

MEETING OF APEC MINISTERS RESPONSIBLE FOR TRADE

KHON KAEN, THAILAND
2-3 JUNE 2003

STATEMENT OF THE CHAIR

APEC Ministers Responsible for Trade, representing economies accounting for 47 percent of world trade and over 60 percent of global GDP, met in Khon Kaen, Thailand on 2-3 June 2003. Amidst economic uncertainty, they committed to promote economic growth, create jobs and raise living standards to deliver APEC's ultimate goal of equitable and shared prosperity. They also resolved to accelerate progress to achieve the Bogor goals of free and open trade and investment in the Asia-Pacific region. They stressed the importance of the Doha Development Agenda (DDA) and the need for a successful WTO Ministerial Meeting in Cancun.

In advancing APEC's work this year, Ministers focussed their discussions around the main theme that Thailand, as Chair, has established for APEC 2003 "A World of Differences: Partnership for the Future". Recognizing the diversity and different levels of development within the APEC community, Ministers called for greater cooperation and partnership so that all members can benefit from faster growth and development through expanded trade and investment.

Ministers welcomed the report by the SOM Chair on the progress of work since the beginning of the year and encouraged officials to focus on areas where concrete outcomes can be achieved.

Strengthening the Multilateral Trading System

The importance of the Cancun Ministerial to the Doha Development Agenda

Ministers reaffirmed the importance of supporting an open, rules-based, multilateral trading system under the World Trade Organization (WTO) and the urgency of advancing the Doha Development Agenda leading up to the September Cancun ministerial. Ministers welcomed the strong G-8 statement on the importance of Cancun to the global economy and global development goals. The ministers noted the need for progress on the core economic agenda, and that European Union action on Common Agriculture Policy reform would be a positive step in this process. While recognizing their different levels of development and interests, they pledged to work together as a unified entity to ensure the successful conclusion of the Doha Development Agenda (DDA) by 1 January 2005, which is essential for strengthening the world trading system, promoting world economic development and social advancement, and achieving the Bogor Goals.

Ministers welcomed the Director-General of the WTO, H.E. Dr. Supachai Panitchpakdi to the meeting and took note of his report on the on-going WTO negotiations. They acknowledged that important deadlines have been missed on agriculture, TRIPS and public health, special and differential treatment, implementation-related issues and concerns, the Dispute Settlement Understanding, and non-agricultural market access. They affirmed the need for further progress on these issues and determined to arrive at appropriate solutions during the lead-up to the 5th Ministerial Conference.

Ministers emphasized the importance of their Leaders' Declaration on the WTO in Los Cabos. They also reiterated their Leaders' call on all WTO members to intensify substantive discussions on all elements of the DDA in an effort to create a positive environment for the overall negotiations and the success of the Conference.

Ministers affirmed that the success of the DDA will largely depend on the progress made in agriculture, market access for goods and services, and development-related issues. Ministers also stressed the need to advance the work on WTO rules and to take a decision based on an explicit consensus in Cancun on the modalities for the negotiations of the Singapore issues, namely trade and investment, trade and competition policy, transparency in government procurement, and trade facilitation.

Ministers reaffirmed that the final outcome of the negotiations under the DDA must be a single undertaking that reflects a global balance of interests across all sectors and among all participants.

Ministers reiterated the importance of developing economies' special needs and development concerns which are critical to the success of the DDA. They reaffirmed their commitment to work urgently to develop an expeditious solution in the WTO on outstanding TRIPS and access to medicines issues.

Ministers also reaffirmed the importance of WTO capacity building as a tool for helping developing economies enjoy the full benefits of WTO membership, and as APEC's contribution to the successful completion of the DDA. They applauded the WTO capacity building activities of APEC members, including the useful discussions of the recent APEC workshops on Trade and Environment, Geographical Indications, and Investment held in Bangkok in May 2003. They expressed satisfaction with the report of APEC's WTO Capacity Building Group and instructed that it be forwarded together with the summary reports of all APEC capacity building activities to the WTO. They called for further strong support for such actions.

Ministers emphasized that trade and environment policies should be mutually supportive, and that negotiations should not undermine economies' comparative advantage nor weaken existing WTO disciplines.

Ministers agreed to reactivate the APEC-Geneva Caucus as a forum for APEC to exchange views and information on APEC's work and contribution to the process in Geneva and instructed their officials to ensure that Ministers' views in Khon Kaen be appropriately represented.

Ministers reiterated their support for the WTO accessions of Russia and Viet Nam. They agreed to continue their efforts to bring these economies into early entry to the WTO. Ministers also noted that newly-acceded members had indicated that they may face difficulties in implementing their accession commitments and the results of new round negotiations in the same timeframe.

Developments in Regional Trade Arrangements and Free Trade Agreements

Ministers acknowledged the development of intra-APEC RTAs/FTAs and welcomed APEC's discussions and information sharing on such agreements. Ministers noted that comprehensive RTAs/FTAs can promote overall liberalization in the region and help to ensure that the momentum in the DDA negotiations is maintained.

While recognizing that RTAs/FTAs are complementary to multilateral trade liberalization, Ministers reiterated Leaders' emphasis that RTAs/FTAs must be consistent with both the WTO's rules and disciplines and APEC's goals and principles and serve as instruments towards achieving the Bogor Goals. Ministers instructed officials to hold further policy dialogues on RTAs/FTAs to discuss the impact of these mechanisms on the achievement of the Bogor Goals.

Trade and Investment Liberalization and Facilitation

Ministers reviewed APEC's trade policies and measures that contribute to trade and investment expansion and economic growth in the Asia-Pacific region and welcomed progress on implementation in the following areas:

1. Trade Facilitation

Ministers emphasized the importance of APEC's trade facilitation work to achieve the Bogor goals and welcomed progress made so far to reduce transaction costs by five percent by 2006 under the APEC Trade Facilitation Action Plan (TFAP), including a menu of concrete actions and measures to facilitate trade. They acknowledged the successful outcome of the Trade Policy Dialogue on APEC and WTO work on Trade Facilitation and encouraged member economies to continue this exchange of information.

Ministers called for further work to implement the TFAP, recognizing the importance of achieving concrete and measurable results in this area and engaging the business community. They called for confidence and capacity building activities that would assist individual economies to implement the TFAP and encouraged greater use of public-private partnerships.

They instructed officials to continue to identify and undertake work that would build on the existing base of knowledge on trade facilitation, including on how to measure and reduce transaction costs. In this context, Ministers welcomed a number of project proposals put forward by member economies to pursue a clear and appropriate mechanism to measure the progress in implementing trade facilitation initiatives. They asked that Senior Officials report progress on the TFAP to the APEC Ministerial Meeting in October 2003.

2. Counter-Terrorism

Ministers expressed deep concerns on the significant economic consequences of terrorism, particularly for developing economies, and reiterated their united resolve to secure and facilitate trade. They welcomed the creation of the Counter-Terrorism Task Force and Action Plan and reaffirmed the importance of achieving security and facilitation of trade as mutually reinforcing goals. They called on Senior Officials and APEC fora to explore security measures that would both facilitate and secure trade as APEC economies implement the Los Cabos Statement on Fighting Terrorism and Promoting Growth.

Ministers welcomed the progress made in implementing the Secure Trade in the APEC Region (STAR) initiative, endorsed by APEC Economic Leaders in October 2002, to ensure that the movement of goods and people is both more secure and efficient and stressed the importance of capacity building to assist economies in meeting deadlines. Ministers emphasized that efforts to increase the security of transportation, including greater cooperation between enforcement officials and the private sector and more use of information technology, could also facilitate trade.

Ministers praised efforts by member economies to establish container security regimes and to protect ships engaged in international voyage called for by Leaders as part of the STAR initiative. They noted particular projects underway in Canada; China; Hong Kong, China; Japan; Republic of Korea; Malaysia; Philippines; Singapore; Thailand; and the United States. They called on APEC economies to promote additional projects to achieve these goals.

Ministers noted work undertaken to secure the flow of people in transit, including the development of standards for Advance Passenger Information and immigration service cooperation to improve the security of travel documentation and issuing systems.

Ministers strongly acknowledged that security in the APEC region must be applied across all economies and emphasized that capacity building, of individuals and institutions, including providing essential equipment, is of primary importance. They welcomed the ongoing efforts of APEC economies and APEC fora to develop targeted capacity building programs to help developing APEC economies implement APEC Leaders' counter-terrorism commitments, including in areas such as airport security and anti-money laundering policy.

Ministers instructed the Counter-Terrorism Task Force to facilitate the development of capacity building programs and ensure communication between fora. They encouraged cooperation between public and private sectors to further strengthen supply chain security and to facilitate cross-border trade. Ministers also stressed the importance of building business confidence by sharing information on measures taken to secure trade.

3. Pathfinder Initiatives

Ministers urged wider participation in the pathfinder initiatives that Leaders endorsed in 2002, and welcomed the significant progress on Advance Passenger Information systems, electronic SPS certificates, and the Revised Kyoto Convention on customs procedures. They noted the efforts made to follow through on the Pathfinder Statement to Implement APEC Policies on Trade and the Digital Economy, endorsing a "Next Steps" plan to ensure progress on this initiative. They also noted the proposal for Future Work, and instructed officials to undertake work on Digital Piracy as appropriate. They stressed the importance of ensuring progress in the remaining pathfinder initiatives endorsed by Leaders in 2002 and tasked officials to conduct periodic reviews of progress in these areas.

Ministers endorsed the proposed new pathfinder initiative for the Sectoral Food MRA. They encouraged officials to continue further identification of activities in APEC as potential candidates for the pathfinder approach and encouraged further discussions on their implementation.

4. APEC Transparency Standards

Ministers reiterated the importance for economies of implementing the Leaders' Transparency Standards by the January 2005 deadline and endorsed the work plan to achieve this mandate. They also instructed officials to complete work underway to develop area-specific Transparency Standards and urged early implementation of concrete capacity building projects and actions. Ministers emphasized the importance of demand-driven capacity building to assist developing member economies in implementing the Leaders' Transparency Standards Statement.

5. Individual and Collective Action Plans

Ministers welcomed the successful Individual Action Plan (IAP) reviews on Australia, Canada, Japan, Mexico, and Thailand. They took note of progress to complete peer reviews of Hong Kong, China; Korea; and New Zealand; and urged all economies to submit their IAPs for review by SOM I in 2005 in time for the mid-term stocktake in 2005 on overall progress towards the Bogor goals. They also welcomed recommendations to further improve the IAP peer review process.

Ministers instructed officials to review the collective action plans and ensure they correspond to work APEC needs to undertake to meet the Bogor goals. They noted a need to intensify work and emphasized, in particular, the importance of implementing current initiatives on trade facilitation.

Ministers looked forward to continuing close cooperation within APEC aimed at improving IPR facilitation, protection and enforcement, and endorsed establishment of IPR Service Centers with the understanding that each member economy will proceed with implementation as soon as it is ready. They also welcomed the plan to develop a Comprehensive Strategy on IPR Protection in APEC by the APEC Ministerial Meeting in October 2003. Ministers emphasized the importance of implementation of the APEC IP Toolkit through well-targeted projects which take into account the particular needs of developing APEC economies.

Interaction with the Business Community

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

Ministers recognized the unique role of ABAC in providing advice on concrete initiatives that APEC should adopt to improve the business environment in the Asia Pacific region and welcomed the presentation and discussion of ABAC's preliminary report on its recommendations to Leaders. They welcomed the priority ABAC placed in that report on the need for progress on the Doha Development Agenda, securing and facilitating trade, IPR, implementing the APEC Transparency Statement, developing capacity building programs and bolstering business confidence in the wake of the SARS crisis.

Ministers committed to consider ABAC recommendations with a view to deliver concrete outcomes, noting that a number of initiatives identified by ABAC are being pursued by APEC. They emphasized the need to continue strengthening the linkage and relationship between the government and private sector.

2. Chemicals, Automotive and Biotechnology Dialogues

Ministers welcomed the improved understanding that has been achieved as a result of the Chemicals, Automotive, and Agricultural Biotechnology Dialogues.

Ministers expressed their concern over the potential economic and trade effects of the European Commission's proposed regulatory framework for chemicals and downstream products (REACH system). In particular, Ministers noted the possible impact of the REACH system on the region's manufacturing sector, SMEs, APEC developing economies and those whose commodity exports are crucial to their economic growth. With the objective of establishing a constructive and meaningful exchange on the proposed REACH system, Ministers welcomed the EC's willingness to receive comments from stakeholders and called on the EC to consult widely with trading partners on its draft legislative proposal.

Ministers welcomed the second APEC High Level Biotechnology Dialogue held in Chiang Rai in February 2003. They recognized the benefits of biotechnology in improving productivity, increasing nutrition and enhancing the environment. They reaffirmed the importance of the safe introduction and use of biotechnology products based on sound scientific risk assessment and risk management. They reiterated the need for enhancing public awareness and confidence in biotechnology products and called on officials to develop a better understanding in this area.

3. Outreach Activities

Ministers reiterated the importance of implementing APEC's Communication and Outreach Strategy and welcomed the initiative of Vietnam to organize an APEC Week in Ha Noi and Ho Chi Minh City from 2-7 September 2003 as a token of efforts to make APEC more relevant to the business and the community at large.

Structural Reform

Recognizing that continuing global economic uncertainties highlight the need for greater efforts to boost business and investor confidence, Ministers stressed that APEC should continue its work to ensure that policies of open markets are complemented by genuine efforts to progress with structural reform and constantly review policies and practices in these areas. They reiterated that these "behind-the-border" reforms are necessary to support "at the border" trade and investment liberalization and facilitation initiatives.

Ministers encouraged the various ongoing works in the area of strengthening the functioning of markets, including on competition policy and deregulation, corporate governance, corporate restructuring, and Strengthening Economic Legal Infrastructure activities, in, inter-alia, commercial law, laws related to debt collection, securities interests and international financing to help build member economies' capacity to meet changing market demands and to engender business and investor confidence. Ministers also encouraged strengthening of social safety nets to complement the structural reform efforts.

Science and Technology

Recognizing the importance of public-private sector collaboration in life sciences innovation, Ministers welcomed the establishment of the Life Sciences Innovation Forum and agenda for the forum's inaugural meeting to be held on 14-15 August 2003.

Ministers welcomed the initiative of "Innovative APEC" and recognized the importance of promoting cooperation on science and technology innovation as a means to ensure the long-term economic growth of APEC member economies. Ministers welcomed the proposed workshop on the development of science and technology intermediary mechanism to be hosted by China as a concrete deliverable to the APEC process.

Ministers noted that connecting innovative science, policy and business will be a key feature of the

4th APEC Science and Technology Ministerial meeting to be hosted by New Zealand in March 2004.