the APEC Port Service Network (APSN) Initiative. Ministers instructed Senior Officials to establish the network in a timely manner, incorporating all stakeholders in port operations and shipping businesses to provide a platform for increased cooperation and capacity building.

Ministers welcomed contributions of China and the United States to the APEC Support Fund to advance economic and technical cooperation (ECOTECH) to ensure equitable and shared prosperity. They also welcomed the earlier contributions of Australia, Republic of Korea and Chinese Taipei to the Fund.

Ministers welcomed the progress made by the Asia-Pacific Finance and Development Center (AFDC) in Shanghai, China in promoting financial stability and development, financial system reform and capacity building in the region.

### **1. Sustainable Development**

Ministers acclaimed the work undertaken this year on the issue of sustainable development. Ministers welcomed the outcomes and endorsed the recommendations of the APEC High Level Meeting on Sustainable Development held on 20-21 July in Santiago, Chile, which was coordinated by the SCE.

### **2. Human Resources Development**

Ministers reaffirmed the pivotal role of human resources development for sustainable development and prosperity in the APEC region. Ministers also recognized the importance of the Human Resources Development Working Group (HRDWG) in education, employment, labor and capacity building among APEC member economies. Ministers welcomed the 2006 work plan and new Lead Shepherd of HRDWG.

Ministers noted the significant work progress being carried out by HRDWG this year, especially the contribution of Capacity Building Network (CBN) in the area of Human Capacity Building and encouraged HRDWG to develop further work out new initiatives, projects and programs to strengthen human resources development as a driving force in the APEC process. In particular Ministers encouraged the Labor and Social Protection Network to focus on three emerging human resource issues – productivity, skill development, and labor force participation rate – in order to contribute effectively to improved human resource capabilities throughout the APEC region.

Ministers also encouraged HRDWG to continue to work on the initiative of “Developing a Strategic Plan for English and Other Language Learning in the APEC region”.

In today's era of rapid technological progress and innovation, the world's economies are constantly seeking ways to invest in human resources to build knowledge-based economies and to achieve sustainable economic growth and prosperity. At a joint U.S.-Viet Nam conference in Ha Noi, on 19–20 September 2006, human resource experts and practitioners from across the APEC region discussed effective techniques and principles for operating public-private partnerships and demand-driven employment services to address labor market inefficiencies at the joint U.S.-Vietnam conference in Ha Noi. Ministers recognized the achievements of the conference and encouraged the HRDWG to consider building on work already underway to describe research-based promising practices through the Knowledge Bank project in the HRDWG's Education Network.

### **3. Marine and Coastal Resources, Fisheries and Aquaculture**

Ministers recognized the importance of sustainable development in marine and coastal resources, and the opportunities this creates for wealth and employment generation from investment and trade. The Marine Resources Conservation Working Group's (MRCWG) work on post-tsunami economic activities and natural buffer protection ensures greater sustainable growth for affected areas. Ministers further recognized that pollution threatens economic opportunity in coastal communities and instructed the MRC to intensify its work on controlling marine debris and on mapping marine resources in order to safeguard economic assets.

Ministers recognized the importance of sustainable economic development in the fisheries and aquaculture sectors, which are of particular importance to many APEC economies. Ministers further recognized that the MRCWG and FWG are actively implementing the Bali Plan of Action, agreed by Ministers at the 2005 APEC Oceans-related Ministerial Meeting to serve as a blueprint for APEC-wide ocean-related activities. Ministers recognized that in order to maximize economic benefits from the oceans, efforts must be taken to facilitate and sustain trade and access to markets for fish and fishery products. Ministers also noted that illegal fishing undermines free and fair trade in fisheries products and directed the FWG to develop programs to assess the impacts of illegal fishing activities, enforce fisheries management

measures, and address overcapacity in fishing fleets and report back to Ministers on their progress.

In this connection, Ministers welcomed the outcome of the Fisheries Working Group Seminar on Sharing Experiences in Managing Fishing Capacity held in Chinese Taipei in May 2006.

#### **4. Industrial Science and Technology**

Ministers applauded member economies' promotion of sustainable development and common prosperity through enhanced cooperation in industrial science and technology.

Ministers welcomed the progress made by the APEC Climate Centre (APCC), the electronic International Molecular Biology Laboratory (eIMBL), APEC Center for Technology Foresight, improvements in the participation of women and minority ethnic communities in the science and technology workforce in the APEC region, and in the field of Roadmapping Converging Technologies to Combat Emerging Infectious Diseases.

#### **5. Small and Medium Enterprises**

Ministers recognized the importance of strengthening SME Competitiveness for Trade and Investment through developing an enabling environment that fosters SMEs' and Micro-Enterprises' (MEs) competitiveness, innovation and entrepreneurship and supports their capacity to invest and trade. In this regard, Ministers welcomed the development of a multiyear work program of private sector development initiatives to enhance business environment for SMEs and instructed Senior Officials to continue to identify areas of further work as a high priority.

Ministers took note of the outcomes of the 13th SME Ministerial Meeting held in September and agreed with SME Ministers on the importance for capacity building in the APEC's SME activities.

Ministers noted with satisfaction the outcomes of the 4th APEC Small and Medium Enterprises Technology Conference and Fair held in Qingdao, China in May 2006; the 4th APEC Small and Medium Enterprises Service Alliance Forum in October 2006 and the 1st APEC OVOP Seminar held in Ha Noi, Viet Nam in September 2006. They recognized the advantage of such activities in promoting the growth and competitiveness of SMEs and encouraged continuous efforts by all members in this regard.

Ministers encouraged efforts to support the use of Information and Communication Technology in SMEs and MEs in promoting trade and exploring business

opportunities, especially in overseas markets. Ministers welcomed different initiatives in this regard, including the "APEC local Cultural Industries Virtual Exposition" website and the "APEC Local Cultural Industry Market Development Forum" held in Chinese Taipei this year.

Ministers welcomed the report of the independent review of the SME Working Group, which outlined a number of recommendations for improving its focus and effectiveness. Ministers instructed the SME Working Group to give careful consideration to these recommendations and report back to Senior Officials in the first half of 2007 on its proposed response.

Ministers welcomed the recommendations from the 11th WLN meeting and encouraged a closer collaboration between WLN and the SMEWG to ensure that the issues and challenges of women's SMEs and MEs are integrated in all SMEWG initiatives. Ministers also welcomed the input from ABAC and welcomed a closer working relationship with ABAC.

### **VIII. ECONOMIC ISSUES**

Ministers welcomed the continued strong performance of the regional and global economies. To ensure the sustained expansion of economic prosperity in the region it is important to reinvigorate the Doha Round of trade negotiations. Ministers acknowledged the Finance Ministers' statement on the importance of an orderly readjustment of global imbalances in a way that sustains strong regional and global economic growth, and the shared responsibility that APEC economies have in bringing this about. Reducing global imbalances while maintaining growth requires fiscal sustainability, price and exchange rate flexibility, and reforms to promote investment, strengthen financial markets, generate more balanced domestic demand, and improve corporate governance and legal infrastructure across the Asia-Pacific region.

#### **1. Structural Reform**

Ministers noted that there was a growing focus in the region on behind-the-border impediments to development and growth and that the Leaders' Agenda on Implementing Structural Reform (LAISR) provided an important platform to develop, strengthen and coordinate work within APEC.

Structural reforms to address 'behind-the-border' impediments will help ensure that economies and the region are more resilient to economic shocks, achieve greater macroeconomic stability, and experience increased productivity in the longer term. This can contribute significantly to improving economic

development and growth outcomes in the region.

Ministers welcomed the emerging role of the Economic Committee (EC) as a forum for high-level policy dialogue. Ministers acknowledged the efforts of the EC to date to implement the APEC Work Plan on LAISR towards 2010 (LAISR 2010) and instructed EC, drawing on LAISR 2010, to develop a detailed and ambitious work program outlining how APEC's structural reform agenda will be progressed in a clear and consistent manner and report on this at 2007 Ministerial Meeting. Ministers also encouraged member economies to ensure that senior officials from ministries with key responsibilities for structural reform participate in the work of the EC.

Ministers also welcomed the EC's publication of the **2006 APEC Economic Policy Report** with its focus on structural reform issues. Ministers noted emerging issues of sustainable development and emphasized that member economies should ensure the process of structural reform can take place in an efficient and realistic manner. Ministers noted and encouraged self-assessment exercises by member economies using the APEC-OECD Integrated Checklist on Regulatory Reform to review their domestic structural reform activities.

Ministers encouraged greater capacity building on structural reform issues in the region. In this regard, Ministers welcomed the success of the Seminar on Public Sector Governance held in September 2006 in Da Nang, Viet Nam and encouraged the EC to undertake further work in this area. Ministers also noted the EC's work in developing a comprehensive set of indicators of all major aspects of structural reform, which can be used to diagnose areas in each economy where progress could be particularly profitable and to monitor progress.

Ministers also encouraged APEC member economies to facilitate information-sharing on policy direction for market-oriented economic reform through seminars. In this regard, Ministers looked forward to the success of the Seminar for Sharing Experiences in APEC economies on Strengthening the Economic Legal Infrastructure in Ha Noi in March 2007.

## **2. Socio-economic Disparity**

Ministers reaffirmed the importance of ensuring that all citizens have the opportunity to share the benefits from trade liberalization and economic growth. They welcomed the outcomes of the APEC Symposium on Socio-economic Disparity hosted by Korea held in Seoul on 28–29 June 2006, and noted the **Report on Socio-economic Disparity in the APEC region**. The report identified areas to be addressed and offers

recommendations on how to confront the challenges and impediments related to socio-economic disparity issues.

## **3. Information Sharing for Sustainable Growth**

Ministers noted Japan's proposal to promote information sharing for sustainable growth of the Asia Pacific economies in a more accurate, speedier and user-friendly way.

## **IX. INTERACTION WITH THE BUSINESS COMMUNITY**

### **1. Dialogue with the APEC Business Advisory Council (ABAC)**

Ministers instructed Senior Officials to promote collaboration with ABAC to achieve free and open trade and investment in the APEC region.

Ministers welcomed the **2006 ABAC Report to Leaders** and tasked senior officials to consider the recommendations and report their views to ABAC and Ministers.

Ministers highly appreciated dialogues between Senior Officials and ABAC since the second ABAC meeting held in Montreal, Canada, in May 2006 to discuss the DDA negotiations, RTAs/FTAs and the Busan Business Agenda. Ministers looked forward to the next SOM/ABAC dialogue in Tokyo, Japan, in May 2007.

Ministers called for ABAC to continue to play an important role in making policy recommendations and reviewing APEC activities in line with APEC Reform initiatives.

### **2. Industry Dialogues**

#### **2.1. Automotive Dialogue**

Ministers welcomed the Auto Dialogue's initiative to facilitate Customs procedures for low-risk auto and auto parts companies and looked forward to receiving in 2007 the Dialogue's recommendations on how this initiative could be implemented, including appropriate capacity-building. Ministers encouraged the Auto Dialogue to consider further work in other areas. Ministers looked forward to the outcomes of the Road Safety Summit in Australia and welcomed the Dialogue's goal of raising awareness for road safety. Ministers also noted the Dialogue's work in emerging fuels and environmental issues and looked forward to the Dialogue's recommendations in this area.

## **2.2. Chemical Dialogue**

Ministers recognized the work of the Chemical Dialogue in facilitating regional trade in chemicals. Ministers expressed growing concern over the potential barriers to trade of the EU Registration, Evaluation, and Authorization of Chemicals (REACH) system arising from uncertainty over details of implementation and the capacity of the region's industry to comply with onerous testing requirements. Ministers also noted the Dialogue's work to address implementation issues in other product-related environmental regulations, including Restrictions on Hazardous Substances.

Ministers noted the Chemical Dialogue's concern that failure of the DDA negotiations would be a major setback for global trade expansion and its call for the urgent resumption of the DDA negotiations. Ministers welcomed the progress with implementation of the Globally Harmonized System of Classification and Labeling of Chemicals (GHS) and noted with appreciation the APEC Seminar on GHS Implementation and Technical Assistance held in Thailand in September 2006 regarding it as a firm step forward by member economies in meeting global classification standards. Ministers encouraged member economies to continue their efforts to implement the GHS with a view to having it fully implemented by the recommended target date of 2008. Ministers welcomed the extension of the Dialogue's work program to include Rules of Origin and Emergency Response.

## **2.3. Non-Ferrous Metal Dialogue**

Ministers welcomed the tangible outcomes of the Second Non-Ferrous Metals Dialogue (NFMD), which resulted in production of a clear-cut definition of non-ferrous metals and in adoption of the Action Plan for 2006 and beyond. Ministers also appreciated the efforts to achieve the primary goal of the NFMD, to bring together public and private sector representatives to promote cooperation and interaction in the area of trade-related regulatory policy and facilitate non-ferrous metals trade, competitiveness and sustainable development of the industry in the Asia-Pacific region.

## **2.4. Life Science Innovation Forum**

Ministers welcomed the outcomes of the 4th Life Sciences Innovation Forum (LSIF). They endorsed the recommendation for a dialogue in 2007 between LSIF experts and finance and health Senior Officials to discuss innovative approaches to the health dimensions of economic challenges in the region, including the risk of infectious disease pandemic,

chronic disease and ageing populations. Ministers welcomed and endorsed the establishment of public-private partnerships to develop pilot projects for disease management and wellness; identify and address enablers of investment in life sciences innovation in health systems; and assess research capacities with a view to developing scientific exchanges and training as a means of enhancing the region's leadership in life sciences innovation and assuring health and economic development. Ministers encouraged broad participation in the projects approved for implementation in 2007, including harmonization to international best practices and training to combat the counterfeiting of drugs and medical devices.

## **3. High Level Policy Dialogue on Agricultural Biotechnology**

Ministers acknowledged the value of agricultural biotechnology in improving agricultural productivity, enhancing food security, and protecting environmental resources. Ministers welcomed the outcomes of the 5th Meeting of the APEC High Level Policy Dialogue on Agricultural Biotechnology (HLPDAB). Ministers noted the Policy Dialogue's recommendation that the Cartagena Protocol on Biosafety deserves continued attention regarding ways in which Parties can meet their Protocol obligations and also facilitate trade in living modified organisms.

Ministers also acknowledged the endorsement of the HLPDAB 2007–2009 Work Plan and encouraged APEC economies to participate in upcoming activities coordinated by the HLPDAB, including a farmer-to-farmer workshop and the development of an Investment Toolkit to share information on the elements necessary for promoting the creation of a biotechnology sector.

## **X. CULTURAL EXCHANGE AND TOURISM COOPERATION**

### **1. Cultural Exchange and Related Issues**

Ministers welcomed the successful holding of the APEC Film Festival 2006 in Ha Noi, Da Nang and Ho Chi Minh City in October and the APEC Photography Exhibition in Ha Noi during the APEC Leaders' Week 2006. They noted that these events contributed to promoting mutual understanding, friendship and the sense of community among APEC member economies and encouraged consideration be given to the organization of similar activities in the future.

Ministers endorsed the APEC Inter-Cultural and Faith Initiative proposed by Indonesia with Russia and the United States being co-sponsors and welcomed

the outcomes of the APEC Inter-Cultural and Faith Symposium held in Yogyakarta, Indonesia on 5–6 October. They emphasized the need for APEC to consider initiatives that provide opportunities for its members with different cultural and faith backgrounds to develop social interaction and achieve mutual understanding, acceptance and trust, which are essential to promote trade and investment in the region.

Ministers also noted that APEC initiatives in this area should add value to existing interfaith and intercultural dialogues. They stressed the need to realize the potential of local communities in the APEC region by, among others, promoting local knowledge and principles that inspire innovation and productivity. They agreed to work in concert to eliminating any form of extremism and terrorism. Ministers agreed to address social, legal, governance, and economic challenges to promote a harmonious community in the region.

## **2. Tourism Cooperation**

Reaffirming the importance of tourism as one of the prioritized areas for regional cooperation, Ministers welcomed the outcomes of the 28th meeting of the Tourism Working Group (TWG) held in May 2006 in Shizuoka, Japan and its 29th meeting in October 2006 in Hoi An, Viet Nam. They appreciated the Tourism Minister-endorsed initiatives to enhance tourism in the region by encouraging the private sector to participate in the APEC Tourism Investment Forum, by studying the possibility for tour packages and new direct air linkages among cultural heritage sites and major tourism destinations in member economies, and by promoting the APEC Tourism Fair, to be held on the voluntary basis, to encourage international visitors. Additionally, Ministers encouraged the TWG to identify impediments to growth of travel and tourism and develop policies that foster the creation of a positive business climate. In recognizing that tourism is the largest employer in the region and that it is vulnerable to the damaging effects of pandemics, natural disasters and terrorist attacks, Ministers stressed the importance to facilitating the swift recovery of this industry from any disruption caused by those factors.

## **XI. YOUTH COOPERATION**

Ministers encouraged younger generations in member economies to be actively involved in APEC issues so as to deepen the concept of the APEC community and lay a foundation for cooperation among our future leaders. Ministers welcomed the success of the APEC 2006 Youth Forum under the theme “Strengthening cooperation among the youth in the Asia-Pacific

region for sustainable development” that was held in August. Ministers encouraged economies to implement the Forum’s recommendations, especially to organize an APEC Young Volunteers’ Workshop in 2007 in Viet Nam.

## **XII. GENDER INTEGRATION**

Ministers reconfirmed that the integration of gender in all APEC policies and projects was a cross-cutting theme in APEC and that promoting the increased involvement of women in APEC is an effective measure which will contribute significantly to the goal of achieving a dynamic community for sustainable development and prosperity.

Ministers recognized the benefits and need to further facilitate the implementation of the Framework for the Integration of Women in APEC and encouraged economies to periodically review its implementation in order to highlight issues for consideration at ministerial level.

Ministers requested economies and fora to allocate necessary funds and resources for gender-mainstreaming activities in their work and to encourage women to participate in decision-making processes, projects/programs implementation as well as in workshops/conferences or other activities.

Minister welcomed the results of the 11th Women Leaders’ Network on 19–22 September 2006 in Ha Noi, Viet Nam under the theme “Towards a Dynamic Community: Enhancing the Competitiveness of Women’s Business for Sustainable Development and Prosperity”. Ministers encouraged economies to work individually and collectively on ways to promote women’s participation in the digital economy and women empowerment, first of all, in micro and small and medium enterprises.

Ministers welcomed the recommendations from the second CTI Seminar on Supporting and Enhancing Capacity for Women Exporters. Recognizing the importance of women in the global markets and supply chain, Ministers recognized the need for further research on the differential impact of RTAs/ FTAs as well as the DDA on women, and supported undertaking research to ensure the full participation of women in the global economy.

## **XIII. APEC REFORM**

Ministers endorsed the APEC Reform 2006 Deliverables paper prepared by Senior Officials under the themes of improving operational efficiency, promoting

operational linkage, and enhancing operational dynamism. They commended the substantial reform measures incorporated in the paper to strengthen the Secretariat, improve linkages and efficiency of APEC processes, establish closer integration with ABAC and ensure a more targeted policy agenda. They welcomed agreement on appointing a Chief Operating Officer to the APEC Secretariat and instructed Senior Officials to discuss details and implement this proposal in 2007 and to further discuss the appointment of an Executive Director for a fixed term. Ministers commended Japan's initiative to help establish a policy and evaluation Support Unit in the Secretariat and instructed Senior Officials to further discuss the Support Unit as a priority reform issue in 2007.

Ministers welcomed the work of the Senior Officials' Steering Committee on ECOTECH (SCE) to rationalize APEC fora, prioritize project proposals, and contribute to better coordination among sub-fora, working groups and task forces. Ministers instructed Senior Officials to work with the APEC Secretariat to ensure early implementation of the reform measures in 2007.

Ministers reaffirmed their commitment to continuing reform of APEC to ensure APEC remains relevant, effective and responsive to the needs of member economies and the business community.

#### ***XIV. SECTORAL MINISTERIAL MEETINGS***

##### ***1. APEC Ministerial Meeting on Avian and Influenza Pandemics***

Ministers noted with satisfaction the successful outcome of the Ministerial Meeting on Avian and Influenza Pandemics held on 4–6 May 2006 in Da Nang, Viet Nam and welcomed the APEC Action Plan on the Prevention and Response to Avian and Influenza Pandemics. Ministers encouraged individual and collective efforts from member economies to implement the Action Plan, viewing this as an important contribution to realizing the Leaders' Initiative on Preparing for and Mitigating an Influenza Pandemic endorsed in 2005.

##### ***2. APEC Finance Ministers' Meeting***

Ministers welcomed the outcome of the 13th APEC Finance Ministers' Meeting (FMM), which recognized the importance of joint action towards an orderly readjustment of global imbalances in a way that sustains strong regional and global economic growth. Ministers supported the FMM's consensus that achieving this is a shared responsibility for which APEC economies need to promote fiscal sustainability, price

and exchange rate flexibility, and financial reforms. Ministers also welcomed the FMM's deliberations on appropriate policies and cooperation activities to promote efficient and sustainable revenue systems and reform the financial sector to attract capital flows. Ministers recognized the FMM's emphasis on the importance of an open, well-supervised, and systemically sound financial services sector and noted that the IMF and World Bank's Financial Sector Assessment Program can help prioritize reforms.

Ministers noted the outcome of reviewing the Finance Ministers' Process and supported the Updated Strategic Goals and Ha Noi Medium-Term Agenda, which represent the commitment to further enhance the quality and effectiveness of the Finance Ministers' Process in order to complement the APEC Leaders' Process and successfully achieve the Bogor Goals.

Minister welcomed the FMM's commitment to international standards set forth by the Financial Action Task Force (FATF) to combat terrorist financing, money laundering, and other abuses of members' financial systems and the call for FATF to make efforts as appropriate in enlarging the membership of the Task Force. Ministers also acknowledged Finance Ministers' calling for the WTO member economies to restart the multilateral negotiations of the Doha Development Round to seek comprehensive regional and free trade agreements, and to conclude the long overdue effort to reform the IMF's governance structure so that economies' voice and quota shares better reflect the world economy, including the fast growth of many emerging economies.

##### ***3. APEC Tourism Ministerial Meeting***

Ministers welcomed the outcomes of the 4th APEC Tourism Ministers' Meeting held in Hoi An, Viet Nam in October, particularly the adoption of the Hoi An Declaration on Tourism which reaffirmed members' commitment to promote sustainable tourism and investment in the region, and highlighted the measures adopted to enhance regional cooperation for a vibrant tourism industry.

Ministers also welcomed the Meeting's deliberations on guidelines for APEC tourism cooperation in future, including training and human resource development in tourism; standardizing tourism services and occupational skills; harmonizing procedures for travel facilitation; application of the Tourism Satellite Account; smart public-private partnership in tourism development; tourism infrastructure development; improvement of quality tourism products and services; tourism marketing and promotion; and the protection of tourism resources for the sustainability of tourism development.

#### **4. APEC SME Ministerial Meeting**

Ministers noted efforts by SME Ministers in promoting the development of SME in APEC economies and welcomed the outcomes of the 13th APEC Ministerial Meeting on SMEs held in Ha Noi in September, in particular the adoption of the Ha Noi Declaration on Strengthening SME Competitiveness for Trade and Investment, which identified areas for improvement and set out actions to strengthen SMEs' competitiveness.

#### **XV. APEC SECRETARIAT**

##### ***ACMS and AIMP***

Ministers welcomed the official launch by the APEC Secretariat of the APEC Information Management Portal (AIMP) and, noting the benefits accrued from the system, encouraged all APEC members and fora to make full use of the AIMP.

#### **XVI. OFFICIAL OBSERVERS**

Ministers welcomed APEC's interaction with its Official Observers, namely the ASEAN Secretariat, the Pacific Economic Cooperation Council (PECC) and the Pacific Islands Forum (PIF), and noted their contributions to APEC as a whole.

#### **XVII. FUTURE MEETINGS**

Ministers noted the preparations for APEC 2007 by Australia. They noted that future APEC Ministerial Meetings would be held in Peru in 2008, Singapore in 2009 and Japan in 2010.

#### **XVIII. APPROVAL OF SOM REPORT**

Ministers approved the SOM report, including the decision points therein.





## *2006 4th APEC Tourism Ministerial Meeting*

*Hoi An, Quang Nam, Viet Nam  
17 October 2006*

### *Hoi An Declaration on Promoting APEC Tourism Cooperation*

1. We, APEC Tourism Ministers from Australia; Brunei Darussalam; Canada; Chile; the People's Republic of China; Hong Kong, China; the Republic of 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 of America, and the Socialist Republic of Viet Nam, attended the 4th APEC Tourism Ministerial Meeting in Hoi An, Quang Nam from 15–17 October 2006 within the framework of APEC Viet Nam 2006. The meeting under the theme of ***"Promoting APEC Tourism Cooperation for Common Prosperity"*** was chaired by the Hon. Madame Vo Thi Thang, Chairperson of the Vietnam National Administration of Tourism.
2. Also present at the meeting were the Executive Director of the APEC Secretariat as well as distinguished observer the Secretary General of the Association of South East Asian Nations (ASEAN).
3. The meeting warmly welcomed His Excellency Mr. Pham Gia Khiem, Deputy Prime Minister of the Socialist Republic of Viet Nam, to attend and deliver a keynote speech at the Inaugural Ceremony.
4. The Meeting took place in the spirit of cordiality, friendship, co-operation and mutual understanding. The Meeting focused its deliberations on a number of prioritized issues for further strengthening of APEC Tourism Cooperation; and  
Ministers:
  5. ***WELCOMED*** the decisions of APEC Leaders in recognizing tourism as one of the prioritized areas for regional co-operation. Tourism is playing an ever-greater role in boosting socio-economic development, contributing to poverty reduction and hunger elimination, raising awareness of the importance of respect and the preservation of the natural environment, creating more jobs for local communities, enhancing communities' participation, exchange of cultural heritage and bridging the gaps through mutual friendship among APEC member economies and other affiliate members for the world peace and harmony.
  6. ***RECOGNIZED*** the Seoul Declaration on an APEC Tourism Charter adopted at the 1st Tourism Ministerial Meeting, held in Seoul, the Republic of Korea in 2000, as a solid foundation and an important orientation for future tourism co-operation in the region. The implementation of recent projects have made remarkable contributions to socio-economic growth, the preservation and incorporation of cultural values as well as the protection of tourism resources in the member economies.
  7. ***ACKNOWLEDGED*** that in the current background the theme of "Promoting APEC Tourism Cooperation for Common Prosperity" adopted at the 4th APEC Tourism Ministerial Meeting is of great significance and relevance. It ushers in a new perspective for APEC tourism cooperation by encouraging member economies to further intensify both bilateral and multilateral cooperation in such areas as training and human resource development in tourism; standardizing tourism services and occupational skills; harmonizing procedures for travel facilitation, which aim for the early realization of the policy goals of the APEC Tourism Charter in particular and Bogor Goals in general; and striving for a community based on the shared vision of achieving stability, security and prosperity.
  8. ***APPRECIATED*** the efforts and work done by the APEC Tourism Working Group (TWG) towards realizing the four policy goals of the APEC Tourism Charter, which have been clearly reflected in

fulfilling the attainments of ongoing projects such as the Tourism Impediments Study Stage 3; Best Practices in Sustainable Tourism Management Initiatives for APEC Economies; the Strengthening of Safety and Security Best Practices Against Terrorism for Sustainable Tourism Development; the Application of Electronic Commerce to Small & Medium Tourism Enterprises in APEC member economies; the APEC Sustainable Tourism Monitoring Initiative; Best Practices on Development of Tourism Satellite Accounts; and the APEC Tourism Occupational Skills Standards.

9. **NOTED** significant progress on the TWG "Independent Assessment" which will review the awareness and relevance of TWG's goals and activities; and identify mechanism to focus TWG's strategic priorities and future directions. Noted the resolve of the TWG to respond to the findings of the Independent Assessment to improve the operations of the Group.
10. **NOTED** that TWG reaffirmed its role as an independent APEC Forum with a strong focus on facilitating tourism as an important driver of economic and social development.
11. **APPRECIATED** initiatives aimed at materializing the priorities set for APEC tourism co-operation, these include measures to:
  - **Encourage** holding, on a voluntary basis, the APEC Tourism Fair back-to-back with important APEC events in order to ably create unique and specific branding of APEC tourism, which would help optimize the use of valuable and diversified tourism assets and resources, promotions of inter and intra APEC tourism flows as well as to increase APEC's share in the world tourism market.
  - **Encourage** the hosting of the APEC Tourism Investment Forum, on a voluntary basis, on the sidelines of the APEC Tourism Ministerial Meeting to create favorable avenues and opportunities for business matching and promotion of investments in tourism infrastructure within APEC member economies for the benefits of both the investors and local communities.
  - **Encourage** the undertaking of travel facilitation measures for tourists by studying the possibility for tour packages and new direct air linkages among cultural heritage sites and major tourism destinations in member economies in order to further promote tourist flows into and within APEC region.
  - **Organize** joint activities for youth exchange as well as sister cities' cooperation with a view to enhancing mutual understanding and nurturing appreciation for the cultural values, customs and traditions of member economies, hence creating a firm foundation and the pre-conditions for regional tourism development.
12. **REAFFIRMED** the application of the Tourism Satellite Account (TSA) as an important and efficient tool in measuring the contribution of tourism to economic growth and encouraging APEC member economies to soon adopt the TSA approach for the harmonization of common tourism benchmarking in the APEC region. This will create a clearer overview of the important role of tourism for the prosperity of the whole APEC region. In the meantime, in order to achieve these objectives, member economies are encouraged, among other things, to increase the regular exchange of updated information concerning management and development in tourism.
13. **ENCOURAGED** the TWG to identify impediments to growth of travel and tourism and develop policies that foster the development of a positive business climate.
14. **ENCOURAGED** smart public-private partnerships in tourism development, especially in the fields of infrastructure investment, human resource development, the improvement of quality tourism products and services, tourism marketing and promotion, and the protection of tourism resources for the sustainability of tourism development in each member economy and the APEC region as a whole.
15. **ENCOURAGED** Tourism Organizations of APEC member economies to proactively share information and closely collaborate with regional and international mass media. This is especially important in providing timely, accurate, transparent and unbiased information on tourism-related crisis i.e. natural disasters, diseases, terrorism, etc. that may have occurred in any APEC member economy. This approach is required in order to work out efficient and responsive solutions to avoid and minimize the negative impacts on tourist concerns as well as to maintain the well-established image and branding of APEC tourism.
16. **URGED** that closer collaboration be further strengthened between the APEC Tourism Working Group with other fora, including the

APEC Working Group on Small and Medium Enterprises, the Working Group on Trade Promotion, the Working Group on Human Resources Development, the Sub-committee on Customs Procedure, the Health Task Force, the Counter Terrorism Task Force and other concerned working groups, such as the Gender Focal Point Network and the Women Leaders Network, in order to reinforce the effectiveness of cooperation and help sustain the development of tourism in the region.

17. **APPRECIATED** the efforts and achievements of the APEC International Centre for Sustainable Tourism (AICST) which was established following endorsement at the 2nd Tourism Ministerial Meeting in Mexico in 2002. Of particular note is the past and current work on risk management in tourism; the promotion and application of improved management practices for sustainable tourism; and the formation of partnership with world and regional tourism organizations to achieve common and consistent outcomes in line with the APEC Tourism Charter.
  
18. **ACKNOWLEDGED AND APPRECIATED** the valuable support of regional and international organizations, particularly that from specialized tourism bodies. At the same time, calling on these agencies to continue supporting and providing more technical assistance for the common cause of tourism development in APEC member economies. We are very delighted and warmly welcome the participation and active contributions of the following distinguished representatives from regional and international tourism organizations at the 4th APEC Tourism Ministerial Meeting as follows:
  - World Tourism Organization (UNWTO);
  - World Travel and Tourism Council (WTTC);
  - Pacific Asia Travel Association (PATA);
  - APEC International Centre on Sustainable Tourism (AICST).
  
19. We would like to extend our sincere thanks and high appreciation for the tremendous efforts, and the warm reception and hospitality accorded by the Vietnam National Administration of Tourism, the Provincial People's Committee of Quang Nam, the People's Committee of Hoi An as well as the incessant efforts and worthwhile contributions made by APEC Tourism Working Group, and the APEC Secretariat towards the great success of the Meeting.



## ***13th Small and Medium Enterprise Ministerial Meeting***

***28–29 September 2006***

***Ha Noi, Viet Nam***

### ***Joint Ministerial Statement***

#### ***Strengthening SME Competitiveness for Trade and Investment***

##### ***Introduction***

1. APEC Ministers and their representatives responsible for SMEs from: Australia; Brunei Darussalam; Canada; Chile; the People's Republic of China; Hong Kong, China; the Republic of Indonesia; Japan; the Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Republic of the Philippines; Russian Federation; Singapore; Chinese Taipei; Thailand; the United States of America; and Viet Nam gathered during 28-29 September 2006 in Ha Noi, Viet Nam for the 13th APEC Ministerial Meeting on Small and Medium Enterprises (SMEs).
2. The meeting was also attended by the Executive Director of the APEC Secretariat, the APEC Business Advisory Council, official observers: Pacific Islands Forum and ASEAN Secretariat. The Women Leaders' Network and the Organization for Economic Cooperation and Development attended as invited guests.
3. The policy theme of the meeting was "Strengthening SME Competitiveness for Trade and Investment" in line with the Vietnam's APEC 2006 theme of "Towards a Dynamic Community for Sustainable Development and Prosperity". Ministers aimed to identify the best policies and entrepreneurial practices to strengthen SMEs competitiveness for trade and investment in the APEC community.
4. In supporting the APEC 2006 theme, Ministers agreed that it is important for the APEC's SME activities to contribute to ongoing progress intended to build one economic community in the Asia-Pacific region, as instructed by APEC leaders.
5. Prior to the formal plenary sessions, Ministers had a separate retreat session to share experiences and views on various aspects of increasing SMEs'

competitiveness for trade and investment. There were practical discussions and a meaningful exchange of views by the Ministers on policy issues affecting SMEs within APEC.

##### ***The Hanoi Declaration on Strengthening SME Competitiveness for Trade and Investment***

6. Ministers adopted the attached "Hanoi Declaration on Strengthening SME Competitiveness for Trade and Investment" and agreed to give effect to it, where practicable, in their economies.
7. Ministers directed SMEWG members to ensure that they more effectively share experiences, undertake high quality research and formally communicate best practice in the areas of enhancing SME competitiveness for trade and investment. Proposed focal areas for SMEWG consideration are: innovation and cluster development; incubation and entrepreneurship development; rules and regulations; financing; and capacity-building in supply chain management.

##### ***Private Sector Development***

8. Ministers welcomed the SMEWG's leadership of the APEC Private Sector Development Agenda. They affirmed the importance of a supportive business environment for SME growth. They noted that, based on the priority areas identified at the Montreal Symposium, the SMEWG is committed to holding capacity-building workshops where member economies can share best practices and discuss how to best achieve improvements in the business climate of their respective economies. The first of these workshops is to be held in Hobart, Australia in March 2007.

##### ***Daegu Initiative and SME innovation***

9. Ministers welcomed the submission by 13 member economies of the Daegu Initiative's

innovation action plans. As 2006 is the first year of its implementation, Ministers encouraged more member economies to participate in this project.

10. Ministers noted the efforts of the APEC SME Innovation Center to form a collaborative network among its members by conducting its comparative study on APEC innovation policies in order to more effectively disseminate best practices of SME innovation policies such as Korea's innovative portal spi-1357 system.

### ***Intellectual Property Rights (IPR)***

11. Ministers supported the APEC SME IPR Initiative and encouraged best practices in IPR laws and enforcement. The Initiative, together with greater awareness and knowledge of IPR will form key elements in the encouragement of both innovation and entrepreneurship. The Initiative will be implemented on a voluntary basis.

### ***Pandemic Preparedness***

12. Ministers supported the SMEWG's contribution to the important work on pandemic preparedness by welcoming the USA guide entitled "Pandemic Preparedness Planning and Implementation for Small Businesses". Ministers shared their economies' pandemic preparedness efforts and noted that an APEC pandemic preparedness for small business checklist will be developed before their next meeting. Ministers emphasized the importance of preparedness and mutual cooperation between member economies in reducing the negative effects arising from disasters.

### ***APEC SME Coordination Framework***

13. In recognition of the cross-cutting nature of the APEC SME process, Ministers reaffirmed the importance of coordinating APEC efforts and activities of SMEs across all fora as outlined in the 2004 "APEC SME Coordination Framework." The main objective of the framework is to direct related efforts and activities towards promoting the growth and competitiveness of APEC SMEs. Ministers were informed of progress made to forward the goals of the APEC SME Coordination Framework.
14. Ministers encouraged the SMEWG to focus its efforts and play a more proactive role in facilitating APEC members to share lessons learned in implementing business environment reforms, particularly those that enhance SME

competitiveness for fair trade and investment. In doing so, the SMEWG will enhance its stature as the focal group that collaborates intensively with related APEC fora, and is responsible for identifying and disseminating APEC-wide measures and good practices towards the creation of a business environment conducive for trade and investment, particularly for SMEs and micro-enterprises.

15. SME Ministers encouraged further collaboration between APEC SMEWG and the APEC Finance Ministers' Technical Working Group. Ministers noted the outcomes of the Conference on "Strengthening support and cooperation for the development of APEC SMEs", which was held on 27 July 2006, in Ha Noi, Viet Nam, under the chairmanship of Industrial and Commercial Bank of Vietnam. Ministers welcomed development of future activities to be taken by MOU signatory institutions to create better financing and enhancing further development of SMEs.

### ***Report on SMEWG Management Improvement***

16. Ministers received the recommendations by the SMEWG Chair to improve the management of the SMEWG. Changes will include streamlining the meetings' agenda and having new chairing arrangements to ensure the chair's continuity and responsibility for the agenda.
17. Ministers asked the SMEWG to complete its consideration of the other recommendations in the independent reviewer's report on the SMEWG, and to agree how to deal with each of them before the end of its 24th meeting in Hobart, Australia.

### ***Cooperation and Collaboration with Related Organizations***

18. Ministers encouraged the SMEWG to continue its cooperation with the OECD through sharing of information and research results (e.g. the seminar on global value chains to be hosted by Japan in May 2007). Ministers welcomed progress made in the joint APEC-OECD project that aims to identify the key barriers to SME access to international markets (as perceived by governments and by SMEs), to describe best practice programmes, and to develop appropriate policy responses and other cost-effective initiatives to address barriers. Ministers encouraged economies to actively consider and pursue the recommendations that emerge from that exciting project.

19. Ministers also thanked participation by and contributions from related organizations and business societies such as the APEC Business Advisory Council (ABAC), Women Leaders Network (WLN), and Pacific Economic Cooperation Council (PECC) and noted the importance of the private sector perspectives and contributions to advance APEC's SME work.
20. WLN submitted the results of the 11th WLN Meeting held 19–22 September in Ha Noi. The theme of the meeting was "Towards a Dynamic Community - Enhancing the Competitiveness of Women Businesses for Sustainable Development and Prosperity." The WLN submitted recommendations in line with the theme of the meeting. The SMEWG was asked to review the WLN recommendation, and to give them due consideration in the development of work plans and objectives for 2007.

#### ***Other business***

21. Ministers recognized the importance to assist those SMEs and micro-enterprises in local cultural industries that have high potential but lack a channel to conduct export. They considered the holding of virtual expositions as one of effective ways to adopt e-commerce to promote international trade and enhance the capability of SMEs and micro-enterprises on exploring new business opportunities in overseas markets. In the same line, Ministers also encouraged APEC member economies to make effort toward local products promotion through holding related seminars.

#### ***APEC SME 2007 Theme and Sub-Themes***

22. Ministers noted that the APEC SME 2007 theme is to be "Enhancing the business environment for SMEs" with three Sub-themes:
  - Reducing costs to SMEs through best practice regulation
  - Facilitating business start-ups
  - Encouraging SME innovation
23. Ministers also took note that the next SME Ministerial and related meetings will be held in Tasmania, Australia from 4-9 March 2007.





## ***13th Small and Medium Enterprises Ministerial Meeting***

***Ha Noi, Viet Nam  
28 – 29 September 2006***

### ***Hanoi Declaration on Strengthening SME Competitiveness for Trade and Investment***

1. As globalization proceeds, APEC economies, especially developing economies, and their enterprises face major challenges in strengthening their human and institutional capacities to take advantage of emerging trade and investment opportunities. Their readiness in facing these challenges is dependent on the stage of development of each economy, which is directly reflected in the development of SMEs.
  - encouraging firms' alignment to international standards for products and services;
  - exchanging best practices and encouraging effective enforcement of intellectual property rights;
  - encouraging collaboration between business and government agencies to jointly promote the importance of implementing pro-active business strategies to SMEs at the firm level, through leveraging business organizations and other support organizations;
  - enhancing the quality, effectiveness and sustainability of export and investment promotion support institutions;
2. The Bogor Goals set the target of free and open trade and investment in the APEC Region by 2010 for industrialized economies and 2020 for developing economies. To achieve this target APEC needs to place more emphasis on strengthening ***SMEs' competitiveness in trade and investment*** by developing specific measures to ***improve competitiveness, innovation and entrepreneurship***.
  - improving the availability of, and access to, knowledge and information, financial resources, business resources and business matching platforms and services that SMEs and microenterprises require for developing new capabilities, and increasing their technological absorptive capacity for both domestic and international trade and investment;
  - incorporating business incubation, innovation and entrepreneurship development as integral parts of the development strategies of APEC economies;
  - developing higher quality partnerships with the representatives of the business community in formulating SME trade and investment promotion policies and strategies.
3. Such measures should include:
  - enhancing capacity building for enterprises and officials in order to enable firms to take advantage of trade liberalization;
  - undertaking domestic reforms such as enhancing the legal and regulatory framework, implementing the rule of law, cutting down on bureaucracy, investing in infrastructure, removing gender biases, improving labor conditions and fighting corruption. These reforms should be reflected at all levels of government administration;
  - building institutional capacities that support the internationalization of, and exports from, SMEs; and disseminating information on good and ethical business practices to SMEs;



## **13th APEC Finance Ministers' Meeting**

**7–8 September 2006  
Ha Noi, Viet Nam**

### **Joint Ministerial Statement**

#### **I. Introduction**

We, the Finance Ministers of the APEC economies, convened our 13th annual meeting in Ha Noi, Viet Nam on 7–8 September 2006 under the chairmanship of Mr. Vu Van Ninh, Minister of Finance of Vietnam. The meeting was also attended by the First Deputy Managing Director of the International Monetary Fund, the Managing Director of the World Bank, the President of the Asian Development Bank, the Executive Director of the APEC Secretariat, and private-sector representatives from the APEC Business Advisory Council.

We met under the policy themes of ***“Promoting Public Finance Efficiency and Sustainability: Towards Stable and Efficient Revenue Sources”*** and ***“Financial Sector Reform to Attract Capital Flows”***. In discussing the themes, we noted that many APEC member economies are pursuing tax reform aimed at securing stable and efficient revenue sources. Our discussion also emphasized the importance of open, adequately supervised, and robust sound financial services sectors.

We moreover welcomed the overall reform of APEC underway and stressed our commitment to further strengthen the prominence and relevance of the Finance Ministers' Process in order to more effectively complement the work of the APEC Leaders' Process and successfully achieve the Bogor Goals.

#### **II. Global and Regional Economic Developments**

We welcomed the continued strong performance of the world economy despite higher oil prices. We noted that although growth in the APEC region has moderated somewhat in 2005, the region is still experiencing strong growth that is expected to surpass 4.1 percent this year. Increased trade and investment have been key drivers of expanding economic prosperity in member economies. Therefore,

we remained firmly committed to restarting the multilateral trade negotiations and achieving the breakthrough in market access and support to bring the negotiations to a successful conclusion which is so important for growth and development. We resolved to work with our own trade authorities to make tangible contributions to restart the Doha round. We also stressed that the conclusion of regional trade agreements and free trade agreements can make an important contribution to trade liberalization and can help invigorate the DDA negotiations.

We recognized the importance of joint action towards an orderly readjustment of global imbalances in a way that sustains strong regional and global economic growth, and the shared responsibility that APEC economies have in bringing this about. Reducing global imbalances while maintaining growth requires fiscal sustainability, price and exchange rate flexibility, and reforms to promote investment, strengthen financial markets, generate more balanced domestic demand, and improve corporate governance and legal infrastructure across the Asia-Pacific region. This entails greater national saving in the United States, further structural reforms including fiscal consolidation in Japan, stronger domestic demand growth in other APEC member economies and Europe, and greater exchange rate flexibility for some economies as appropriate in emerging Asia. Progress has been made but further efforts are necessary.

#### **III. The 13th APEC Finance Ministers' Process Policy Themes**

##### **1. Promoting Public Finance Efficiency and Sustainability: Towards Stable and Efficient Revenue Sources**

We recognized that stable and efficient revenue systems are crucial for the fiscal health of APEC member economies and for ensuring an appropriate level of public expenditure in social and economic development. We also recognized that tax incentives

can be tools for growth and development but they can affect the efficiency and sustainability of revenue systems. We noted the importance of developing transparent revenue systems that have minimal distortionary impact on the operation of open markets.

Having acknowledged the potential risks of the erosion of tax bases to the development of sound fiscal policies, we agreed that careful consideration should be given to tax incentives that affect revenue bases as part of the budget process. We encouraged member economies to identify and review all tax incentives that may erode revenue bases regularly, and ensure full accounting of the costs and benefits of tax incentives relative to other policy instruments. The impact of selectively targeted tax incentives on regional and global commitments to the fair and free flow of capital, labor, and technology should also be considered.

We noted that many APEC member economies are pursuing tax reform to modernize tax systems, improve their sustainability and equity, and reduce economic distortions. We also noted that there may be trade-offs in achieving these objectives; thus it is important to prioritize and reconcile competing objectives. We encouraged member economies to share tax reform experience to assist in the development of efficient and sustainable revenue through academic, business, and governmental meetings and through direct economy-to-economy assistance programs. We reaffirmed our commitment to work together and cooperate on common interests for efficient and sustainable revenue systems.

## **2. Financial Sector Reform to Attract Capital Flows**

We noted that capital flows can be a powerful force for development and growth in member economies. Capital flows can provide additional resources for productive investments; enhance access to technology, management skills, and international markets; and improve competitiveness and efficiency. Capital flows, in particular portfolio flows, may also provide an efficient source of finance to economies facing capital shortages, fill the saving-investment gap, permit portfolio diversification and indirectly enable production diversification. The capacity of the domestic financial sector can also be complemented by foreign direct investment in financial services which can lead to deeper, more competitive, resilient, and efficient financial markets, as well as a better financial infrastructure by lowering financing costs, and raising standards of business and corporate governance.

We noted the importance of further liberalization in this area and the need to continue efforts on this in multilateral trade negotiations.

However, the potential volatility of international capital flows could carry risks to developing economies with less resilient financial markets and could undermine macroeconomic stability. Thus, the strengthening of the domestic financial sector, including its capacity to absorb the risks associated with large and potentially volatile cross-border capital flows, and ensuring a sound fiscal discipline are essential for economies to benefit from capital flows. It is also important to further explore more effective means of monitoring volatile cross-border capital flows.

Recognizing the contribution of capital flows, as well as the risks associated with them, we emphasized the importance of open, well-supervised, and systemically sound financial services sectors. We resolved to continue our efforts to strengthen financial oversight in order to build deep, resilient, and efficient financial markets, including developing the institutional investor base.

In this context, we re-affirmed our commitment in 2005 to international standards set forth by the Financial Action Task Force (FATF) to combat terrorist financing, money laundering, and other abuses of our financial systems. We urged FATF to make efforts as appropriate in enlarging the membership of the Task Force.

We also agreed that structural reform aimed at strengthening the domestic financial sector should be well sequenced, appropriately paced, and tailored to the specific circumstances of each economy as the financial sector is opened up internationally. Ideally, the process needs to be implemented as a coordinated package of initiatives moving in parallel with, but also with due consideration to, progress in reform of other parts of the economy. Financial sector reform is a necessary but not sufficient condition for attracting capital. In that context, financial sector reform should be supported by a sound macroeconomic framework, a sound and effective legal framework, well functioning product and factor markets as well as greater regional, and global cooperation. Participation in the IMF and World Bank's Financial Sector Assessment Program (FSAP) can inform that process, including prioritizing reforms. We encourage all members to participate in FSAPs taking into account the level of development and the specific conditions of each member economies in support of domestic financial market development.

#### ***IV. Review of the APEC Finance Ministers' Process***

We took stock of the APEC Finance Ministers' Process and assessed how to further strengthen its prominence, policy-relevance, and complementarity to the work of the APEC Leaders' Process, particularly given the rapid evolution of the global and regional economic and business environment and APEC's activities overall.

To this end, we agreed to a set of updated strategic goals and a framework for conducting ***medium-term reviews of all aspects of the APEC Finance Ministers' Process (Annex A)***. We believe that there is value in conducting periodic reviews of the process.

In pursuit of the strategic goals, we also adopted the Hanoi Medium-Term Agenda which suggests priority policy areas and a planning framework for the process over the next three to five years (Annex A).

#### ***V. Other Matters and Venue of the Next Meeting***

We welcomed the IMF Executive Board's decision to submit to Governors a two-stage package of significant reforms to improve the Fund's governance structure so that countries' voice and quota shares better reflect the world economy, including the fast growth in many emerging economies. We underscored the importance of reaching an expeditious conclusion to this long overdue reform.

We welcomed our dialogues with the APEC Business Advisory Council (ABAC). ABAC has provided valuable inputs from the private sector, as well as support for the work under the themes of the 13th APEC Finance Ministers' Meeting. We welcomed ABAC's recommendations and look forward to working more closely with ABAC.

We noted the APEC Deputies Chair report on the progress of policy initiatives, as appears in Annex B.

We reiterated our commitment to address the challenges and seize the opportunities of population aging and commended the ***Experts' Group on Aging issues for their progress report (Annex C)***.

We thanked the Vietnamese people for their warm hospitality, and the Vietnamese Government and the Ministry of Finance for their excellent arrangement of the 13th APEC Finance Ministers' Meeting.

We will meet again for the 14th APEC Finance Ministers' Meeting in Australia, on 2-3 August 2007.



## ***13th APEC Finance Ministers' Meeting***

***7–8 September 2006  
Ha Noi, Viet Nam***

### ***Joint Ministerial Statement***

#### ***Annex A Updated Strategic Goals of the APEC Finance Ministers' Process and Hanoi Medium-Term Agenda***

##### ***Updated Strategic Goals of the APEC Finance Ministers' Process***

With a view to enhancing the Finance Ministers' Process (FMP) to complement the APEC Leaders' Process, we, the Finance Ministers of the APEC economies, reviewed the FMP's strategic goals, taking into consideration the evolution of APEC's activities, and the dynamic changes in the international and regional economic and business environment.

Recognizing the APEC principles of voluntarism, consensus-based decision-making, flexibility, differentiated timetables for developed and developing economies and pathfinder initiatives, as well as the strengths and unique characteristics of the FMP, we agreed to promote sound and credible policies to achieve the following set of updated strategic goals:

- Sustainable, equitable, and broadly-based growth and development in the APEC region;
- Macroeconomic stability in the APEC region;
- Prudent public finance management;
- Good corporate governance;
- Stable and efficient financial markets;
- Greater economic cooperation, integration, and openness among APEC economies; and
- Facilitation of economic and technical cooperation within the region in pursuit of the above goals.

We also agreed that there is value in conducting medium-term reviews of all aspects of FMP activities, ranging from strategic goals (if necessary) to policy initiatives, every three to five years. In this regard, we also endorsed a framework, including procedures, components, and criteria for the medium-term review.

##### ***Hanoi Medium-Term Agenda for the APEC Finance Ministers' Process***

In pursuit of the strategic goals of the FMP, we, the Finance Ministers of the APEC economies, recognized that individual and common interests should be respected. We also acknowledged that a medium-term agenda covering possible priority policy areas is essential for developing policy themes and other activities for the FMP to provide member economies and other stakeholders with a consistent, focused and longer-term planning framework and outlook. With a view to enhancing the FMP's effectiveness and efficiency, we agreed on the Hanoi Medium-Term Agenda which provides the following possible priority policy areas:

- Public finance management: promoting efficiency and sustainability in public finance; good fiscal management, including fiscal reform, fiscal decentralization, and fiscal risk management.
- Corporate governance and development: encouraging the adoption of best practice in corporate governance; and strengthening the legal frameworks for corporations including insolvency regulations.
- Financial sector and capital market development: financial sector reform; financial services liberalization; securities (including bonds) markets development; SME financing; financial crises prevention and resolution; remittance systems (formal and informal); money laundering and terrorist financing.
- Macroeconomic development, including fiscal and monetary policy.
- Emerging challenges such as the economic consequences of aging, health pandemics, and developments in energy and raw materials markets.



Based on the medium-term agenda, we encouraged:

- Policy themes to be selected from a set of policy areas provided by the medium-term agenda.
- Multi-year horizons to enhance more focused discussion and continuity across years.
- New initiatives that would be based on policy areas set out in the medium-term agenda.
- The FMP policy agenda be developed taking account of the work programs of other fora and other parts of APEC, including the Economic Committee and the Committee on Trade and Investment, and recognizing the advisory role of ABAC, to ensure complementarity of themes and avoid unnecessary duplication with other fora and across APEC.

In order to make the medium-term agenda practical and effective, host economies may, in consultation with other members, propose policy themes complementing the medium-term agenda to address the newly arising issues/emerging challenges in the region or meeting common interests in domestic policy reform.

## **13th APEC Finance Ministers' Meeting**

**7–8 September 2006  
Ha Noi, Viet Nam**

### **Joint Ministerial Statement**

#### **Annex B Policy Initiatives Review**

**a) Voluntary Action Plan for Supporting Freer and More Stable Capital Flows: The Policy Dialogue on Savings and Capital Market Development (New Zealand, Chile, Viet Nam)**

The first workshop under the *Policy Dialogue on Savings and Capital Market Development* was held on 1 September 2006 in Ha Noi. The *Policy Dialogue* is a multi-year initiative that contributes to the *Voluntary Action Plan on Freer and more Stable Capital Flows* (proposed in 1997 and endorsed by Ministers in 2000). The first workshop examined the relationship between savings and the development of strong and liquid capital markets.

Expert speakers at the workshop put forward a set of policy recommendations to initiate a virtuous cycle of savings and capital market development which may contribute to increased economic growth. Regulation, tax incentives, fiscal policy, and market information were presented as potential policies to help initiate this cycle.

Participants at the workshop suggested a set of topics for the forward agenda. Items of high interest included pension fund regulation/management, fiscal policy, taxation, and savings scheme design. Co-chairs will consult member economies inter-sessionally to further develop a work programme for consideration by TWG 1 in December 2006.

**b) APEC Finance and Development Program (AFDP) (China and the World Bank)**

With support from APEC member economies and international financial institutions, Asia-Pacific Finance and Development Center (AFDC) has continued its efforts on capacity building in the fields of finance and development. Focusing on issues of regional concern, AFDC has organized four training workshops by the end of August, with a total of 195 delegates

from 15 APEC economies participating. There will be two more training workshops, named "Bank Risk Management" and "Corporate Bond Market", in November, 2006 in Shanghai, China. Besides face to face training activities, AFDC has successfully delivered its four training workshops to Mongolia, Viet Nam, and several cities in China through the Global Distance Learning Network (GDLN) of World Bank. More than 200 local participants joined the workshops.

The first AFDC Biennial Forum will be held on 21–22 September, and its preparation work is now progressing smoothly. The forum, under the theme "Innovation for Development", will be a high-level platform for in-depth communication among government authorities, academia and business. AFDC warmly welcomes all APEC member economies to participate in the upcoming forum.

The information about AFDC, including workshop materials, can be found on the website [www.afdc.org.cn](http://www.afdc.org.cn).

**c) Deepening Prudential Regulatory Capacity in Non-Life Insurance (Australia and the US)**

This initiative to run a capacity building training course for non-life insurance regulators was endorsed by the 21st TWG meeting in Quang Ninh, Vietnam, in December 2005. The proposal will be undertaken in close collaboration with public and private sectors. The training course will take the form of a six-day intensive format in Melbourne, Australia, in the first half of 2007.

The initiative will be supported by the Melbourne APEC Finance Centre, which has recently been created in the Australian APEC Study Centre, funded by the State Government of Victoria, Australia. At the 13th FMM, Finance Ministers welcomed the establishment of the Centre.

**d) APEC Future Economic Leaders' Think Tank (Australia)**

The annual Future Economic Leaders' Think Tank, now in its 6th successive year, was formally launched at the Beijing APEC Finance Ministers' Technical Working Group meeting in December 2000. The 6th annual Think Tank was held on 28–30 June 2006 in Sydney, Australia. More than 27 representatives from 19 APEC economies attended the 6th Think Tank. The topic of the event was "Securing International Capital Flows". This topic was chosen to complement one of the 13th FMM themes, namely "Financial Sector Reform to Attract Capital Flows".

**e) APEC Financial Regulators Training Initiative (FRTI) (US and the ADB)**

The Financial Regulators Training Initiative has made significant progress in achieving its objectives of strengthening content and management of the national training programs and developing regional programs for junior and mid-level banking supervisors and securities regulators. Since the inception of Phase II in 2001, the Initiative has trained more than 1,600 participants from APEC economies in 32 regional and 13 national courses. Thus far in 2006, three regional seminars on bank supervision have been held: a Bank Analysis and Examination School in April, in Manila, Philippines; a Risk-Focused Supervision and Risk Assessment program in July, in Perth, Australia, and an Operational Risk Management session in August, in Kuala Lumpur, Malaysia. A fourth program, The Fundamentals of Interest Rate Risk Management session will be held in Hong Kong, China in November. Two seminars were conducted under the securities regulation component of this training initiative: Regulation of New Products in May, in Kuala Lumpur, Malaysia and Investigation and Enforcement held in July, in Manila, Philippines. The seminar on Risk Management and Internal Controls will take place in Chinese Taipei in October.

The Advisory Group (AG) provides support and guidance for the training needs and activities under the Initiative. At the 11th AG meeting held at the ADB Headquarters in Manila, Philippines on 14 July 2006, the AG members confirmed their continued support for the Initiative in 2007. For the last two years, Bank Negara Malaysia chaired the AG for banking supervision while the Securities Commission of Malaysia chaired the AG for securities regulation. For 2006–2008, the Hong Kong Monetary Authority and Securities and Exchange Commission, Philippines will chair the advisory groups for banking supervision and securities regulation, respectively. For 2007, the training program for banking supervision will comprise

regional courses on Risk Focused Supervision, Fundamentals of Interest Rate Risk Management, Operational Risk, and Consolidated Supervision of Market Risk. Next year's program for securities regulation calls for regional seminars on Investigation and Enforcement, Market Supervision, and Collective Investment Schemes / Hedge Funds.

**f) APEC Financial Institutions Dealing with SMEs (Incombank, Viet Nam)**

The Industrial and Commercial Bank of Vietnam (Incombank), the host of the 3rd Annual Meeting served as a secretariat for cooperation activities among MOU signatory members for the period of July 2005 to July 2006. The 3rd Annual Meeting took place in Ha Noi on 26 July 2006, providing opportunity for signatory members to review recent cooperation activities, and discuss the possibility of strengthening the cooperation among MOU members on a multilateral basis.

After the Annual Meeting, Incombank hosted a conference on 27 July 2006 on "Strengthening support and cooperation for the development of APEC SMEs" with the participation of approximately 200 delegates from MOU members, institutions and individuals related to and interested in SME financing. The conference focused on two major themes including "Improving financial access for SMEs" and "Fostering business development services for SMEs".

Delegates and conference participants expressed their appreciation that the implementation of the third Annual Meeting and the Conference was a significant step towards greater cooperation among APEC financial institutions dealing with SMEs, that would bring about better environment for micro, small and medium enterprises of participating economies. Participants urged other financial institutions from APEC economies to join in such cooperation.

**g) Insolvency Reform Initiative (Australia)**

This Insolvency Reform initiative received endorsement at the APEC Finance Ministers' TWG meeting in Gyeongju on December 2004. Phase One of the Insolvency Reform initiative was implemented through the Forum on Asian Insolvency Reform (FAIR), held on 27–28 April 2006 in Beijing, China. Forum participants to the forum included 150 representatives from 24 economies (both APEC members and non-members) and 6 international organisations. The forum encompassed a general assessment of Asian reforms in the last decade, and specific topic discussions on reorganisation, informal workouts, courts and regulatory institutions, priority

claims, creditor participation, corporate groups, and cross-border insolvency.

Phase Two of the initiative was endorsed by the 22nd TWG Meeting in Nha Trang, Vietnam. Its objective is to establish a regional network to monitor, and ultimately provide a source of information on and advice about, improvements to insolvency systems in Asia on an on-going basis.

***h) Reform of Financial Sector Initiative (Australia, Indonesia, China, Japan and Viet Nam)***

The initiative on Reform of the Financial Sector received endorsement at the APEC Finance Ministers' TWG meeting in Gwangju on 17 June 2005. The overall aim of this initiative is to discuss how member economies have developed and implemented reforms and strategies to strengthen their financial sectors.

A policy dialogue in the form of a 2-day workshop was held in Shanghai, China on 3–4 July 2006 to exchange views on how APEC economies have developed and implemented reforms to improve financial frameworks. A second workshop, which will be held in Lombok, Indonesia, on 29–30 November 2006, may focus on capacity constraints to further development and other issues that have been identified, including possible capacity building activities. The final report on the initiative will be submitted to the APEC Finance Ministers' Meeting in August 2007.

***i) Fiscal Management Initiative (Australia, Viet Nam, Indonesia)***

This collaborative Fiscal Management initiative received endorsement at the APEC Finance Ministers' TWG meeting in Gwangju on 17 June 2005. The first workshop of the initiative was held in Ha Noi, Viet Nam on 27–28 February 2006, and included participation by 74 officials from 17 economies (including Laos and Cambodia) and representatives from International Financial Institutions and the private sector.

The first workshop discussed a broad range of fiscal risk management topics including fiscal risks from public-private partnerships, fiscal risks from state-owned enterprises, and the importance of transparency for managing risk. A range of topics that may be covered at the second workshop were identified: fiscal risks from future public pension obligations; fiscal risks arising from sub-national governments; and the management of contingency funds created to address future budget pressures or the realization of contingent liabilities. The second workshop will be

held in Lombok, Indonesia, on 27–28 November 2006 back to back with the second workshop on financial sector reform. The final report on the initiative will be submitted to the APEC Finance Ministers' Meeting in August 2007.

***j) APEC Policy Response to Aging issue (Korean proposal)***

This initiative was endorsed by 13th APEC Finance Ministers in September, 2006, in Hanoi, Vietnam. Recognizing the importance of aging issues in various areas including economic development, fiscal policy, and financial market development, Korea proposed this multi-year initiative with the objectives of (i) finding a commonality amongst the domestic reforms conducted by each APEC economy and derive an effective policy guideline on a voluntary basis; and (ii) calling for a comprehensive group, including experts from member economies as well as from IFIs, aimed towards policy formulation and recommendation that reports to the APEC Finance Ministers.

Korea will prepare a further developed proposal at the 23rd TWG meeting in December of this year.



## *13th APEC Finance Ministers' Meeting*

*7–8 September 2006*

*Ha Noi, Viet Nam*

### *Joint Ministerial Statement*

#### *Annex C*

#### *Progress in Jeju Declaration*

1. APEC Finance Ministers acknowledged the importance of aging issues within the APEC region in September of 2005 in Jeju, Korea, and the necessity to address this issue by sharing experiences and derive policy recommendations. As a direction of the Jeju Declaration, the Experts Group on Aging issues was launched by end of 2005, and two workshops have successfully been held in Seoul and Ha Noi. Experts from 12 member economies and ABAC selected three main topics on aging issues and under these topics, 15 specific issues were discussed.
  - iii) Population aging affects financial markets and financial industries.* Robust financial markets create savings opportunities for individuals to prepare for retirement. Returns to capital are likely to decline as the societies age and the capital labor ratio increases. Aging is occurring so facilitating economic adjustment and strengthening financial markets are important for financial and economic stability.
2. The following summarizes the major findings of the activities of the experts.
  - i) Aging population leads to slower economic growth.* As the size of the labor force contracts, the growth rate of the economy will slow and the detrimental effects of population aging on economic growth will become clear. The relevant question therefore for policymakers is what happens to the per capita economy growth.
  - ii) Population aging threatens fiscal soundness and sustainability.* Higher expenditures for health care and other elderly care, social security payments and pension payments combined with a smaller tax base create a strain on the government budget.
3. The comprehensive final report has been submitted to the Finance Ministers' Meeting on 7–8 September 2006, and the Ministers appreciate the efforts of the Expert Group. This provides a background of general policy guidelines on the aging issues in APEC. In order to fulfill the general objective of the Expert Group, the Ministers confirm the need for further in-depth activities in this area in order to derive specific policy guidelines.
4. With the support of member economies, we hope that the efforts of the Expert Group develop into a new policy-initiative as a multi-year process. In addition, the initiative needs support through a more comprehensive group, including experts from IMF/WB/ADB and other related IFIs and ABAC, aimed towards policy guidelines on aging issues. We recommend Korea and interested economies to prepare a detailed proposal.



## ***12th Meeting of APEC Ministers Responsible for Trade***

***Ho Chi Minh City, Viet Nam  
1–2 June 2006***

### ***Statement of the Chair***

We, the APEC Ministers Responsible for Trade (MRT), representing 21 member economies met on 1–2 June 2006, in Ho Chi Minh City, Viet Nam under the chairmanship of H.E. Mr. TRUONG Dinh Tuyen, Minister for Trade of the Socialist Republic of Viet Nam.

We welcomed the participation of the Director General of the World Trade Organisation (WTO), the APEC Business Advisory Council (ABAC), the Pacific Economic Cooperation Council (PECC), the Association of South-East Asian Nations (ASEAN), the Pacific Islands Forum (PIF) and the APEC Secretariat.

The meeting proceeded under the overarching APEC 2006 theme: "Towards a dynamic community for sustainable development and prosperity." We welcomed the report of the Chair of the APEC Senior Officials' Meeting (SOM) on the progress of APEC work embedded in priorities for 2006 and encouraged officials to continue their efforts so that meaningful deliverables can be reached by the time we meet again for the APEC Ministerial Meeting (AMM) in November.

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

##### ***1. APEC's Contribution to the WTO Doha Development Agenda (DDA) negotiations***

We reaffirmed the importance of supporting an open, rules-based, multilateral trading system under the World Trade Organization (WTO) for global economic growth and development. We noted the urgency of advancing the DDA negotiations and issued a separate Statement on the DDA.

We noted with satisfaction greater interaction between the APEC Caucus in Geneva and the SOM process aimed at maximizing APEC's contributions to the DDA negotiations.

Active engagement of the private sector and other stakeholders plays a vital role in the development of

the multilateral trading system. We welcomed ABAC's efforts in pushing the DDA process and views raised by the private sector at the Business Symposium on Trade and Investment held in Ho Chi Minh City on the margins of MRT 12.

##### ***2. WTO Capacity Building***

We reaffirmed the importance of capacity building in enabling Members to fully participate in the WTO in general and in the DDA negotiations in particular. We welcomed progress achieved collectively and individually by APEC member economies and relevant committees in the implementation of capacity building initiatives, including the result of evaluation of APEC's past capacity building activities with the recommendations for the future activities. We welcomed the APEC Training Course on Multi-Stakeholder Trade Policy Consultations held in Da Nang, Viet Nam, on 22–24 March 2006 and the initiative of China to hold a workshop on Rules Negotiation of trade in service in Kunming in July 2006.

##### ***3. Accession of APEC Members to the WTO***

We welcomed the recent progress made in the WTO accession negotiations for Viet Nam. We reaffirmed our strong support for efforts to complete a strong commercial agreement multilaterally that will lead to the rapid conclusion of negotiations for the accession of Viet Nam by the time our Leaders meet in November this year.

We also welcomed the considerable progress of the Russian Federation in the WTO accession and underlined the importance of efforts to expedite conclusion of a strong commercial agreement.

#### **Regional Trade Arrangements and Free Trade Agreements (RTAs/FTAs)**

We had a fruitful discussion on developments regarding RTAs/FTAs in the region. We reaffirmed



that high-quality, transparency and broad consistency in RTAs/FTAs are important avenues to achieving the Bogor goals of free and open trade and investment in the region. We also reaffirmed that APEC would continue to work for high quality and comprehensive RTAs/FTAs in the region and instructed our officials to continue their work on the development of model measures as agreed in 2005 in Busan .

We welcomed Viet Nam's initiative in hosting the 4th SOM Policy Dialogue on RTAs/FTAs, which included discussion with the private sector, held on 28th May in Ho Chi Minh City and took note of the outcomes of the Dialogue.

In line response to our Leaders' call for the development of model measures for as many commonly accepted FTA chapters as possible by 2008, we encouraged those member economies and relevant sub-fora to engage in developing model measures to take account of the Dialogue's recommendations, we instructed Officials to continue ongoing work so that meaningful and useful model measures for commonly accepted chapters can be reported back to Ministers and Leaders for endorsement in November 2006, bearing in mind the non binding, non-prescriptive and voluntary nature of those model measures. We also reaffirmed that these model measures will not prejudice the position of APEC member economies in their existing and future RTAs/FTAs negotiation.

We noted the interests and concerns of the business sector regarding the proliferation of RTAs/FTAs in the APEC region and affirmed our efforts to maximise the benefit from and mitigate the negative effects of these RTAs/FTAs and to promote transparency in this area. We agreed to engage the private sector in SOM Policy dialogues on RTAs/FTAs on a regular basis and encouraged SOM to continue interaction with the private sector and other stakeholders to ensure that APEC's work on RTAs/FTAs continues to be responsive and relevant to their interests.

We supported capacity building initiatives to help member economies, especially developing economies, enhance their negotiations skills for RTAs/FTAs.

#### **Implementation of the Busan Roadmap towards Bogor Goals**

We affirmed the resolution of member economies to achieve Bogor Goals in 2010/2020 and the importance of implementing the Busan Roadmap, which was agreed to in 2005 to accelerate progress towards the Bogor Goals. We commended Senior Officials' efforts in developing an action plan to advance the Busan Roadmap. We endorsed the framework for the action plan which includes the development

of early harvest deliverables and encouraged SOM and relevant committees to intensify their efforts to develop a strong, balanced and concrete action plan for endorsement at the next AMM.

We stressed the importance of formulating concrete and viable action plans, reviewing the progress of their implementation, and take further actions if necessary in consultation with ABAC and the business community in general.

#### **Trade and Investment Liberalisation and Facilitation (TILF)**

We reaffirmed our commitment to achieving the objective of trade and investment liberalisation and facilitation in the APEC region by 2010 and 2020, and resolved to push it forward continually.

##### **1. Trade Facilitation**

We welcomed the preliminary results of the review of the 2001 Trade Facilitation Action Plan (TFAP) showing a 5 percent reduction in trade transaction costs by 2006. We supported a collective and action-oriented approach to APEC trade facilitation aiming at a further 5 percent reduction in trade transaction costs in the APEC region by 2010. We instructed SOM, including CTI and its sub-fora such as the Sub-Committee on Customs Procedures, the Sub-Committee on Standards and Conformance, and the Business Mobility Group, to develop a list of collective actions that all economies will take, as well as associated capacity building activities, in order to facilitate trade for endorsement at the 2006 Annual Ministerial Meeting.

We stressed the importance of strengthening Public-Private partnership in delivering trade facilitation initiatives. We noted with satisfaction the outcomes of the APEC Public-Private Dialogue on Trade Facilitation hosted by Viet Nam on 23-24 May 2006. We particularly welcomed the proposal on strengthening the partnership between APEC, the private sector and international organisations in a range of activities, including policy making, infrastructure improvements, human resources development, capacity building and outreach activities.

##### **2. Investment**

We reaffirmed the importance of investment liberalization and facilitation as an integral part of APEC's agenda to achieve the Bogor Goals and foster economic growth in the APEC region. We had a fruitful discussion on regional investment trends and reaffirmed our commitment to foster a favourable investment environment for business in the region.

In this regard, we instructed officials to develop an expanded work program to facilitate investments in the region.

We stressed the need of targeted capacity building for member economies to pursue investment liberalization and facilitation in the APEC region. In this regards, we appreciated Viet Nam's initiative in holding the recent APEC Seminar on transnational private investment trends in Ho Chi Minh City on 19–20 May and stressed the importance of applying best practices, including existing guidelines such as NBIP, in attracting investment flows to APEC economies. We also welcomed China's initiative to hold a workshop on non-discriminatory treatment in investment agreements in September and Mexico's for the joint APEC-UNCTAD research and seminar on State-Investor Dispute Settlement.

In order to facilitate investment, we reaffirmed the importance of developing tools for policy coherence in cooperation with the OECD, holding a public-private sector dialogue to identify high-priority issues and develop policy measures and implementing advanced capacity building projects in response to the needs of public and private sectors.

### **3. Individual and Collective Action Plans**

We recognized the role of Individual Action Plans (IAPs) and Collective Action Plans (CAPs) as useful tools to implement the Bogor Goals. We encouraged member economies to conduct a new cycle of IAPs peer review in a robust, forward looking and inclusive manner. We commended efforts by Australia; Hong Kong, China; Japan; and Chinese Taipei and endorsed IAPs submitted by these economies for public release.

We welcomed the proposal to enhance the engagement of ABAC, CTI and relevant fora in all IAP peer reviews in the future. We noted the forecast of expected TILF deliverables for 2006.

### **4. Pathfinder Initiatives**

We agreed on the importance of strengthening pathfinder initiatives to make full use of this method to speed up trade and investment liberalization and facilitation in the region. We welcomed progress in developing a framework for evaluating pathfinder initiatives to improve the efficiency of the pathfinder approach.

We welcomed progress made by economies on the Technology Choice Pathfinder initiative and agreed it would advance the 2002 Leaders' Pathfinder to Implement APEC Policies on Trade and Digital

Economy. We agreed to develop a stand-alone Technology Choice Pathfinder, and work on its details, for Ministers and Leaders to endorse at the 2006 AMM and Leaders' Meeting. We encouraged members to continue to identify additional areas as potential candidates for the path-finder approach.

### **Strengthened Intellectual Property Rights Protection and Enforcement**

We recognized that trade of counterfeit and pirated goods is a serious threat to business and could hamper investment, innovation and economic development in the region, and that APEC should continue to play a meaningful role to help members put into place appropriate legal regimes and enforcement systems for intellectual property rights protection. As agreed at the MRT last year in Jeju, "We urged economies to take concrete steps to reduce trade in counterfeit and pirated goods, curtail online piracy, and increase cooperation and capacity building."

We encouraged economies to further build on the work of the APEC Anti-Counterfeiting and Piracy Initiative, and instructed them to continue their work on two additional model guidelines (to ensure that supply chains are free of counterfeit and pirated goods as well as model guidelines for effective IPR public awareness campaigns) and report back to the APEC Ministerial Meeting and Leaders' Meeting in November 2006 for endorsement.

Also to support the APEC Anti-Counterfeiting and Piracy Initiative, we recommended inclusion in the 2006 Leaders' Declaration of a statement urging government entities do not use illegal software and other content on their computer systems and networks, especially pertaining to Internet usage.

We emphasized the importance of providing useful tools for the private sector and welcomed the progress on establishment of IPR Service Centers in 13 economies, and encouraged the rest of the economies to set up centers as soon as possible. We also welcomed progress in exchanging information on our IPR websites, IPR contact points and IPR enforcement officials and look forward to additional steps by the APEC Ministerial Meeting and Leaders' Meeting in November 2006 to apply the APEC Effective Practices for Regulations Related to Optical Disc Production.

We called on economies to steadily implement the APEC Model Guidelines to Reduce Trade in Counterfeit and Pirated Goods, to Protect Against Unauthorized Copies, and to Prevent the Sale of Counterfeit and Pirated Goods over the Internet, including by sharing experiences and good practices in implementing those

Model Guidelines. Recognizing the differences of economic development level among APEC members, we also called for technical assistance in capacity building for developing members.

### **Improve Secure and Favorable Business Environment**

#### **1. Transparency and Anti-corruption**

We recognized that corruption undermines economic performance, weakens good governance, creates barriers to trade and investment and eventually hampers APEC's efforts to achieve prosperity and sustainable growth and development in the region. Fighting corruption and promoting transparency, coupled by market integrity and good corporate governance practices, are critical to promoting a more favourable business environment and to advancing our overall APEC trade and security agenda.

We welcomed the outcome of the second meeting of the APEC Anti-Corruption and Transparency (ACT) Task Force held on the margins of SOM I in Ha Noi. We commended the ACT Work Plan for 2006 which focused on eight key anti-corruption areas, and urged member economies to turn commitments into concrete actions by completing their preliminary progress reports by the SOM III ACT Task Force meeting. We appreciated ACT's efforts in developing a Capacity Building Framework and Proposal to Undertake Stocktake of International Legal Agreements on Mutual Legal Assistance, Extradition and Assets Recovery and encouraged the ACT Task Force to continue their efforts to work inter-sessionally and at SOM III so as to have a concrete project by the end of 2006.

We applauded member economies for their efforts made in fighting against corruption. We welcomed the workshop on Fighting Corruption and Ensuring Transparency jointly organized by Australia and Viet Nam in January 2006 in Ha Noi and the similar workshop co-hosted by Australia and the Philippines in January 2006 in Manila. We took note of the outcome of the Canadian-organized workshop on Anti-corruption Measures for the Development of SMEs in February 2006. We appreciated the jointly-sponsored workshop by China and the United States on Denial of Safe Haven, Asset Recovery, and Extradition held in April 2006 in Shanghai, China and the 3rd ICAC Symposium in May 2006 in Hong Kong, China.

We reiterated the significance of public-private coordination on anti-corruption and ensuring transparency and looked forward to the Public and Private Dialogue on Anti-corruption and Ensuring

Transparency in Business which will be held on the margins of SOM III in Viet Nam and look forward to the recommendations and deliverables to Ministers and Leaders as will be outlined in the ACT Task Force's "road map" for the 2006 Leaders' Meeting.

We reiterated the importance of implementation of APEC's general and area-specific Transparency Standards and instructed Senior Officials to complete the assessment of implementation of the Transparency Standards by the 2006 AMM.

#### **2. Secure Trade**

We noted that the ongoing threat of terrorism in the APEC region and elsewhere continues to pose a real challenge to our common goal of safe and secure trade. We, therefore, reiterated our commitment to take necessary and timely actions to improve trade security while ensuring a favorable business environment in the region.

We welcomed SOM endorsement of three new initiatives from the Counter Terrorism Task Force including a food defense initiative to mitigate the terrorist threat to the food-supply, capacity building on anti-terrorist financing, and development of an APEC Counter-Terrorism Review handbook. We welcomed progress in implementing the work undertaken and progress made by the Counter-Terrorism Task Force (CTTF) in implementing the initiatives endorsed by Leaders in Busan on the safe handling of trade in radioactive sources, the reduction of airport vulnerability to Man-Portable Air Defense Systems (MANPADS) and Total Supply Chain Security. In this regard, we look forward to the Total Supply Chain Security Symposium to be held in Singapore from 6–7 July 2006. We welcomed the successful completion of the Counter-Terrorism Action Plans (CTAPs) cross-analysis and encouraged the delivery of appropriate capacity building programs based on the findings of the study. We emphasized the importance of the submission of comprehensive CTAPs by member economies.

We welcomed the successful outcomes and recommendations of the Fourth Secure Trade in the APEC Region Conference (STAR IV) which aimed to further enhance private and public partnership in the implementation of secure trade measures. We welcomed and further encouraged the active participation of the private sector and the business community in the implementation of the STAR Initiative. We stressed the importance of balancing the efforts to secure trade and the implementation of trade facilitation measures so as to ensure both security and economic efficiency and to minimize the transaction costs borne by the business community

as well as the burden placed on the developing economies as a result of increased security measures.

We noted Leaders' endorsement of the APEC Framework for Secure Trade based on the World Customs Organisation (WCO) Framework of Standards to Secure and Facilitate Global Trade and encouraged APEC members' customs administrations to expeditiously implement the standards contained within that Framework.

We reaffirmed that capacity building is essential to help member economies to implement security related initiatives. We agreed that the design and implementation of security initiatives should take into account the difference in levels of development among member economies.

We welcomed the substantial progress made in the Regional Trade and Financial Security Initiative to support APEC's on-going work on counter-terrorism, and encouraged member economies to contribute to the Asian Development Bank's Fund. We noted the positive results from the donor review of this fund which highlighted the significant progress made in the projects to combat anti-money laundering and terrorist financing.

We welcomed the launch of the Customs Demonstration Project between the Government of Vietnam and the United States Trade and Development Agency and the private sector. We noted that this project's implementation of the e-Manifest and security enhancements based on the APEC Framework for Secure Trade will provide significant benefits to the business sector while helping to modernize Vietnam customs clearance processes and can be a potential model for replication in other APEC economies.

We welcomed efforts to secure travel by the expansion of the Regional Movement Alert List (RMAL) pilot program between Australia and the United States to a trilateral pilot program with the inclusion of New Zealand on 31 March 2006. We recognized RMAL's capacity to combat the individual movement of terrorists within the region, while facilitating the movement of legitimate business people, by detecting the fraudulent use of travel documents issued by participating member economies.

### **3. Health Security**

We recognized the direct economic costs of the H5N1 virus borne by the affected economies, and we also note the broad social, economic, and security impacts that a potential influenza pandemic could have on the prosperity and economic development of individual economies and the entire region. The continuity of

business, trade, travel, and essential services is an important component in preparedness planning for a pandemic. In this context, we emphasized the need to ensure that trade and travel management practices are based on the best available science and are in accordance with relevant international standard setting bodies and meet WTO obligations.

We welcomed and highly appreciated the outcome of the APEC Ministerial Meeting on Avian and Influenza Pandemics organized on 4-6 May 2006 in Da Nang, Viet Nam. The APEC Action Plan on Prevention and Response to Avian and Influenza Pandemics will guide APEC efforts to prevent and respond to avian and influenza pandemics. We urged member economies to make every effort to implement the adopted Action Plan and to take necessary measures to mitigate the impacts of pandemics on regional economic development. We also applauded the Beijing Consensus coming out of the APEC Symposium on Emerging Infectious Diseases held in April 2006, and welcomed the APEC Business Advisory Council's (ABAC) work developed over the past year on emergency preparedness and private sector response to a health emergency. We looked forward to the APEC Capacity Building Seminar on Avian Influenza to be held in Viet Nam in September this year.

We welcomed the 2006–2007 Work Plan of the APEC Health Task Force (HTF) and encouraged members to work with the HTF in implementing the Work Plan to help ensure human health and promote a safe and secure business environment in the region.

### **4. Emergency Preparedness**

We welcomed the APEC 2006 Work Plan of the Task Force on Emergency Preparedness (TFEP) endorsed by SOM on 29 May 2006. We instructed TFEP to expedite the further development of its official website, and to ensure the reliability and availability of disaster related information to the public and disaster management agencies among APEC members.

We recognised the importance of building capacity in emergency response and preparedness to help reduce the economic costs of disasters and combat the threat of possible pandemics. We welcomed and looked forward to the successful implementation of APEC Pandemic Response Simulation Exercise, which will be an important step to implement the "APEC Initiative on Preparing for and Mitigating an Influenza Pandemic" endorsed by our Leaders in 2005. We instructed Senior Officials to report on the lessons and recommendations drawn from the Exercise to the AMM. We noted the work of the taskforce and other fora to develop best practice in emergency

management and encouraged the sharing of information and expertise to assist all APEC economies in the event of a disaster or human pandemic. We also encouraged the taskforce to continue to build its outreach activities to ensure the reliability and availability of disaster related information to the public and disaster management agencies in APEC economies.

### **5. Private Sector Development**

We agreed on the importance of promoting private sector development, with the emphasis laid on the vital role of small and medium-sized enterprises (SMEs) for economic growth and trade expansion in the APEC region. We noted progress of the initiative on developing a Private Sector Development agenda for APEC to create an enabling environment for small business. In this context, we welcomed the outcomes of the recent "Ease of Doing Business: Canada/New Zealand Joint APEC Symposium on Private Sector Development." We especially welcomed the presence of many ABAC members at this event.

We reiterated the importance to all APEC economies of improving the business environment in the region through measures such as those identified in the symposium, including simplifying regulations governing basic business functions, increasing transparency, and promoting access to financing by small and medium enterprises. We encouraged senior officials to work with the World Bank and ABAC in order to bring forward a proposal to the 2006 AMM and AELM that identifies priority areas in which APEC can set targets and build capacity, lays out a roadmap for future work and uses the World Bank's "Ease of Doing Business" index as a reference to monitor ongoing progress.

We stressed that APEC should make efforts to promote international trade for SMEs and MEs that have high export potential but lack channels and capacity to conduct export. In this context, we welcomed the fruitful outcomes of the 4th APEC Small and Medium Enterprises Technology Conferences and Fair held in Qingdao, China in May 2006. We also encouraged members to identify measures and build capacity to enhance competitiveness of SMEs and MEs at the APEC/SME Seminar on Support for Local and Cottage Industries, namely, APEC "One Village One Products" Seminar, to be held in Ha Noi, Viet Nam in September 2006, and expected the outcome would contribute to the SME Ministerial Meeting this year. We considered the APEC Local Cultural Industry Virtual Exposition, proposed by Chinese Taipei, to be an attempt to bring new business opportunities in overseas markets to such SMEs and micro-enterprises through innovative Internet-based expositions.

### **6. Structural Reform**

We acknowledged the importance of structural reform to the realization of the benefits of trade and investment liberalization and facilitation. We encouraged members to share policy experience for market-oriented economic reform and draw on these experiences when undertaking structural reform.

In this regard, we instructed officials to effectively implement the APEC Work Plan on LAISR Towards 2010 (LAISR 2010) based on a detailed forward work program. We look forward to the new annual EC publication on economic policy and structural reform issues. We encouraged APEC members to draw on the APEC-OECD Integrated Checklist on Regulatory Reform. We look forward to the Economic Committee's Public Sector Governance Seminar to be held later in 2006. We are pleased that there has been active progress towards better coordination among relevant APEC fora such as EC, CPDG, SELI and FMP.

We also encouraged officials to follow up on the Menu of Options for SELI, which include development and early implementation of cooperative projects in capacity and institutional building, corporate law, and competition law/policy. We looked forward to holding the Seminar for Sharing Experiences in APEC Economies on Strengthening the Economic Legal Infrastructure in Viet Nam in February 2007.

### **7. Energy Security**

We reiterated the concerns of member economies about the impact of sustained high oil prices, noting once again that effective responses require a range of supply and demand side measures. We recognized the establishment of an APEC Biofuels Task Force, which will focus on issues such as economics, infrastructure, resources and trade. We encouraged the Energy Working Group (EWG) to continue its work on adopting best practice principles to facilitate cross-border energy trade, energy investment and emergency preparedness, its implementation of initiatives on LNG public education and information and on financing of high-performance buildings and communities. We recognized the importance of EWG efforts to improve the collection of energy data and to support the development and uptake of technologies for renewable energy, clean fossil energy, and energy efficiency. We continued to affirm our support for the full range of activities under the Energy Security Initiative and CAIRNS Initiative.

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

We reaffirmed the pivotal role of ECOTECH as a vital pillar of APEC cooperation and expressed our

strong commitment to ECOTECH activities to help support the trade and investment liberalisation and facilitation agenda. We welcomed the strengthened SOM Steering Committee on ECOTECH (SCE) with its revised terms of reference and 2006 priorities aimed at empowering this body to live up to the task of providing strategic and effective guidance to technical and economic cooperation activities in APEC. We encouraged the Committee to provide strategic and effective guidance to technical and economic cooperation activities in APEC.

We also welcomed SOM's adoption of the SCE 2006 Work Plan, including a review of the implementation of the 1995 Osaka Action Agenda ECOTECH provisions, the 1996 Manila Declaration and the ECOTECH wide priorities, with recommendations for improving the future ECOTECH activities. We also welcomed SCE's cooperation program with international financial institutions (IFIs) and the private sector and its update on the progress of the review of the TORs of Working Groups, Task Forces and Networks. We instructed officials, in close collaboration with all related APEC fora, to identify specific capacity building measures across the areas identified in the framework of the action plan to implement the Busan Roadmap towards Bogor Goals.

We welcome the new mandate given to the Economic Committee (EC) to lead the research on socio-economic disparity issues this year and emphasized the importance of expanding the circle of beneficiaries of economic growth generated by trade and investment liberalization. We look forward to the successful Symposium on Socio-economic Disparity to be held in late June in Seoul.

We recognized that expanding and improving the digital capabilities and skills of all APEC member economies are not only crucial in addressing the gaps caused by the digital divide but also important in turning such divide into opportunities. In this context, we welcomed the continuous efforts and contributions made by the APEC Digital Opportunity Centre (ADOC). We also encouraged member economies to participate further in ADOC and to cooperate in strengthening IT infrastructure and human capacity building.

### **Interaction with the Business Community**

#### **1. Dialogue with the APEC Business Advisory Council (ABAC)**

We recognized that a close relationship with the private sector is a unique strength of APEC, and reaffirmed that it is valuable to learn business perspectives based on their actual experience on trade and investment. We acknowledged the important role of ABAC and appreciated its practical

and concrete recommendations to APEC with a view to improving the business environment in the region, particularly the ABAC 2006 Interim Report to APEC Economic Leaders, and committed to consider their recommendations, including support for the successful completion of the DDA negotiations, the need for IPR protections, and addressing energy supply, diversification and conservation.

We also noted with satisfaction the informal dialogue between SOM and ABAC representatives in Montreal, Canada to discuss matters of common concern, including the development of the DDA negotiations, RTAs/FTAs and the Busan Business Agenda. We considered this dialogue as valuable steps towards strengthening ties with business sector, and called for officials to take full advantage of opportunities to directly learn from business on emerging issues and looked forward to future SOM/ABAC dialogue.

We welcomed the recommendations put forward by business at the conclusion of a May 31 symposium on trade and investment convened in Ho Chi Minh City by 300 private-sector representatives from around the region. Those recommendations included the need for strengthened efforts to successfully conclude the Doha Development Agenda and for promoting high-quality FTAs. We noted the business focus on information, services and innovation-driven trade and investment, given the region's comparative advantage in key growth sectors such as information and communications technology, supply chain management, financial services and innovative life sciences. We directed APEC officials to work in partnership with business to identify the optimal regulatory and policy environment that would allow APEC economies to capture the benefits of these emerging economic opportunities.

### **2. Industry Dialogues**

#### ***Auto Dialogue***

We applauded the Auto Dialogue's completion of its stocktaking review, a worthy exercise that resulted in measuring past performance and formulating guidelines for subsequent meetings. We noted the Auto Dialogue's positive work in support of the Doha Development Agenda (DDA), and encouraged the group to continue working with the Global Automotive Industry Dialogue (GAID), a group seeking solutions to address non-tariff barriers of particular concern to the automotive sector. We supported the Auto Dialogue's numerous initiatives including the IPR Best Practices paper, work on global harmonization of technical regulations, and the used vehicles paper. We also noted the group's efforts on two projects, the Customs Model Port Project to implement Customs

Best Practices identified by the Auto Dialogue and, a Road Safety Summit to draw greater attention to APEC economies regarding this ongoing issue.

### ***Chemical Dialogue***

We welcomed the efforts of economies to accelerate and coordinate implementation of APEC's agreement to expedite implementation of the Globally Harmonized System (GHS) on Hazard Classification and Labeling of Chemicals and Safety Data Sheets, including through a possible pathfinder approach, which would be explored following the coming Seminar on GHS implementation to be held in Thailand. We urged economies to ensure that the implementation process does not result in barriers to trade. Our concern over the potential of the EU's REACH system to constitute a significant barrier to trade in chemicals remains strong. We called on the EU to ensure that REACH adequately protects confidential business information. We encouraged the Chemical Dialogue to continue raising awareness of initiatives outside APEC that affect the competitiveness and trade prospects of the chemical industry in the region.

### ***Life Science Innovation Forum (LSIF)***

We welcomed the progress in the implementation of the Life Sciences Strategic Plan as a way to promote global public health, as well as trade and investment in innovative life sciences products and services. We recognized the important role of the Life Sciences Innovation Forum as a vehicle for collaboration and partnership among government, the private sector, and academia. We noted the successful series of workshops on medical device regulatory harmonization focused on the Study Groups of medical devices Global Harmonization Task Force (GHTF) and encouraged member economies to consider the GHTF guidance documents when establishing and improving their medical device regulatory regimes. We were encouraged by the progress made on the research project on biomarkers for early disease detection and the large-scale epidemiological study, and efforts to harmonize pharmaceutical regulatory requirements with international best practices. We called for work on capacity building to stem the flow of counterfeit medicines and medical devices. We encouraged economies to give priority to recognizing innovation in the policy and regulatory regimes and facilitate trade in life sciences products given the need to develop innovative life sciences products and services to meet emerging health and economic challenges. We recommended that a "life sciences innovation champion" be appointed in each APEC economy to facilitate communication and collaboration on these projects.

### ***High Level Policy Dialogue on Agricultural Biotechnology (HLPDAB)***

We welcomed the recommendations of the 5th HLPDAB to continue to examine the implications of the Cartagena Protocol on Biosafety on trade in the products of agricultural biotechnology and also to share experiences regarding public perception and understanding of agricultural biotechnology. We also encouraged the HLPDAB to further explore measures and practices to enhance member economies' management capacity in the areas of agricultural biotechnology and biosafety.

## *12th Meeting of APEC Ministers Responsible for Trade*

*Ho Chi Minh City, Viet Nam  
1-2 June 2006*

### *Statement on Doha Development Agenda*

We, the APEC Ministers Responsible for Trade, gathering for our 12th Meeting in Ho Chi Minh city, Viet Nam, strongly re-affirm our economies' commitment to the multilateral trading system and to a successful conclusion of the **WTO Doha Development Agenda (DDA)** negotiations by the end of 2006.

The DDA round offers so much potential benefit for global trade, economic growth and development by delivering concrete results that expand trade flows. A strong market access result, among others, is a prerequisite for successful conclusion of this Round, as it has been in previous Rounds. We, therefore, commit ourselves to summon the necessary political will to conclude the negotiations with an ambitious and balanced outcome across the board and we call on all other parties to do likewise.

Our Leaders agreed last November that breaking the impasse in the agriculture negotiations, in particular market access, will unblock the key areas, including non-agricultural products and services. This is still the case. Urgent action is needed to drive the process of reaching agreement on agriculture and **NAMA** modalities by the end of June. At the end of July we need to see the overall shape of the package and have draft texts to work for a final result at the end of the year.

As we approach the end of June, APEC economies are ready to meet the challenge of agreeing ambitious modalities, based on the guidance agreed in the 2004 Frameworks and supplemented at Hong Kong, China. To do so, we must ensure that the flexibilities provided for in NAMA and agriculture do not undermine substantially improved market access.

- In NAMA, we agreed last year to pursue a simple Swiss formula. We support a formula with two ambitious coefficients applying to developed and developing Members delivering real and meaningful market access improvements. We are committed to continue work on sectoral initiatives using a

critical mass approach and non-mandatory basis, with the aim to deliver results over and above those which would be achieved by the formula modality.

- In agriculture, we have agreed to make effective cuts and disciplines in trade-distorting domestic support and have a range of numbers on the table. On export competition we have agreed to the parallel elimination of all forms of export subsidies by 2013 with serious front loading, although work is still needed on disciplines on the other elements of export competition. Market access lags behind, where the issues of a tariff formula, along with other issues such as sensitive products and special products must be taken together to ensure substantial market opportunities that generate new trade flows while addressing sensitivities of Members. More work is required to establish effective provisions on S&D treatment, including special products and SSM.

Each of us is ready to contribute to the end of June milestone by supporting strong formulas that deliver meaningful new opportunities for our economies to prosper and develop. APEC Economies account for close to 50 percent of world trade - we cannot afford to lose this opportunity for global growth. We intend to stay personally involved in the development of modalities and the outlines of the package by the end of July. When next meet in November, we will need to give the negotiations a final push towards conclusion.

We appreciate the contribution and efforts made by the Director-General of the WTO Pascal Lamy to advance the DDA Round negotiations and extend our fullest support and cooperation to both Director-General Lamy and the chairs of the WTO negotiating groups.





## ***Ministerial Meeting on Avian and Influenza Pandemics***

***Da Nang, Viet Nam  
4-6 May 2006***

### ***APEC Action Plan on the Prevention and Response to Avian and Influenza Pandemics***

1. Many APEC economies have been adversely affected by highly pathogenic avian influenza, primarily through the economic disruptions to the poultry industry and the loss of livelihood and food security for the most impoverished populations, as well as, in limited cases, the loss of human life. Since late 2003, the H5N1 avian influenza virus has affected birds in nine of the APEC economies and humans in four economies. While some economies have thus far been successful in containing and mitigating H5N1, the virus has become endemic in birds in other economies. Longer-term control and mitigation measures, and cooperation between economies, will be required to both minimize the effects on agriculture and to reduce the potential for the avian virus to become easily transmitted between humans.
2. To contain avian influenza at its source and prepare for a potential influenza pandemic regardless of source, APEC Leaders endorsed the ***APEC Initiative on Preparing for and Mitigating an Influenza Pandemic*** at their last meeting in November 2005. This ***Initiative*** identifies eleven areas for collective work by APEC economies to complement and support those of international organizations such as the World Health Organization (WHO), the Food and Agriculture Organization (FAO) and the World Organization for Animal Health (OIE).
3. APEC Ministers responsible for addressing avian and pandemic influenza welcome the activities that will assist APEC economies in better preparing for and mitigating influenza pandemics. The APEC Health Task Force (HTF) has identified enhancing avian and pandemic influenza preparedness and response as one of the three priorities of its 2006-07 work plan, which responds to a number of areas calling for collective action under the 2005 Leaders' Initiative. HTF activities for 2006 include, but are not limited to: advancing risk communications; assessing economic impacts, supporting capacity-building to combat and prevent avian influenza; promoting assessments of domestic preparedness plans; enhancing regional preparedness through testing regional responses and communication networks; and, compiling a list of regional experts. Many APEC fora and working groups are involved in their own avian and pandemic preparedness work, which underscores the need for a coordinated multi-sectoral approach to prepare and respond to a global pandemic.
4. The following Action Plan, with the principles and commitments of the 2005 ***Leaders' Initiative*** as the foundation, commits APEC economies to working individually and cooperatively to develop practical approaches to prevent, prepare for and mitigate the impact of avian influenza and a possible influenza pandemic.

APEC economies commit to enhancing cooperation with each other in the following key areas:

***Multi-sectoral cooperation and coordination on avian and pandemic influenza***
5. Ministers recognize that as the avian H5N1 influenza virus spreads across the world, there will be increased opportunities for the avian influenza virus to infect humans and possibly mutate into a virus with pandemic potential which is easily transmitted from human-to-human. Control of the disease in birds is therefore very important to reduce opportunities for human infection. Affected and at-risk APEC economies are increasing and sustaining coordination, cooperation and collaboration in veterinary and human health sectors; among relevant government agencies; and, between international, regional and local levels.

6. Recognizing the need for a high degree of coordination across veterinary and human health sectors, Ministers agree to take the following actions:

- Enhance regional capacity for early detection, diagnosis and response by increasing cooperation between animal and human health laboratory and surveillance networks;
- Increase the prompt reporting of avian and human cases and the sharing of biological specimens among bilateral and international veterinary and public health networks, consistent with international rules and established practices;
- Foster through joint training, integrated investigation, quarantine and control of avian and human cases;
- Promote public-private partnership; and encourage the business sector to participate in and play a vigorous role in the prevention and control of avian influenza and preparedness for pandemic influenza;
- Support efforts to monitor the H5N1 virus and to conduct relevant epidemiological studies, biomedical research for the development and production of vaccines and therapeutic drugs, and, to promote greater access to medicines in times of a pandemic;
- Work with the FAO, the OIE, and the WHO to coordinate the development and implementation of practical, science-based biosecurity guidelines among economies, as appropriate.

***Establishing best practices and common approaches to risk communications***

7. Ministers understand that accurate and timely information is a key factor in successfully managing both avian outbreaks and a potential influenza pandemic. The purposeful and transparent process of sharing and exchanging information with citizens and key stakeholders will help decision-makers prepare the public to take appropriate action to prepare for a pandemic and know what to expect when a pandemic is declared. This exchange of information should not only occur between governments and their citizens, but also between economies and multilateral organizations and the global community. It is important for Ministries of Health, Agriculture, and other ministries, as appropriate, to

cooperate on messages to effectively prevent or contain avian influenza in order to minimize human exposure. It is also important for these Ministries to establish a shared understanding and approach to risk communications before and during an influenza pandemic, in order to minimize serious illness, loss of life, and social and economic disruption.

8. Ministers agree to take the following actions:

- Integrate risk communications as part of domestic and regional pandemic preparedness planning;
- Contribute to the development of protocols for efficient and transparent information sharing among economies and international organizations in support of the International Health Regulations (IHRs) and recognizing OIE Codes;
- Develop effective partnerships with the media and other key stakeholders for the exchange and dissemination of accurate and timely information that encourages appropriate public health and animal husbandry practices by individuals and communities to protect against infection;
- Support joint communication efforts with public and private sectors in at-risk economies;
- Support the development of regionally-based projects on risk communications, including training programs, to determine locally appropriate risk communications approaches;
- Coordinate with appropriate UN agencies, as applicable, to ensure harmonization of messaging and activities.

***Mitigating negative effects of avian influenza on agriculture and trade***

9. Ministers recognize that it is now generally accepted that the H5N1 virus has become endemic in birds in parts of Asia. There have been direct economic costs related to the mass culling of poultry throughout the affected economies. These costs are borne both upstream and downstream in the poultry industry, affecting both independent farmers and the feed and grain industries as well as processing plants and wholesale exporters. Many economies will need to invest and will require financial and technical support in: human resources and infrastructure for veterinary and human health systems; implementing well-established disease control strategies such as culling, bio-

security and movement controls; and, safe and effective vaccinations. There is concern about general and pre-emptive bans on poultry imports adopted in response to avian influenza, and in particular, import bans on poultry that do not distinguish between infected and non-infected economies. It is important that APEC economies commit to the application of science-based standards for international trade, in order to avoid unnecessary restrictions on trade in agricultural goods and services.

10. Ministers agree to take the following actions:

- Conduct assessments on the impact of avian influenza mitigation and control and the consequences for agriculture;
- Call for appropriate reform of those commercial poultry production systems with low to minimal biosecurity (e.g. live bird markets) to reduce the incidence of infection;
- Promote the development of disease-free zones consistent with international standards;
- Establish incentives to promote higher levels of biosecurity for transition poultry farming;
- Promote adequate systems in each economy to encourage timely and complete reporting of disease and implementation of appropriate disease control measures;
- Share reports on domestic measures to mitigate the negative effects of avian influenza to enhance efforts to control and interrupt transmission of H5N1 in poultry;
- Implement tested interventions (e.g., surveillance, culling, and confirmation with international organizations such as the WHO, FAO and OIE) to reduce the burden of infection in poultry;
- Carefully evaluate, document, and widely disseminate findings from these interventions, as well as from pilot interventions;
- Encourage the coordination of business resumption protocols and trade and travel management practices that are based on the best available science, and are in accordance with recommendations from the relevant international standard-setting bodies and meet the WTO obligations.

***Working with the private sector to help ensure continuity of business, trade and essential services***

11. Ministers recognize that the continuity of business and essential services is vital to support the global economy and that a single public health incident can have a major impact on local economies. An influenza pandemic would have broad and potentially global economic, social, and security consequences including disruptions of essential services such as health and security; mass transportation; the service industry; and the travel and tourism sectors. Improved collaboration between small and medium sized businesses and large corporations (many that have in place business continuity plans) as well as with governments, will assist in sector-wide preparedness and response.

12. Ministers agree to take the following actions:

- Welcome and support APEC Business Advisory Council's (ABAC) work in industry and business emergency planning and preparedness;
- Urge that the public, private, and non-governmental sectors work cooperatively in ensuring that the continuity of business and essential services are part of domestic preparedness plans;
- Support the development of information exchange on management of travelers to increase transparency and minimize risk to trade and travel;
- Continue to support the development of protocols to facilitate the continuity of business (with particular attention paid to the needs of small and medium size enterprises and micro-enterprises), essential services, and trade during a pandemic;
- Urge the APEC business community to take into consideration the highly interconnected nature of the APEC economies and the complexity of global trade when developing business continuity and economic impact plans.

***Strengthening regional and international cooperation***

13. Recent international conferences have highlighted the need for coordinated global response to avian and human pandemic influenza. Regional donor cooperation and coordination is critical to ensuring the most

effective and efficient use of resources. At the international donors conference in Beijing in January 2006, \$1.9 billion was pledged by countries and international agencies from around the world to support global avian and pandemic influenza prevention and response efforts. The APEC Action Plan has identified APEC efforts to address critical areas that complement and respond to the growing global consensus on avian and pandemic influenza coordination and preparedness efforts.

14. Ministers, recognizing the need for regional and inter-regional collaboration and donor coordination, agree to take the following actions:
  - Facilitate collaboration of donor economies and multilateral organizations in supporting implementation of the first four areas of the action plan, especially the sharing of information and data wherever possible and appropriate;
  - Share information on planned activities and the results of initiatives undertaken in order to draw lessons learned from the experiences in addressing the problem;
  - Pursue consistent approaches with international organizations and support existing global coordinating mechanisms;
  - Encourage facilitation of entry, such as pre-authorized visas and customs, of WHO rapid response teams requested by the host economy, and their necessary equipment to pandemic outbreak sites;
  - Align donor support with member economies' own strategies in the first four areas of the action plan;
  - Link with the major donors, such as World Bank and Asian Development Bank, to coordinate long term funding and planning efforts to agriculture business recovery.
15. Ministers instruct the Health Task Force to report to SOM in 2007 on the progress of implementing this Action Plan.

## *APEC Business Advisory Council 2006*

*Ha Noi, Viet Nam  
November 2006*

### *Report to APEC Economic Leaders 2006*

#### *Executive Summary*

#### *Driving Forward a Prosperous and Harmonized APEC Community*

The global economy is witnessing an unprecedented period of high growth. But there are serious risks to that outlook which have intensified in recent months. The key risks arise from the growing current account imbalances between major economies and the threat of further sharp rises in oil prices given the conflict in the Middle East and the limited excess production capacity. Inflation is increasingly becoming a cause for concern with the prospect of continuing upward movements in global interest rates. Financial markets have become more volatile and there is a perception of increased risk in the global system. The World Trade Organization (WTO) trade talks have been suspended, making the prospect of successfully concluding the Doha Round by the end of this year less likely. So long as these risks remain, global stability and growth are threatened. They provide the environment in which protectionist pressures would take hold. Careful management by economies and increased international cooperative efforts could go some way to ameliorating risks to the global system but even if that were to occur, market adjustments in the period ahead could be more pronounced than was seen over the recent period of high growth and relative stability.

Against this background, ABAC puts forward the following recommendations to APEC Leaders:

- 1. *Lead the way in the successful conclusion of the WTO DDA negotiations.*** ABAC is deeply disappointed at the suspension of the Doha Development Agenda (DDA) negotiations. This Round, so critical to maintaining economic growth and promoting development, is now moribund with no clear prospects for resumption. Suspension of negotiations means that the Round will not be completed this year, and businesses and consumers around the world will continue to be excluded from the benefits of expanded trade liberalization. ABAC maintains its strong commitment to a robust and balanced outcome. It urges APEC economies to reevaluate and enhance their offers, focus efforts in advancing negotiations in areas with the most potential for tangible progress such as trade facilitation. Further, it is critical that economies move in a timely manner while current offers are on the table. Like the Rounds that have come before, the DDA is a once in a generation opportunity to make progress on trade liberalization and must end in a positive outcome for the world trading community.
- 2. *Promote high-quality RTAs/FTAs.*** ABAC is concerned that the proliferation of regional trading arrangements (RTAs) and free trade agreements (FTAs) is adding to the complexity of doing business and for that reason, it strongly endorses as a matter of priority, the development of model measures as proposed in the Busan Roadmap. Model chapters provide valuable benchmarks to judge the consistency of existing and new agreements in complying with the objectives of both the Bogor Goals and the WTO. To complement these efforts, ABAC undertook jointly with PECC a feasibility study of the Free Trade Area of the Asia-Pacific (FTAAP) to explore ways and means of advancing trade and investment liberalization in the region as an alternative to the existing situation, characterized by the proliferation of bilateral and plurilateral preferential trade agreements. ABAC strongly urges Leaders to develop an APEC initiative to promote convergence and consolidation among existing agreements and those currently being negotiated. To this end, ABAC believes that a region-wide FTAAP offers the highest degree of achieving such convergence and consolidation, however a study undertaken by ABAC and PECC this year indicates practical difficulties in negotiating an FTAAP at this time.
- 3. *Implement the Busan Business Agenda.*** ABAC believes that there is a strong link between an economy's regulatory environment and its economic performance – and that the process of regulatory reform in APEC has had mixed

results. Bolder policy action is required by APEC economies to ensure that our economies do not progressively lose their international competitive edge. ABAC and APEC cooperated in organizing a joint symposium on 'ease of doing business' in our region. Priorities for reform and capacity building identified by business included the burden of regulations, complex taxation regimes, difficulty in accessing finance and rigid labor laws. These challenges are particularly onerous for small and medium enterprises (SMEs). ABAC calls upon APEC Leaders to commit to bold action to promote transparency and improve the regulatory environment for business in their economies. The success of this session reflects the need to not just identify these issues, but to address them. ABAC requests that a follow-up meeting is convened again next year.

**4. Foster a secure and favorable environment for trade and investment.**

ABAC believes that securing trade is vital to continued prosperity in the APEC region. ABAC urges APEC to remain committed to securing trade flows in a way that is complementary to APEC's goal of trade and investment liberalization and facilitation. Measures being proposed include the implementation of the APEC Framework of Standards to Secure and Facilitate Global Trade and the Trade Facilitation Action Plan 2006-2010 taking into account the lessons learned from the 2001-2005 Action Plan, single window electronic data interchange, expedited clearance, risk management based inspections, *de minimis* value thresholds and the provision of customs clearance on a 24/7 basis. APEC economies should seek to improve efforts to implement the APEC Transparency Standards. Finally, ABAC encourages Leaders to extend the membership of the APEC Business Travel Card Scheme to include the final four member economies (the United States, Canada, Mexico and the Russian Federation) through a proposed two-tiered scheme centered on providing fast track entry/departure at major airports.

**5. Respond urgently to critical energy situation.**

APEC Leaders are urged to show leadership in addressing the region-wide challenges posed by energy imbalance and volatile oil prices. Priority initiatives are needed to increase and diversify supply, improve efficiency usage, promote alternative and sustainable sources, encourage cross-border trade, identify benchmarks, and implement policies designed to reduce regulatory and market uncertainty in commercial investment in innovative energy technology.

**6. Strengthen financial systems.** ABAC considers it vital that APEC member economies take action to strengthen their macroeconomic and prudential frameworks so as to increase their capacity to withstand external shocks and to make them more resilient to the vagaries of the global economic system. Necessary measures include efforts to improve risk management and governance in the region's banking systems and in other financial sectors, strengthening financial regulatory capacities and in promoting greater cooperation between national regulatory authorities and regional and international agencies aimed at limiting risk to the global financial system. ABAC also highlights the critical role that foreign direct investment can and is playing in supporting the restructuring of banking and other financial sectors, of the great value in open and liberal investment policies which have been demonstrably successful in increasing investment flows in the region. ABAC urges APEC economies to implement measures to deepen capital markets, in particular bond markets, in the region and strongly recommends that they intensify capacity building initiatives to strengthen financial systems.

**7. Support the growth of SMEs.** ABAC continues to emphasize the importance of removing regulatory obstacles to SME growth and improving access to financing, technology and information and of measures to enhance the capacity and competitiveness of SMEs. It encourages region-wide efforts to promote credit rating agencies, the development of business associations and network linkages to encourage information dissemination and of policies that reflect the importance of SMEs in the client base of banks and financial institutions. It likewise encourages financial sector participation to support the commerciality of guarantee schemes and the development of credit evaluation capacities as they relate to SMEs.

**8. Develop avian influenza/pandemic preparedness.**

ABAC believes that there is a critical need for more information about avian influenza within the regional business community to help individual companies prepare continuity plans for the possibility of a future health pandemic. It encourages APEC to review its programs and activities related to avian influenza and pandemic preparedness to identify additional areas where cooperation and collaboration between business and governments can be enhanced, specifically the review of initiatives related to assisting SMEs in developing their business continuity plans.

- 9. Strengthen Standards Organizations and Regulatory Dialogue.** ABAC is committed to making capacity building in standards a priority and is developing a two-year agenda aimed at highlighting the need for – and assisting in the realization of – stronger standards bodies in the APEC region. Such efforts will be undertaken in concert with the promotion of global/international standards efforts. As a contribution to reducing technical barriers to trade, ABAC recommends more dialogue between standards-setting regulatory authorities on a sector-by-sector basis.
- 10. Implement APEC's Intellectual Property Rights Commitments.** In 2005, APEC Leaders in Busan committed to strengthened intellectual property protection and enforcement, and adopted the APEC Anti-Counterfeiting and Anti-Piracy Initiative. ABAC applauds the public commitment made to intellectual property rights (IPR) protection principles, and notes that a clear work program arises from the Leaders' commitments, but notes that despite considerable progress that is being made, traffic in counterfeit products continues to grow faster than the trade in legitimate products. As ABAC celebrates its tenth anniversary, it notes that strengthening IPR protection has been a recurring recommendation from ABAC in each of its reports to Leaders, and it urges all APEC governments – once again – to redouble their efforts to prevent and interdict the production and trade in counterfeit and pirated goods, make the legitimate licensing of content and respect of copyright a requirement for the issuance of cable licenses, and promote the sharing of new technologies by reducing various barriers which are hindering capacity building in the APEC region.
- 11. Encourage innovative and emerging technologies.** Economic growth and prosperity in APEC will be driven by technological innovation and access to information. An appropriate policy and regulatory environment will be underpinned by technology choice, data privacy, and expanded broadband access. Leaders are asked to reaffirm their commitment to intellectual property protection, and to give special and urgent attention to devising effective measures to address counterfeiting and pirated goods. ABAC welcomed the endorsement in the Busan Declaration of innovation and sharing of advanced technologies. ABAC endorsed information and communication technology (ICT)-enabled growth activity on a regional collaborative basis in fields as diverse as health care delivery, geospatial and sensor technology, isotope-based solutions, and biosecurity and horticultural research. ABAC has initiated a comprehensive study of the challenges to creating an information society for APEC by 2010.
- 12. Life sciences and environment.** Regional business is conscious of the implications including steeply escalating costs, associated with infectious disease, chronic disease, and ageing demographics. Leaders are urged to ensure priority is given to implementing the Life Sciences Strategic Plan's recommendations on research, access to capital, harmonization of standards and regulatory procedures, and health services.
- 13. Foster closer APEC-ABAC relations.** The above points to the relationship between government and business never being at a more critical point. Greater interaction can help policy makers prioritize and pursue more focused, business-friendly policies that will in turn further enhance trade and investment liberalization and facilitation in the APEC region. ABAC calls on APEC to establish a more structured process at all levels of the APEC process from working groups to Ministerial meetings to review business input and respond, in order to further improve our dialogue and strengthen cooperation.





## Acronyms

ABAC	APEC Business Advisory Council	GAID	Global Automotive Industry Dialogue
ABTC	APEC Business Travel Card	GDLN	Global Distance Learning Network
ACT	Anti-Corruption and Transparency	GHS	Globally Harmonized System
ADB	Asian Development Bank	GHTF	Global Harmonization Task Force
ADOC	APEC Digital Opportunity Centre	GRP	Good Regulatory Practice
AFDC	Asia-Pacific Finance and Development Center	HLPDAB	High Level Policy Dialogue on Agricultural Biotechnology
AFDP	APEC Finance and Development Program	HRDWG	Human Resource Development Working Group
AG	Advisory Group	HTF	Health Task Force
AICST	APEC International Centre on Sustainable Tourism	IAPs	Individual Action Plans
AIMP	APEC Information Management Portal	ICT	Information and Communication Technologies
AMM	APEC Ministerial Meeting	IEA	International Energy Agency
APCC	APEC Climate Centre	IEC	International Electro-technical Commission
APEC	Asia-Pacific Economic Cooperation	IFIs	International Financial Institutions
APG	Asia-Pacific Group on Money Laundering	IHRs	International Health Regulations
APIS	Asia Pacific Information Society	IMF	International Monetary Funds
ASEAN	Association of South-East Asian Nations	IPR	Intellectual Property Rights
CAPs	Collective Action Plans	ITA	Information Technology Agreement
CBN	Capacity Building Network	LAISR	Leaders' Agenda on Implementing Structural Reform
CIO	Chief Information Officer	LSIF	Life Science Innovation Forum
CPDG	Competition Policy and Deregulation Group	LSIF	Life Sciences Innovation Forum
CTAPs	Counter-Terrorism Action Plans	MANPADS	Man-Portable Air Defense Systems
CTI	Committee on Trade and Investment	MCPs	Multi-Chip Packages
CTTF	Counter-Terrorism Task Force	MEs	Micro Enterprises
DDA	Doha Development Agenda	MRAs	Mutual Recognition Arrangements
EC	Economic Committee	MRCWG	Marine Resources Conservation Working Group
ECOTECH	Economic and Technical Cooperation	MRT	Ministers Responsible for Trade
eIMBL	electronic International Molecular Biology Laboratory	NAMA	Non-Agriculture Market Access
EU	European Union	NFMD	Non-Ferrous Metals Dialogue
EWG	Energy Working Group	OIE	World Organization for Animal Health
FAIR	Forum on Asian Insolvency Reform	OVOP	Global One Village One Product initiative
FAO	United Nations Food and Agricultural Organization	PATA	Pacific Asia Travel Association
FATF	Financial Action Task Force	PECC	Pacific Economic Cooperation Council
FMM	Finance Ministers' Meeting	PFI	Policy Framework for Investment
FMP	Finance Ministers' Process	PIF	Pacific Islands Forum
FRTI	Financial Regulators Training Initiative	REACH	EU Registration, Evaluation, and Authorization of Chemicals
FSAP	Financial Sector Assessment Program	REDI	Regional Emerging Diseases Intervention
FTAs	Free Trade Agreements		

RMAL	Regional Movement Alert List
RMAS	Regional Movement Alert System
RTAs	Regional Trade Arrangements
SCCP	Sub-Committee on Customs Procedures
SCE	SOM Steering Committee on ECOTECH
SELI	Strengthening the Economic Legal Infrastructure
SMEs	Small and Medium-sized Enterprises
SMEWG	Small and Medium Enterprises Working Group
SOM	Senior Officials' Meeting
STAR	Secure Trade in the APEC Region
TFAP	Trade Facilitation Action Plan
TFEP	Task Force on Emergency Preparedness
TILF	Trade and Investment Liberalisation and Facilitation
TNCs	Trans-national Corporations
TRS	Time Release Surveys
TWG	Tourism Working Group
UNCAC	United Nations Convention against Corruption
WB	World Bank
WCO	World Customs Organisation
WHO	World Health Organization
WTO	World Trade Organisation
WTTC	World Travel and Tourism Council