

Meeting of APEC Ministers Responsible for Trade (MRT)

June 6-7, 2001, Shanghai, the People's Republic of China

Chair's Statement

Introduction

1. The Meeting of APEC Ministers Responsible for Trade was held on June 6-7, 2001 in Shanghai, the People's Republic of China. Ministers from Australia; Brunei Darussalam; Canada; Chile; China; Hong Kong, China; Indonesia; Japan; the Republic of Korea; Malaysia; Mexico; New Zealand; Peru; the Philippines; Papua New Guinea; Russia; Singapore; Chinese Taipei; Thailand; the United States of America and Viet Nam participated in the meeting. The APEC Secretariat was present at the meeting. The Pacific Economic Cooperation Council (PECC) and the Secretariat of the Association of Southeast Asian Nations (ASEAN) also attended the meeting as observers.

2. The meeting reviewed recent trends of economic development in the Asia Pacific region. In pursuing the APEC goal of free and open trade and investment, the meeting also looked into critical multilateral and regional trade policy issues that member economies are facing.

Meeting New Challenges in the 21st Century

3. The meeting was convened at a time when the economy in the region is experiencing a slowdown. Over the past years, APEC members have made remarkable achievements in overcoming economic difficulties and in restoring economic growth. Some developed economies demonstrated unprecedented economic performance as measured by growth rates, inflation and employment. Many member economies have managed to come out of the financial crisis and were now back on the growth path.

4. However, Ministers noted that economic growth has begun to slow down since the second half of last year. Demand in the IT sector has become sluggish; some turbulence appeared again in the financial markets, and exports began to tumble as well. While many people in the region remain cautiously optimistic, such trends added uncertainty to the economic prospect of the region. To inject vigor into their respective economies, Ministers agreed to further enhance bilateral and multilateral cooperation to promote free and open trade and investment, and take early action to prevent possible economic disturbance.

5. Ministers noted that the meeting was held at an age when globalization was affecting almost every aspect of people's lives. Ministers reaffirmed the view expressed by Leaders in Brunei that the movement towards global integration presented the greatest opportunity to deliver higher living standards and improved social well being for APEC communities. However, Ministers recognized that globalization also posed new challenges to developing member economies, as many of them were lacking the necessary resources to adequately prepare themselves for the expeditious but inevitable process. Ministers also noted that, despite the overall benefits of expanded trade, there are continuing public concerns regarding globalization and the process of trade and investment liberalization. In this context, Ministers reiterated their resolve to bring the benefits of globalization to all our people, to better communicate those benefits to the APEC communities, and to work closely to enhance cooperation in various areas to rise to the challenges.

Making Contribution to the Multilateral Trading System

6. Firmly underlining APEC's commitment to open regionalism, Ministers reaffirmed APEC's strong support for an open, equitable, sound and rule-based multilateral trading system, from which all economies, developed and developing ones alike, stand to benefit. Ministers reaffirmed that APEC, as the world's most dynamically growing region and accounting for nearly half of the world trade, has a special responsibility to exhibit leadership in the multilateral trading system. Ministers resolved that APEC should play a leading role in upholding the development of the multilateral trading system by demonstrating a strong political will. Ministers welcomed the presence of the

Director General of the WTO Mr. Michael Moore in the meeting and his contribution to the discussions.

7. Reaffirming the commitment of APEC Leaders and Ministers in Brunei to launch a new round of multilateral trade negotiations in 2001, Ministers agreed that the WTO Ministerial Conference to be held in November in Qatar presents a critical opportunity for the expeditious launch of the new round in 2001. Ministers recognized that the Geneva process should be pursued with urgency and strong political engagement. Ministers welcomed the positive signs in favor of launching the new round emerging recently in Geneva and committed to work closely towards initiating, maintaining and accelerating a vigorous momentum in Geneva in this regard. Ministers further expressed their determination to ensure the new round will be launched at the Qatar Conference.

8. Recognizing that issues regarding agenda-setting for the new round of negotiations in the WTO should be primarily addressed in Geneva, Ministers agreed that it is imperative for the WTO members to enhance internal transparency to facilitate the equitable and effective participation of all members and to work out in advance a balanced and sufficiently broad-based agenda as early as possible, which should be achievable and reflect the interests and concerns of all members, especially those of the developing members. To this end, Ministers called on all parties concerned to demonstrate flexibility. Ministers further stressed the importance of working for continued progress in the ongoing WTO negotiations on agriculture and services, and of contributing to the WTO preparatory work on industrial tariffs and other related areas, without prejudice to the overall agenda for the negotiations. Ministers also emphasized that the focus of the new round should be trade-related issues, including existing WTO rules, and not duplicate the work of other international organizations.

9. Ministers reaffirmed APEC's determination on expediting the full and effective implementation of the WTO Uruguay Round agreements and commitments as well as the significance of enhancing capacity building for developing member economies, so as to build confidence among members for an early launch of the new round. Therefore, Ministers called for the WTO to give due consideration to the implementation of the Uruguay Round agreements and commitments when formulating the agenda of the new round.

10. Ministers also agreed that APEC should demonstrate its support for the Qatar WTO Ministerial Conference by refraining from using measures to increase the levels of protectionism. To this end, Ministers reaffirmed their commitment to the APEC-wide moratorium on the imposition of customs duties on electronic transmissions until the Qatar WTO Ministerial Conference.

11. Ministers reaffirmed that the concerns of developing economies should be addressed through enhanced attention to the full and effective implementation of special and differential treatment as well as ongoing efforts for capacity building and technical assistance so as to facilitate their full participation in the WTO. In this regard, Ministers welcomed the progress made on the implementation of the APEC Strategic Plan on Capacity Building, and endorsed a list of projects proposed by member economies. (The List of Projects is attached as Annex A). Recognizing that this is an area where APEC could contribute substantively to the early launch of a new round, Ministers instructed Senior Officials to accord priority to these capacity building projects. Ministers also urged their early implementation of the projects as well as stronger support on capacity building and technical assistance to facilitate full participation of developing economies in the multilateral trading system and the WTO new round of trade negotiations. Ministers affirmed the importance of involving bilateral development agencies, relevant regional and international organizations to improve coordination of capacity building work and leveraging resources. In this respect, Ministers welcomed the bilateral assistance from member economies which contributes to the implementation of the Strategic Plan and facilitates the participation of developing economies in the multilateral trading system and the new round of WTO negotiations, including the new initiatives from Japan and Canada in this regard.

12. Ministers welcomed the substantial progress made in the negotiation on China's accession to the WTO and urged for rapid completion of the process within 2001. Ministers also reiterated their support for the rapid accession of Chinese Taipei to the WTO, as well as the advancement of the accession process of Russia and Viet Nam to the WTO. Ministers supported the participation of all acceding economies in the new round of WTO negotiations.

Trade and Investment Liberalization and Facilitation (TILF)

13. Ministers recognized the importance of revitalizing the trade and investment liberalization process in APEC to advance the Bogor goals and contribute to global trade expansion. Ministers instructed Senior Officials to conduct full consultation to develop possible initiatives for their consideration at the Ministerial Meeting in October.

Individual Action Plans (IAPs)

14. Ministers endorsed the preliminary plans for IAP improvement in 2001 submitted by member economies, and were very encouraged by substantial actions contained therein. Ministers further reaffirmed that IAPs remain the most important mechanism for APEC to move forward towards achieving the Bogor goal. Ministers reiterated the necessity of responding, where appropriate, to the calls of the business community in preparing the IAPs. Ministers also took note of Japan's proposal on improving the IAP peer review process and requested officials to further develop and discuss its details.

15. Ministers welcomed progress made in developing a comprehensive set of recommendations on improving the electronic web-based IAP system, and reaffirmed that the business sector's views should be duly considered when the system is further improved. Ministers instructed officials to continue work on the recommendations with a view to presenting them to the Ministerial Meeting in October. Ministers agreed that such an improved e-IAP system would contribute substantively to the improvement of transparency, specificity and facilitation in the preparation of IAPs. Thus, Ministers recalled that all members should develop their IAPs for 2001 in accordance with the new format and submit them via SOM Chair to the Ministerial Meeting in October.

16. Ministers emphasized the importance of disseminating and demonstrating APEC's outcomes in pushing forward the process of trade and investment liberalization and facilitation, and welcomed the progress made in promoting the E-IAP system so far.

Collective Action Plans (CAPs)

17. Ministers welcomed the progress made in improving collective action plans by various APEC fora and were encouraged by the 2001 Forecast on Possible TILF Deliverables. Ministers instructed officials to continue work with a view to making concrete achievements through concerted efforts for reporting to the Ministers and Leaders meeting in October.

18. Ministers welcomed the progress in the preparation of the 2nd APEC Investment Mart to be held on June 9th-15th in Yantai, Shandong Province of China, which would create business opportunities in the region. Ministers encouraged members to actively participate in the Investment Mart and its future sessions.

19. Ministers appreciated Russia's offer to host the next Investment Mart and the Investment Symposium in September 2002 in Vladivostok, and Thailand's offer to host the 4th Investment Mart during the Leaders' Meeting in 2003.

Review and Improvement of Osaka Action Agenda (OAA)

20. Ministers reaffirmed APEC's resolve to achieve the Bogor goal through concerted efforts. While acknowledging the historical status of the Osaka Action Agenda (OAA) as APEC's roadmap towards the Bogor goal, Ministers also stressed the importance of keeping it updated so as to adapt to the changing environment of the Asia-Pacific region and the greater world economy, and to reflect the concerns and expectations of the business sector. Ministers noted the substantive progress made to date in updating the OAA guidelines. Building upon the areas where agreement has been reached, Ministers instructed officials to finalize the work for reporting to the Ministerial Meeting in October.

Trade Facilitation

21. Ministers stressed the significance of trade facilitation for reducing costs of doing business in the region and reiterated that trade facilitation must remain a priority issue on the APEC agenda. Ministers endorsed a set of Principles on Trade Facilitation developed by the task force led by Hong Kong, China, and instructed officials to continue to develop capacity building programs to assist members in implementing the principles on a voluntary basis. (The APEC Principles on Trade Facilitation are attached hereto as Annex B). In that light, Ministers welcomed the work overseen by Canada on assessing the benefits of trade facilitation and the development of recommendations for an integrated APEC Capacity Building Program for trade facilitation. Ministers also recommended including the Principles in APEC's outreach work to the business community. In addition, Ministers also noted the importance of adopting the revised Kyoto Convention on the Simplification and Harmonization of Customs Procedures by member economies.

Regional Trade Arrangements and Free Trade Agreements

22. Ministers exchanged views on various forms of existing or emerging regional trade arrangements and free trade agreements in the region, and reaffirmed the importance for sub-regional and bilateral trade agreements to serve as building blocks for multilateral liberalization in the WTO. Ministers affirmed that the existing and emerging regional trading agreements should be consistent with WTO rules and disciplines. Ministers also believe that these arrangements should be in line with APEC architecture and supportive of APEC's goals and principles. Ministers emphasized the importance of exchanging information on RTAs and FTAs to enhance transparency of these agreements. Ministers welcomed the Seminar on Sub-regional Agreements to be held in Bangkok on 12-13 June.

Enhancing Economic and Technical Cooperation (Eco-tech)

23. Noting the progress in reviewing and building upon Part Two of the OAA, Ministers requested Senior Officials to continue the work in accordance with Ministers' instructions in Brunei and to present a complete report to the Ministerial Meeting in October. Ministers also commended SOM's efforts in developing Eco-tech Action Plans (EAPs) as a useful tool for collating and benchmarking progress and encouraging further individual and collective actions in Eco-tech. Ministers called on member economies to submit their EAPs to the Leaders' and Ministers' meetings in October.

24. Ministers welcomed SOM Chair's report on the progress of Eco-tech related work as well as the recommendations contained therein. Ministers also reaffirmed the significance of Eco-tech toward fulfilling the Bogor goal and promoting the continuous, stable and healthy development in the region in this age of globalization and growth driven by the new economy. Ministers welcomed the establishment of the Human Capacity Building Coordinating Group and instructed it to enhance coordination among capacity building activities in various APEC fora. Ministers further requested the Group to develop a more concrete capacity building strategy including goals, priorities and principles, and report to Ministers and Leaders in October.

APEC High-Level Meeting on Human Capacity Building (HCB)

25. China and Brunei Darussalam presented a report to the meeting on the APEC High Level Meeting on Human Capacity Building held in Beijing on 15-16 May 2001. Ministers commended the event as exemplary of the tripartite partnership among government, business and education and training institutions. Ministers agreed that human capacity building should continue to be placed high in the APEC agenda. Ministers also recognized that the opportunities for result-oriented cooperative activities emerging from the meeting opened up new possibilities for individual and collective actions that will give greater impetus to the human capacity building programs within APEC. Ministers welcomed the Beijing Initiative on APEC Human Capacity Building, particularly the key elements identified for developing concrete, responsive and well prioritized strategies, which include, inter alia:

- Adopting better policy approaches that foster innovation and entrepreneurship;
- Promoting a broad distribution of the opportunities of the new economy;
- Encouraging engagement with all stakeholders;
- Strengthening education as the foundation of life-long learning;

- Seeking equal access and opportunity for women; and
- Facilitating the diffusion of information and communication technology through regulation and measures to enhance access and public confidence.

Ministers agreed that the outcomes of the meeting should be widely disseminated and followed up with specific individual or collective actions, in closer association with the business, education and training sectors. They also called on relevant fora to incorporate the outcomes into their respective work programs.

Biotechnology

26. Ministers took note of SOM's report on the progress of biotechnology-related work and welcomed the research and studies conducted and proposals put forward by the Agricultural Technical Cooperation Working Group (ATCWG) including formulation of its implementation plan for the medium term. Ministers recognized the importance of safe introduction and use of biotechnology products, and agreed that the development and application of biotechnology should take into consideration WTO rules, as well as consumers' interests in food safety and environmental quality.

Ministers also encouraged close cooperation with other international fora and voluntary bodies, as appropriate, to enhance consumers' awareness on the benefits and risks of biotechnology products to facilitate the realization of the potential benefits of this technology.

New Economy and Electronic Commerce

27. While reaffirming the significance of the new economy to the economic growth of the Asia-Pacific region, Ministers welcomed progress made by APEC on issues related to the new economy. In order to narrow the existing digital divide among member economies, Ministers emphasized the need to enhance economic and technical cooperation in various APEC fora and urged member economies to take effective actions.

28. Ministers welcomed the establishment of the e-APEC Task Force, commended its efforts made so far in formulating a visionary e-APEC strategy for building a digital society within APEC. Ministers instructed officials to expedite their work in this respect with a view to reporting the result of the work to the Ministerial Meeting and Leaders' Meeting in October. Ministers called on all relevant APEC fora and lead economies to provide inputs to and cooperate fully with the Task Force to facilitate its work. Ministers called upon the Task Force to work closely with the private sector to identify specific concrete initiatives aimed at developing e-business. Ministers also noted the preparation for Chinese Taipei's project "Transforming the Digital Divide into a Digital Opportunity" and looked forward to its successful implementation.

29. Ministers welcomed the progress made in the area of electronic commerce as well as its newly developed work program. Ministers further urged members to enhance their cooperation in this area, especially on capacity building for developing member economies.

30. Ministers congratulated China and Australia on the success of the APEC High-Level Symposium on Electronic Commerce and Paperless Trading on 9-10 February in Beijing, and welcomed the recommendations arising from the symposium. In particular, Ministers endorsed the initiative of developing APEC Individual Action Plans on Paperless Trading and welcomed Australia's offer to draft a mock-up version as reference. Ministers also requested members to take early action in developing their own IAPs on Paperless Trading and if possible, to submit them to the Ministerial Meeting and Leaders' Meeting in October. Ministers decided that the IAPs on Paperless Trading should be completed and reviewed by the MRT Meeting next year.

31. Ministers emphasized the importance of fostering communication, interaction and cooperation among the business sector, academia and government agencies in the field of electronic commerce. In this regard, Ministers welcomed China's initiative of setting up a business-government dialogue mechanism and requested the Electronic Commerce Steering Group to further explore the initiative.

Strengthening Market Functions

32. Ministers recognized the importance of strengthening the functioning of markets in dealing with the vicissitudes of regional and global economies and in pursuit of sustained economic development. In this regard, Ministers welcomed the progress made in implementing market strengthening initiatives, including the Cooperative Initiative on Regulatory Reform jointly organized with the OECD, the Cooperative Framework for Strengthening Economic Legal Infrastructure, and the Cooperation Program in the Area of SME and New Business Support. Ministers also took note of Chinese Taipei's proposal on the "Best Practices Guidelines for Entrepreneurship and Start-up Companies". Ministers further endorsed the Menu of Options on Institutional Capacity Building, Corporate Law and Competition Policy and called for possible implementation.

33. Ministers also noted that in order to enhance the institutional and legal infrastructure of markets and to fulfill the need for human capacity building, consistent efforts should be made to reinforce technical cooperation among member economies. Ministers therefore requested officials to further develop the work program with particular attention to human capacity.

Interaction with the Business Community

Dialogue with ABAC

34. Ministers welcomed ABAC's report and took note of its theme, which stressed the importance of continuously promoting trade and investment liberalization and addressing the imbalance in the development process. Ministers also expressed their appreciation for the progress of ABAC's work and instructed officials to review ABAC's recommendations for appropriate action.

Automotive and Chemical Dialogues

35. Ministers noted the achievements to date in the Automotive Dialogue. Ministers welcomed the efforts by the Dialogue to develop its future work and the opportunity for governments to consider the industry recommendations where appropriate. Ministers also welcomed progress made in the preparation of the Chemical Dialogue and anticipated tangible outcomes coming out of the event.

Statement by Observers

36. Ministers noted observers' statements and expressed their appreciation for the observers' active participation in and valuable contribution to the relevant areas of APEC work.

Other Business

37. Ministers welcomed a report on preparations for the upcoming APEC Youth Festival/Young Entrepreneurs Forum jointly organized by China and Canada and to be held in Beijing and Shanghai on July 9-14, 2001.

38. Ministers welcomed Mexico's offer to host the next MRT meeting in June 2002.