

MEETING OF APEC MINISTERS RESPONSIBLE FOR TRADE

PUERTO VALLARTA, MEXICO
29-30 MAY 2002

STATEMENT OF THE CHAIR

APEC Ministers Responsible for Trade met in Puerto Vallarta, Mexico, to discuss concrete ways to contribute to fostering economic growth and take advantage of the New Economy in the APEC region, namely the implementation of appropriate policies and measures that should be adopted to reach those objectives.

The meeting took place in a context of increasing signs of recovery from the global slowdown of the world economy experienced since the middle of 2000 and aggravated by the September 11th events. Within this context, Ministers reaffirmed APEC member economies' commitment to move forward with the common goal of free and open trade and investment in order to bring about economic recovery and sustainable economic growth in the region.

APEC chose the theme "Expanding the benefits of cooperation for economic growth and development. Implementing the vision", to guide its work this year. Ministers expressed their determination to ensure concrete outcomes that benefit business and the wider APEC community through implementation of the Shanghai Accord and the Leaders Statement on Counter-Terrorism.

Ministers welcomed the launching of the Doha Development Agenda (DDA) of WTO, and committed to making meaningful contributions to its successful and timely completion by 2005. Discussion on specific measures undertaken within APEC to implement the broadened APEC vision in response to changes in the global and regional economy also took place.

Multilateral Trading System

Ministers welcomed the launch of the WTO Doha Development Agenda (DDA) and noted the important role that APEC played in achieving this outcome. Multilateral trade liberalization and a rules-based trading system contribute directly to economic growth, sustainable development and poverty reduction. The successful conclusion of the DDA will therefore be crucial in fostering development in the region and the world. Ministers welcomed the DDA's balanced and sufficiently broad-based work program that reflects the interests and concerns of all WTO members, particularly in developing economies. Ministers acknowledged the important contribution that the successful and timely conclusion of the DDA would make to furthering the economic development of developing economies.

Ministers committed their personal involvement to ensure the completion of the DDA negotiations by the agreed deadline of 1 January 2005 and to make progress in all the elements of such agenda including market access, agriculture, trade rules, investment, competition, trade facilitation and transparency in government procurement.

To achieve that commitment, they agreed to meet the mandates and schedules established for all of the relevant negotiating and working groups and to urge other WTO Members to also do so. In particular, Ministers confirmed their intentions to meet the deadline of 30 June 2002 for submitting initial services requests and in ensuring that the non-agricultural market access negotiations progress along with other negotiations in agriculture. In this regard, Ministers agreed that modalities for non-agricultural market access negotiations shall be established no later than 30 April 2003, and will encourage all WTO members to support this commitment. They expressed the urgency of moving from procedural to substantive discussions in Geneva. They undertook to work together to build momentum in Geneva to ensure a successful Fifth Ministerial Conference to be held in Cancun, Mexico on 10-14 September 2003.

Ministers reaffirmed their pledge to reject the use of protectionism and their commitment to abide by multilateral rules. Ministers agreed that protectionism adversely affects all APEC economies and that the DDA offers the best opportunity to address protectionism on a global basis.

Ministers noted the discussions on trade and environment since Doha. They welcomed the opportunity to enhance the mutual supportiveness of trade and environment. Ministers reaffirmed that the WTO work and negotiations on the relationship between trade and environment shall be in accordance with the mandate agreed at Doha.

Ministers welcomed the accession of China and Chinese Taipei to the WTO and supported the accession processes of Russia and Viet Nam.

Ministers appreciated the participation of the WTO and the World Bank at the meeting.

a) Technical Assistance and Capacity Building

Ministers agreed that technical assistance and capacity building are essential in ensuring the full participation of developing economies in the world trading system and so that they reap the promised tangible benefits from such participation. Ministers reaffirmed APEC's commitment to continue providing WTO-related technical assistance and capacity building, agreed that the provision of this assistance should be demand-driven and encouraged developing economies to be pro-active in identifying their needs in this area.

Ministers noted that APEC is leading efforts to ensure that developing economies are able to participate fully in the DDA. In addition to the APEC Strategic Plan for WTO Capacity Building and contributions to the WTO Global Trust Fund, APEC economies are providing significant bilateral assistance. APEC economies, including Australia, Canada, Japan, New Zealand and the United States provided more than US\$ 70 million in trade-related technical assistance within APEC alone in 2001.

Ministers appreciated the WTO's work on technical assistance and capacity building and urged that the complete data base of WTO Members' capacity building programs be developed in time for the July 2002 meeting of the Trade Negotiating Committee.

Ministers reviewed progress in implementing the APEC Strategic Plan for WTO Capacity Building. In 2001, a total of 12 WTO-capacity building projects, worth over US\$1.2 million, were funded through the APEC TILF fund. Ministers instructed Senior Officials to give high priority to additional WTO capacity building projects this year.

Ministers also stressed the need for the continued involvement of other international organizations such as the WTO Secretariat, the World Bank, and the Asian Development Bank in the APEC Strategic Plan for WTO Capacity Building. In this context, they welcomed the new capacity building program by the Asian Development Bank, in cooperation with Japan.

Ministers welcomed efforts led by Japan to better coordinate WTO capacity building in APEC through the compilation of a series of economy matrices highlighting all assistance delivered by APEC economies to other APEC economies. Ministers also welcomed efforts by Canada to make this information available on-line via a user-friendly system that will allow donor economies to better coordinate their capacity building efforts and focus them in areas where needs are most pressing. Every effort will be made to integrate this information in the database that the WTO Secretariat is currently developing.

b) Confidence building

APEC has played a key role in strengthening the multilateral trading system in the past. The challenge now is to continue to do so with actions that go beyond technical assistance and capacity building. APEC is well placed to build confidence on a broad range of issues in the DDA.

Ministers explored concrete steps in which APEC can contribute to a successful Fifth WTO Ministerial Conference and completion of the DDA by 1 January 2005, and directed Senior Officials to present recommendations on such steps by the Leaders' meeting, including in areas such as investment, competition, trade facilitation, transparency in government procurement and trade and environment. In this context, Ministers welcomed the CTI Trade Policy Dialogue on Investment held during SOM II and those to be organized in the future on Trade and Competition Policy and Trade Facilitation.

Implementation of the Shanghai Accord

Ministers pledged robust implementation of all elements of the Shanghai Accord. They reaffirmed the importance of the Shanghai Accord as a milestone in APEC that expands the vision of APEC, provides for improved mechanisms for implementing APEC commitments, and identifies important trade initiatives.

a) Broadening the OAA

Ministers agreed that broadening the Osaka Action Agenda (OAA-APEC's strategic roadmap) to reflect fundamental changes in the global economy since Osaka, including developments in the new economy and APEC work to strengthen the functioning of markets, would put APEC on a faster track to achieving the Bogor goals of free and open trade and investment. Ministers encouraged Senior Officials to continue their work in this area, endorsed the interim report presented by Officials and looked forward to reviewing a full report in October.

b) Pathfinder Initiatives

Ministers recognized the role that pathfinder initiatives could play in achieving the Bogor goals of free and open trade and investment.

They welcomed the work of APEC Fora to identify and develop pathfinder initiatives. They instructed officials to continue this work with a view to presenting initiatives to the Ministerial and Leaders' Meetings in October this year.

c) Trade Policies for the New Economy

Ministers emphasized the positive impact of the new economy on growth and development. In this regard, Ministers welcomed Officials' work to identify key trade policies on services liberalization and tariff and intellectual property regimes that support the new economy, and reviewed their report on the exchange on trade policy information in these areas. They urged all economies that have not yet submitted information to do so as soon as possible.

Ministers recalled that the Shanghai Accord foresees the development of targets by the Ministerial Meeting in October on the basis of the information exchanged, and instructed Officials to complete their information exchange, and develop targets that APEC members may achieve in these areas. Ministers also stressed the need to develop and implement concrete capacity building programs to improve performance in these policy areas.

d) Trade Facilitation Principles

Ministers recognized that some of APEC's most important work and outcomes fall in the area of trade and investment facilitation, including the APEC Trade Facilitation Principles.

Ministers congratulated Officials for developing a framework and schedule for an APEC Trade Facilitation Action Plan and endorsed this Plan in its entirety. They recognized that this Action Plan provides the basis for implementing the Leaders' commitment in the Shanghai Accord to realize a 5% reduction in transaction costs in the region by the end of 2006.

Ministers emphasized that it is important for all economies and APEC Fora to begin taking the necessary steps to implement the Action Plan, starting with the development by the next Senior Officials meeting of a menu of options of concrete trade facilitating actions and measures that can be taken, and they noted that economies and Fora will commence actual implementation of selected actions and measures starting next year. Ministers reaffirmed Leaders' directive to implement the Action Plan in close partnership with the private sector, including ABAC, to ensure that actions taken truly cut costs for business.

Ministers encouraged participation by the private sector and officials responsible for customs, standards, e-commerce and business mobility issues in an upcoming workshop on "Implementing the APEC Trade Facilitation Principles" to be organized by Canada; Hong Kong, China and Thailand in Bangkok later this year.

Ministers recognized the need for partnership with other international organizations in APEC's capacity building work on trade facilitation, and in this regard, welcomed the project "Assessing the Economic Benefits of Trade Facilitation in APEC and Recommendations for a Coordinated Capacity Building", being developed by APEC and the World Bank which will provide insights on the economic benefits of trade facilitation and clear recommendations for furthering APEC's capacity building work. They also welcomed an Australian study that will promote APEC best practice in the implementation of trade facilitating reforms.

Ministers welcomed Indonesia's announcement that it would join the APEC Business Travel Card scheme. Business travelers from 13 economies will now benefit from streamlined travel to entry into and departure from participating member economies.

Ministers welcomed the announcement by Australia and Singapore that they will become the first economies to sign onto stages II and III of the APEC electrical MRA, and New Zealand's intention to apply shortly. They encouraged other APEC economies to follow suit. Also Ministers welcomed the cross-border paperless trading initiative spearheaded by Chinese Taipei and co-sponsored by Australia; Hong Kong, China; Japan and Singapore.

e) Transparency Principles

Ministers recalled Leaders' directive last year to pursue implementation of APEC's Transparency Principles and reviewed the work in progress. Ministers instructed officials to reinforce such work to strengthen business confidence in APEC and to deliver a set of transparency principles for adoption by Leaders in October.

f) Individual Action Plans (IAPs)

Ministers reaffirmed their commitment to take the actions outlined in their respective IAPs to achieve the Bogor goals. They pledged to continue to improve IAPs and make them more understandable to the public, recognizing that APEC's relevance to the public and, particularly, the private sector is crucial for forward progress. Ministers endorsed the preliminary plans for IAP Improvement in 2002 submitted by respective member economies and encouraged economies to keep up individual efforts to liberalize and facilitate trade and investment in order to achieve such goals.

Ministers welcomed progress in APEC to strengthen the IAP Peer Review Process, bearing in mind that an implementation mechanism is credible only if coupled with monitoring and assessment procedures. The involvement for the first time of outside expertise and the greater role to be played by the private sector are expected to help ensure that reviews of IAPs are rigorous and meaningful. Ministers commended Japan and Mexico for volunteering to be first in submitting their IAPs for review under the new approach, and welcomed Australia; Canada; Hong Kong, China; Korea, New Zealand and Thailand's offer to submit theirs in 2003 and Chile, Peru and Singapore in 2004. They also encouraged other member economies to submit their IAPs for peer review in the future. Ministers also welcomed Senior Officials discussion for the report of peer review sessions being posted on the APEC website for public viewing.

f) Collective Action Plans (CAPs)

Ministers welcomed the progress report on the review and evaluation of CAPs implementation and their effectiveness in achieving the Bogor goals.

The meeting reviewed progress in the CAPs process with a view to increasing its relevance for the business sector and producing tangible deliverables on trade in the region, as agreed at MRT last year. Ministers noted the benefits that will arise from adoption of the revised Kyoto Convention on the Simplification and Harmonization of Customs Procedures and called upon those member economies yet to do so, to adopt the Convention at the earliest opportunity.

Ministers also discussed ways to improve IPR enforcement, including Japan's proposal to establish an IPR Service Centre Network, and instructed Officials to continue their discussion in order to report the proposal of appropriate mechanism by next Ministerial Meeting. Ministers called on APEC members to encourage wide participation from business sector in the upcoming "APEC Seminar on Venture Capital and Start-up Companies" to be held in Beijing in December this year.

New Economy

a) Implementation of e-APEC Strategy for the New Economy

Ministers acknowledged the role that ICT has in the return to economic growth. They reaffirmed the importance of implementing appropriate policies to foster the use of ICT and spread the benefits of the new economy. Ministers confirmed APEC's commitment to the implementation of the e-APEC strategy, and welcomed the preliminary report by the e-APEC Task Force on its implementation.

b) Electronic Commerce

Ministers acknowledged the role of ICT in reducing the costs of trade and investment. They welcomed the progress on implementing APEC's paperless trading targets as recorded in the Paperless Trading IAPs submitted by Australia; Hong Kong, China; Indonesia; Japan; Korea; Mexico; Chinese Taipei; Thailand; and Viet Nam. Ministers urged economies to take further steps to implement APEC's paperless trading goals.

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

Ministers welcomed Chinese Taipei's progress report on Phase II of the project Transforming the Digital Divide into a Digital Opportunity, which will be implemented in 2002.

Economic Growth

a) Strengthening the Functioning of Markets

Ministers reaffirmed that APEC's efforts to strengthen the functioning of markets are fundamental to building business and investor confidence and in ensuring that economies can take full and sustained advantage of the opportunities and benefits offered by open markets. Ministers welcomed the work that APEC has undertaken, including efforts in the Finance Ministers process, on strengthening markets and economic and corporate governance.

In particular, Ministers welcomed Peru's outcome report on the Second Workshop of the APEC-OECD Cooperative Initiative on Regulatory Reform, and Japan's progress reports on Strengthening Economic Legal Infrastructure including the second SELI Symposium to be co-hosted with Australia and Indonesia in July in Jakarta, and SME and New Business Support. They encouraged APEC economies to continue to make real strides in implementing APEC's Principles to Enhance

Competition and Regulatory Reform, as well as the range of other work in APEC on strengthening economic legal infrastructure and improving corporate governance practices

b) Small Business

Ministers welcomed the release of the joint APEC study "Small Business and Trade in APEC ". Ministers noted the key role played by small business, including micro-enterprises, in promoting export growth in developed and developing economies, and in underpinning economic and employment growth and development. On average in APEC, small businesses make up over 98% of all enterprises, account for 30% of direct exports (estimated at US\$930 billion), 10% of foreign direct investment by value and 60% of private employment. Ministers noted the importance for APEC of the key findings of the study, which found that progress in APEC on trade facilitation and the removal of non-tariff barriers could result in small businesses increasing their exports by US\$1.18 trillion over the next five years. The study underscores the fact that APEC's agenda is one that is increasingly relevant and important to maximizing the potential of small business in the region.

Counter-Terrorism and Trade Facilitation in APEC

Terrorism, in all its forms, is a threat to economic stability in APEC, as well as a threat to regional peace and security. As APEC Leaders noted in their Statement on Counter-terrorism in Shanghai last year, terrorism is a direct challenge to APEC's vision of free, open and prosperous economies. Acknowledging the threats posed by terrorism, APEC Ministers reaffirmed the need for full implementation of the APEC 2001 Leaders' Statement on Counter-terrorism.

Ministers reviewed an interim report prepared by the APEC Secretariat on APEC measures taken in response to the APEC 2001 Leaders' Statement on Counter-terrorism. Ministers noted the substantial progress already made in implementing specific Leaders' commitments to suppress the financing of terrorism, enhance air and maritime security, strengthen energy security, strengthen critical sector protection and enhance security-related cooperation on customs and border security. Ministers called on all relevant APEC working groups and sub-fora to intensify their efforts in response to the Leaders' Statement, including through policies and measures to increase economic growth, as well as to ensure a stable and safe environment for trade, investment, travel and tourism.

Ministers noted the range of substantive domestic counter-terrorism measures implemented by individual APEC economies, as detailed in the APEC Secretariat's interim report, and the efforts of relevant APEC economies to cooperate fully to counter-terrorism in other international fora, particularly the United Nations and through implementation of UN Security Council Resolutions 1373 and 1368. Ministers agreed that APEC economies should continue their efforts in this regard.

The collective and individual efforts of APEC economies have limited the economic fall out from the September 11 attacks and strengthened the resolve of Ministers to push ahead with APEC's ambitious trade and investment liberalization and facilitation agenda. Ministers noted the importance of achieving the twin goals of enhanced security against terrorist threats and continued facilitation of the movement of goods, capital and people, and instructed APEC Officials to identify priority programs to contribute to those goals for implementation by the meeting of the Leaders in October. Calling for "mentor economies" to help others enhance their capabilities to fight terrorism, they also instructed Officials to explore how to best provide capacity building assistance to developing economies.

Outreach

a) Dialogue with ABAC

ABAC plays a unique role by providing advice on concrete initiatives that APEC should adopt to improve the business environment in the Asia Pacific region. Ministers welcomed the presentation and discussion of ABAC's pre-report on its recommendations to Leaders. Ministers committed to consider them seriously and to strive to deliver concrete outcomes by the Leaders' meeting in

October. They emphasized the need to continue strengthening the relationship between government and private sector. Ministers recognized that the report contains new recommendations for timely cross-cutting issues such as global security, technology, finance, business facilitation, SMEs, and the monitoring of APEC Individual Action Plans, as well as important recommendations from previous years that APEC continues to address.

Ministers noted the proposal made by ABAC to develop a flagship Trans-Pacific multimodal transportation corridor, an initiative to build up a modern multimodal corridor between North America and Asia.

Ministers instructed officials to review and where appropriate pursue the implementation of recommendations contained in the pre-report of ABAC.

b) Automotive and Chemical Dialogues

Ministers welcomed the reports on the Fourth Automotive Dialogue held on 16-19 April 2002, and on First Chemical Dialogue held on 22-23 May 2002.

Concerning the automotive dialogue Ministers welcomed the decision made by the United States to embark on an informal peer review discussion process and commended Japan and Korea for their offer to undergo a similar "peer discussion" process at the next Steering Committee meeting. Ministers encouraged other economies to do so too.

Ministers took note of the recommendation to use the revised Principles of Automotive Technical Regulation Harmonization to guide their harmonization and regulatory programs, and also noted the letter sent by the Dialogue Chair to the WTO Director General, Mike Moore, expressing the Dialogue's interest in the new round and its possible contributions to it.

Ministers thanked Australia for its excellent contribution as the Automotive Dialogue's Chair and welcomed Indonesia as the incoming Chair.

Ministers endorsed the recommendation of the First Chemical Dialogue that, following its adoption by the United Nations this year, as many APEC economies as possible implement on a voluntary basis, the Global Harmonized System on hazard classification and labelling of chemicals and safety data sheets by 2006, and encouraged officials to work in that direction, including through capacity building.

c) Dialogue on Globalization and Shared Prosperity

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