Asia-Pacific
Economic Cooperation

Selected APEC Documents 1989 - 1994

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SELECTED APEC DOCUMENTS
1989-1994

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APEC LEADERS ECONOMIC VISION STATEMENT

Blake Island, Seattle

20 November 1993

We have held an unprecedented meeting of the economic leaders of the Asia-Pacific Economic Cooperation forum. In this post Cold War era, we have an opportunity to build a new economic foundation for the Asia Pacific that harnesses the energy of our diverse economies, strengthens cooperation and promotes prosperity.

Our meeting reflects the emergence of a new voice for the Asia Pacific in world affairs. As we prepare to enter the twenty-first century, we believe our dynamic region, representing forty percent of the world's population and fifty percent of its GNP, will play an important role in the global economy, leading the way in economic growth and trade expansion.

The foundation of our economic growth has been the open multilateral trading system. Therefore, we pledge our utmost efforts to bring the Uruguay Round to a successful conclusion by December 15. We are determined the Asia Pacific region will lead the way in taking concrete steps to produce the strongest possible outcome in Geneva. Increased participation by APEC economies in a strengthened GATT system also will facilitate greater regional cooperation.

Our success has been the result of the ability of our societies to adapt to changing circumstances. Our economies are moving toward interdependence and there is a growing sense of community among us. We are united in our commitment to create a stable and prosperous future for our people.

Recognizing our economic interdependence as well as our economic diversity, we envision a community of Asia Pacific economies in which:

- The spirit of openness and partnership deepens, enabling us to find cooperative solutions to the challenges of our rapidly changing regional and global economy;

- We are a vast Asia Pacific market of two billion people where dynamic economic growth continues, contributing to an expanding world economy and supporting an open international trading system;
• We continue to reduce trade and investment barriers so that our trade expands within the region and with the world and goods, services, capital and investment flow freely among our economies;

• Our people share the benefits of economic growth through higher incomes, high skilled and high paying jobs and increased mobility;

• Improved education and training produce rising literacy rates, provide the skills for maintaining economic growth and encourage the sharing of ideas that contribute to the arts and sciences;

• Advances in telecommunications and transportation shrink time and distance barriers in our region and link our economies so that goods and people move quickly and efficiently;

• Our environment is improved as we protect the quality of our air, water and green spaces and manage our energy sources and renewable resources to ensure sustainable growth and provide a more secure future for our people.

We recognize this vision will become a reality only if we work together actively to secure it. We are convinced we can succeed. We intend to use our shared vision as a guide for developing the future of our region.

We reaffirm our support for the continued development of APEC as a forum dedicated to producing tangible economic benefits to the region. We urge APEC to expand its economic dialogue and advance its specific work projects. The entrepreneurial spirit and market-oriented policies that have driven our economic dynamism will continue to be fostered within APEC.

We welcome the challenge presented to us in the report of the APEC Eminent Persons Group to achieve free trade in the Asia Pacific, advance global trade liberalization and launch concrete programs to move us toward those long-term goals. We ask APEC to undertake work aimed at deepening and broadening the outcome of the Uruguay Round, strengthening trade and investment liberalization in the region, and facilitating regional cooperation, including in such areas as standards.

We agree to convene a meeting of APEC Finance Ministers to consult on broad economic issues including macroeconomic developments and capital flows. We believe such discussions will help us address some of the challenges facing the region, including ensuring non-inflationary regional growth, financing investment and infrastructure development, and promoting capital market development.
We ask business leaders to establish a Pacific Business Forum to identify issues APEC should address to facilitate regional trade and investment and encourage the further development of business networks throughout the region. We also ask APEC to strengthen its policy dialogue on small and medium size business enterprises.

We agree to make an investment in our future generations by establishing an APEC Education Program to develop regional cooperation in higher education, study key regional economic issues, improve worker skills, facilitate cultural and intellectual exchanges, enhance labor mobility and foster understanding of the diversity of our region. We agree to establish an APEC Business Volunteer Program to promote cooperation among us in the areas of human resource development and the exchange of management skills and techniques.

As members of APEC, we are committed to deepening our spirit of community based on our shared vision of achieving stability, security and prosperity for our peoples.

APEC Economic Leaders
Seattle, Washington
November 20, 1993
APEC LEADERS MEETING

20 November 1993

INITIATIVES

1. Finance Ministers meeting - convene a meeting of APEC finance ministers to discuss broad economic issues including macroeconomic developments and capital flows.

2. Pacific Business Forum - establish a forum comprised of two private sector representatives (including one representing small and medium business) from each APEC member to identify issues APEC should address to facilitate trade and investment in the region. The forum should present its report in 1994.

3. APEC Education Program - establish an APEC program to develop regional cooperation in higher education.

4. APEC Business Volunteer Program - establish a volunteer exchange program to promote human resource development.

5. Small and Medium Business Enterprise Ministers Meeting - convene a meeting of APEC ministers involved with small and medium business enterprises to discuss ways to improve the environment for the operation of these enterprises.

6. Investment Code - develop a non-binding code of principles covering investment issues.


8. Technology Transfer Exchange Center - establish a center to facilitate the exchange of technology and technology management skills among APEC members.
APEC ECONOMIC LEADERS’ DECLARATION
OF COMMON RESOLVE

Bogor, Indonesia

November 15, 1994

1. We, the economic leaders of APEC, came together at Bogor, Indonesia today to chart the future course of our economic cooperation which will enhance the prospects of an accelerated, balanced and equitable economic growth not only in the Asia-Pacific region, but throughout the world as well.

2. A year ago on Blake Island in Seattle, USA, we recognized that our diverse economies are becoming more interdependent and are moving toward a community of Asia-Pacific economies. We have issued a vision statement in which we pledged:

   -- to find cooperative solutions to the challenges of our rapidly changing regional and global economy;

   -- to support an expanding world economy and an open multilateral trading system;

   -- to continue to reduce barriers to trade and investment to enable goods, services and capital to flow freely among our economies;

   -- to ensure that our people share the benefits of economic growth, improve education and training, link our economies through advances in telecommunications and transportation, and use our resources sustainably.

3. We set our vision for the community of Asia-Pacific economies based on a recognition of the growing interdependence of our economically diverse region, which comprises developed, newly industrializing and developing economies. The Asia-Pacific industrialized economies will provide opportunities for developing economies to increase further their economic growth and their level of development. At the same time developing economies will strive to maintain high growth rates with the aim of attaining the level of prosperity now enjoyed by the newly industrializing economies. The approach will be coherent and comprehensive, embracing the three pillars of sustainable growth, equitable development and national stability. The narrowing gap in the stages of development among the Asia-Pacific economies will benefit all members and promote the attainment of Asia-Pacific economic progress as a whole.

4. As we approach the twenty-first century, APEC needs to reinforce economic cooperation in the Asia-Pacific region on the basis on equal partnership, shared responsibility, mutual respect, common interest, and common benefit, with the objective of APEC leading the way in:

   -- strengthening the open multilateral trading system;
-- enhancing trade and investment liberalization in the Asia-Pacific; and

-- intensifying Asia-Pacific development cooperation.

5. As the foundation of our market-driven economic growth has been the open multilateral trading system, it is fitting that APEC builds on the momentum generated by the outcome of the Uruguay Round of Multilateral Trade Negotiations and takes the lead in strengthening the open multilateral trading system.

We are pleased to note the significant contribution APEC made in bringing about a successful conclusion of the Uruguay Round. We agree to carry out our Uruguay Round commitments fully and without delay and call on all participants in the Uruguay Round to do the same.

To strengthen the open multilateral trading system we decide to accelerate the implementation of our Uruguay Round commitments and to undertake work aimed at deepening and broadening the outcome of the Uruguay Round. We also commit ourselves to our continuing process of unilateral trade and investment liberalization. As evidence of our commitment to the open multilateral trading system we further agree to a standstill under which we will endeavor to refrain from using measures which would have the effect of increasing levels of protection.

We call for the successful launching of the World Trade Organization (WTO). Full and active participation in and support of the WTO by all APEC economies is key to our ability to lead the way in strengthening the multilateral trading system. We call on all non-APEC members of the WTO to work together with APEC economies toward further multilateral liberalization.

6. With respect to our objective of enhancing trade and investment in the Asia-Pacific, we agree to adopt the long-term goal of free and open trade and investment in the Asia-Pacific. This goal will be pursued promptly by further reducing barriers to trade and investment and by promoting the free flow of goods, services and capital among our economies. We will achieve this goal in a GATT-consistent manner and believe our actions will be a powerful impetus for further liberalization at the multilateral level to which we remain fully committed.

We further agree to announce our commitment to complete the achievement of our goal of free and open trade and investment in the Asia-Pacific no later than the year 2020. The pace of implementation will take into account differing levels of economic development among APEC economies, with the industrialized economies achieving the goal of free and open trade and investment no later than the year 2010 and developing economies no later than the year 2020.

We wish to emphasize our strong opposition to the creation of an inward-looking trading bloc that would divert from the pursuit of global free trade. We are determined to pursue free and open trade and investment in the Asia-Pacific in a manner that will encourage
and strengthen trade and investment liberalization in the world as a whole. Thus, the outcome of trade and investment liberalization in the Asia-Pacific will not only be the actual reduction of barriers among APEC economies but also between APEC economies and non-APEC economies. In this respect we will give particular attention to our trade with non-APEC developing countries to ensure that they will also benefit from our trade and investment liberalization, in conformity with GATT/WTO provisions.

7. To complement and support this substantial process of liberalization, we decide to expand and accelerate APEC’S trade and investment facilitation programs. This will promote further the flow of goods, services, and capital among APEC economies by eliminating administrative and other impediments to trade and investment.

We emphasize the importance of trade facilitation because trade liberalization efforts alone are insufficient to generate trade expansion. Efforts at facilitating trade are important if the benefits of trade are to be truly enjoyed by both business and consumers. Trade facilitation has also a pertinent role in furthering our goal of achieving the fullest liberalization within the global context.

In particular we ask our ministers and officials to submit proposals on APEC arrangements on customs, standards, investment principles and administrative barriers to market access.

To facilitate regional investment flows and to strengthen APEC's dialogue on economic policy issues, we agree to continue the valuable consultations on economic growth strategies, regional capital flows and other macro-economic issues.

8. Our objective to intensify development cooperation among the community of Asia-Pacific economies will enable us to develop more effectively the human and natural resources of the Asia-Pacific region so as to attain sustainable growth and equitable development of APEC economies, while reducing economic disparities among them, and improving the economic and social well-being of our people. Such efforts will also facilitate the growth of trade and investment in the Asia-Pacific region.

Cooperative programs in this area cover expanded human resource development (such as education and training and especially improving management and technical skills), the development of APEC study centers, cooperation in science and technology (including technology transfer), measures aimed at promoting small and medium scale enterprises and steps to improve economic infrastructure, such as energy, transportation, information, telecommunications and tourism, with the aim of contributing to sustainable development.

Economic growth and development of the Asia-Pacific region has mainly been market-driven, based on the growing interlinkages between our business sectors in the region to support Asia-Pacific economic cooperation. Recognizing the role of the business sector in economic development, we agree to integrate the business sector in our programs and to create an ongoing mechanism for that purpose.
9. In order to facilitate and accelerate our cooperation, we agree that APEC economies that are ready to initiate and implement a cooperative arrangement may proceed to do so while those that are not yet ready to participate may join at a later date.

Trade and other economic disputes among APEC economies have negative implications for the implementation of agreed cooperative arrangements as well as for the spirit of cooperating. To assist in resolving such disputes and in avoiding its recurrent, we agree to examine the possibility of a voluntary consultative dispute mediation service, to supplement the WTO dispute settlement mechanism, which should continue to be the primary channel for resolving disputes.

10. Our goal is an ambitious one. But we are determined to demonstrate APEC's leadership in fostering further global trade and investment liberalization. Our goal entails a multiple year effort. We will start our concerted liberalization process form the very date of this statement.

We direct our ministers and officials to immediately begin preparing detailed proposals for implementing our present decisions. The proposals are to be submitted soon to the APEC economic leaders for their consideration and subsequent decisions. Such proposals should also address all impediments to achieving our goal. We ask ministers and officials to give serious consideration in their deliberations to the important recommendations contained in the reports of the Eminent Persons Group and the Pacific Business Forum.

11. We express our appreciation for the important and thoughtful recommendations contained in the reports of the Eminent Persons Groups and the Pacific Business Forum. The reports will be used as valuable points of reference in formulating policies in the cooperative framework of the community of Asia-Pacific economies. We agree to ask the two groups to continue with their activities to provide the APEC economic leaders with assessments of the progress of APEC and further recommendations for stepping up our cooperation.

We also ask the Eminent Persons Group and the Pacific Business Forum to review the interrelationships between APEC and the existing sub-regional arrangements (AFTA, ANZERTA and NAFTA) and to examine possible options to prevent obstacles to each other and to promote consistency in their relations.

APEC Economic Leaders
Bogor, Indonesia
November 15, 1994
EMINENT PERSONS GROUP REPORT

A VISION FOR APEC:
TOWARDS AN ASIA PACIFIC ECONOMIC COMMUNITY
November 1993

EXECUTIVE SUMMARY

1. At their Fourth Ministerial Meeting, in Bangkok in September 1992, APEC Ministers created an Eminent Persons Group to "enunciate a vision for trade in the Asia Pacific Region." This Report presents such a vision and recommends a series of actions to begin its realization. The Report is submitted unanimously by the eleven members of the Group. We convey it to APEC members with the hope that it will provide the foundation for the creation of a true Asia Pacific Economic Community, beginning at their Ministerial Meeting and Informal Leadership Conference in November 1993.

2. We recommend that APEC set a goal of free trade in the Asia Pacific to help realize the full economic potential of the region. To begin the process of achieving that goal, the members should promptly launch an ambitious but pragmatic and evolutionary trade facilitation program. In addition, technical cooperation among the members can help develop needed infrastructure and promote development in the less advanced parts of the region. Finally, a modest institutionalization of APEC is essential to facilitate and provide continuity for the process. This four part strategy can, over time, create a genuine Asia Pacific Economic Community.

3. Every member of the Asia Pacific region has a vital interest in the health and openness of the global economy and its institutions, notably the General Agreement on Tariffs and Trade (GATT). Our goal of "free trade in the Asia Pacific" should be pursued to the greatest extent possible through multilateral liberalization.

4. APEC should thus make every effort to achieve the successful conclusion of an ambitious Uruguay Round (UR) by the end of 1993. If the outcome is still uncertain at the time of the Seattle meetings, APEC should seek to break the deadlock by offering an additional package of liberalization and other proposals.

5. Many vital trade issues will remain unresolved even with a successful UR, however. Moreover, protectionism flourishes in the absence of continuing progress toward liberalization. Hence APEC should seek agreement in the GATT to launch another major global negotiation by the end of 1995. It
should immediately initiate international consultations to begin planning that
effort and urge GATT to create a Wise Persons Group to recommend a
detailed strategy.

6. To the extent necessary to achieve the ultimate goal of free trade in the region,
**APEC should also pursue an active program of regional trade liberalization.**
All such efforts should proceed on a GATT-consistent basis and maximize
their contribution to global openness. For example, APEC should seek
regional agreement on proposals which had been considered in the GATT
(e.g., during the UR) but could not yet be adopted there. It should offer to
multilateralize, in future global negotiations, all steps taken at the regional
level. The **Asia Pacific Economic Community should seek to "ratchet up" the process of global trade liberalization.**

7. We recommend that APEC members agree now to reach **agreement in 1996 on a target date and timetable for the achievement of free trade in the region.** It would be premature to set such schedules at this time: we do not yet know if the UR and subsequent GATT negotiations will revitalize the global trading system, it will take time to work out the agenda and modalities for the regional liberalization effort, APEC itself is still at an early stage of development, and the preparation of each member for participation in the process must be carefully assessed. But we believe that it is vital to set a date certain to make these fundamental decisions, to install an action-forcing timetable for implementing the vision that we recommend.

8. We recommend **immediate commencement of an extensive series of APEC trade and investment facilitation programs.** These programs would further enhance the prospects for trade and investment expansion, and hence rapid economic growth, in the region. In addition, their adoption would accelerate the process of active cooperation and institution-building among the members of APEC - and hence help lay the foundation for achieving the ultimate goals of free trade in the region and creation of an Asia Pacific Economic Community.

9. One such measure should be the adoption of an **Asia Pacific Investment Code,** to reduce the uncertainties and transaction costs of investment (and related trade) in the region.

10. APEC should adopt an **effective dispute settlement mechanism.** Such a mechanism could be based on either the Draft Final Act of the UR (the "Dunkel text"), if it is not adopted there, or the relevant provisions of the Canada-United States Free Trade Agreement [CUSFTA] (which would be largely incorporated as well in the proposed North American Free Trade Agreement [NAFTA]).
11. APEC Ministers and officials responsible for **macroeconomic and monetary policy** should begin to meet regularly. Cooperation on these issues is essential to support trade liberalization and facilitation, and could help promote regional growth and external equilibrium.

12. Similar cooperative efforts should be pursued in such areas as **competition policy**, especially as it relates to antidumping issues, mutual recognition of **product standards**, mutually accepted **testing and monitoring procedures** for standards in key sectors such as telecommunications and aviation safety, **environmental protection** and **rules of origin**.

13. **APEC's annual meetings should review, monitor and guide all aspects of this trade facilitation program** and integrate it with pursuit of the ultimate goal of free trade in the region. The annual meetings should also **review the progress of each of the subregional arrangements within APEC** – presently the Asean Free Trade Agreement [AFTA], The Australia New Zealand Closer Economic Relations Trade Agreement [ANZCERTA], the CUSFTA and potentially the NAFTA – to assure their consistency with the overall process.

14. **APEC should help generate region-wide support for the improvement of public infrastructure in such areas as higher education, transportation and telecommunications, and energy.** Improved infrastructure will further improve the economic environment and speed the progress of the less advanced APEC members. The private/business sector should be encouraged to participate in developing most of this infrastructure and there is no need to create an "APEC fund" or other new financial institutions at this time.

15. **APEC must develop its own institutional infrastructure** to help implement the vision that we offer. Leaders should meet at least once every three years to review and guide the process. Ministers responsible for economic policy must meet frequently to do so in the interim. The Secretariat should be staffed with permanent officials and be headed by an effective official of ministerial rank, but remain small and achieve maximum efficiency - in part by drawing on existing public and private organizations as extensively as possible. An effective decisionmaking process will have to be adopted.

16. Our Eminent Persons Group believes that the **APEC members face an historic opportunity.** The Asia Pacific is the most dynamic region of the world economy. It is likely to remain so over the coming decades. The end of the Cold War has opened new and unprecedented possibilities for international economic cooperation. The time has thus come to create an institutional framework that will help sustain rapid growth and development
in the region, promoting its stability and security as well as its prosperity. We recommend that APEC members endorse our vision and launch the program proposed here to begin the process.

**SUMMARY OF RECOMMENDATIONS**

**Trade Liberalization**

- **Global Trade Liberalization**

**Recommendation 1:**
*That the APEC members reiterate that global trade liberalization and a strong GATT system are their highest trade policy priorities and thus:*

A. Endorse successful completion of an ambitious Uruguay Round Agreement by the end of 1993;

B. If the outcome is still uncertain at the time of the APEC Ministerial, announce new liberalization offers in an effort to achieve a successful result;

C. Seek an agreement by the GATT contracting parties, to be included in the final act of the Uruguay Round, to launch the next major global negotiation by the end of 1995;

D. Initiate, immediately after completion of the Uruguay Round, international consultations to begin planning that next phase of global liberalization including creation by the GATT of a Wise Persons Group to recommend a specific course of action; and

E. Propose that the new negotiation inter alia substantially tighten the rules that govern regional arrangements and institute an annual review process for all such arrangements, volunteering to submit APEC itself and its several subregional pacts (AFTA, ANZCERTA, the prospective NAFTA) to such review.

- **Regional Trade Liberalization**

**Recommendation 2:**
*That the APEC members, wishing to strengthen the multilateral trading system through their efforts in the Asia Pacific Region as well as in the GATT itself, agree to pursue an active program of regional trade liberalization on a GATT-consistent basis to help create an Asia Pacific Economic Community. To that end, the members should now agree:*

A. On an ultimate goal of free trade within the region, through regional efforts as may be necessary to supplement future multilateral negotiations;
B. To determine the target date for reaching that goal, and the timetable for achieving it, in 1996;

C. To seek additional liberalization beyond what has proved possible at the global level, focusing on issues which (1) could not be agreed globally in the Uruguay Round (or previous GATT efforts) and (2) could be addressed in future multilateral talks, especially the next GATT negotiation proposed to begin by the end of 1995; and

D. To include such specific issues as competition policy, dispute settlement, environmental issues, export credits, financial services, foreign investment, government procurement, intellectual property rights, state trading, tariff reductions and tariff matching in particular sectors.

Trade Facilitation Programs

- An Asia Pacific Investment Code

**Recommendation 3:**
_APEC should adopt an Asia Pacific Investment Code [APIC] to reduce the uncertainties and transactions costs of trade and investment in the region._

- An Asia Pacific Dispute Settlement Process

**Recommendation 4:**
_Whether or not such changes are fully agreed in the Uruguay Round, APEC should adopt an effective dispute settlement mechanism, based on either the "Dunkel Text" or the Canada United States/NAFTA model, as soon as possible._

- Macroeconomic Policy Cooperation

**Recommendation 5:**
_Ministers and Officials responsible for macroeconomic and monetary policy in APEC members should meet regularly to develop and promote cooperation on these issues, to (1) support the liberalization and facilitation of trade in the region and (2) to promote growth and effective adjustment of regional imbalances._

- Competition Policy

**Recommendation 6:**
_As a first step, APEC should consider adopting a policy based on one of the existing models of international cooperation on competition policy._

- Standards, Regulations, And Procedures

**Recommendation 7:**
APEC should adopt a medium-term objective of mutual recognition of product standards and mutually acceptable domestic testing and monitoring procedures for standards in selected priority industries, such as telecommunications or aviation safety.

- The Environment

Recommendation 8:
APEC members should make sure that their trade and environmental policies are mutually reinforcing, and should endorse a commitment to GATT negotiations toward this end. In addition, the members should broaden their environmental consultations and coordination to focus efforts on standards, data, technologies, and regional approaches to these issues.

- Rules Of Origin

Recommendation 9:
APEC should address the issue of rules of origin in its annual reviews of subregional arrangements within the area. In addition, APEC members should consult promptly to find ways to prevent rules of origin from becoming a new and serious source of uncertainty hampering trade and cooperation either in the Asia Pacific or globally.

- The Overall Program

Recommendation 10:
In implementing this trade facilitation program, the annual APEC Ministerial Meetings should review the progress of each of its components.

- Technical Cooperation

Recommendation 11:
Region-wide support is needed to supply, in a balanced manner, such public infrastructure as higher education, transportation and telecommunication networks, and energy facilities. APEC should play a catalytic role in channeling such resources within the region.

Institutionalizing APEC

- Ministerial And Informal High-level Meetings

Recommendation 12:
Economic, Finance, Trade and Industry Ministers of APEC members should gradually assume the central role in the APEC process, including its annual Ministerial Meeting.

Recommendation 13:
Informal Leadership Meetings should be convened at least every three years.

- APEC Secretariat
Recommendation 14:
After the initial three years of operation of the Secretariat, APEC members should take a collective financial responsibility in recruiting and paying for its substantive staff.

APEC Work Programs

Recommendation 15:
APEC should limit its research priorities to a few vitally important regional economic issues, rather than involving itself and spreading its limited resources across ten work projects as at present.
EXECUTIVE SUMMARY

In our first Report a year ago, the Eminent Persons Group (EPG) recommended a bold, forward-looking and realistic vision for APEC: the progressive development of a community of Asia Pacific economies with free and open trade and investment. The APEC Leaders and Ministers, in their meetings in Seattle last November, launched initiatives to implement a number of our proposals. The Leaders in their Economic Vision Statement "welcome the challenge presented to us in the report of the APEC Eminent Persons Group (EPG) to achieve free trade in the Asia Pacific, advance global trade liberalization and launch concrete programs to move us toward these long-term goals".

In this second Report, we respond to the mandate given to us at Seattle: "to present further more specific proposals on how the recommended long-term vision might be realized". In carrying out this mandate, we have been guided by the following principles:

- **the principle of free trade and investment** - this has been critical to the past and present economic miracles of the Asia Pacific; free trade and investment are critical to the future of the Asia Pacific; history makes clear that to stand still is to risk backsliding into protectionism; the Asia Pacific has no choice but to move forward.

- **the principle of international cooperation** - APEC member economies have cooperated extensively and intensively through a variety of channels: bilateral, regional and global; the strengthening of this process of bilateral, regional and global cooperation, including through APEC, will provide a bulwark against conflict in the years and decades ahead;

- **the principle of regional solidarity** – as stressed in our first Report, the maintenance of close and growing relationships among the economies that rim the Pacific is crucial to all; friendship and solidarity must link and bind us together;

- **the principle of mutual benefit** – APEC must have a balanced programme that is responsive to the interests and needs of its varied membership; all must benefit to a similar and substantial degree;
• **the principle of mutual respect and egalitarianism** – we believe that the entire APEC enterprise should be conducted in the spirit of mutual respect and equality, informed by the understanding that different societies are at different stages, have different perspectives, different capabilities and different priorities;

• **the principle of pragmatism**, whose primary focus is result rather than form, achievement rather than doctrine; we believe that we should avoid over-institutionalization and over-bureaucratization; the approach followed by the European Community (EC) is one that is neither possible nor productive for the Asia Pacific; nothing in this Report should be read to imply any interest in emulating the European model;

• **the principle of decisionmaking on the basis of consensus, implementation on the basis on flexibility** – because decisionmaking based on consensus and implementation based on flexibility are realistic and productive; and last but by no means least,

• **the principle of "open regionalism"**, by which we mean a process of regional cooperation whose outcome is not only the actual reduction of internal (intra-regional) barriers to economic interaction but also the actual reduction of external barriers to economies not part of the regional enterprise; our commitment, above all, to the process of global liberalization, is thus in no way compromised; indeed it is emphasized and strengthened, because any regional enterprise governed by the principle of open regionalism will, by definition, be a building block for and contribute to a freer global economy. **Without any reservation whatsoever, we strongly oppose the creation of a trading bloc that would be inward-looking and that would divert from the pursuit of global free trade.**

We believe that the concept of "open regionalism" can be fully achieved if the APEC members continue to work for global liberalization in the General Agreement on Tariffs and Trade (GATT) and the new World Trade Organization (WTO), as they did so effectively in helping bring the Uruguay Round (UR) to a successful conclusion, and if they **include four nonmutually exclusive elements in their regional liberalization program:**

• **the maximum possible extent of unilateral liberalization;**

• **a commitment to further reduce their trade and investment barriers toward non-APEC countries;**
• an offer to extend the benefits of APEC liberalization to nonmembers on a mutually reciprocal basis; and

• recognition that any individual APEC member can extend its APEC liberalization toward free trade to nonmembers on a conditional basis (via free trade arrangements) or on an unconditional basis (to all nonmembers, or to all developing countries, in conformity with GATT rules), since there is absolutely no contemplation of creating a customs union that would require members to maintain common trade policies toward nonmembers.

Based on these principles, we recommend that APEC now adopt a comprehensive program to realize the vision of free and open trade in the region. At this year's meetings in Indonesia, Leaders and Ministers should:

• adopt the long-term goal of "free and open trade and investment in the region";

• aim to begin implementing APEC's program of trade liberalization to achieve that goal by the year 2000; and

• aim to complete the liberalization process by 2020, taking full account of the economic diversity of the region by having the more economically advanced members eliminate their barriers more quickly than the newly industrialized and developing members.

It is imperative to stress that APEC should achieve "free trade and investment in the region" in a manner that promotes trade and investment liberalization in the world as a whole. One of the most important functions of APEC, clearly, is to stimulate the world toward multilateral liberalization of trade and investment. APEC has been, and must remain, strongly opposed to the creation of an inward-looking trade bloc in the Asia Pacific even as it must similarly be opposed to such trade blocs elsewhere.

We also recommend that, while this program of future trade and investment liberalization is being worked out, APEC should vigorously pursue a program of trade facilitation and technical cooperation. We emphasize in particular the importance of the following initiatives:

• early adoption of an APEC Concord on Investment Principles, a voluntary code to further improve the environment for international direct investment and thus economic growth throughout the region;
• harmonization of national product standards and testing procedures or, in areas where this is not feasible, mutual recognition of each others' standards, to reduce international transactions costs and business uncertainties;

• cooperation on financial and macroeconomic issues, as begun by the APEC Ministers of Finance at their meeting in Honolulu in March 1994;

• cooperation on environmental issues, as begun by the APEC Environmental Ministers at their meeting in Vancouver in March 1994;

• creation of a task force to address the urgent problem of the proliferation of abusive antidumping practices. This group could also address the impact of domestic antitrust laws on international trade and eventually expand its focus into the area of competition policy; and

• creation of an APEC Dispute Mediation Service (DMS), as a complement to the dispute settlement mechanism in the new WTO, to provide a voluntary mechanism to help channel bilateral disagreements among members in constructive multilateral directions in cases which clearly fall outside the competence of the WTO; and

• technical cooperation with regard to public infrastructure, competent small and medium scale enterprises, education and other human resource development, all of which complement the market-driven integration of the region and enhance the effects of trade and investment facilitation and liberalization.

We believe that the program we put forward can, over time, develop into full fruition the community of Asia Pacific economies that was endorsed at Seattle. It will not be a community in the sense of the EC – characterized by acceptance of the transfer of sovereignty, deep integration and extensive institutionalization. It will rather be a community in the popular sense of a "big family" of like-minded economies – committed to friendship, cooperation and the removal of barriers to economic exchange among its members in the interest of all.

The program we propose will enable APEC to realize its potentially enormous contribution to the peoples of our region. It will enhance the prosperity and stability of the world as a whole. It will help lead the way into a harmonious and successful twenty-first century.

**SUMMARY OF RECOMMENDATIONS**
Achieving the Vision

- We recommend that APEC now adopt a comprehensive program to realize the vision of free and open trade in the region. At this year's meetings in Indonesia, Leaders and Ministers should:
  - adopt the long-term goal of "free and open trade and investment in the region";
  - aim to begin implementing the program of trade liberalization to achieve that goal by the year 2000; and
  - aim to complete the liberalization process by 2020, taking full account of the economic diversity of the region by having the more economically advanced members eliminate their barriers more quickly than the newly industrialized and developing members (pages 3-4).

- We recommend that APEC should vigorously pursue a trade facilitation and technical cooperation program that would emphasize in particular the following initiatives:
  - early adoption of a Concord on Investment Principles;
  - harmonization of national product standards and testing procedures or mutual recognition of each other's standards;
  - cooperation on financial and macroeconomic issues;
  - cooperation on environmental issues;
  - creation of a task force to address the urgent problem of the proliferation of abusive antidumping practices;
  - creation of an APEC Dispute Mediation Service; and
  - technical cooperation with regard to public infrastructure, competent small and medium-scale enterprises, education and other human resources development (pages 4-5).

The Global Trading System
• We recommend that APEC member economies proceed with their domestic ratification procedures for the UR as quickly as possible so that the WTO can be established and launch its activities at the earliest possible date (page 7).

• We recommend that APEC members that are not currently GATT members become Contracting Parties as soon as possible (page 8).

Trade and Investment Facilitation

• We recommend that the Leaders adopt an APEC Concord on Investment Principles when they meet in Indonesia in November (page 14).

• We recommend that APEC work toward:
  – adoption of an APEC Standards and Conformance Framework to guide progress on this range of issues;
  – identification of sectors where harmonization of standards could eliminate or reduce trade distortions, as a basis for developing proposals for each;
  – development of a model mutual recognition agreement among member governments that could provide the basis for acceptance of each others' standards, and of procedures for implementing that concept;
  – identification of sectors where early progress on mutual recognition would be most valuable and most feasible; and
  – acceptance of the conformity assessment principle "tested once, accepted everywhere," which will require mutual recognition of testing laboratories among APEC economies so that products need not be tested several times to gain acceptance in different national markets (page 16).

• We recommend that the APEC Finance Ministers use the occasion of the annual meetings of the IMF/World Bank and the ADB, when they come together in any event, for regular APEC consultations (page 17).

• We recommend that APEC members that have developed pro-environmental technologies share them with members that have not yet done so (page 18).
• We recommend that APEC members consider joint funding of environmentally sound development projects, with more advanced members contributing to the costs of pollution control in less advanced parts of the region (pages 18-19).

• We recommend that APEC seek to advance international acceptance of the principle of internalization of the costs of environmental protection, notably through the most widespread possible adoption of the "polluter pays principle" (page 19).

• We recommend the gradual convergence of environmental standards among APEC members, as part of the broader harmonization of product standards (page 20).

• We recommend that APEC create a separate task force on antidumping and restrictive business practices to address antidumping practices and the impact of national antitrust laws on international trade, with eventual expansion into the broader aspects of competition policy (page 21).

An APEC Dispute Mediation Service

• We recommend that APEC create a Dispute Mediation Service (DMS) that would provide assistance in resolving (and thus, over time, perhaps avoiding) economic disputes among its members (pages 23-24).

Trade Liberalization

• We recommend that APEC advocate the maximum extent of further unilateral liberalization by all member economies (page 27).

• We recommend that APEC adopt a nonmutually exclusive four-part formula to implement its commitment to open regionalism:
  
  – the maximum possible extent of unilateral liberalization;

  – a commitment to continue reducing its barriers to nonmember countries while it liberalizes internally on an MFN basis;

  – a willingness to extend its regional liberalization to nonmembers on a mutually reciprocal basis; and

  – recognition that any individual APEC member can unilaterally extend its APEC liberalization to nonmember countries on a conditional or an unconditional basis (page 30).
• We recommend that APEC address all areas of economic exchange in its liberalization strategy (page 35).

• We recommend that APEC assure the GATT-consistency of its liberalization program by declaring its intention to dismantle its barriers on substantially all trade (page 36).

• We recommend setting a timetable for deciding and achieving free trade and investment in the Asia Pacific region. The three key dates are the decision date, the start date and the completion date (page 38).

• We recommend a three-way differentiation in the timetables. As a general rule, the more economically advanced economies should eliminate their barriers on the most rapid of the three schedules, perhaps in ten years. The NIEs should liberalize on an intermediate timetable, perhaps of 15 years. The developing member economies should aim to fulfill their obligations on the slowest schedule, say over twenty years (page 40).

• We recommend the APEC Leaders make a decision in Indonesia this year to launch the process with a commitment to the ultimate goal, of comprehensive free trade in the region, and set its start and completion dates:

  – APEC should aim to start implementing its liberalization by the year 2000; and
  – APEC should aim to complete the achievement of free trade in the region by 2020 (pages 40-41).

• We recommend that the APEC member economies as a group accelerate implementation of the commitments they have undertaken in the UR (page 42).

• We recommend that flexible implementation become a principle in carrying out APEC's liberalization commitments (page 43).

• We recommend that APEC adopt a safeguard mechanism that is both more comprehensive in its coverage and more rigorous in its criteria and procedures than is now embodied in GATT (page 44).

• We recommend that APEC monitor the evolution of the subregional arrangements within the area to promote their consistency with the region-wide process (page 47).
• We recommend that the subregional arrangements within APEC publicly indicate their willingness to equalize the margins of preference that their members now enjoy in trade with each other with their other APEC trading partners, and eventually eliminate these margins on an APEC-wide basis (page 48).

• We recommend that APEC adopt rules of origin that support free trade through simplicity, transparency and application across-the-board (i.e., without sectoral exceptions) (page 48).
Technical Cooperation

- We recommend that a high priority on the APEC agenda be given to technical cooperation concerning infrastructure, competent SMEs, education and other human resources development, all of which complement market-driven integration and enhance the effects of trade and investment liberalization and facilitation (page 50).
EXECUTIVE SUMMARY

The Economic Leaders of the Asia Pacific Economic Cooperation (APEC), at their Blake Island meeting in November 1993, asked business leaders to establish a Pacific Business Forum (PBF) to "identify issues APEC should address to facilitate regional trade and investment and encourage the further development of business networks throughout the region". The Pacific Business Forum has met three times since its establishment and agreed on the following vision and recommendations. These offer a blueprint for the direction of APEC in the 21st century towards a community where the removal of barriers to the free flow of goods, services and capital, without discrimination among APEC member economies, and the development of human resources, will lead to the ultimate goal of economic growth and common prosperity. Thus our underlying theme is rapid movement towards free trade and investment liberalisation in the region, based on APEC's cardinal principle of open regionalism.

The Vision

Our vision for the Asia Pacific region is one where dynamic growth will continue for decades in a manner that benefits all sectors in all member economies and contributes to an increase in the standard of living of all the peoples of the Asia Pacific region. In order to achieve this, the APEC business/private sector's needs are fourfold: further trade and investment liberalisation and deregulation; the facilitation of existing and future business; the development of business and human resources support mechanisms such as infrastructure and technology, information exchange, structural adjustment programmes, education and training and the strengthening of small and medium enterprises in the region; and a partnership between business and government. Along with the efforts to achieve regional growth, increasing incomes and job opportunities, the need to protect and improve the environment is equally important.

The increasing globalisation of business means that the APEC community must develop region-wide practices and policies to facilitate the free flow of goods, services and capital within the region. APEC member economies also must successfully compete for scarce investment dollars from outside the region with the emerging economies in the rest of the world. Thus, the harmonisation of policies and practices, and the establishment of region-wide standards are a necessary complement to trade and investment liberalisation. The implementation of such liberalisation must be GATT/WTO consistent.

Liberalisation of the economic and business environment needs to be structured so that all APEC member economies benefit from increased growth and sustainable development,
leading to greater economic parity among member economies. To realise this, partnerships between the business sector and the APEC economies should be developed with corporate and governmental roles clearly defined and mutually accepted. APEC could take the lead role in developing and promoting these partnerships.

Finally, as APEC enters its sixth year, it must prove its value by making substantive and practical progress towards a predictable trade and investment environment in the Asia Pacific region. Businesses in the Asia Pacific region – indeed the world – are moving faster than the rules of international economic relations, and are bringing about an acceleration in market-induced movement towards free trade. As a result, businesses will not, and cannot, wait for governments. Businesses will go where bureaucracy is minimal and procedures straightforward and transparent. Therefore, APEC must achieve pragmatic results.

**Recommendations**
The Pacific Business Forum asks that APEC Leaders at their meeting in Bogor, Indonesia, endorse the following recommendations.

**FREE TRADE AND INVESTMENT LIBERALISATION**

APEC economies should achieve free trade and investment liberalisation in the region by the year 2002 for developed economies and no later than 2010 for all APEC economies. This goal should be adopted this year, 1994.

APEC Economic Leaders, as a matter of priority, should adopt immediately a policy of standstill on the introduction of new trade and investment barriers and incorporate the principles of a non-binding Asia Pacific Investment Code into domestic laws, where appropriate. The goal must be to adopt a binding investment code as soon as possible. The principles must include transparency, non-discrimination, national treatment, right of establishment, reporting requirements, investment incentives and dispute settlement.

APEC economies should implement the Uruguay Round commitments, accelerate the fulfilment of these commitments and undertake further market opening measures beyond those of the Uruguay Round. APEC Economic Leaders should support the wish of all APEC member economies to become members of the GATT/WTO.

**BUSINESS FACILITATION**

Transparency in administrative systems, rules and regulations should be a priority operating procedure for APEC member economies.

Adoption of a common APEC customs code should be an important goal. Customs processing should be accelerated through such measures as the simplification of documentation; the development of an electronic tariff database and the use of electronic documentation; the harmonisation of classifications; the establishment of a carnet system; and the establishment of education and training programmes for customs officers.
Visa requirements for intra-APEC business travel should be improved immediately through such measures as visa-free entry requirements for short stays; multiple-entry visas or "smart cards" with an expedited entry and exit facility for frequent business travellers; and work permits for temporary professional visits and for instructors and participants in overseas vocational training programmes.

Government practices and product standards that affect cross-border trade and investment should be harmonised. With respect to standards, mutual recognition agreements should be encouraged as an interim step towards full harmonisation.

APEC should examine ways of improving intellectual property protection in the region to foster the exchange of technology and information. Rapid implementation of the TRIPs agreement, encouraging all APEC members to adhere to the provisions of the Berne Convention, public education and awareness campaigns and effective enforcement of intellectual property laws are among the recommended actions.

APEC should examine existing government restrictions on technology transfer, with a view to eventually formulating a set of APEC-wide principles on technology transfer.

APEC should establish dispute settlement mechanisms within the APEC framework. These mechanisms could be used to settle intergovernmental and intercompany disputes.

The cost of capital in APEC member economies should be reduced through the further liberalisation and internationalisation of financial and capital markets in APEC economies; improving the regulatory environment of borrowing economies; improving and reinforcing the funding of international banks, as well as other development financing institutions; and examining the feasibility of establishing a new financial institution to increase the availability of long-term financing to the business sector in developing economies.

APEC economies should not engage in measures which would destabilise exchange rates, particularly between major currencies.

APEC should encourage the development of mechanisms to promote good business ethics and practices to eliminate corruption and anti-competitive practices.

HUMAN RESOURCES AND BUSINESS DEVELOPMENT POLICIES

APEC should continue to give priority to human resources development with business and the government sectors taking responsibility individually and jointly for training programmes such as entrepreneurial development programmes, manager exchange and development programmes, cultural exchanges, job retraining and so forth. APEC should encourage more intensive efforts in the regional transfer of skills technology and personnel.

With respect to cultural exchange programmes, the PBF recommends strengthening and expanding exchange, training and scholarship programmes.
APEC should emphasise the importance of small and medium enterprises (SMEs) and promote them in international markets through the provision of seed capital, tax incentives, start up schemes, improved access to finance, and enhancing their organisational and managerial capabilities. In this regard, special priority should be given to the development of local supporting industries and SME networking, including technological cooperation.

APEC should develop a comprehensive plan for region-wide infrastructure development which avoids the wasteful duplication of effort and includes a schedule of all major planned infrastructure projects. To this end, APEC should establish a joint public and business sector task force on region-wide infrastructure development. The group would assist in the preparation of the region-wide infrastructure development plan and articulate APEC's long-term vision for developing region-wide public and industrial infrastructure.

APEC should support the creation of regional and global communication networks with an open architecture, harmonised standards and system interoperability. This would allow technological advances to be incorporated quickly and efficiently into the global information superhighway. A meeting of ministers responsible for telecommunications policies should be convened in 1995 to address these issues.

APEC should encourage policies that promote structural adjustment and labour mobility in order to assist business owners and workers in declining industries to adapt their business activities and skills to changing economic conditions.

APEC should establish systematically best-practice benchmark models for key aspects of regional trade and investment.

GOVERNMENT/BUSINESS SECTOR PARTNERSHIP AND BUSINESS NETWORKING

APEC should improve the government/business sector partnership through the formation of joint committees on infrastructure development, information superhighways, SME development programmes, and human resources training programmes.

APEC should continue to encourage further privatisation efforts throughout the region, as they have enabled the business sector to play a more active and successful role in economic development and liberalisation.

APEC Economic Leaders should continue the dialogue with the business community and establish an APEC Business Advisory Forum, appointed by and reporting to them, to help achieve APEC's objectives. The Forum would complement, not replace, existing business organisations.

APEC should establish databanks which are accessible at low cost to a wide range of businesses to assist networking and the development of strategic alliances. APEC should also encourage the further development of region-wide business networking organisations.
LIST OF RECOMMENDATIONS

FREE TRADE AND INVESTMENT LIBERALISATION

Framework for Free Trade and Investment Liberalisation

- The PBF recommends that APEC Economic Leaders decide in 1994 to adopt the goal of free trade and investment liberalisation in the region.

- The PBF recommends as a goal that the implementation of free trade and investment liberalisation in the region be completed by the year 2002 by the developed economies, and no later than the year 2010 by the developing economies. The implementation of this programme must be GATT/WTO consistent and pursued in parallel with multilateral action.

- The PBF believes that APEC member economies should proceed towards free trade by such measures as the full implementation of the existing Uruguay Round commitments, further unilateral liberalisation, liberalisation within the existing sub-regional free trade areas in APEC, and an APEC-wide negotiation covering all goods and services. The PBF also recommends that APEC supports the wish of all member economies to become members of the GATT/WTO.

- The PBF urges APEC Economic Leaders to make a commitment to an immediate standstill on all new measures which hinder trade among APEC economies. The PBF recommends that APEC member economies adhere faithfully to the rules adopted by the Uruguay Round, to refrain from using dumping as a predatory pricing measure and to refrain from using antidumping trade actions as a protectionist measure.

Investment Initiatives

AN ASIA PACIFIC INVESTMENT CODE

- The PBF urges that the APEC Economic Leaders adopt the Asia Pacific Investment Code at their meeting in Bogor, Indonesia in November.

- The PBF urges APEC Economic Leaders to:
  
  (1) make a commitment to an immediate standstill on all new measures which hinder investment flows between members;

  (2) incorporate elements of the non-binding investment principles into their domestic investment laws where appropriate; and
(3) develop a legally enforceable and binding code of investment principles as soon as possible.

BUSINESS FACILITATION

Transparency

- The PBF recommends that APEC Economic Leaders make transparency a priority in their regulatory and administrative regimes and in the standard operating procedure in their economies, particularly in the case of the many rules and regulations affecting business.

Border Restrictions

CUSTOMS PROCESSING

- The PBF urges all APEC member economies to participate actively in the GATT 1994 three-year work programme on the harmonisation of rules of origin.

- The PBF recommends that measures to accelerate customs processing be implemented expeditiously. These include:

  (1) the simplification of customs documentation, such as reducing the length and number of forms that need to be completed;

  (2) education and training of customs officers to upgrade standards of proper and prompt implementation of customs processing;

  (3) the use of electronic means of customs documentation and processing;

  (4) the development of an APEC electronic tariff database;

  (5) the harmonisation of customs classifications, to reduce search time in determining the correct customs code for a specific product to be exported to or imported from different economies; and

  (6) the establishment of a carnet system, involving an acceleration of customs clearance for goods destined for promotional use.

VISA PROCESSING

- The PBF recommends the immediate implementation of:

  (1) the relaxation of visa requirements and acceleration of visa processing wherever possible;
(2) visa free entry for the citizens of other APEC member economies for short stays of, for example, up to seven days, which would cover a large percentage of business travel;

(3) the granting of multiple entry visas or special documentation, such as a "smart card", for frequent business travellers; holders of such documents should be entitled to use special immigration facilities which would expedite their entry and exit;

(4) temporary work permits for professional visits and short term residencies; and

(5) temporary visas for instructors and participants in overseas vocational training and apprenticeship programmes.

Standards and Conformance

- The PBF recommends that APEC member economies make every effort to move as quickly as possible towards the harmonisation of domestic product standards with international standards.

- The PBF recommends that APEC encourage the negotiation among its member economies of mutual recognition arrangements, covering a wide range of standards above a prescribed minimum threshold. The PBF urges APEC to accelerate its work currently underway aimed at broadening mutual recognition of testing and certification arrangements in the region.

Intellectual Property Rights

- The PBF recommends that all APEC member economies:

  (1) should begin implementation of the Trade Related Intellectual Property Issues (TRIPs) agreement in the shortest time possible, if they are signatories. Those economies that are not yet signatories should comply with the provisions of TRIPs as fully as possible. APEC should also encourage all members to adhere to the provisions of the Berne Convention;

  (2) undertake to develop credible enforcement, with penalties that effectively deter intellectual property violations;

  (3) conduct public education and awareness campaigns as a way of improving intellectual property protection;

  (4) agree to address within APEC the following intellectual property issues: copyrights, patents, trademarks, industrial design and trade secrets.

Technology Transfer
• The PBF recommends that APEC should examine existing government restrictions on technology transfer, with a view to eventually formulating a set of APEC-wide principles on technology transfer.

Dispute Settlement Mechanisms

• The PBF recommends that APEC Economic Leaders adopt a proposal to establish an agreed panel of third party APEC member economies to assist in dispute settlement between APEC members prior to taking the dispute to the GATT/WTO where appropriate, and undertake to give serious consideration to any guidance or recommendations offered by the third party panel.

• The PBF further recommends that APEC Economic Leaders agree to establish separate regional mechanisms for the settlement through mediation, arbitration, etc of commercial disputes between businesses in APEC economies, where the present procedures are unclear.

Business Ethics

• To promote good business ethics, the PBF recommends the following measures:

Government should:

(1) adopt a transparent, open style of government in order to reduce opportunities for discretionary and discriminatory behaviour. For example, government authorities could draw up clear licencing procedures;

(2) institute tough legal sanctions against corrupt practices. Corrupt practices and the associated penalties should be clearly defined in the relevant laws. Enforcement of these laws should be pursued vigorously and relentlessly. The enforcement agency should be independent and made accountable to the legislature or a public body to maintain its credibility;

(3) launch public education campaigns to raise public awareness of the desirability of sound business ethics; and

(4) include good business ethics and practices in school curricula and business/management programmes of tertiary institutions.

Business should:

(1) recommend, through chambers of commerce and trade and professional organisations, best business practices for members to follow;

(2) identify and promote better accounting and auditing methods which make it more difficult to hide corrupt practices; and
(3) encourage individual businesses to publish a corporate ethics statement emphasising the company's commitment and that of its employees to proper business practices.

HUMAN RESOURCES AND BUSINESS DEVELOPMENT POLICIES

Human Resources Development

- The PBF recommends more intensive efforts in the regional transfer of skills, technology and personnel. It urges both government and business to explore regularly new ways and means to continue and enhance cooperation in human resources development.

CULTURAL EXCHANGE

- The PBF recommends:

  (1) introducing or strengthening home-stay programmes among APEC member economies;

  (2) enhancing and expanding student exchange and training programmes; and

  (3) enhancing and expanding scholarship programmes for universities and business apprenticeships.

- The PBF recommends that the business sector in respective APEC member economies undertake some financial commitment to support cultural exchange.

Small and Medium Enterprises (SMEs)

SMEs IN REGIONAL BUSINESS ACTIVITIES

- The PBF recommends that APEC Economic Leaders institute programmes that:

  (1) provide seed capital to SMEs through networks of private and corporate investors and venture capital companies in order to link SMEs to risk capital, and tax incentives to encourage such linkage;

  (2) assist SMEs to develop high-technology products and processes through R&D, for example by the commercialisation of academic research and sponsorship of applied research;
(3) establish business incubators for start-up companies to nurture them through their initial and vulnerable stages of development;

(4) create linkages between large enterprises and SMEs within economies and across borders through, inter alia, subcontracts and procurements; and

(5) facilitate networks among SMEs within economies to reduce costs and share market intelligence.

TECHNOLOGICAL COOPERATION AMONG SMEs

- The PBF recommends that APEC member economies encourage technological cooperation among SMEs by offering administrative and fiscal incentives.

Infrastructure Development

REGION-WIDE INFRASTRUCTURE DEVELOPMENT

- The PBF recommends that a comprehensive plan for region-wide infrastructure development in key sectors be drawn up for the APEC region.

- The PBF recommends that a joint public and business/private sector task force on region-wide infrastructure development be established.

THE APEC INFORMATION INFRASTRUCTURE

- The PBF recommends that, while plans for the global information infrastructure are in their infancy, there should be consultations between the public and business sectors on issues related to information infrastructure.

- The PBF urges that a meeting of ministers responsible for telecommunications policies be convened in 1995 to address these issues.

Structural Adjustment Policies

- The PBF recommends that APEC member economies should promote both structural adjustment policies and policies to increase labour mobility.

Best-Practice Benchmarking

- The PBF recommends to APEC Economic Leaders that APEC systematically establish a set of best-practice benchmark models for major aspects of regional trade and investment.
GOVERNMENT/BUSINESS PARTNERSHIP & BUSINESS NETWORKING

Government/Business Sector Partnership

PRIVATISATION

- The PBF believes that APEC should continue to encourage further privatisation efforts throughout the region.

AN APEC BUSINESS ADVISORY FORUM

- The PBF recommends the continuation of the dialogue between the APEC Economic Leaders and the business community, and the establishment of an APEC Business Advisory Forum, appointed by and reporting to the Leaders, to achieve APEC’s objectives.

Business Networking

APEC ELECTRONIC-BASED BUSINESS NETWORKS

- The PBF recommends the development of an APEC electronic-based business network.
JOINT STATEMENT

Ministers from Australia, Brunei Darussalam, Canada, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, The Philippines, Singapore, Thailand, and the United States gathered in Canberra, Australia on 6-7 November 1989 to discuss how to advance the process of Asia Pacific Economic Cooperation. A full list of Ministers and Observers attending the Meeting is attached.

Discussions covered a variety of topics under four agenda items:

- World and Regional Economic Developments
- Global Trade Liberalisation - The Role of the Asia Pacific Region
- Opportunity for Regional Cooperation in Specific Areas, and
- Future Steps for Asia Pacific Economic Cooperation

At the conclusion of this first meeting, Ministers expressed satisfaction with the discussions, which demonstrated the value of closer regional consultation and economic cooperation on matters of mutual interest.

Ministers also expressed their recognition of the important contribution ASEAN and its dialogue relationships have played in the development to date of APEC, and noted the significant role ASEAN institutional mechanisms can continue to play in supporting the present effort to broaden and strengthen regional economic cooperation.

Multilateral Trade Negotiations

The discussions on world and regional developments, and on global trade liberalisation, focused particularly on the need to advance the present round of Multilateral Trade Negotiations. Every economy represented in Canberra relies heavily on a strong and open multilateral trading system, and none believes that Asia Pacific Economic Cooperation should be directed to the formation of a trading bloc.

Ministers agreed that the further opening of the multilateral trading system was of substantial and common interest for all countries in the region, and that the Uruguay Round represents the most immediate and practical opportunity to pursue this objective on a broad basis. In particular, Ministers reaffirmed their commitment to
open markets and to expand trade through the successful conclusion of the Round by December 1990.

Ministers agreed that continued close consultation within the region should be used wherever possible to promote a positive conclusion to the Round. In this respect, it was agreed that Ministers concerned with trade policy should meet in early September 1990 to discuss the emerging results and consider how to unblock any obstacles to a comprehensive and ambitious MTN result. Ministers would then meet again in Brussels in early December on the eve of the concluding session. In the meantime, senior officials should consult regularly in Geneva to exchange views on MTN progress.

Ministers expressed strong support for the timely and successful completion of the Uruguay Round. They noted that much remained to be done if the December 1990 conclusion was to be achieved. They called on all Contracting Parties to work with them more vigorously to that end.

**Future Steps**

Ministers agreed that it was premature at this stage to decide upon any particular structure either for a Ministerial-level forum or its necessary support mechanism, but that — while ideas were evolving — it was appropriate for further consultative meetings to take place and for work to be undertaken on matters of common interest and concern.

Accordingly, Ministers welcomed the invitation of Singapore to host a second Ministerial-level Consultative meeting in mid 1990, and they also welcomed the Republic of Korea's offer to host a third such meeting in Seoul during 1991.

Ministers asked their respective senior officials, together with representation from the ASEAN Secretariat, to meet early in 1990 to begin preparations for the next Ministerial-level consultative meeting.

They asked senior officials to undertake or set in train further work on a number of possible topics for regional economic cooperation, on the possible participation of other economies in future meetings, and on other issues related to the future of such cooperation, for consideration by Ministers at their next meeting.

**Summary Statement**

Attached to this joint statement is Chairman Evans's concluding summary statement which records the substance of discussions during this meeting.
Visiting participating Ministers and their Delegations expressed their deep appreciation to the Government and people of Australia for organising the meeting and for the excellent arrangements made for it, as well as for the warm hospitality extended to them.
CHAIRMAN'S SUMMARY STATEMENT

Introduction

1. This meeting has brought together in an unprecedented way key decision makers from 12 dynamic economies in the Asia Pacific Region: Brunei Darussalam, Canada, Indonesia, Japan, the Republic of Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, the United States and Australia. The presence here of ministers from across this vast region, addressing constructively and with great goodwill and commitment our common economic concerns, has shown that the time is indeed right to advance the process of Asia Pacific Economic Cooperation.

2. The stimulus for this meeting was Australian Prime Minister Hawke's call, in January 1989, for more effective Asia Pacific Economic Cooperation. That proposal stemmed from a recognition that the increasingly interdependence of regional economies indicated a need for effective consultations among regional decision-makers to:

   - help strengthen the multilateral trading system and enhance the prospects for success in the Uruguay round;
   - provide an opportunity to assess prospects for, and obstacles to, increased trade and investment flows within the Asia Pacific region; and
   - identify the range of practical common economic interests.

3. In making and following up this proposal Australia, working closely with ASEAN and other participants, sought to give a sense of direction to a range of earlier proposals for closer regional economic cooperation. The intense process of consultation which has taken place since January, and culminated in this meeting, has succeeded in those terms: for the first time we have had the opportunity to assess collectively, and in some depth, the economic prospect of the region, the factors which can help us to maintain the impressive momentum of growth of recent years as well as the problems which, if not anticipated, could impede future development.

4. A key theme which has run through all our deliberations in the last two days is that the continuing economic success of the region, with all its implications for improved living standards for our people, depends on preserving and improving the multilateral trading system through progressive enhancement of, and adherence to, the GATT framework. By contributing to that effort through the Uruguay Round
and beyond, this region can not only help assure its own economic future but improve economic prospects globally. We are all agreed that an open multilateral trading system has been, and remains, critical to rapid regional growth. None of us support the creation of trading blocs.
5. Our exchanges on world and regional economic developments have underlined the extent to which the economic prospects of regional economies are interconnected. Our discussions have highlighted the pace of structural change which has occurred in the region in recent years, and to the opportunities provided by emerging new patterns of regional and international specialisation. They have also underlined the strong contribution which sound macro- and micro-economic policies and market oriented reforms have played in the region's growth, and provided a useful opportunity for us to compare experiences on these matters.

6. Participants noted the changing relative strengths and the growing interdependence of regional economies. Participants noted that the non-inflationary economic expansion of the United States, now nearly 7 years in duration, has played a key role in the economic performance of the region. They also welcomed the extent to which Japan and other Western Pacific economies are acting increasingly as engines of growth for the region as a whole. The increase in living standards in all parts of the region in recent decades was particularly welcome. It was agreed that an important aspect of Asia Pacific Economic Cooperation is to maintain conditions which will lead to accelerated development in the currently less developed parts of the region, including the Pacific Island countries, and that open access to developed country markets is essential for such development.

7. Ministers also noted some potential threats to further growth and to the further productive interdependence of Asia Pacific economies. The positive trends of recent years could be disrupted if, instead of continued willingness to undertake structural change, there were to be increased resort to protectionism and if instead of positive joint international action to further liberalise trade, there were to be increased resort to retaliatory or defensive measures.

Trade Liberalisation — The Role of the Asia Pacific Region

8. There was general recognition that the Uruguay Round represents the principal, and most immediate and practical, opportunity before us to strengthen and further liberalise the multilateral trading system. All Ministers emphasised the importance, both for the region and for the world economy, of a timely and successful outcome to the Uruguay Round. In this regard, Ministers agreed that continued close consultation, and where possible, support for each others' Uruguay Round objectives could contribute significantly to achieving such an outcome.

9. In this respect, it was agreed that Ministers concerned with trade policy should meet in early September 1990 to discuss the emerging results and consider how to unblock any obstacles to a comprehensive and ambitious MTN result.
Ministers would then meet again in Brussels in early December on the eve of the concluding session. In the meantime, senior officials should consult regularly in Geneva to exchange views on MTN progress.
10. Ministers expressed strong support for the timely and successful completion of the GATT Round. Ministers noted that much remained to be done if the December 1990 conclusion was to be achieved. They called on all Contracting Parties to work with them more vigorously to that end.

11. Ministers agreed that the Asia Pacific region has a long-term common interest in promoting world-wide trade liberalisation. By working together, the region can inject positive views into a range of important international economic forums, including not only the GATT but the OECD, and sectoral bodies (eg the International Telecommunications Union). It was acknowledged that our regional economies would be better placed to show such leadership if we can continue the recent trend of reducing impediments to trade among ourselves, without discriminating against others. It was further agreed that the prospects for such further liberalisation of trade in the region would need to be based on better information about emerging regional trade patterns and developments, as well as the economic impact of such developments.

Regional Cooperation in Specific Areas

12. Rapid growth and increasingly interdependence in the Asia Pacific are giving rise to both challenges and opportunities at the sectoral level.

13. It was agreed that it would be useful to focus further on the scope for cooperation in the area of investment, technology transfer and associated areas of human resources development. Areas which warrant consideration include:

- cooperative programs for human resource development;
- the scope to enhance exchange of information on scientific, technological and industrial indicators, policies and developments;
- the scope to enhance the comparability of foreign direct investment statistics; and
- the scope for collaborative research and development projects.

14. In discussing the adequacy of regional infrastructure, Ministers concluded that there would be merit in seeking to develop techniques which might help countries in the region to better anticipate the kind of bottlenecks which might occur as a result of rapid growth. There was general support for work to explore further cooperation in specific areas relating to infrastructure, including telecommunications, maritime transport and aviation.
15. Ministers also noted the need to identify more clearly the scope to extend cooperation in other areas, including energy, resources, fisheries, the environment, trade promotion and tourism and it was agreed that officials should carry forward preliminary work in other areas for consideration at future meetings.

General Principles of Asia Pacific Economic Cooperation

16. The discussion of all these areas has served to underline the broad areas of economic interest participants have in common. In particular, a consensus emerged in the following principles of Asia Pacific Economic Cooperation:

- the objective of enhanced Asia Pacific Economic Cooperation is to sustain the growth and development of the region, and in this way, to contribute to the growth and development of the world economy;

- cooperation should recognise the diversity of the region, including differing social and economic systems and current levels of development;

- cooperation should involve a commitment to open dialogue and consensus, with equal respect for the views of all participants;

- cooperation should be based on non-formal consultative exchanges of views among Asia Pacific economies;

- cooperation should focus on those economic areas where there is scope to advance common interests and achieve mutual benefits;

- consistent with the interests of Asia Pacific economies, cooperation should be directed at strengthening the open multilateral trading system; it should not involve the formation of a trading bloc;

- cooperation should aim to strengthen the gains from interdependence, both for the region and the world economy, including by encouraging the flow of goods, services, capital and technology:

- cooperation should complement and draw upon, rather than detract from, existing organisations in the region, including formal intergovernmental bodies such as ASEAN and less formal consultative bodies like the Pacific Economic Cooperation Conference (PECC); and
participation by Asia Pacific economies should be assessed in the light of the strength of economic linkages with the region, and may be extended in future on the basis of consensus on the part of all participants.

Carrying Forward Regional Economic Cooperation

17. **Further Consultative Meetings.** It is evident that there is a large range of significant issues confronting the region, and affecting each participant's fundamental economic interests. Ministers agreed that it was premature at this stage to decide upon any particular structure for a Ministerial-level forum (or its necessary support mechanism), but that — while ideas were evolving — it was both appropriate and valuable for further consultative meetings to take place and for work to be undertaken on matters of common interest and concern. Accordingly, Ministers welcomed the invitation of Singapore to host a second Ministerial-level Consultative meeting in mid 1990, and they also welcomed the Republic of Korea's offer to host a third such meeting during 1991. It was further agreed that it would be appropriate, in the case of any future such meetings, for at least every other such meeting to be held in an ASEAN member country.

18. **Work Program.** Ministers agreed that if cooperation is to lead to increasingly tangible benefits, the process of cooperation needs to progress beyond agreements on general principles. This will involve the identification and implementation of specific projects as well as enhancing the capacity for objective professional analysis to allow a more systematic identification of our common interests. In this context, Ministers identified the following broad areas as the basis for the development of a work program:

- **Economic studies:** including the review and analysis of the economic outlook for the region and its implications for policy, and the improvement of regional economic and trade data;

- **Trade liberalisation:** with an initial focus on consultations among participants at Ministerial as well as official level to pursue a timely and comprehensive outcome for the Uruguay Round of multilateral trade negotiations;

- **Investment, technology transfer and human resource development:** including programs for information exchange and training; and

- **Sectoral cooperation:** in fields such as tourism, energy, trade promotion, environment matters and infrastructure development.
19. Within these categories, Ministers further identified a wide range of specific activities or projects which has significant potential for enhancing the process of regional economic cooperation; these are listed in the Attachment to this Summary Statement. It was agreed that these subjects should be closely considered by senior officials, together with any other proposals that may be made by participants, with a view to setting in train a viable short to medium-term work program. Progress in the implementation of that work program would be reviewed at the next Ministerial-level meeting.

20. Ministers agreed that two particular projects should proceed as soon as possible, viz:
   (a) Review of data on regional trade flows and developments (covering trade in goods and services) and on capital flows (including direct investment) in order to:
      - identify areas where there is a need to improve the comparability of regional data;
      - identify gaps in data and improve country and industry sector coverage; and
      - develop new data bases as necessary.
   (b) Examination of mechanisms to facilitate the identification of trade, investment and technology transfer opportunities in regional countries, which might include:
      - the establishment of joint sectoral industry groups to identify specific projects, particularly the small and medium scale industry;
      - a data base on commercial opportunities;
      - the promotion regional confederations of chambers of industry;
      - specific joint project investment studies; and
      - enterprise to enterprise linkages.

It was agreed that senior officials would settle the detailed arrangements for implementation of these projects at their next meeting.
21. **Support Mechanism.** While some Ministers expressed a preference for moving as soon as possible to servicing the future needs of the APEC process through specifically identified structural arrangements of one kind or another, it was agreed that consideration of the support mechanism would benefit from a further period of reflection and evolution of the cooperation process. Accordingly, Ministers agreed that arrangements for the next one or two Ministerial-level Meetings should be overseen by senior officials from participating economies, joined by representation from the ASEAN Secretariat.

22. It was agreed that this group of Senior Officials should convene at an early date, preferably no later than January 1990, in the first instance to advance a work program in the way outlined above.

23. It was agreed that follow-up work should draw on existing resources for analysis in the Asia Pacific region, including the work of PECC task forces. The Chairman of the Standing Committee of PECC indicated PECC's willingness to assist in this regard.

24. **Participation.** Ministers have noted the importance of the People's Republic of China and the economies of Hong Kong and Taiwan to future prosperity of the Asia Pacific region. Taking into account the general principles of cooperation identified above, and recognising that APEC is a non-formal forum for consultations among high-level representatives of significant economies in the Asia Pacific region, it has been agreed that it would be desirable to consider further the involvement of these three economies in the process of Asia Pacific Economic Cooperation.

25. It has been agreed that it would be appropriate for senior officials to undertake further consultations and consider issues related to future participation in the APEC process by these and other economies, including those of the Pacific Islands, and to report back to the next APEC Ministerial-level Meeting.

**Conclusion**

26. I believe we have made very worthwhile progress during our two days of discussions. We have been able to build on the efforts of those who have sought to promote Asia Pacific Economic Cooperation in the past and are able to look forward to a further positive process of evolution. Such evolution will take place on the basis of further careful consensus building, drawing constructively on existing mechanisms, such as the valuable institutions and processes of ASEAN as well as the analytical capacity of the PECC.

27. We have all been pleased with the way in which leaders from this diverse and dynamic region have been able to reach consensus on a range of important issues. There is good reason for confidence that, by sustaining the spirit of goodwill...
and flexibility which has been shown at this meeting, we can develop Asia Pacific Economic Cooperation to benefit not only the region, but to enhance world wide economic prospects.
SPECIFIC ELEMENTS OF A WORK PROGRAM

A) Economic Studies

- Convene regular consultations on the economic outlook for the region and factors influencing economic prospects, drawing on, for example, the work of the Pacific Economic Outlook work of the PECC.

- Review data on regional trade flows and developments (covering trade in goods and services) and on capital flows (including direct investment) in order to
  - identify areas where there is a need to improve the comparability of regional data
  - identify gaps in data and improve country and industry sector coverage
  - develop new data bases as necessary.

- Feasibility study as to what kind of analytical capacity might be desirable and affordable in order to project regional growth, investment patterns and trade flows, including for the purpose of anticipating potential infrastructure bottlenecks.

B) Trade

- Intensify regional consultations at appropriate levels (both Ministerial and official) to pursue a timely and comprehensive outcome to the Uruguay Round negotiations.
  - This would be usefully complemented by a working group of regional officials to support these consultations and other trade matters of regional interest.

- Review the differences in regional customs practices and procedures and the possibilities for harmonisation, including the liberalisation of business visa requirements.

- Form a regional association of trade promotion organisations to promote intra regional trade.

- Explore the scope for developing greater intra-industry trade including the establishment of a regional program of sub-contracting and multi-sourcing for finished products and industrial intermediates.
C) **Investment, Technology Transfer and Related Aspects of Human Resources Development**

- Examine mechanisms to facilitate the identification of trade, investment and technology transfer opportunities in regional countries, which might include
  - the establishment of joint sectoral industry groups to identify specific projects; particularly the small and medium scale industry;
  - a data base on commercial opportunities;
  - the promotion of regional confederations of chambers of industry;
  - specific joint project investment studies; and
  - enterprise to enterprise linkages.

- Coordinate regional trade promotion events and regional business seminars including consideration of an Asia Pacific Fair to promote regional trade, investment flows, technology transfer and human resources development.

- Examine the feasibility of establishing a "clearing house" mechanism (e.g., an Asia Pacific Information Centre for Science and Technology) for the exchange of information on scientific, technological and industrial indicators, policies and developments, including the implications for new skills in the region.

- Establish a comprehensive program for Human Resources development including the identification of critical skills and gaps in know-how; and the establishment of a data base on education and human resources planning and an informal information exchange network to share the expertise of regional countries.
  - Consider programs to establish networks among educational and related institutions, the exchange of managers, scientific and technical personnel throughout the region and the establishment of regional training programs including fellowships and scholarships.
  - Particular attention might be given to the needs of small and medium scale enterprises.

- Consider the concept of industrial/technology parks (centres of technical excellence), their possible contribution to infrastructural development in the Asia Pacific region and associated training programs.
• Undertake a survey of research and development activities and policies of each country in the region and assess the potential for regional R & D cooperation.

  – Areas for cooperative R & D might include micro electronics, information technology, genetic engineering, biotechnology, resources, biosphere, ecology and the environment.

D) Sectoral Cooperation

• Formation of groups of experts in each of the major infrastructure sectors (electric power, telecommunications) to assess national needs in the region, including technical studies of existing facilities and their development needs, the nature and extent of current bilateral assistance programs, the adequacy of bilateral and multilateral financing facilities to support infrastructure development and the scope for harmonising telecommunications standards in the region.

• Consider cooperative efforts in regional transportation links, including consultations and improved data collection, designed to provide cost effective capacity to meet anticipated growth in demand.

• Examine how to manage fisheries resources in the region in a way which maintains their long term economic viability and ensures a proper economic return to the owners of the resource.

  – recognising the scope for using existing organisations, such as the South Pacific Commission or the Forum Fisheries Agency, to build a framework for enhanced fisheries cooperation.

• Consider the scope for cooperative regional efforts to improve the long term economic viability of tropical forests, including research, and improved harvesting and management techniques.

• Examine the scope to improve regional exchanges in relation to the basic energy resource supply and demand outlook, and energy policies and priorities, including the environmental implications of growing energy use.

• Examine regional tourism trends and prospects, including the potential for cooperative measures to facilitate regional tourism.

• Improve remote sensing on a global scale, inter alia to provide early warnings of natural disasters and improved climatic change studies.

• Examine the interaction between environmental considerations and economic decision-making, initially in the area of ocean pollutants and other threats to
the Pacific environment with a view to strengthening marine resource conservation.
JOINT STATEMENT

1. Ministers from Australia, Brunei Darussalam, Canada, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Republic of Korea, Singapore, Thailand and the United States met in Singapore on 29-31 July 90 to continue their discussions on the process of Asia Pacific Economic Cooperation (APEC). The ASEAN Secretariat, the Pacific Economic Cooperation Conference (PECC) and the South Pacific Forum (SPF) were present as observers. A full list of Ministers and Observers attending the Meeting is attached. (Annex A).

2. The Meeting was co-chaired by Mr. Wong Kan Seng, Minister for Foreign Affairs and Minister for Community Development and BG (Res) Lee Hsien Loong, Minister for Trade and Industry and Second Minister for Defence (Services).

3. Ministers recalled Prime Minister Lee Kuan Yew’s keynote address in which he set forth the tone for the next two days’ meetings:

"All countries present today have grown faster because of the GATT-IMF multilateral free trade regime. It is in all our interests to keep open the system of free and fair trade.

Indeed APEC countries should set themselves up as examples of good GATT abiding citizens of the world and oppose the formation of trading blocs. In that way we will contribute to world economic growth."

4. Ministers also noted that without strong economic performance, democratic institutions cannot flourish, nor can social justice be promoted. Strong economic growth therefore promotes security in the region.

5. Ministers discussed a range of topics including:

a. World and Regional Economic Developments/Regional Economic Outlook

b. Global Trade Liberalisation — GATT Uruguay Round

c. APEC Work Projects

d. Future Participation.
6. Ministers reiterated their appreciation for the important contribution that ASEAN and its dialogue relationships have continued to play in the development of APEC and stressed that the enhancement of Asia Pacific Economic Cooperation would complement and strengthen the constructive role played by ASEAN. Ministers reaffirmed that APEC was outward-looking and did not aim to form a trading bloc, thereby contributing to further development of the world economy.

WORLD AND REGIONAL ECONOMIC DEVELOPMENTS

7. Ministers exchanged views on world and regional economic developments and noted that those economies following market-oriented policies have been among the most successful in providing their citizens with improving standards of living.

8. Ministers noted that the world economy and international trade would continue to expand in 1990 and 1991, albeit at a slower rate. Ministers also welcomed the concerted efforts made by all trading nations in conducting structural adjustments in their respective countries, for example the Structural Impediments Initiative Talks and the external effects that these would also have on third countries; the increasing awareness of the importance of sound domestic market-oriented policies; and the decrease in the external imbalances among major trading countries. They noted that these positive developments would help to reduce protectionist pressures and help bring about a more vibrant world economy to the benefit of all. Ministers agreed that increased international cooperation would help to ensure further progress in these areas.

9. Ministers examined the newly emerging patterns of trade, investment and specialisation in the Asia Pacific region, and the challenges and opportunities posed by these changes. There were discussions on continuing inflationary pressures in the light of robust economic growth in the region. Ministers noted that there had been some reduction in such pressures.

10. Ministers agreed that increased domestic capital formation and foreign investments in the Asia Pacific region should be encouraged. Ministers also agreed that increasing financial resource flows were an important requirement for sustained economic growth, as well as a means to address debt-related problems. They also agreed that the transfer of technology was an essential element of economic development and recognised that efforts were needed to improve the access of economies in the Asia Pacific region to productive technologies.

11. Mindful of the need for cooperation in the attainment of the overall objective of accelerating region-wide development, Ministers recognised the urgency of bridging the economic disparities in the Asia Pacific region.
12. Ministers expressed their support for, and looked forward to, the opening of the Central and East European economies to the world. Ministers also discussed the effects of the transition from centrally planned to market economies in these countries, and their implications for the Asia Pacific region. The changes in Europe could lead to increased flows of goods, technology, capital and investment to that region and could provide new export markets for APEC economies.

13. Ministers noted that the increase in global demand for savings could push up world interest rates unless careful macro-economic management was followed. Ministers cautioned that higher interest rates could have negative effects on debtor countries and implications for the world payments mechanism. The developing economies in the Asia Pacific will need to compete actively for scarce resources by following more market-oriented policies.

14. Ministers noted that the West European countries would be increasingly preoccupied with developments in Central and Eastern Europe, as well as the advent of the Single European Market. Ministers expressed the hope that the creation of a Single European Market would lead to the emergence of an outward-looking dynamic economy and not a more restrictive trading bloc.

15. Ministers agreed that consultation among policy makers in the region was valuable in their common efforts to sustain growth, promote adjustment, and reduce economic disparities.

GATT

16. Ministers agreed that the primary objective of APEC this year was to ensure a successful conclusion of the Uruguay Round. This was essential to preserve and enhance the open multilateral trading system on which their economies all depended.

17. Ministers reviewed the outcome of the July TNC meeting in Geneva and expressed grave concern that differences remained in key areas of the negotiations. They called for urgent efforts to overcome them and committed themselves to advancing the negotiations in accordance with the deadlines set forth in the TNC. In the light of such commitments, each Minister agreed to conduct an urgent review of all negotiating positions with a view towards finding increased flexibility and thereby facilitating a breakthrough in the negotiations which would resume on 27 August 1990. Ministers urged all non-APEC participants in the Uruguay Round to conduct similar reviews.

18. Ministers issued the Singapore APEC Declaration on the Uruguay Round (Annex B) and directed that consultations on the Round between APEC representatives should be intensified. They welcomed Canada’s decision to convene
a meeting of APEC Ministers concerned with trade policy in Vancouver from 11-12 September 1990. They intended that it should lead to a further consolidation of Asia Pacific views.

TRADE LIBERALISATION IN THE REGION

19. Ministers agreed that a continuing central theme of APEC, following the completion of the Uruguay Round, would be the promotion of a more open trading system. They agreed in this respect that it was desirable to reduce barriers to trade in goods and services among participants, so long as any such liberalisation was consistent with GATT principles and was not to the detriment of other parties. They agreed that senior officials should explore possibilities towards this end and that this matter should be further discussed at the Seoul Meeting.

WORK PROJECTS

20. At the Canberra Meeting, Ministers agreed that if Asia Pacific Economic Cooperation was to lead to tangible benefits, there was a need to progress beyond agreement on general principles. The Ministers had identified broad areas of cooperation, including economic studies; trade liberalisation; investment, technology transfer and human resources development; and sectoral cooperation as the basis for the development of a work programme.

21. Ministers expressed satisfaction that their senior officials, at the meetings in Singapore in March and May 1990, had advanced the work programme considerably. Seven potential work projects had been identified, and work had already begun. A number of shepherds' meetings and working group meetings on the work projects have been convened in the various APEC countries. The seven work projects are:

a. Review of Trade and Investment Data

To develop reliable and comparable data on trade and investment flows among the 12 APEC economies. The initial emphasis is on improving the comparability of merchandise trade data but preliminary work is also being undertaken on data on trade in services and investment flows.

b. Trade Promotion: Programmes and Mechanisms For Cooperation

To facilitate and promote expansion of trade amongst the APEC economies as well as with those outside the region so that the potential accruing from international specialisation and comparative advantage could be fully
exploited, five programmes have been proposed at the first meeting. These programmes include exchanging trade and industrial information; trade and economic missions; facilitating promotion seminars, trade fairs and training courses. One coordinating country has been designated to each programme. It was also agreed that the active involvement of the region's private sector was essential to expanding regional trade and that private sector representatives should be closely involved in each work programme.

c. Expansion of Investment and Technology Transfer in the Asia Pacific Region

To promote economic growth through expansion of investment and technology transfer in the Asia Pacific region. Towards this end, two projects will be initially undertaken, namely the establishment of an investment and technology information network for the Asia Pacific region taking into account established sources, and dissemination of experiences in the establishment and management of technoparks which are a potentially effective vehicle for investment expansion and technology transfer. These two projects would include cooperation in the field of research and development.

d. Asia Pacific Multilateral Human Resource Development Initiative

To foster human resource development activities in APEC economies in such areas as development management and planning, business management, and industrial technology and training, particularly taking into account the serious shortage in ASEAN countries of planners and coordinators for national development policy as well as managers and engineers in private sector. In this regard, Ministers took positive note of the US initiative for an APEC partnership for education.

e. Regional Energy Cooperation

To provide the means for exchanges amongst high-level policy decision-makers on the issues and developments affecting the energy sector in the Asia Pacific region. Six specific themes will be developed: information exchanges on energy trends; supply and demand outlook; energy conservation and efficiency; research and development; environmental factors and energy technology transfer.

A coordinating country for each theme is being determined and a working meeting of energy experts will be held later this year or early next year.
f. **Marine Resource Conservation: Problem of Marine Pollution in the APEC Region**

The objective is to establish a dialogue on the Pacific marine environment which recognizes the economic benefits of sustainable development. The initial focus of this dialogue would be the marine transport of hazardous substances, the discharge of marine pollutants, and the problem of marine debris. An experts workshop will be convened in Vancouver in November 1990 for the purpose of developing recommendations for Ministers.

g. **Telecommunications**

To study a specific prototype project taking into consideration the following areas to be prioritised, namely human resource development, technology transfer and regional cooperation, opportunities for on-site visits/observerships/fellowships and telecommunications standardisation (involving the compatibility of equipment).

22. Ministers reviewed and endorsed the seven work projects as concrete areas for closer cooperation among the APEC economies. Ministers encouraged the senior officials to advance these work projects so as to achieve optimum results. Ministers reconfirmed that wherever possible, the APEC process should make use of existing cooperation mechanisms to avoid duplication of efforts. Ministers recognised the necessity of close collaboration with the private sector throughout the APEC work programme and noted in particular the valuable work done by PECC and the Pacific Basin Economic Council.

23. Ministers noted the Report by the PECC Task Force on the Management of Fisheries Resources and referred it to their senior officials. Ministers also asked their officials to report on the potential benefits of additional work projects in the areas of transportation, tourism and fisheries.

**VENUE FOR FUTURE APEC MEETINGS**

24. Ministers welcomed the Republic of Korea’s offer to convene the Third Ministerial-level Meeting in Seoul in mid-October 1991. They asked their respective senior officials together with representation from the ASEAN Secretariat, PECC and SPF, to meet later this year to begin preparations for their next Meeting.

25. Ministers also welcomed Thailand’s offer to host the Fourth Ministerial-level Meeting in 1992 and the United States’ offer to host the Fifth Ministerial-level Meeting in 1993.
FUTURE PARTICIPATION IN APEC

26. Recognising that APEC is a non-formal forum for consultations among high-level representatives of economies with strong or increasing economic linkages in the Asia Pacific region, Ministers agreed to keep under review in subsequent meetings the question of additional participation.

27. Ministers acknowledged the particularly significant role in the Asia Pacific region of the three economies of the PRC, Taiwan and Hong Kong, both in terms of present economic activity and their importance for the region's future prosperity. They reaffirmed their view, expressed in Canberra in 1989, that it was desirable for these three economies to participate in future APEC consultative meetings.

28. Ministers agreed that consultations should proceed with the three economies, with a view to reaching arrangements agreeable to those three and to the current members of APEC for all three to participate in APEC at the same time, either at the Seoul meeting or as soon as possible thereafter. The results of these consultations will be conveyed to Ministers.

OTHER MATTERS

29. At the conclusion of this Second Meeting, Ministers expressed satisfaction with the discussions which reaffirmed the value of closer regional consultation and economic cooperation on matters of mutual interest.

30. Ministers and their delegations expressed their appreciation to the Government and people of the Republic of Singapore for organising the meeting, for the excellent arrangements made for it as well as for the warm hospitality extended to them.
Annex B

APEC DECLARATION ON THE URUGUAY ROUND
Singapore, 30 July 1990

1. Ministers from Australia, Brunei Darussalam, Canada, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand and the United States met in Singapore on 30-31 July 90 and assessed the progress of the Uruguay Round of Multilateral Trade Negotiations in the light of the recent meeting of the Trade Negotiations Committee. Ministers agreed that a successful conclusion of the Uruguay Round is the single most important issue on the international agenda.

2. Ministers expressed grave concern that greater progress had not been made and reiterated their firm commitment to a timely and successful completion of the Uruguay Round. They agreed that at this juncture of the negotiating process all participants must be prepared urgently to undertake commitments and political decisions to overcome the core difficulties in order that the Uruguay Round would achieve major and substantive results by December 1990. They urged all participants to engage fully and constructively in the intensified work programme accepted at the TNC Meeting.

3. Ministers emphasized that a significant outcome in Agriculture, and in Textiles and Clothing, Services, and each of the market access groups is crucial to a successful outcome in the Uruguay Round. They noted with concern a lack of progress in these areas of negotiations and called on all participants in the Round to intensify their efforts. They noted that access negotiations in certain sectors could not be further deferred and recommended that negotiations among all participants in the Round should proceed on an urgent basis. They committed themselves to advancing access negotiations in accordance with the deadline as set down by the TNC.

4. Ministers emphasized that the trade rules emerging from the Uruguay Round must enhance open and fair competition. They agreed on the need for a strengthened multilateral trading system. They stressed the importance of achieving a more effective GATT Dispute Settlement System, which should lead to a commitment to operate only under the multilateral rules.

5. Ministers shared the belief that the results of negotiations in the new areas should meet the concerns of all participants to ensure full participation.

6. Ministers confirmed their intention to meet in Vancouver, Canada on September 11 and 12, 1990 to further assess developments in the Uruguay Round and to consider ways by which they could unblock any obstacles to a comprehensive and ambitious Uruguay Round result. They reaffirmed their intention at that time to achieve progress in all aspects of the negotiations.

7. Ministers also agreed to convene a special meeting of APEC Ministers concerned with Trade Policy soon after the finish of the Round to assess its results.
JOINT STATEMENT

1. Ministers from Australia, Brunei Darussalam, Canada, People's Republic of China, Hong Kong, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Chinese Taipei, Thailand, and the United States met in Seoul from 12-14 November 1991 to continue their discussion on the process of Asia-Pacific Economic Cooperation (APEC). The ASEAN Secretariat, the Pacific Economic Cooperation Conference (PECC) and the South Pacific Forum (SPF) were present as observers. A complete list of Ministers and observers in attendance at the Meeting is attached (Annex A).

2. The Meeting was co-chaired by Mr. Lee Sang-Ock, Minister of Foreign Affairs, and Dr. Bong-Suh Lee, Minister of Trade and Industry, of the Republic of Korea.

3. Ministers thanked H.E. Roh Tae Woo, President of the Republic of Korea, for his keynote address in which he emphasised that:

   APEC, whose fifteen economies are producing one half of the global output, has reached a stage where an institutional base should be established in order to represent the common economic interests of the region and to promote intraregional trade and economic cooperation;

   APEC should set an example of open regionalism under the principles of free trade thereby complementing and strengthening the multilateral free trade system; and

   APEC, as a region-wide framework for cooperation, should play a central role in promoting a harmonious and balanced development of the trans-Pacific relations by embracing sub-regional economic groups within the Asia-Pacific region.

4. Following the agreement at the Singapore Ministerial Meeting, the Republic of Korea, in its capacity as Chair of APEC, conducted consultations with the People's Republic of China, Hong Kong and Chinese Taipei, and reached an agreement enabling them to participate in APEC at the same time. Ministers approved the recommendation of Senior Officials that the three be invited to participate in the third Ministerial Meeting.
5. Ministers welcomed the participation in APEC of the People's Republic of China, Hong Kong and Chinese Taipei and reaffirmed that the participation of these three important economies would greatly contribute to the process of economic cooperation in the region.

6. Ministers held discussions on a range of topics, including:
   a. Consolidation of APEC's principles and objectives
   b. Regional economic trends and issues
   c. Uruguay Round and trade liberalisation in the region
   d. APEC work program
   e. Future steps for APEC

APEC'S PRINCIPLES AND OBJECTIVES: SEOUL APEC DECLARATION

7. Ministers noted with satisfaction the development of APEC to date as a region-wide framework for cooperation and agreed that the process had reached a stage where a firm foundation for its future development should be established. They adopted the Seoul APEC Declaration (Annex B).

8. Ministers agreed that the Declaration is a significant step forward for the development of the APEC process. The Declaration represents the principles, objectives and understandings of APEC; endows APEC with a clear international personality; and provides a firm foundation on which to base APEC's work in the years to come.

REGIONAL ECONOMIC TRENDS AND ISSUES

9. Ministers exchanged views on regional economic trends and identified a number of issues of ongoing economic concern to the region. Ministers considered the report prepared by the Ad Hoc Group on Economic Trends and Issues chaired by Canada and Thailand. Ministers identified Asia-Pacific as one of the most dynamic economic regions, with growing interdependencies in trade and investment flows, and recognised the important role that a regional economic dialogue can play.

10. Ministers reviewed the trends in growth, inflation and current account balances in the APEC region. Ministers were of the view that the prospects for APEC economies were generally good. Ministers noted that much of regional growth is based on strong and persistent domestic demand in the APEC economies.
11. With respect to inflation, the overall expectation was for improved performance throughout the APEC region in 1991 and 1992, sustained by appropriate economic policies. It was recognised, however, that this issue would require ongoing vigilance. There was discussion of the performance of APEC economies' current accounts over recent years and of the trend to reduction in imbalances. It was also noted that some economies may experience an increase in imbalances in the short term.

12. Ministers discussed a number of issues of ongoing concern including: sustaining non-inflationary growth, labor and capital shortages, regional patterns of trade and investment, the environment and the economy, implications of changes in the Soviet economy, market access and the Uruguay Round outcome, structural adjustment and economic diversification.

13. Ministers welcomed the proposal by Japan to undertake a survey of economic linkages among APEC economies, the results of which will be discussed at the next Ad Hoc Economic Group meeting, along with continuing discussions on the economic outlook and trends.

**URUGUAY ROUND**

14. Recognising the critical importance of achieving a successful outcome of the Uruguay Round, Ministers issued a separate APEC Declaration on the Uruguay Round (Annex C).

**TRADE LIBERALISATION IN THE REGION**

15. Ministers considered the report of Senior Officials on the scope for trade liberalisation in the region, mandated at the Singapore Ministerial Meeting. They noted that one of the underlying principles behind APEC has been to exert a strong, positive influence on the future evolution of the global trading system, and that APEC's capacity to do this will be greatly enhanced through setting a positive example. Pursuing trade liberalisation within APEC on a GATT-consistent basis and not to the detriment of others will provide a powerful complement to multilateral trade liberalisation, as well as providing a stronger basis for increasing trade within the region to the mutual benefit of APEC participants.

16. Ministers discussed a number of options for enhancing trade flows within the region and endorsed the report of Senior Officials. Ministers reaffirmed the desirability of convening a meeting of APEC Ministers concerned with trade policy following conclusion of the Uruguay Round to assess the outcome of the Round for the region. Ministers further instructed Senior Officials to continue their work in this
important area and, in particular, to identify options and make recommendations for approaches to trade liberalisation in the region.

17. Ministers also considered the option of inviting a Group of Eminent Persons from among the region to consider the likely shape of trade in the Asia-Pacific over the medium-term, and to identify constraints and issues that would need to be addressed by governments in order to realise the potential for trade in the region. Ministers saw merit in the idea, and considered that it needed to be studied further, particularly in the light of the outcome of the Uruguay Round. Ministers directed Senior Officials to give further consideration to the idea, including whether it would be desirable to be more broad ranging in scope and the possible connections with the study of economic linkages among APEC economies, and report back to Ministers.

18. Ministers noted that there is a broad range of consultations occurring on trade issues within the region. The nature and outcomes of such trade policy consultations have considerable potential for influencing the future of the multilateral trading system. Ministers agreed that any trade policy actions involving APEC participants should be designed to maximise trade creation, should not lead to new barriers to trade or investment, and should be consistent with APEC’s overriding objective of an open and free multilateral trading system.

APEC WORK PROGRAM

19. Ministers reviewed the Consolidated Report on the work program prepared by the Chairmen's Group composed of Australia, Singapore, Korea, Thailand and the United States. Ministers expressed satisfaction with the continuing progress made in the activities of the work program, and noted that in several areas substantial benefit to the region had already been derived.

20. Ministers endorsed the recommendation by Senior Officials to adopt three additional work projects, in the areas of fisheries, transportation, and tourism, thereby expanding the work program to ten work projects. Ministers directed officials to pursue vigorously the further development of the work projects and noted the following:

   a. Review of Trade and Investment Data

      A preliminary inventory on merchandise trade data has been developed and inventories for investment and service flow data are underway.

   b. Trade Promotion: Programs and Mechanisms for Cooperation
The APEC Electronic Information Network (APEC ELIN), which connects Singapore’s TDB GlobaLink with the computer system of each APEC member, was established and is ready for the exchange of trade and industrial information.

c. Expansion of Investment and Technology Transfer in the Asia-Pacific Region

A manual and inventory have been finalised to assist in the creation and management of technoparks. Technopark seminars and site visits were held. An Asia-Pacific Investment and Technology Information Network (APITIN) is in preparation.

d. Asia-Pacific Multilateral Human Resource Development Initiative (HRD)

HRD networks in economic development, business management and industrial technology, were established. Formulation seminars were held in 1991, at which work plans for 1991/1992 were drafted. The APEC partnership for Education has 13 Asia-Pacific university contracts in place.

e. Regional Energy Cooperation

Energy supply and demand data was collected from members for the establishment of a Regional Energy Database. Potential use of clean coal technology will be studied and the merit of establishing an APEC Coal Utilisation Center for the development and introduction of these technologies is under consideration. An expert group will meet to review specific work plans in the field of R&D and discuss technology transfer.

f. Marine Resource Conservation: Problem of Marine Pollution in the APEC Region

Land-based pollution was identified as the focus of activity and integrated coastal zone planning was endorsed as a means to address marine environment protection and sustainable development. An experts task force will implement pilot projects in this area.

g. Telecommunications

Data on telecommunication environments in this region was published and distributed to the Ministers. This data will be used to
develop recommendations for Ministers on measures that participants may take to promote development and efficient use of infrastructures. APEC's electronic data interchange (EDI) project can lead to total electronic exchange of trade documents within the region by the end of the decade. A teleport seminar was held in cooperation with PECC. Guidelines on "How to approach training within a telecommunication organisation" will be completed by next Ministerial Meeting in Bangkok.

h. Fisheries

Specific work plans are under development, including identification of fish stocks with management problems requiring international cooperation; arrangements that have been implemented to deal with management issues; cooperation in fish harvesting and post-harvesting technologies; and cooperation in product marketing.

i. Transportation

Short term projects identified are surveys of transportation bottlenecks in cooperation with PECC, of existing transportation data, of transportation systems and services, and a review of related transportation work in other international bodies. Medium term projects include a regional transportation system.

j. Tourism

Work plans include the improvement of data collection and statistical reporting; identification and reduction of impediments to tourism; tourism training and education, and; compilation of an inventory on current tourism projects and tourism-related events by APEC participants.

21. Ministers reviewed the description and evaluation of the work program activities provided by Senior Officials in the Consolidated Report. Discussions focused on the issues of the interrelationship among individual work projects, the administrative and funding requirements of the projects and the desirability of enhancing active private sector involvement in the work program.

22. Ministers recognised that the issues highlighted in the Consolidated Report need to be resolved in order to advance the work program and provide further benefits to the region. Ministers acknowledged that overall coordination and management of the APEC work program depends upon the efforts of all participants.
FUTURE STEPS FOR APEC

23. With a view to further strengthening APEC's role and enhancing its efficiency in promoting regional economic cooperation, Ministers recognised the need to consider, among others, the possibility of establishing a mechanism on a permanent basis to provide support and coordination for APEC activities at various levels; ways to finance APEC activities, including a procedure for apportionment of expenses; and other organisational matters.

24. Ministers agreed that the complexity of the issues required further in-depth study. They entrusted Senior Officials with the task of completing an extensive review of the issues and providing options and recommendations for decision at the fourth Ministerial Meeting. On this issue, Thailand will convene a meeting composed of a Chairmen's Group and other interested participants prior to the next SOM.

PARTICIPATION

25. Ministers took note of the interest expressed by a number of countries and organisations in participating in or associating themselves with APEC. Ministers reaffirmed that APEC is an open and evolving process and requested Senior Officials to further consider the issue of additional participation, taking into account the criteria in the Seoul APEC Declaration, and report back to the fourth Ministerial Meeting in Thailand.

VENUES FOR FUTURE APEC MINISTERIAL MEETINGS

26. The fourth Ministerial Meeting will be held in Thailand in 1992; the fifth Ministerial Meeting will be held in the United States in 1993; and Ministers welcomed Indonesia's offer to host the sixth Ministerial Meeting in 1994.

OTHER MATTERS

27. At the conclusion of this third Meeting, Ministers expressed satisfaction with the discussions which reaffirmed the value of closer regional consultation and economic cooperation on matters of mutual interest.

28. Ministers and their delegations expressed their appreciation to the Government and people of the Republic of Korea for organising the meeting, for the excellent arrangements made for it as well as for the warm hospitality extended to them.
Representatives of Australia, Brunei Darussalam, Canada, the People's Republic of China, Hong Kong, Indonesia, Japan, the Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Chinese Taipei, Thailand and the United States of America, meeting in Seoul from 12 to 14 November 1991 at Ministerial level,

Recognising that the dynamic growth of economies of the Asia-Pacific region has brought with it growing economic interdependence and strong common interests in maintaining the region's economic dynamism;

Conscious of the vital interests shared by the Asia-Pacific economies in the expansion of free trade and investment, both at the regional and global level, and of the dangers inherent in protectionism;

Recognising that the healthy and balanced development of economic interdependence within the Asia-Pacific region based upon openness and a spirit of partnership is essential for the prosperity, stability and progress of the entire region;

Convinced that closer cooperation is needed to utilize more effectively human and natural resources of the Asia-Pacific region so as to attain sustainable growth of its economies while reducing economic disparities among them and improve the economic and social well-being of its peoples;

Recalling the productive outcome of their two previous meetings held in Canberra, 5-7 November 1989 and in Singapore, 29-31 July 1990, the basic principles for Asia-Pacific Economic Cooperation which emerged therefrom, and the process of consultations and cooperation evolving among the participating Asia-Pacific economies;

Acknowledging the important contribution made by the Association of South-East Asian Nations (ASEAN) and the pioneer role played by the Pacific Economic Cooperation Conference (PECC) in fostering closer regional links and dialogue;

Recognising the important role played by the GATT in fostering a healthy and open multilateral trading system, in reducing barriers to trade and in eliminating discriminatory treatment in international commerce;

Believing that Asia-Pacific Economic Cooperation should serve as an exemplary model of open regional cooperation;

Do hereby declare as follows:

**OBJECTIVES**
1. The objectives of Asia-Pacific Economic Cooperation (hereinafter referred to as APEC) will be:

(a) to sustain the growth and development of the region for the common good of its peoples and, in this way, to contribute to the growth and development of the world economy;

(b) to enhance the positive gains, both for the region and the world economy, resulting from increasing economic interdependence, including by encouraging the flow of goods, services, capital and technology;

(c) to develop and strengthen the open multilateral trading system in the interest of Asia-Pacific and all other economies;

(d) to reduce barriers to trade in goods and services and investment among participants in a manner consistent with GATT principles, where applicable, and without detriment to other economies.

SCOPE OF ACTIVITY

2. APEC will focus on those economic areas where there is scope to advance common interests and achieve mutual benefits, including through:

(a) exchange of information and consultation on policies and developments relevant to the common efforts of APEC economies to sustain growth, promote adjustment and reduce economic disparities;

(b) development of strategies to reduce impediments to the flow of goods and services and investment world-wide and within the region;

(c) promotion of regional trade, investment, financial resource flows, human resources development, technology transfer, industrial cooperation and infrastructure development;

(d) cooperation in specific sectors such as energy, environment, fisheries, tourism, transportation and telecommunications.

3. In each of these fields, APEC will seek:

(a) to improve the identification and definition of the region's common interests and, where appropriate, to project these interests in multilateral forums such as the GATT;

(b) to improve the understanding of the policy concerns, interests and experiences of economic partners, particularly of their international
implications, and to help promote consistency in policy making in appropriate areas;

(c) to develop practical programs of economic cooperation to contribute to economic dynamism and improved living standards throughout the region;

(d) to enhance and promote the role of the private sector and the application of free market principles in maximising the benefits of regional cooperation.

MODE OF OPERATION

4. Cooperation will be based on:

(a) the principle of mutual benefit, taking into account the differences in the stages of economic development and in the socio-political systems, and giving due consideration to the needs of developing economies; and

(b) a commitment to open dialogue and consensus-building, with equal respect for the views of all participants.

5. APEC will operate through a process of consultation and exchange of views among high-level representatives of APEC economies, drawing upon research, analysis and policy ideas contributed by participating economies and other relevant organisations including the ASEAN and the South Pacific Forum (SPF) Secretariats and the PECC.

6. Recognising the important contribution of the private sector to the dynamism of APEC economies, APEC welcomes and encourages active private sector participation in appropriate APEC activities.

PARTICIPATION

7. Participation in APEC will be open, in principle, to those economies in the Asia-Pacific region which:

(a) have strong economic linkages in the Asia-Pacific region; and

(b) accept the objectives and principles of APEC as embodied in this Declaration.

8. Decisions regarding future participation in APEC will be made on the basis of a consensus of all existing participants.

9. Non-participant economies or organisations may be invited to the meetings of APEC upon such terms and conditions as may be determined by all existing participants.

ORGANISATION
10. A ministerial meeting of APEC participants will be held annually to determine the direction and nature of APEC activities within the framework of this Declaration and decide on arrangements for implementation. Participants who wish to host ministerial meetings will have the opportunity to do so, with the host in each case providing the chairman of the meeting.

11. Additional ministerial meetings may be convened as necessary to deal with specific issues of common interest.

12. Responsibility for developing the APEC process in accord with the decisions of the ministerial meetings and the work program determined at those meetings will lie with a senior officials' meeting of representatives from each participant. The senior officials' meeting will be chaired by a representative of the host of the subsequent annual ministerial meeting, and will make necessary preparations for that meeting.

13. Each project on the work program will be pursued by a working group composed of representatives from participants, coordinated by one or more participants. The working groups will identify specific areas of cooperation and policy options relating to each project.

THE FUTURE OF APEC

14. Recognising the ongoing and dynamic nature of the APEC process, APEC will retain the flexibility to evolve in line with the changes in regional economic circumstances and the global economic environment and in response to the economic policy challenges facing the Asia-Pacific region.
Annex C

APEC DECLARATION ON THE URUGUAY ROUND
Seoul, 14 November 1991

1. Ministers from Australia, Brunei Darussalam, Canada, People's Republic of China, Hong Kong, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Chinese Taipei, Thailand and the United States met in Seoul on 12-14 November 1991 and addressed, as the number one priority of the APEC Agenda, the current status of the Uruguay Round of Multilateral Trade Negotiations.

2. Ministers declared a successful conclusion of the Uruguay Round to be the most critical economic issue facing the international community.

3. Recalling the Singapore Declaration on the Uruguay Round, Ministers underlined the significance for each of their economies and to the Asia-Pacific region of an open and strengthened multilateral trading system.

4. Ministers emphasized that a major and significant outcome to the Round is necessary to underpin the growth of world trade, to forestall protectionist pressure, to instill confidence in markets and to facilitate the continuation of economic reform in the region and elsewhere.

5. Ministers welcomed recent signs of movement in key areas of the negotiations and called for further progress in Agriculture, Textiles and Clothing, Services, Market Access, Rule-Making and Intellectual Property, leading to a balanced, comprehensive and substantial result.

6. Ministers declared that a successful Round must include substantial liberalisation of trade in both goods and services, based on strengthened rules and disciplines in the multilateral trading system.

7. Ministers expressed their firm resolve to show the necessary flexibility and to take, as soon as possible, the political decisions needed to assemble a detailed package by the end of this year.

8. To this end, Ministers pledged to instruct their negotiators to return to the negotiating table with renewed vigor, and to work with each other and their trading partners outside the region to produce a bold and forward-looking result.
1. The Fourth Asia-Pacific Economic Cooperation (APEC) Ministerial Meeting was convened in Bangkok on 10-11 September 1992. Ministers from Australia, Brunei Darussalam, Canada, the People's Republic of China, Hong Kong, Indonesia, Japan, the Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Chinese Taipei, Thailand, and the United States participated in the Meeting to continue their discussion on the process of APEC. The ASEAN Secretariat, the Pacific Economic Cooperation Council (PECC) and the South Pacific Forum (SPF) were present as observers. A complete list of Ministers and observers appears as Annex 1.

2. The Meeting was co-chaired by H.E. Mr. Arsa Sarasin, Minister of Foreign Affairs, and H.E. Mr. Amaret Sila-on, Minister of Commerce, of Thailand.

3. Ministers expressed their appreciation to H.E. Mr. Anand Panyarachun, Prime Minister of Thailand, for his keynote address in which he emphasized that:

— APEC is poised to play a central role in promoting regional growth and prosperity while forming a strong defence against growing protectionism, notwithstanding the climate of rapid change and uncertainty in world events;

— APEC encourages the achievement of balanced results from the Uruguay Round, upon which APEC may then build;

— APEC, as a uniquely diverse and open consultative forum, holds vast untapped potential for cooperation in a broad range of areas, economic and otherwise;

— APEC's prospects as a possible "bridge" between the major sub-regional free trade areas in the Asia-Pacific region should be carefully explored; and

— APEC, as part of an interlocking network of complementary sub-regional economic organizations, is an open, evolving process that can further not only regional economic integration, but also balanced development in individual member economies.
4. Ministers held discussions on a range of topics, including:

A. Regional Economic Trends and Issues
B. Uruguay Round and Trade Liberalization in the Region
C. APEC Work Programme
D. Future Steps of APEC
E. Future Participation

REGIONAL ECONOMIC TRENDS AND ISSUES


6. Ministers noted that these studies provided APEC with original, ground-breaking research that helps quantify key economic flows and indicates the deepening interdependence within the Asia-Pacific region, in particular trans-Pacific interdependence. The interdependence is evident in the areas of commodity trade, services trade, direct investment and human exchange. Important factors promoting interdependence and structural change in the region are the linkages between open economic policies and sound economic management, the process of globalization and the role of multinational enterprises (MNEs).

7. Ministers were of the view that the outlook for the APEC region is for continued, dynamic economic growth, and noted the importance of strengthening the multilateral trading system and promoting the expansion of trans-Pacific trade in maintaining the economic dynamism of the region.

8. Ministers welcomed an Australian proposal that arrangements be considered for the regular circulation among APEC members of key economic statistics, and instructed Senior Officials to explore this proposal further.

9. Ministers noted that a dialogue on economic trends and issues is a core element of APEC’s work. Ministers thanked Japan and the Republic of Korea for their contributions to the success of the Second Meeting of the Ad Hoc Group, and instructed Senior Officials to consider the next steps for the Ad Hoc Group, in particular ways in which a dialogue on economic trends and issues could contribute
to future Ministerial dialogue and provide a broader context for APEC Work Projects and other activities.

10. To this end, Ministers directed Senior Officials to ensure the preparation of a review of short to medium term economic outlooks for the economies of the region for use at the 1993 Ministerial Meeting, as well as an examination of a priority issue area to be determined by Senior Officials at their next meeting. In considering possible issues, Senior Officials may draw on the range of issues identified in the report of the Tokyo Ad Hoc Group meeting; including the implications of open economic policies and trade, investment and technology flows for growth and development, structural change, human resource development, the reduction of income disparities within the region and development of regional integration.

URUGUAY ROUND

11. Recognizing the critical importance of achieving a successful outcome of the Uruguay Round, Ministers issued a separate APEC Statement on the Uruguay Round which appears as Annex 2.

TRADE LIBERALIZATION IN THE REGION

12. Ministers considered and endorsed the report of the Informal Group on Trade Liberalization in the Region, agreed by Senior Officials. They noted the importance of trade policy dialogue in APEC as a means of building consensus and sharing information in relation to trade policy issues relevant to the region, including the process of globalization and sub-regional trade arrangements such as the North American Free Trade Agreement and the ASEAN Free Trade Area. Ministers endorsed the view of the Informal Group that APEC economies should encourage investment linkages, regional and sub-regional trade arrangements to be outward-looking, GATT-consistent, and support the processes of broader trade liberalization, and that an active dialogue on such issues should continue. Ministers reaffirmed their intention to convene a meeting of Ministers concerned with trade policy when the outcome of the Uruguay Round becomes clearer.

13. Ministers discussed the practical measures identified by the Informal Group to carry forward the mandate from the Seoul Ministerial Meeting to "identify options and make recommendations for approaches to trade liberalization in the region". Ministers asked the Informal Group to look ahead to emerging trade issues and endorsed the view that both longer term measures and a shorter term action programme should be pursued.

14. To advance regional trade liberalization over the next decade, Ministers agreed that a small Eminent Persons Group should be established to enunciate a vision for trade in the Asia-Pacific region to the year 2000, identify constraints and
issues which should be considered by APEC, and report initially to the next Ministerial Meeting in the United States in 1993. Ministers endorsed the proposed structure and indicative terms of reference for the EPG, set out in the report.

15. In the more immediate period, Ministers agreed that the implementation of four proposals recommended by the Informal Group would provide significant benefits for business. Ministers directed Senior Officials to implement the four proposals to:

(1) establish, subject to a feasibility study, an electronic tariff data base for APEC members to facilitate regional trade through better information flows;

(2) survey current regional activity designed to harmonize and facilitate customs procedures and practices and recommend additional steps that could be taken within APEC to enhance or complement that work, taking into account regional CCC activities;

(3) identify and discuss the administrative aspects of market access and submit to the Fifth APEC Ministerial Meeting a report with recommendations for reducing the impediments and costs of these measures, and a process for reviewing them on an ongoing basis; and

(4) survey APEC members and prepare a detailed guidebook on investment regulatory procedures which should be submitted to Ministers desirably in 1993, with the possibility for future ongoing maintenance and updating of the guidebook electronically.

16. Ministers agreed that implementation of these measures would provide a sound basis for further work on regional trade liberalization, and that trade liberalization and trade policy issues should form a central focus of the Fifth APEC Ministerial Meeting in the United States in the coming year.

APEC WORK PROGRAMME

17. Ministers reviewed the Consolidated Report on APEC Work Programme and noted with satisfaction that many Working Groups are producing substantial progress and providing tangible benefits to the region.

18. Ministers agreed that officials concerned should intensify their coordinated efforts to further develop the Work Projects to attain the full potential and noted the following:
a. Review of Trade and Investment Data

Inventories for services trade data and investment flows data continue to be developed. Also, efforts to obtain near comparable merchandise trade data among APEC economies will be undertaken.

b. Trade Promotion: Programmes and Mechanisms for Cooperation

The APEC Electronic Information Network which connects the computer system of each member and provides for the exchange of trade, industrial and business information is operating. Preparations are underway to hold the First Asia-Pacific International Trade Fair in Japan in 1994.

c. Expansion of Investment and Technology Transfer in the Asia-Pacific Region

Various options in the establishment of an Asia-Pacific Investment and Technology Information Network are going to be discussed by an experts' group meeting. Japan will compile an "Industrial Parks Development Handbook" in cooperation with all APEC members.

d. Asia-Pacific Multilateral Human Resources Development Initiative (HRD)

Many useful activities of HRD networks on economic development management, business management, and industrial technology have been implemented. Other activities relating to education and training have also been carried out, such as US-APEC partnership, Japan-APEC partnership, HRD outlook by PECC, and University Mobility in Asia-Pacific by Australia. The APEC Education Ministerial Meeting was held in August 1992 in Washington, D.C., and the proposal to establish an APEC Education Forum to discuss education-related issues was endorsed.

e. Regional Energy Cooperation

A format has been developed for APEC energy database and information from the database, which will facilitate further discussion of energy policy issues, will be available in March 1993. Recommendations on the use of clean coal technologies have been developed and will be circulated to all APEC members before November 1992. A compendium on energy efficiency practices in APEC members will be circulated before October 1992. A handbook
on regional energy technology co-operation, a network to share information on natural gas vehicle fuel technologies, a programme of exchange to share information on photovoltaic and other solar energy technologies, and a compendium of regional renewable energy programmes are being developed.

f. Marine Resources Conservation: Problem of Marine Pollution in the APEC Region

Recommendations were developed for practical action on the red tide/toxic algae issue. It was proposed that task teams be formed to develop detailed programme proposals and cost estimates for projects related to (1) information exchange, (2) human resource development, and (3) technical exchange. Reports are to be completed before the next Working Group meeting, expected around the middle of 1993, at which time the proposals will be evaluated and programme operations initiated. Participants were asked to submit proposals for additional topics to be addressed, particularly those related to land-based pollution.

g. Telecommunications

A supplementary edition containing telecommunications environment data of Hong Kong and Chinese Taipei, a training manual presenting guidelines on "How to Approach Training within a Telecommunications Organization" and a report on "Issues to be Resolved in Realizing Teleports" were published. Several Electronic Data Interchange (EDI) pilot projects are being implemented in order to broaden public awareness of EDI's utility in the region and to facilitate trade among APEC economies.

h. Fisheries

Work programmes underway are a survey of species requiring international cooperation in management arrangements; an overview paper combining information of fish stocks, existing management arrangements and scientific supporting arrangements; an inventory of existing facilities and opportunities for the technical transfer of harvesting and post harvesting technologies between APEC participants; and a periodic compilation of trends and projections in global and domestic markets for seafood products originating in the APEC region.
i. Transportation

Short term activities have been undertaken, namely surveys of transportation bottlenecks, of existing data, of transportation systems and services, and of related work in other international bodies. An outline of a document outlining a medium term vision for transportation in the region is also being prepared.

j. Tourism

Specific work plans are being developed, including the examinations on the interrelation of tourism and aviation and on the relation of the Working Group to other international organizations, the study on tourism environment, the improvement of data collection and statistical reporting, the identification of barriers to tourism, the improvement of tourism training and the compilation of an inventory on current tourism projects.

19. Ministers welcomed the active contributions the three new members, namely the People's Republic of China, Hong Kong and Chinese Taipei, made to the APEC work programme. Ministers noted in particular that the PRC has offered to host a Seminar on Promoting the Expansion of Export of Medium and Small Enterprises in Shenzhen in May 1993, an Asia Pacific Trade Promotion Seminar in 1994 and an APEC Trade Promotion Training Course, that Hong Kong has made financial contribution to publish the addendum of the study on "The State of Telecommunications Infrastructure and Regulatory Environment of APEC Economies," and that the Chinese Taipei's Project Proposal on Promoting Development of Medium and Small Enterprises through Cooperation was incorporated into the Work Project on Trade Promotion and was considered by the Working Groups on Telecommunications and Fisheries.

20. Ministers took note of the general problems of the APEC work programme and agreed with the policy recommendations contained in the Consolidated Report. In order to enhance further progress of the ten Work Projects, Ministers instructed Senior Officials to provide guidance to the Working Groups on how to coordinate Working Group activities, avoid duplication and identify complementarities.

21. Ministers directed Senior Officials to play an active role in overall coordination and management of the Working Groups, with a view to improving their focus in terms of objectives of APEC as set forth in the Seoul Declaration.

22. Ministers reaffirmed that APEC is an open process. Participation by non-members from the Asia-Pacific region in APEC Work Projects, including
seminars, symposia and workshops, can be beneficial to members as well as non-members.

FUTURE STEPS OF APEC

23. Ministers expressed their appreciation to Senior Officials for carrying out, as specified in the Ministerial Joint Statement in Seoul, an in-depth study on the subject based on the Thai Secretariat's Working Paper entitled Future Steps of APEC. Ministers recognized that APEC has reached that stage in its evolution where institutionalization could further strengthen APEC’s role and enhance its efficiency in promoting regional economic cooperation. After thorough consideration, Ministers agreed to the recommendations of Senior Officials that it is timely and appropriate for APEC to set up a Secretariat as an effective support mechanism and an APEC Fund to finance the implementation of APEC activities. In this connection, they endorsed the Consolidated Report on the Future Steps of APEC and adopted the Bangkok Declaration on APEC Institutional Arrangements which appears as Annex 3.

24. Ministers agreed that the APEC Secretariat will have its seat in Singapore.

25. Ministers agreed that to cover APEC administrative and operational costs, APEC members shall make annual contributions to the APEC Fund on a proportional basis. Ministers were of the view that consensus was necessary on the utilization of the APEC Fund for each activity and mandated Senior Officials to work out details of the guidelines for allocation of the Fund as soon as possible. Ministers instructed the shepherds of Work Projects and Chairmen of other groups to meet and develop detailed budget requests in advance of the next SOM. The SOM should prepare a detailed budget proposal for the fiscal year 1993 within the upper limit of US$2 million for Ministers' approval.

26. Ministers discussed the issue of private sector participation in the APEC process. They reaffirmed the importance of the private sector's role in enhancing the relevance of the work programme and expressed appreciation for the positive contribution in such Work Projects as Trade Promotion and Telecommunications. Ministers stressed the need to further encourage direct private sector involvement so that the Work Projects would benefit from their technical expertise and funding. Ministers entrusted Senior Officials to identify ways to engage the private sector more fully in APEC Work Projects and report back to the Fifth Ministerial Meeting in 1993.

FUTURE PARTICIPATION

27. Ministers took note of the continuing interest expressed by a number of countries and organizations in participating in some capacity in the APEC process.
Ministers reaffirmed that APEC is an open and evolving process and recalled the criteria for participation set forth in the Seoul APEC Declaration; namely, that decisions regarding participation be made on the basis of a consensus of all existing participants, and that participation in APEC be open, in principle, to those economies in the Asia-Pacific region which:

(A) have strong economic linkages in the Asia-Pacific region; and

(B) accept the objectives and principles of APEC as embodied in the Seoul APEC Declaration.

28. Ministers also expressed the view that APEC was entering a phase when consolidation and effectiveness should be the primary considerations, and that decisions on further participation required careful consideration in regard to the mutual benefits to both APEC and prospective participants.

29. Taking note of the emerging reality of an integrated North American economy and the growing economic linkages between that North American economy and the rest of the Asia-Pacific region, Ministers requested Senior Officials to examine the case for Mexico’s membership in APEC and report their findings to the Fifth Ministerial Meeting in the United States. Ministers also requested Senior Officials to review the broader question of the participation of others in APEC.

VENUES FOR FUTURE APEC MINISTERIAL MEETINGS

30. The Fifth Ministerial Meeting will be held in the United States in 1993, the Sixth Ministerial Meeting will be held in Indonesia in 1994; and Ministers welcomed the offers from Japan, the Philippines and Canada to host the Seventh, Eighth and Ninth Ministerial Meetings in 1995, 1996 and 1997 respectively.

OTHER MATTERS

31. Ministers and their delegations expressed their deep appreciation to the Government and people of the Kingdom of Thailand for the warm and generous hospitality extended to them, and the excellent facilities and arrangements made available for the Meeting.
Annex 2

APEC STATEMENT ON THE URUGUAY ROUND
Bangkok, 11 September 1992

1. Ministers from Australia, Brunei Darussalam, Canada, the People's Republic of China, Hong Kong, Indonesia, Japan, the Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Chinese Taipei, Thailand and the United States met in Bangkok on 10-11 September 1992, and issued the following statement on the Uruguay Round of Multilateral Trade Negotiations.

2. Ministers renewed APEC's unwavering commitment to achieving the strengthened international trading system that will result from the successful conclusion of the Uruguay Round of Multilateral Trade Negotiations. Ministers noted that the benefits from the Round would be in serious jeopardy if the Round continues to languish. Accordingly, they called for leadership by all the major trading countries as well as immediate and decisive action by all participants to conclude the negotiations by year end. In the meantime, participants reaffirmed commitments undertaken at Punta Del Este regarding modification during the course of the Uruguay Round of trade policies and practices which have an effect on the negotiations.

3. APEC Ministers reaffirmed their belief that a major and significant outcome to the Round is necessary to underpin the growth of world trade, to forestall protectionist pressure, to instill confidence in markets and to facilitate the continuation of economic reform in the region and elsewhere.

4. APEC economies supported a rapid conclusion of the negotiations and recalled the expectation of G-7 leaders meeting in Munich that final agreement can be achieved before the end of the year. In light of the extensive work remaining, substantive progress in all areas could not be delayed.

5. APEC Ministers expressed their profound regret that despite the expressions of political will for an early and successful conclusion of the negotiations, these commitments have yet to be translated into action at the negotiating table. Ministers voiced their concern over the delays in agriculture, where agreement on multilateral agricultural reform remains a necessary element in achieving the comprehensive result that is required. Delays in market access and services negotiations are also of concern to APEC Ministers.

6. Accordingly, the APEC Ministers reaffirmed their commitment to push the negotiations forward and overcome the last remaining hurdles to bring the Uruguay Round to an early and successful conclusion. Ministers urged all participants in the Uruguay Round to return to Geneva ready to complete these far-reaching negotiations. They recognized that for all governments, this would require difficult decisions. APEC Ministers intend to devote all the resources necessary, in capitals and in Geneva, to realize the agreement before the end of the year.
7. Ministers called on GATT Director General Dunkel, as Chairman of the Trade Negotiations Committee (TNC), to continue his effective leadership over the negotiating process in all areas. In this regard, Ministers recalled the draft "Final Act" tabled in December 1991 and reaffirmed its importance as the key document in reaching a comprehensive agreement on the Uruguay Round. They agreed that a balanced, comprehensive and substantive agreement also required the successful completion of negotiations to liberalize market access in goods and services.

8. APEC Ministers reaffirmed their strong support for Mr. Dunkel's leadership over the negotiating process in Geneva and pledged to make the additional efforts needed in all areas to translate their political determination into actions to achieve an early, successful conclusion to the Round. APEC support will be visible in Geneva, by the active participation of negotiators and in APEC capitals.

9. APEC economies look forward to a rapid conclusion of the negotiations in order to implement the results of the Round as soon as possible. This should strengthen the initiatives underway in APEC aimed at trade liberalization within the region.
Annex 3

BANGKOK DECLARATION
ON ASIA-PACIFIC ECONOMIC COOPERATION (APEC)
INSTITUTIONAL ARRANGEMENTS
Bangkok, 10 September 1992

The Representatives of Australia, Brunei Darussalam, Canada, the People's Republic of China, Hong Kong, Indonesia, Japan, the Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Chinese Taipei, Thailand and the United States of America, meeting in Bangkok on 10-11 September 1992 at Ministerial level,

REAFFIRMING the basic principles adopted by Ministers in Canberra on 6-7 November 1989, in Singapore on 30-31 July 1990 and in Seoul on 12-14 November 1991;

DETERMINED TO PURSUE the objectives of APEC as stated in the Seoul APEC Declaration to

(a) sustain the growth and development of the region for the common good of its peoples and, in this way, to contribute to the growth and development of the world economy;

(b) enhance the positive gains, both for the region and the world economy, resulting from increasing economic interdependence, including by encouraging the flow of goods, services, capital and technology;

(c) develop and strengthen the open multilateral trading system;

(d) reduce barriers to trade in goods and services and investment among participants in a manner consistent with GATT principles, where applicable, and without detriment to other economies; and

RECOGNIZING THAT the rapidly growing activities of APEC since its inception have increased the need for an effective support mechanism to facilitate and coordinate APEC activities in order to strengthen APEC's role and enhance its efficiency in promoting regional economic cooperation, hence the need to establish an APEC Secretariat and an APEC Fund;

DO HEREBY DECLARE as follows:

A. SECRETARIAT

1. ESTABLISHMENT OF THE APEC SECRETARIAT

a. An APEC Secretariat is established as a support mechanism to facilitate and coordinate APEC activities, provide logistical and technical services as well as administer APEC financial affairs under the direction of the APEC Senior Officials' Meeting (APEC SOM).
b. The APEC Secretariat will be empowered to act on behalf of APEC Members under the direction of Ministers as communicated through the APEC SOM.

2. STRUCTURE OF THE APEC SECRETARIAT

The APEC Secretariat will report directly to the APEC SOM. It will be composed of three elements: an Executive Director, Professional Staff and Support Staff.

3. LINKAGES BETWEEN THE APEC SECRETARIAT AND APEC MEMBERS

For better coordination, direct and regular communications will be established between the APEC Secretariat and APEC Members, Shepherds of Work Projects and Heads of other APEC committees and groups.

4. LOCATION/LEGAL CAPACITY

The APEC Secretariat will have its seat in Singapore and will be constituted as a legal entity enjoying such legal capacity as is necessary for the exercise of its functions.

B. BUDGETARY ARRANGEMENTS

5. ESTABLISHMENT OF THE APEC FUND

a. The APEC Secretariat will, under the direction of the APEC SOM establish and administer a fund to cover APEC administrative and operational costs.

b. Ministers will consider and approve the budget at each annual APEC Ministerial Meeting.

6. SOURCES AND ALLOCATIONS OF APEC FUND

To cover APEC administrative and operational costs, APEC Members will make contributions to the APEC Fund on a proportional basis in accordance with a scale determined by Ministers. Additional contributions from the public or private sectors of any APEC Member(s) and other sources may also be made directly to APEC activities on a voluntary basis.

7. FINANCIAL MONITORING AND AUDITING
a. The APEC SOM will oversee financial administration, monitor contributions and expenditures, and make recommendations on financial operations.

b. An auditor approved by the APEC SOM will audit on an annual basis the APEC Secretariat accounts.

c. The annual accounts together with the report of the auditor will be submitted to each annual APEC Ministerial Meeting through the APEC SOM.
ASIA-PACIFIC ECONOMIC COOPERATION
MINISTERIAL MEETING
Seattle, November 17-19, 1993

JOINT STATEMENT

1. Ministers from Australia, Brunei Darussalam, Canada, the People's Republic of China, Hong Kong, Indonesia, Japan, the Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Republic of the Philippines, Singapore, Chinese Taipei, Thailand, and the United States of America participated in the Fifth Asia-Pacific Economic Cooperation (APEC) Ministerial Meeting convened in Seattle, Washington November 17-19, 1993. The ASEAN Secretariat, the Pacific Economic Cooperation Council (PECC) and the South Pacific Forum (SPF) attended as observers. Members of the APEC Secretariat also were present.

2. The meeting was chaired by the Honorable Warren Christopher, Secretary of State of the United States.

3. In his opening remarks, Secretary Christopher stated trade and investment within Asia and the Pacific are weaving a new web of human and commercial relationships. He indicated APEC can play a crucial role in developing these Asia-Pacific networks. The Secretary also stressed APEC's development depends on its ability to promote more open trade and investment in the region, increase cooperation on issues that require regional solutions, and improve regional infrastructure.

4. The Ministers noted with great anticipation the meeting of APEC leaders to be held in Seattle, November 20, 1993. The Ministers agreed this meeting offers a unique opportunity for leaders to articulate a shared vision for the region into the next century and further develop economic ties in the region.

5. Ministers held discussions on a range of topics, including:
   - The Report of the Eminent Persons Group
   - Economic Trends and Issues
   - Trade and Investment Issues
   - The APEC Work Program
   - Participation Issues
   - Organizational Issues
6. As the former Chairman of APEC and the current Chairman of the ASEAN Standing Committee, H.E. Foreign Minister Prasong Soonsiri of Thailand expressed satisfaction with the progress made since the Bangkok Ministerial meeting. He stated APEC's priority tasks are to push for the successful conclusion of the Uruguay Round by the target date and to further enhance technical cooperation and trade facilitation in APEC. The Foreign Minister stressed the achievement of regional trade liberalization must be made through consultation in a manner consistent with the principles of GATT and open regionalism, with full recognition of members' differences in levels of economic development. APEC must retain its consensual and flexible character, which continues to be its fundamental strength.

REPORT OF THE EMINENT PERSONS GROUP

7. Ministers expressed their great appreciation for the initial Report of the Eminent Persons Group, which assessed the current position and outlook of the APEC region, developed a long term vision for open trade in the APEC region and proposed a program of initiatives to implement the vision. The EPG chair, Dr. C. Fred Bergsten, presented the Group's unanimous Report which emphasized that APEC must accelerate and expand cooperation in order to respond to three threats to the continued vitality of the region: erosion of the multilateral global trading system; evolution of inward looking regionalism; and risk of fragmentation within the Asia-Pacific region. The EPG recommended APEC undertake initiatives in four areas: regional and global trade liberalization; trade facilitation programs; technical cooperation; and institutionalizing APEC.

8. Ministers warmly welcomed the Report's broad thrust and direction, pointing out the Report's bold vision of open trade, investment and economic development in the region provides an important foundation and catalyst for future regional cooperation. In a wide-ranging discussion Ministers noted the contribution of the EPG in promoting vigorous debate on the economic challenges facing the Asia-Pacific region, reaffirmed the central value of a strengthened open multilateral trading system to continued growth in APEC economies, urged acceleration and extension of APEC's trade and investment facilitation and technical cooperation, and expressed their desire to enhance APEC's role as a vehicle for regional and global trade and investment liberalization. They also noted the EPG vision reflected the strengthening of economic relationships and a growing sense of cohesion and community in the Asia-Pacific region, reflecting APEC's commitment to consultation and consensus building. Ministers directed the APEC Secretariat to give broad distribution to the Report. They also suggested EPG members might wish to discuss the Report with the business community, academia, and the general public, and APEC members might wish to encourage this process.

9. Ministers discussed several approaches to addressing the EPG recommendations, noting in particular that those recommendations closely linked to ongoing work should be implemented promptly; those recommendations related to the outcome of the Uruguay Round would require additional study and consideration; and those recommendations related to longer term trade liberalization would require further elaboration by the EPG, on the advice of Senior Officials.
10. In light of the above, Ministers instructed Senior Officials to develop pragmatic programs to implement the EPG recommendations on trade liberalization and facilitation, technical cooperation, and the development of the APEC structure and decision-making process. Ministers further requested Senior Officials prepare a strategy and program to advance regional and global open trade, identify mechanisms to achieve that goal, and report to Ministers at the next ministerial meeting.

11. Ministers asked the Eminent Persons Group, on the advice of Senior Officials, to present further more specific proposals on how the recommended long-term vision might be realized. Ministers wish to consider these proposals at their meeting in Indonesia in 1994.

ECONOMIC TRENDS AND ISSUES

12. Ministers emphasized the central role which sound economic analysis plays in developing both national policies and regional cooperative initiatives. The growing interdependence within the region is producing shared goals and aspirations and fostering a spirit of common purpose and of community among APEC members. The work of the Ad Hoc Group on Economic Trends and Issues is, therefore, crucial to promoting open trade and investment throughout the region and increasing the economic well-being of all our peoples. Ministers directed the Group to strengthen further its capability to prepare assessments of long-term economic trends and studies of specific sectoral issues. Ministers directed Senior Officials to explore the possibility of transforming the Group into the APEC Economic Committee before the next ministerial meeting.

13. Ministers thanked Thailand for the excellent economic outlook paper prepared for Ministers' review. Ministers discussed the key issues analyzed in the report, including the prospects for continued economic growth in the region and the near-term outlook for inflation. Ministers also considered several emerging economic issues the paper identified, including the growth of infrastructure bottlenecks in some member economies and changes in the labor markets of several member economies.

14. Ministers welcomed the valuable analysis contained in Japan's paper on a vision of the region in the year 2000. They noted the importance of continued analysis of the major topics in the report, including trade and investment liberalization, developing human resources and meeting environmental and energy resource challenges.

15. Ministers endorsed the proposal to initiate regular exchange among APEC members of key economic statistics. Such exchange will facilitate policy formulation and enhance future Ministerial discussion of economic developments in the region.

16. Ministers endorsed the Group's mission statement and instructed Senior Officials to advance work on one or more of the proposals to: assess the study on investment flows throughout the region; examine the interrelation of trade liberalization and privatization; study the means of sustaining economic growth in the context of sound energy and environmental policies; and over the longer term, explore the feasibility of producing in-depth analysis of international industrial linkages. Ministers also directed Senior Officials to prepare short- to
medium-term economic outlooks for economies of the region for use at the 1994 ministerial meeting.

**TRADE AND INVESTMENT ISSUES**

17. Ministers confirmed trade and investment liberalization as the cornerstone of APEC's identity and activity. Strengthening the multilateral trading system, expanding regional and global trade and improving investment rules and procedures in a GATT-consistent manner are, therefore, central APEC objectives. The Uruguay Round must conclude by December 15. Ministers accordingly resolved to exercise the political will required to achieve this goal. To that end, Ministers agreed to a resolute statement urging an early and successful conclusion to the Uruguay Round and demonstrated their commitment to this goal by expressing their preparedness to take additional specific trade liberalizing measures [Annex 1]. APEC challenges other Uruguay Round participants to enhance their own contributions to the Round's successful conclusion.

18. Ministers expressed strong support to non-GATT members of APEC in their efforts to become GATT contracting parties, thus making additional contributions to the strengthening of the multilateral trading system.

19. Ministers welcomed the Report of the Informal Group on Regional Trade Liberalization (RTL), as agreed by Senior Officials, and endorsed its recommendations on the continuation of a dialogue within APEC on important multilateral and regional trade policy issues and the further development of APEC's action agenda on trade and investment. On the trade policy dialogue, Ministers noted in particular the effective role played by APEC in maintaining the momentum for a satisfactory outcome to the Uruguay Round and in fostering better understanding of subregional trade arrangements and the contribution of such arrangements to APEC's overall goals.

20. Ministers emphasized the imperative that APEC members give effective support to the market-driven dynamism of the region. In this respect, they endorsed the RTL Group's recommendations aimed at improving access to tariff data, reducing administrative barriers to trade, streamlining customs procedures, harmonizing the diverse approaches to standards and conformance issues and encouraging the flow of investment. Ministers welcomed the extensive progress on customs facilitation, publication of an APEC Investment Guidebook and a private sector survey of attitudes toward investment in the region, publication of the APEC Customs Manual and hosting of the APEC Customs Symposium. APEC's important work in this area will be further developed by the new Committee on Trade and Investment which will replace the RTL Group.

21. Ministers wholeheartedly adopted the "Declaration on an APEC Trade and Investment Framework" and the accompanying initial work program for the newly established Committee on Trade and Investment [Annex 2]. The Declaration significantly advances APEC's role in trade and investment by engaging APEC members in both policy and facilitation matters. The Declaration serves as an important instrument within which to
further define APEC's identity, expand economic activity and facilitate the flow of goods, services, capital, investment and technology throughout the region.

22. Ministers called for a meeting of ministers concerned with trade policy to review the results of the Uruguay Round and its implications for the region. Ministers urged this post Uruguay Round meeting to consider next steps for regional and global trade liberalization.

WORK PROGRAM ISSUES

23. APEC's role in sustaining regional growth and development derives from growing intraregional economic interdependence. The activities of the ten Working Groups are an essential part of APEC's efforts to contribute to the region's development and prosperity. Recognizing the critical importance of modern telecommunications and information technologies to regional integration and cooperation; the unique role of tourism as the largest industry in the region; and the urgent need to work with other organizations on marine resources conservation to strengthen regional cooperation in response to UNCED, Ministers issued separate declarations on those issues [Annexes 3-5].

24. Ministers commended and approved the vision and policy issues statements and asked the Working Groups to direct their efforts to realizing the objectives in those statements. Ministers approved the Consolidated Report on the APEC Work Program.

25. Ministers welcomed Korea's proposals on the establishment of an "APEC Vocational Training Program" and the creation of an "APEC Technomart" and directed the Senior Officials to explore the possibility of implementing them within the framework of the Human Resource Development and Investment and Industrial Science and Technology Working Groups.

Trade and Investment Data

26. Ministers welcomed the progress made on developing a near comparable merchandise trade data base for APEC economies and directed that priority attention be devoted to efforts to adjust published merchandise trade data according to agreed principles and standards. The Group should also strengthen efforts to improve the collection and sharing of services trade and investment data.

Trade Promotion: Programs and Mechanisms for Cooperation

27. Ministers noted the Working Group can play an important role in strengthening interaction with the business/private sector. Ministers anticipate the first Asia-Pacific International Trade Fair to be held in Osaka, Japan in October 1994 will be a significant step to accelerate trade promotion and increase commercial transactions in the region.

Investment and Industrial Science and Technology
28. Ministers noted the broadening of the mandate for the Investment and Industrial Science and Technology Working Group and endorsed its efforts to develop a work program that increases cooperation in these important fields.

Human Resources Development

29. The people of the Asia Pacific region are its single most important asset. The dynamism of the region is reflected in changing human resources needs. Ministers expressed satisfaction with the progress achieved in APEC's human resource development activities, but urged that continued priority attention be devoted to this work – with particular emphasis on the training and adjustment needs necessitated by changing trade patterns, industrial restructuring and other economic changes associated with rapid growth and technological progress.

Energy Cooperation

30. Ministers noted the vital importance of secure and balanced energy supplies and rational energy use for sustained economic development and protection of the environment. They welcomed technology and policy exchanges on energy efficiency, clean coal technology and renewable energy, and in particular were encouraged by active business/private sector participation in APEC technical energy workshops and seminars.

Marine Resource Conservation

31. Ministers confirmed the unique contribution APEC can make to marine resources conservation and the importance of APEC cooperation with other marine resources conservation organizations in response to UNCED.

Telecommunications

32. Modern and compatible telecommunications networks are vital components linking and drawing closer the APEC economies. Ministers praised the completion of the second edition of The State of Telecommunications Infrastructure and Regulatory Environments of APEC Economies, the Working Group's stress on human resources development, and its important contribution to the consideration of coordinating APEC's electronic data interchange activities.

Fisheries

33. Ministers noted the important role of fisheries to the region's economies and endorsed the Working Group's projects on fisheries management, survey of training needs, health and quality rules for fisheries products, improved marketing information on seafood trade in the region, and the possible role of APEC in respect to aquaculture.

Transportation
34. Ministers emphasized the importance of efficient transportation systems in promoting regional growth and integration. They expressed appreciation for the Working Group's efforts in developing information on regional transportation and encouraged the Group to accelerate its work on identifying infrastructural needs and facilitating movement of passengers and goods in the region.

Tourism

35. Ministers welcomed the progress made by the Working Group in addressing the issues of sustainable development of the tourism sector and addressing the relationship between tourism and the environment.

PARTICIPATION ISSUES

36. Ministers noted the continuing interest expressed by a number of economies and organizations in participating in some capacity in the APEC process. Ministers reaffirmed APEC is an open and evolving process and recalled the view expressed in Bangkok that consolidation and effectiveness should be the primary considerations at this stage of APEC's development. Ministers also recognized, however, that APEC should develop more systematic means of addressing the issue of new members in a manner which is responsive to APEC's needs while promoting constructive interaction with other economies and organizations in the region.

37. Ministers welcomed the admission of Mexico and Papua New Guinea to APEC. They also decided to admit Chile to APEC and looked forward to its membership at the ministerial meeting in 1994. In the interim, Ministers encourage Chile to participate in the Working Group activities. Noting the importance of increasing APEC's effectiveness, Ministers agreed to defer consideration of additional members for three years, during which time Senior Officials would study APEC's membership policies and provide recommendations to Ministers on an ongoing basis.

38. Ministers reaffirmed that participation by non-members from the Asia-Pacific region in APEC work projects can be beneficial to members as well as non-members. In order to facilitate cooperation with non-members and address issues arising from increased economic interdependence, Ministers approved the proposed guidelines for non-member participation in APEC working group activities which appear as Annex 6, and asked Senior Officials to identify other potential means to promote mutually beneficial interaction. With respect to organizations, Senior Officials should identify considerations to guide APEC in fostering appropriate ties and report their findings to the Sixth Ministerial.

Private Sector Participation

39. The business/private sector has played a major role in facilitating the dynamic growth of the region. Engagement with the business/private sector, particularly through Working Group activities, ensures APEC's efforts are relevant to real world challenges and opportunities. Ministers commended the progress made this year in increasing business/private sector engagement with APEC and directed each Working Group to enhance
its outreach to the business/private sector. Ministers pledged to solicit the advice of the business/private sector on issues relevant to APEC's work, especially through the PECC, and instructed Senior Officials to explore other ways of broadening and deepening cooperation with the business/private sector including the work of the new Committee on Trade and Investment.

ORGANIZATION ISSUES

APEC Secretariat

40. Ministers noted with satisfaction the successful establishment of the APEC Secretariat, and expressed deep appreciation to Singapore for its extraordinary generosity in assisting the Secretariat and to Executive Director Ambassador Bodde and the Secretariat staff for their outstanding efforts during the first year of operation. Ministers highlighted the Secretariat's crucial role in facilitating cooperative links with members and the work program. Ministers stressed the Secretariat should serve as a central coordinating point for disseminating information including informing Working Groups of Senior Officials' decisions, coordinating requests by non-members to participate in APEC activities, and publishing and distributing APEC documents. The Secretariat should continue to place high priority on careful management of the APEC budget, disbursement of central funds, and maintenance of effective financial controls to ensure accountability of APEC funds.

Budget

41. Ministers endorsed efforts by Senior Officials, assisted by Working Group Shepherds and the APEC Secretariat, to develop and implement a series of measures related to financial operations and administration. Ministers approved an APEC 1994 Central Fund of $2 million and stipulated that unspent 1993 funds may be carried over to 1994 for expenditures approved by Senior Officials. Ministers asked the Budget and Administrative Committee to address the issue of contributions from new members.

APEC Structure

42. Ministers praised work by Korea and Canada in developing a comprehensive Vision Statement containing proposals designed to ensure efficient management of APEC's scarce resources. Similarly, Ministers directed that a Budget and Administrative Committee be established to advise Senior Officials on operational and administrative budget issues, financial management, and project management of the APEC work program. For the first year, committee membership will be open to all APEC members. The Working Groups will continue to report directly to Senior Officials. Ministers directed Senior Officials to use the Vision Statement as a basis for developing proposals related to APEC's structure and to provide recommendations at the 1994 ministerial meeting on restructuring APEC to improve its effectiveness and decision making process.

VENUES FOR FUTURE APEC MINISTERIAL MEETINGS
43. As decided at the Fourth Ministerial Meeting in Bangkok, the Sixth Ministerial Meeting will be held in Indonesia in 1994, the Seventh Ministerial Meeting will be held in Japan in 1995, Philippines and Canada will host the Eighth and Ninth Ministerial Meetings in 1996 and 1997 respectively.

OTHER MATTERS

44. Ministers also welcomed Canada's offer to host a meeting of APEC ministers concerned with the environment in Vancouver on March 25-26, 1994 in connection with the Globe '94 conference and environmental exhibition.

45. Ministers and their delegations expressed their deep appreciation to the United States for the warm and generous hospitality extended to them and the excellent facilities and arrangements made available for the Meeting.
Annex 1

DECLARATION OF APEC MINISTERS
ON THE URUGUAY ROUND
Seattle, November 19, 1993

APEC Ministers call for urgent action to complete successfully the Uruguay Round by December 15 because of its vital contribution to global growth and prosperity. APEC members believe that a strengthened multilateral trading system will serve as the foundation for trade expansion initiatives within APEC.

The time for pledges and commitments is long past. Concrete steps are required to assure a substantial result in market access in industrial and agricultural goods, and in services, and a strengthened system of rules and disciplines resulting from a completed draft "Final Act." APEC members are ready to do their part to meet this challenge in the remaining few days. The nature of our contributions should reflect specific economic interests and our varied levels of development.

As the most economically powerful and dynamic region in the world representing nearly 40% of the world's population and 40% of world trade, we collectively are determined to assure that the Round succeeds by helping to forge the necessary consensus in Geneva. Accordingly,

1. We challenge Uruguay Round participants to improve their market access offers in Geneva. Subject to comparable commitments from our trading partners, and in the context of a global and balanced result in all areas, members engaged in the negotiations are prepared to participate to the maximum extent possible by:
   a. offering to eliminate, reduce or harmonize tariffs and non-tariff barriers in sectors previously agreed by the Quad;
   b. offering to eliminate, reduce, or harmonize tariff and non-tariff barriers in additional sectors of particular importance to APEC economies; and
   c. accelerating the work in our respective bilateral negotiations to expand and secure market access opportunities in goods and services of particular interest to APEC economies.

2. We confirm that agriculture remains an essential element of a global and balanced result. The Blair House Agreement already dilutes the draft "Final Act" agriculture text and any further efforts to weaken that outcome would jeopardize the ability to secure an overall acceptable result on agriculture. A successful result will also require the strongest possible package of agricultural trade liberalization, including for processed products.

3. We agree to review and improve our respective services offers in key sectors to the maximum extent possible, keeping MFN derogations to a minimum in order to begin the
process of progressive liberalization that will accompany the strong framework of rules already negotiated.

4. We agree that the draft "Final Act" must provide the basis for the final agreement with any agreed changes kept to a minimum. This should result in a strengthening of the multilateral framework of rules and disciplines and an effective mechanism for resolving disputes.
DECLARATION ON AN
ASIA-PACIFIC ECONOMIC COOPERATION
TRADE AND INVESTMENT FRAMEWORK
Seattle, November 19, 1993

Ministers of Australia, Brunei Darussalam, Canada, the People's Republic of China, Hong Kong, Indonesia, Japan, the Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Chinese Taipei, Thailand, and the United States of America, meeting in Seattle from November 17-18, 1993, (collectively the "Members"):

1. **Determined** to work through APEC toward the further development of open regionalism and market-driven economic interdependence in the Asia Pacific region;

2. **Challenged** by their desire to capitalize upon the strong and dynamic growth in regional trade and investment through increased cooperation and facilitation;

3. **Recognizing** that GATT principles are the cornerstone of the multilateral, international trading system and the basis for economic cooperation in APEC, and remaining committed to those principles;

4. **Mutually determined** to develop APEC's global role as a forum operating through consultation and by consensus, distinguished by open regionalism and committed to the strengthening of the multilateral trading system embodied by GATT;

5. **Demonstrating** to the global trade and investment community APEC's vision of dynamic interdependence and APEC's ability to represent the mutual interests of the Asia Pacific region with an active, common voice on trade and investment issues of global importance;

6. **Recognizing** the differences in the stages of development and in the socio-political systems, and giving due consideration to the needs of developing economies;

7. **Recognizing** the linkage between trade and investment and the flow of technology;

8. **Committed** to open dialogue and consensus-building with respect to the views of all participants;

9. **Determined to pursue** the objectives of the Seoul APEC Declaration November 14, 1991, confirmed at Bangkok on September 11, 1992 to:

   - sustain the growth and development of the region for the common good of its peoples and, in this way, to contribute to the growth and development of the world economy;
• enhance the positive gains, both for the region and the world economy, resulting from increasing economic interdependence, including by encouraging the flow of goods, services, capital and technology;

• develop and strengthen the open multilateral trading system; and

• reduce barriers to trade in goods and services and investment among participants in a manner consistent with GATT principles and without detriment to other economies;

10. Acknowledging the essential role played by the APEC business sector in furthering growth, creating jobs, expanding trade and investment, improving technology and enhancing economic development and cognizant that protectionism, certain investment measures as well as other discriminatory and restrictive practices that distort trade would deprive APEC economies of such benefits:

11. Desiring to consult on and seek solutions to trade and investment problems in the region as amicably and expeditiously as possible without prejudice to the rights and interests of members under the GATT and consistent with GATT principles;

12. Convinced that it would be in the interest of APEC economies to establish an APEC mechanism to stimulate the liberalization of trade and investment and advance a trade agenda in support of these objectives within the region.

To this end, Ministers jointly resolve as follows:

**PARAGRAPH ONE Establishment of the APEC Committee on Trade and Investment**

Under the authority of APEC Ministers, the APEC Committee on Trade and Investment (the "Committee") is established. The Committee will report to Ministers through Senior Officials (the SOM).

**PARAGRAPH TWO Objectives**

The objectives of the Committee are to:

1. Create a coherent APEC perspective and voice on global trade and investment issues and increase cooperation among Members on key issues.

2. Pursue opportunities to liberalize and expand trade, facilitate a more open environment for investment and develop initiatives to improve the flow of goods, services, capital and technology within the region; consult on issues of importance in that context and develop consensus to expand and strengthen these flows within the region and globally, and to reduce and remove distortions which impede these flows in a manner consistent with applicable GATT principles.
PARAGRAPH THREE  
Scope of Activity

1. Ministers will review progress on trade and investment issues and determine the Committee's work program at their annual meeting.

2. The Work Program will address a range of such issues encompassing:
   a) policy issues related to the evolving interrelationship of the APEC economies within the global economic environment;
   b) impediments and distortions which affect the movement of goods, services, investment and technology in the APEC region;
   c) reduction of transaction costs which affect the flow of trade and investment in the region;
   d) trade and investment policy issues evolving from the work of individual APEC Working Groups and activities;
   e) ways to enhance the contribution of the APEC business sector in evolution of trade policies, identification of barriers to trade within the region and possible solutions of mutual benefit to the region.

3. At this Ministerial meeting in Seattle, Ministers enjoined the Committee to undertake the initial work program for 1994.

PARAGRAPH FOUR  
Structure of the Committee

1. The Committee shall be composed of Members' policy-level officials responsible for trade and economic affairs.

2. The Committee shall select a Chair and Vice Chair to serve a term to be decided by the Committee.

3. The Committee will meet at such times as agreed jointly by representatives.

4. The Committee may establish either temporary or permanent sub-committees, with clearly defined terms of reference and duration, that may meet concurrently or separately in order to facilitate its work.
APEC WORKING GROUP ON TELECOMMUNICATIONS
Seattle, November 19, 1993

MINISTERIAL STATEMENT

To promote APEC objectives as set forth in the Seoul APEC Declaration November 14, 1991 and confirmed at Bangkok on September 11, 1992 and recognizing that modern telecommunications and information technologies are vital prerequisites for fostering regional collaborative and increased economic cooperation,

APEC Ministers recommend that:

A. the flow of information, technology, and expertise should be encouraged in order to provide the means to facilitate the balanced growth of telecommunications necessary for economic development in APEC Economies.

B. the harmonization of networks and services based on common global standards should be encouraged as a means of promoting interconnectivity and interoperability of telecommunications networks, the flow of information in the region, and the introduction of new services, such as Electronic Data Interchange (EDI);

C. the development and expansion of modern and compatible telecommunications infrastructure should be given a high priority in economic planning, in order to promote cooperation among APEC Economies and to accelerate the progress of societies and economies in the APEC region.

D. APEC Member Economies should strive to provide efficient and cost-effective telecommunications services generally available to all citizens and businesses within APEC Economies;

E. human resource development, being critical for the operation and growth of modern telecommunications systems, should be given primary focus in the formulation of telecommunications policies and programs.

APEC Ministers encourage the Working Group on Telecommunications to undertake appropriate actions, including the development of procedures for regional harmonization of equipment certification and guidelines for the provision of International Value-Added Network Services:

(i) As the smooth flow of trade in telecommunications equipment promotes the deployment and expansion of telecommunications-based services, the Working Group should aim to ensure that technical standards and procedures for attachment of terminal equipment to the network facilitate trade and investment flows. Therefore, consistent with their national policies, APEC Economies should develop and adopt compatible procedures for the certification of telecommunications terminal equipment and recognition of technical test data, in order that equipment may be
provided at lower prices for end-users, and at the same time, to improve market access for suppliers to APEC Economies.

(ii) To promote the flow of information necessary to economic development, the Working group should adopt principles which will facilitate trade in telecommunications-based services. The Working Group should lay the groundwork, consistent with APEC Economies’ national policies, for promoting regional guidelines on the provision of International Value-Added Network Services (IVANS).
APEC WORKING GROUP ON TOURISM
Seattle, November 19, 1993

MINISTERIAL STATEMENT

To promote APEC objectives as set forth in the Seoul APEC Declaration of November 14, 1991, and confirmed at Bangkok, September 11, 1992, and recognizing the important role of tourism in fostering regional economic development and cooperation,

APEC Ministers recommend that:

− the sustainable growth of tourism in the APEC region should be encouraged as a means of generating benefits for all member economies;

− efforts should be made to reduce barriers to the flow of visitors;

− the promotion of tourism development should be undertaken in a sensitive and sustainable manner in respect of the natural, cultural, and social environment of the region;

− each member economy should be called upon to ensure the safety of visitors and the quality of tourism;

− human resource development should be promoted to ensure high quality in the provision of tourism services;

− awareness of tourism’s contribution to the APEC region should be heightened through the standardization and the expeditious exchange of tourism statistics and information, and

− infrastructure development, consistent with sustainable growth, should be encouraged.

The APEC Ministers encourage the Working Group on Tourism to undertake as priorities the following projects:

Tourism and the Environment

To investigate best management practices for sensitive ecosystems by:

− identifying major ecosystems of importance to tourism, such as tropical rain forest, coral reefs, and forecasting the size and nature of tourism impact on them;
identifying and assessing successful funding and management strategies and techniques, such as industry self-regulation and user pays.

Human Resource Development

To develop training programs for public sector personnel in order to encourage the understanding of the implications of policy decisions on tourism by:

– examining possible application of distance learning techniques;
– developing and testing a pilot project.

Tourism Database

To facilitate the exchange of information and statistics by:

– implementing a means of sharing existing information;
– identifying regional information requirements;
– investigating the application of the APEC Communications and Database System to the development of a tourism database.
APEC WORKING GROUP ON MARINE RESOURCE CONSERVATION
Seattle, November 19, 1993

MINISTERIAL STATEMENT

The APEC Ministers:

Accepting the charge of the United Nations Conference on Environment and Development to find new approaches to marine and coastal area management and development at the regional level,

Convinced of the importance of marine resource conservation in achieving the Seoul Declaration objective to sustain the growth and development of the region for the common good of its peoples,

Having endorsed the concept of an integrated, multilateral approach to marine environmental protection and an improved understanding of the marine environment,

Noting the recommendations of the APEC Working Group on Marine Resource Conservation to promote and cooperate in activities addressing coastal zone management including land based sources of pollution and problems of red tides and toxic algae,

Taking into account similar activities of other regional organizations as well as organizations active in the region, such as the North Pacific Marine Sciences Organizations (PICES), South Pacific Regional Environmental Program (SPREP), the Intergovernmental Oceanographic Commission’s (IOC) WESTPAC, UNEP Regional Seas Program and the South Pacific Applied Geosciences Commission (SOPAC) and other international organizations,

Resolve to fully support APEC cooperation with these organizations with a view to seeking improved understanding, utilization and protection of the marine environment and its resources.
APEC ECONOMIC TRENDS AND ISSUES (ETI)

MISSION STATEMENT

1. Introduction

At the Fourth APEC Ministerial Meeting held September 1992 in Bangkok, Ministers instructed Senior Officials to “consider the next steps for the ETI Ad Hoc Group, in particular ways in which a dialogue on economic trends and issues could contribute to future Ministerial dialogue and provide a broader context for APEC Work Projects and other activities.”

This paper recommended a set of objectives and a process for ETI that responds to the above request. It starts from the premise that ETI is at an evolutionary stage and will have to adapt over time to both the needs and interests of its members and to developments in the broader APEC structure. The approach is to propose a direction that will engage a productive dialogue that will examine possible areas of economic cooperation without extending into the realm of economic policy co-ordination.

2. Objectives

The originality and strength of the ETI dialogue rests in the fact that it is conducted among representatives from economies at various levels of development that each have an important stake in the Asia Pacific region. ETI is also the only regional economic forum feeding into a Ministerial process, which it does through the SOM.

The sharing of experiences on how regional economies face and react to common challenges is the basis of the economic dialogue within ETI. The ETI is not a forum for criticizing national economic policies, providing policy prescriptions to individual economies, or attempting macroeconomic policy co-ordination.

The broad objectives of ETI are two-fold.

• First, ETI is a forum that can help develop and enhance contacts among economic policy advisors in the region. Specifically, ETI can:

  - provide a window for open dialogue on economic trends and issues in the Asia Pacific region;

  - foster better mutual awareness of economic circumstances and policies among individual members of APEC; and

  - promote a better understanding of economic linkages in the region, including the macroeconomic and structural factors that affects the performance of APEC economies, individually and collectively.
Second, ETI can **contribute to the broader economic dialogue, promote transparency**, and serve the Ministerial dialogue in APEC by:

- developing a **common knowledge base** covering macroeconomic and microeconomic trends, inter-linkages and issues in the Asia Pacific region;
- developing a **better understanding of policies for enhancing economic growth**;
- **assessing the economic implications for APEC economies** for regional or global developments; and
- **examining possible areas for economic cooperation** among economies at different levels of development that can be pursued through ETI, the Regional Trade and Liberalization (RTL) group, or other working groups within APEC.

### 3. Means

To achieve its objectives, ETI will promote **informal discussions** among members which, to the greatest extent possible, would draw upon data and analysis produced by individual member economies or other global or regional organizations such as the Pacific Economic Outlook (PEO) of the Pacific Economic Cooperation Council (PECC), the Asia Pacific Economic Experts Meeting (APEEM), the Asian Development Bank (ADB), the Organization for Economic Co-operation and Development (OECD), the International Monetary Fund (IMF), the World Bank, or others. ETI will endeavor to generate value-added by:

- **first**, identifying and sharing sources of information on regional economic trends and issues to support an informed and productive economic dialogue in APEC (e.g., building on Australian proposal to develop regional macroeconomic data base);
- **second**, developing greater familiarity with such information, and, where feasible, contributing to improved consistency across data sources from member economies to facilitate regional analyses and comparisons; and
- **third**, identifying information gaps on regional economic trends and issues and encouraging the **correction of such gaps** while making maximum use of the information and analysis produced by member economies and by other international or regional organizations.

This approach will be adopted in regard to both **macroeconomic** and **microeconomic** issues.

- **Building on the approach adopted in previous years**, ETI will discuss the **macroeconomic environment for APEC economies**, including the current economic situation and the short-term outlook. Using existing sources, this will
cover key macroeconomic variables including GDP, prices, employment, and balance of payments.

• **On the microeconomic side, ETI will address structural sectoral issues that affect Asia Pacific economies** and not already under consideration in the APEC forum. Without restricting the scope of the work program, examples would include: the role of international enterprises in regional trade and investment; the role of the financial sector in promoting savings, investment and growth; the role of government in the economy; public and private investment in research and development; and the comparative endowments of resources, labour and capital across member economies and over time.

4. **Contribution to APEC Ministerial**

Currently, the Ministerial dialogue in APEC is conducted chiefly among Foreign Affairs and Trade Ministers. **ETI will contribute to this dialogue by:**

• **informing Ministers about the macroeconomic environment** that is shaping regional trade and investment opportunities;

• **bringing to the attention of ministers areas of potential economic cooperation** among APEC member economies, focusing on microeconomic issues affecting regional developments; and

• **proposing a strategy to broaden and deepen the APEC economic dialogue** as per the needs, interests and commitment of member economies.

5. **Contribution to APEC Work Plan**

The ETI will further the general APEC process by:

• **generating a common knowledge base** addressing economic trends and issues in the Asia Pacific region that will **provide a context for the formal work program**;

• **identifying opportunities for enhanced regional economic cooperation**;

• **sharing information** with the Regional Trade Liberalization (RTL) group and other work projects and, where appropriate, undertaking joint activities; and

• **referring more technical issues to the appropriate working groups**.

6. **ETI Structure and Output**

The **ETI Group is evolutionary and informal**. Currently, its meetings are attended by policy advisors from APEC member economies including representatives of Foreign Affairs, Finance, Industry, and Economic Planning ministers and agencies.
A priority will be to seek firm senior-level commitment to the ETI process from the relevant ministries/agencies of all APEC economies. This will require addressing concerns about potential duplication and overlap with the work of other regional organizations (e.g., APEEM, PEO of PECC). It will also entail building up the profile of ETI as a unique forum feeding into a Ministerial process.

The ETI will meet at least once a year, in advance of the Ministerial meeting. The ETI will produce a report to Ministers summarizing its proceedings and proposing next steps. The report will be reviewed by the SOM before the Ministerial meeting.

The chairmanship of ETI shall be established on a rotating basis.

Consistent with current practice, ETI meetings will focus on a minimum of two papers prepared by individual members of the group.

- A macroeconomic overview will be submitted by a designated member, assessing the current economic situation and short-term outlook for the economies in the region, drawing upon national independent sources for data and forecasts.

- Another member of the group will submit an issues paper addressing specific regional economic issues relevant to the Ministerial dialogue.

At least initially, the chief responsibility of the Secretariat in this process will be to provide the logistical support for ETI. If deemed appropriate within the context of broader developments in APEC, the Secretariat could be called upon to provide professional support to ETI.
1. Ministers from Australia, Brunei Darussalam, Canada, Chile, the People's Republic of China, Hong Kong, Indonesia, Japan, the Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Republic of the Philippines, Singapore, Chinese Taipei, Thailand, and the United States of America participated in the Sixth Asia-Pacific Economic Cooperation (APEC) Ministerial Meeting convened in Jakarta, Indonesia, November 11-12, 1994. Members of the APEC Secretariat were also present. The ASEAN Secretariat, the Pacific Economic Cooperation Council (PECC), and the South Pacific Forum (SPF) attended as observers.

2. The President of the Republic of Indonesia, His Excellency, Mr. Soeharto, opened the Meeting by extending the warmest welcome to all delegates attending the Sixth APEC Ministerial Meeting. He stated that the world situation now provides opportunities to all nations to work together in developing a new world order that is more equitable, stable, secure, and peaceful, in order to enhance the prosperity and welfare of the peoples. In this regard, the Asia Pacific region has achieved remarkable progress due to appropriate economic policies.

3. In his remarks, he expressed the view that APEC cooperation should be further developed in the future. He stated that the Asia Pacific region should continue to promote and facilitate the flow of investment and trade, as well as strengthen consultation in the field of macro economic policies, enhance the quality of economic infrastructure, human resources development, quality and quantity of small and medium enterprises, and the acquisition and development of appropriate technology.

4. The meeting was chaired by H.E. Mr. Hartarto, Coordinating Minister for Industry and Trade of the Republic of Indonesia. In his speech, Mr. Hartarto underlined that the Sixth APEC Ministerial Meeting in Indonesia was geared towards the promotion of greater trade and investment. He further stated that the Meeting was to support economic cooperation on development of human resources, improvement of small and medium enterprises, improvement of infrastructure, involvement of private/business sector, so that cooperation in APEC will eventually bring about prosperity to the people of the Asia Pacific Region. U.S. Secretary of State Warren Christopher, speaking as chairman of the Fifth APEC Ministerial Meeting, expressed his deep appreciation for Indonesia's chairmanship of APEC in 1994 and for hosting the Sixth Ministerial Meeting. He congratulated President Soeharto, Minister Alatas, Minister Hartarto, and their colleagues for their leadership in sustaining the momentum achieved in APEC and for giving APEC a vitality that reflects and reinforces the dynamic qualities of the Asia-Pacific region.
5. Ministers looked forward to the meeting of APEC Economic Leaders to be held in Bogor, Indonesia, on November 15, 1994. The Meeting offered a unique opportunity for leaders to give substance to the vision enunciated at the Blake Island meeting in order to achieve the objective of sustainable growth and common prosperity of the region.

6. Ministers held discussions on a range of topics, including:
   - Economic Trends and Issues
   - Trade and Investment Issues
   - The Second Report of the Eminent Persons Group
   - The Report of the Pacific Business Forum
   - Human Resources Development
   - Cooperation in Improving Public and Commercial Infrastructure
   - Small and Medium Enterprises
   - Implementation of Leaders’ Vision and Initiatives
   - The APEC Work Program
   - Organizational Issues
   - Other Matters

**ECONOMIC TRENDS AND ISSUES**

7. Ministers welcomed the Report of the Ad Hoc Group on Economic Trends and Issues (ETI) and appreciated its useful work during the past four years. They reaffirmed the Group’s important role in promoting economic dialogue throughout the region and encouraging economic growth and increasing the economic well-being of all peoples. Ministers emphasized the necessity for the strengthening of APEC’s capability in the analysis of long-term macro-economic trends and studies of micro-economic issues. Ministers agreed to transform the group into an Economic Committee and endorsed the Terms of Reference of the new Committee.

8. Ministers thanked Chinese Taipei for its valuable work on the economic outlook prepared for the Ministers’ review. They agreed that in-depth analyses of the current situation of the three areas - trade, investment and technology transfer - provide a good basis to contribute to further APEC discussions on each of the three areas.

9. Ministers discussed the 1995 work plan for the Economic Committee which, from the outset, will be based on the following ongoing activities:
   - preparation of the 1995 APEC Economic Outlook
   - circulation of key economic information
   - analysis of the 3Es project - Economic Growth, Energy and the Environment
   - examination of the linkages between privatization and trade liberalization
   - analysis of industrial and technological linkages in the region.
   - study of the effect of excessive exchange rate movement on trade and investment in the region
10. Ministers welcomed Japan's presentation on "Partners for Progress" on the promotion of further economic cooperation and development in the Asia Pacific region by reinforcing all the members' ability to effectively mobilize their human and other resources. Ministers recognised that cooperation to sustain the growth and development of the region for the common good of its peoples is one of the primary objectives in the APEC activities, and noted that the proposal will be further elaborated for consideration by Senior Officials.

SECOND REPORT OF THE EMINENT PERSONS GROUP

11. Ministers expressed their deep appreciation to the Eminent Persons Group (EPG) for its second report and commended the successful fulfilment of its mandate to recommend proposals on how to realize a long term vision for APEC. Ministers welcomed that report of the EPG which sets out a number of fundamental and important principles for APEC in three important directions: trade and investment facilitation, trade liberalisation, and technical cooperation. Ministers noted that the EPG Report would serve as a valuable reference document for future deliberations including at the APEC Economic Leaders Meeting in Bogor.

REPORT OF THE PACIFIC BUSINESS FORUM

12. Ministers welcomed the report presented by the co-chairs of the Pacific Business Forum (PBF), and commended PBF members for their valuable input of business/private sector views. Ministers expressed their appreciation for the many concrete proposals put forward in the PBF report, and noted that these would serve as valuable reference points for future deliberations. Ministers further noted that the PBF Report would be considered by APEC Economic Leaders at their Bogor Meeting.

13. Ministers reaffirmed the critical role of the private sector in APEC. They endorsed the US proposal to create of an ongoing business/private sector advisory body as recommended unanimously by the PBF.

TRADE AND INVESTMENT ISSUES

14. Ministers welcomed the substantial progress achieved by the CTI in the works related to trade and investment throughout the year. They reconfirmed trade and investment liberalisation as a cornerstone of APEC’s identity and activity. Ministers agreed to adopt the CTI Annual Report to Ministers, and approved its recommendations for the work program for 1995.

15. Ministers endorsed the establishment of the two sub-committees under CTI, namely the Sub-Committee on Standards and Conformance and the Sub-Committee on Customs Procedures.

16. Ministers recognised the need to support trade and investment programs with appropriate technical assistance to maximise the effectiveness of APEC activities.
THE MEETING OF MINISTERS IN CHARGE OF TRADE

17. Ministers welcomed the outcomes of the Meeting of APEC Ministers in Charge of Trade which was held in Jakarta on October 6, 1994. As mandated by the Fifth Ministerial Meeting in Seattle last year, the main purpose of this Meeting was to review the results of the Uruguay Round and its implications for the region and consider next steps for regional and global trade liberalization.

18. Ministers reaffirmed their determination to achieve full implementation of the results of the Uruguay Round and to demonstrate leadership by making maximum efforts in each of their economies to ensure the early ratification of the agreement establishing the World Trade Organization so that it is operational as of January 1, 1995. In this regard, Ministers expressed their strong support to non-GATT members of APEC to complete the negotiations as soon as possible to enable them to become original members of the WTO. Ministers affirmed that these negotiations should be based on substantive and commercially meaningful commitments.

19. Ministers further welcomed other initiatives reached by the Meeting, inter alia in developing a series of APEC seminars or workshop designed to exchange views on and explore scope for common regional approaches on the implementation of the results of the Uruguay Round; and in conducting programs that will be particularly valuable in helping to implement Uruguay Round results in the area of among others, anti dumping, services, intellectual property rights, customs and rules of origin. In this respect, Ministers took note the recognition of the Meeting to the importance of APEC's contribution to global trade, investment and economic growth and the emphasized the importance of maintaining momentum of trade liberalization. Ministers appreciated the support of the Meeting to the efforts in facilitating trade and investment liberalization in the Asia Pacific region.

SMALL AND MEDIUM ENTERPRISES

20. Ministers commended SME experts for their excellent work during 1994 and noted the importance of this area of cooperation. They also commended Chinese Taipei for its report of the APEC Survey on Small and Medium Enterprises. They welcomed the recommendations prepared by SME experts at their two meetings and encouraged Senior Officials to implement these recommendations.

21. Ministers also endorsed the SME Minister's recommendation to upgrade the SME Experts Meeting into an ad hoc SME Policy Level Group.

HUMAN RESOURCES DEVELOPMENT

22. Ministers adopted the "Declaration on the Human Resources Development Framework". The Declaration identifies the principles and elements of human resources development in APEC, while establishing a mechanism to plan and manage the implementation of these principles over time.
23. Ministers reaffirmed that human resources are the greatest single asset in achieving economic growth and development whose goal is the well being of their peoples. It is important that APEC be able to identify changes in the demand for skills in critical sectors which may cause bottlenecks to growth and development if not efficiently resolved. It is also important to develop, through general public education in public and private training, a labor force that has the fundamental attitude to permit a flexible response as requirements change.

24. Certain groups must be especially targeted for investment and human resources development on the basis of their capacity to enhance the development of others. These groups include entrepreneurs, managers and technical workers in both business/private and public sector, educators of primary, secondary, tertiary and vocational education, trainers in technologies needed for the next higher levels of economic development in member economies, and the future economic leaders of the region.

25. Ministers affirmed the importance of both public and private sector training in small and medium enterprises, in industrial and infrastructural technology, and a sustainable development which can mitigate and prevent negative impacts on current growth on future prosperity.

26. Ministers welcomed the US proposal for establishing a private sector funded APEC Education Foundation. Such a Foundation could track all APEC human resources development/educational activities, and could provide back-up and serve as a resource to the Human Resources Development Working Group, the associated Partnership for Education and Education Forum, and the APEC Leaders Education Initiatives. The US offered to develop a detailed concept paper on this proposal for the consideration of Senior Officials and other relevant APEC bodies.

COOPERATION IN IMPROVING PUBLIC AND COMMERCIAL INFRASTRUCTURE

27. Ministers noted the importance of the infrastructure issue for APEC and its bearing on future economic development. They commended Indonesia for raising important issues in its useful paper on Cooperation in the Improvement of Commercial and Public Infrastructure. They took note with interest of the outcome of the World Infrastructure Forum held in Jakarta in October 1994, particularly in encouraging business sector involvement in infrastructure development.

28. Ministers endorsed the recommendations contained in the paper submitted by Indonesia which constitute a basis for further work in this area, especially in the area of bilateral projects with region-wide impact.

29. Recognizing the importance of an adequate, efficient and safe transportation system and the need for accelerated development of transportation infrastructure, as well as for better use of existing facilities, Ministers welcomed a proposal by the United States to
host a meeting of APEC Ministers in-charge of Transportation in mid-1995. Ministers agreed to ask the Working Group on Transportation to assist Ministers in elaborating this proposal.

30. Information and communication will play a major role in economic growth and development in APEC economies. The development of international and domestic information infrastructure is a priority for all APEC economies. Ministers noted the interest of the Working Group on Telecommunications in the development of an APEC information infrastructure. Ministers further noted the Global Information Infrastructure concept introduced at the ITU World Telecommunications Development Conference. Ministers encouraged the Working Group on Telecommunications and other relevant APEC fora to study the GII concept in their future work.

THE APEC WORK PROGRAM

31. Recognizing the importance of the ten APEC Working Groups to the process of APEC, Ministers stressed that activities undertaken by the ten Working Groups were an integral part of APEC's efforts to contribute to the region's development and prosperity in specific fields. Ministers noted that in 1994 the Working Groups had made greater efforts to realize the objectives contained in the vision and policy issues statements approved last year. Ministers approved the consolidated report of the APEC Working Groups.

Trade and Investment Data

32. Ministers welcomed a substantial progress made toward obtaining a near comparable merchandise trade database for APEC economies. Ministers also noted the steady efforts of the Working Group to make consistent the published data of service trade and foreign direct investment flows and directed the Group to speed up those efforts.

Trade Promotion

33. Ministers noted with satisfaction that the Working Group has been active in engaging the business/private sector in their activities: the Working Group held successfully the 4th Seminar/3rd Training Course on trade promotion and the first APEC Trade Fair with the full-scale participation of business people; the Group assisted in the formation of the Asia-Pacific Business Network (APB-Net); and the Group has been engaged in collecting information and data to be used by the business sector.

Industrial Science and Technology

34. Ministers noted the initiative of the Group to focus more on the issue of industrial science and technology, having the name changed to the "Working Group on Industrial Science and Technology". Ministers were also encouraged by a variety of work projects such as APEC Technomart, to facilitate technology transfer and to promote information flows of industrial science and technology among members.
Human Resources Development

35. Ministers, noting the impressive number of projects completed by the Working Group in 1994, and 20 new activities - eight of them entirely self-funded - planned for 1995, expressed satisfaction that an increasing number of these projects directly addressed topics of their concern. They also expressed their confidence that the new planning mechanism for HRD expressed in their Ministerial Declaration would provide additional impetus in the design and implementation of such projects.

Energy Cooperation

36. Ministers noted that the Energy Working Group has been active in implementing programs to encourage the more efficient delivery and consumption of energy, and to mitigate the environmental consequences of energy use. They welcomed the initiatives of the Group in underpinning technical programs by policy discussion conducive to a freer flow of information, investment and trade, noting that the Group has endorsed fourteen non-binding principles to guide its work.

Marine Resources Conservation

37. Ministers noted that the Working Group had initiated consultations with other international organizations involved in implementation of the Oceans Chapter of UNCED Agenda 21, with the objective of enhancing coordination of these activities in the Asia Pacific region. They also welcomed the effort of the Working Group on red tide, and integrated coastal zone management to monitor and control land-based sources of pollution.

Telecommunications

38. Ministers welcomed and endorsed the Guidelines for Regional Harmonization of Equipment Certification and for Trade in International Value-Added Network Services as developed and agreed by the Working Group following the Ministerial recommendation on the subject in Seattle in November 1993. Ministers also appreciated the Working Group's emphasis on an active human resources development program and its continuing work in the field of electronic data interchange.

Fisheries

39. Ministers noted the importance of fisheries to the region, in particular to many developing member economies and recognized the benefit of work that is being undertaken by the Working Group in the areas of cooperation in fish harvesting and post-harvest technologies, seafood trade, health and quality control for fisheries products, and aquaculture training and development.

Transportation
Ministers noted the importance of efficient transportation systems as an integral part of regional infrastructure in promoting growth and development. They welcomed the completion of the survey of regional transport systems and services as a stepping stone to further improvements in the transportation sector, and praised the Working Group's ongoing project addressing regional transportation congestion points. Ministers expressed their appreciation for the Working Group's report to Ministers on the effects of deregulation on small and medium enterprises in the transportation sector.

**Tourism**

Ministers noted the statement submitted to them by the Working Group on Tourism highlighting the significant role of the tourism sector in the development of the APEC region, and priority areas of future work. Ministers encouraged the Working Group to continue and develop further its activities in these areas.

**IMPLEMENTATION OF LEADERS VISION AND INITIATIVES**

**APEC Leaders Economic Vision Statement, 1993: Progress on Themes**

Ministers expressed appreciation for the presentation by Canada of the paper "APEC 1994 Work Program: Progress on Leaders Priorities and Issues". Ministers noted that the paper presented a useful survey of the breadth and scope of APEC's range of activities, relating them to the Seattle Leaders' initiatives. Ministers endorsed the release of this report as a contribution to public understanding of APEC activities.

**Remarks on the progress of the implementation of the Leaders Initiatives on Blake Island**

1. **The Establishment of the Pacific Business Forum**

Ministers welcomed the work that has been concluded by the PBF. (A complete Ministers' comment on the PBF is stated at the item of "The Report of Pacific Business Forum").

2. **Finance Ministers' Meeting**

Ministers noted that APEC Finance Ministers had met in Honolulu, Hawaii on 18-19 March 1994 and had agreed to further a dialogue in areas of mutual interest, such as recent economic developments, capital flows and financial markets issues, with a focus on private financing of infrastructure. They welcomed the decision of the APEC Finance Ministers to hold a second Meeting in Indonesia on 15-16 April 1995.

3. **APEC Education Program**

Ministers welcomed progress towards the realization of the program through the participation of many APEC member economies, noting the importance of educational
links in strengthening ties among member economies, especially the progress on APEC Study Centers in member economies.

46. Ministers welcomed the launching of the APEC Next Generations’ Program which was held in Cheju Island, Korea on 11-16 September 1994, under the theme "Toward a Prosperous Pacific Age". The US has offered to host the second ANGP Workshops in Seattle in 1995.

4. **APEC Business Volunteer Program**

47. Ministers commended Thailand on organizing a seminar which had reached consensus on how to advance the goals of the program, notably through the establishment of focal points in member economies to identify needs for and expertise in each such economy, to network with other focal points, and to serve as a dissemination point for information on the program.

5. **Non-Binding Investment Principles**

48. Ministers endorsed the set of Non-Binding Investment Principles prepared in response to the initiative of APEC Economic Leaders at their informal meeting in Seattle. These principles represent an important aspect of work by APEC on investment. Ministers welcomed these principles and directed the CTI to continue work on investment issues, with the active involvement of the business community, to enhance investment among member economies.

6. **Energy, Environment and Economic Growth**

49. Ministers commended Japan for its report to the Ministers on the 3Es. They discussed the increasing demand for energy and the growing significance of environmental issues in the region, and noted the importance of 3Es and the simultaneous achievement of the 3Es. Ministers noted the Japanese paper will prove helpful to the Energy Working Group in defining its future efforts.

50. Ministers also examined the future issue, as pointed out in the report, of improving the regional structure of energy demand-supply, and discussed APEC’s vital role in information exchange, fostering common understanding and policy discussion.

7. **APEC Center for Technology Exchange and Training for Small and Medium Sized Enterprises**

51. Ministers welcomed the progress in elaboration and realization of the project to make small and medium enterprises more globally competitive through the two-pronged strategy of technology exchange and training for such enterprises.

8. **Small and Medium Enterprises Ministers Meeting**
Ministers thanked Japan for hosting the Osaka Small and Medium Enterprises Ministerial Meeting and concurred with the SMEs Ministers' Joint Statement that SMEs were increasingly important in terms of heightening economic complementarities and development in the region. They also agreed that market-oriented SMEs policy on Human Resources Development, information access, technology and technology sharing, the availability of finance and market access should be enhanced.

Ministers noted that a sound base had been established for APEC SME policy dialogue and noted the joint meeting between the business/private sector and the Ministers in that it had obviously enhanced the practical value of the discussions in the SME Ministerial Meeting.

Ministers endorsed the SME Ministers' recommendation to upgrade the SME Experts Meeting into an Ad-Hoc SME Policy-Level Group, and also the terms of reference for this group, as well as the further recommendation that APEC commission an industrial outlook study. They welcomed the decision to hold a second SME Ministerial Meeting in Australia in 1995.

Ministers welcomed Japan's voluntary contribution to the fostering of APEC SMEs, such as the establishment of training and support programmes.

ORGANIZATIONAL ISSUES

APEC Secretariat

Ministers noted with appreciation the work of Ambassador Rusli Noor and his staff at the Secretariat during the second year of the Secretariat's operation. Ministers stressed the importance of the Secretariat in facilitating and coordinating APEC's work programs and in promoting information exchanges among member economies as well as among various Committees and Working Groups.

Ministers took note that the initial arrangement of the APEC Secretariat is approaching its end. In this regard, Ministers asked the SOM to review the arrangement and the function of the Secretariat to ensure that the Secretariat is meeting APEC's evolving needs, and submit recommendations for new arrangements to the next Ministerial Meeting. Ministers also endorsed the establishment of a Task Force for this purpose, the Terms of Reference of which are contained in the SOM report.

Ministers noted that the Secretariat will have to meet its recurrent expenditure including salaries and allowances of locally-recruited staff, utility charges, and charges for the maintenance of buildings and office equipment, which are currently being borne by the Singapore Government, effective on 1 January 1996. Ministers agreed on the need for the current arrangements for staffing and funding the Secretariat to be reviewed. Ministers endorsed Senior Officials' recommendations to form a task force to examine this matter and report to the next Ministerial Meeting.

Participation Issues
59. Ministers welcomed the membership of Chile in APEC beginning with this Ministerial meeting.

60. Ministers discussed the issue of participation by non-member economies and organizations in APEC Working Groups. Ministers decided that the matter be referred back to the Senior Officials for them to work out criteria and principles to be submitted to the 1995 APEC Ministerial Meeting.

61. Ministers noted the progress made to formulate policies that can promote business activities in the region.

62. Ministers particularly noted the contributions of the Pacific Business Forum and the Eminent Persons Group and the increased participation of the business/private sector in APEC at all levels, notably in Working Group activities.

63. Ministers welcomed the establishment of the Asia Pacific Business Network (APB-Net). Ministers commended the work of APB-Net as a concrete implementation of business/private sector engagement in the APEC process and Ministers also expected that this new forum could be a vital and effective channel for promoting business-to-business networking.

**Budget Issues**

64. Ministers welcomed the establishment of the Budget and Administrative Committee and noted with satisfaction its successful operation during 1994. Ministers approved a 1995 budget of US$ 2,227,732 as drawn up by the Committee and recommended by Senior Officials. Ministers also endorsed the contribution levels recommended by Senior Officials for 1995, but noted that the overall approach for assessing members' contributions would be reviewed next year by the BAC.

65. Ministers asked that the Budget and Administrative Committee should continue its useful work in examining and making recommendations to Senior Officials on budgetary issues and on how to improve operational and administrative efficiency.

**OTHER MATTERS**

**ACDS**

66. Ministers welcomed the report on the completion of the first stage of the APEC Communications and Database System (ACDS) project and noted that the ACDS promises to be the communications hub and information repository of APEC.

67. Ministers urged full use of ACDS to increase APEC's efficiency and greatly improve communications among the member economies, Working Groups and Committees and the Secretariat.
Environment Ministers Meeting

68. Ministers noted the Philippines presentation of the concept of Debt-for-Nature Swap in relation to sustainable development.

69. Ministers welcomed the result of the Meeting of the APEC Ministers concerned with the Environment which was held in Vancouver, Canada on 23-25 March 1994. Ministers also welcomed the suggestions for implementation developed by the Environmental Experts Meeting in Hua Lien, Chinese Taipei, on 25-27 August 1994. They directed the SOM and the Working Groups to study these suggestions and directed the SOM to report to the Seventh Ministerial Meeting on its progress in integrating environmental issues into ongoing APEC activities.

PREPARATION FOR THE SEVENTH MINISTERIAL MEETING

70. Ministers thanked Japan for the valuable briefing on the preparations of the Seventh APEC Ministerial Meeting in Osaka, Japan, in 1995.

VENUES FOR FUTURE APEC MEETINGS

71. As decided at the Fourth Ministerial Meeting in Bangkok, the Seventh Ministerial Meeting will be held in Japan in 1995. The Eighth and Ninth Ministerial Meetings will be held in 1996 and 1997, hosted respectively by the Republic of the Philippines and Canada. Malaysia will host the Tenth Ministerial Meeting in 1998.

72. Ministers and their delegations expressed their deep and wholehearted appreciation to the Republic of Indonesia for its warm and generous hospitality towards all the participants and the excellent facilities and arrangements made available for the Meeting.
APEC NON-BINDING INVESTMENT PRINCIPLES
Jakarta, November 1994

In the spirit of APEC's underlying approach of open regionalism,

Recognising the importance of investment to economic development, the stimulation of growth, the creation of jobs and the flow of technology in the Asia-Pacific region,

Emphasising the importance of promoting domestic environments that are conducive to attracting foreign investment, such as stable growth with low inflation, adequate infrastructure, adequately developed human resources, and protection of intellectual property rights,

Reflecting that most APEC economies are both sources and recipients of foreign investment,

Aiming to increase investment, including investment in small and medium enterprises, and to develop supporting industries,

Acknowledging the diversity in the level and pace of development of member economies as may be reflected in their investment regimes, and committed to ongoing efforts towards the improvement and further liberalisation of their investment regimes,

Without prejudice to applicable bilateral and multilateral treaties and other international instruments,

Recognising the importance of fully implementing the Uruguay Round TRIMs Agreement,

APEC members aspire to the following non-binding principles:

Transparency

- Member economies will make all laws, regulations, administrative guidelines and policies pertaining to investment in their economies publicly available in a prompt, transparent and readily accessible manner.

Non-discrimination between Source Economies

- Member economies will extend to investors from any economy treatment in relation to the establishment, expansion and operation of their investments that is no less favourable than that accorded to investors from any other economy in like situations, without prejudice to relevant international obligations and principles.
National Treatment

- With exceptions as provided for in domestic laws, regulations and policies, member economies will accord to foreign investors in relation to the establishment, expansion, operation and protection of their investments, treatment no less favourable than that accorded in like situations to domestic investors.

Investment Incentives

- Member economies will not relax health, safety, and environmental regulations as an incentive to encourage foreign investment.

Performance Requirements

- Member economies will minimise the use of performance requirements that distort or limit expansion of trade and investment.

Expropriation and Compensation

- Member economies will not expropriate foreign investments or take measures that have a similar effect, except for a public purpose and on a non-discriminatory basis, in accordance with the laws of each economy and principles of international law and against the prompt payment of adequate and effective compensation.

Repatriation and Convertibility

- Member economies will further liberalise towards the goal of the free and prompt transfer of funds related to foreign investment, such as profits, dividends, royalties, loan payments and liquidations, in freely convertible currency.

Settlement of Disputes

- Member economies accept that disputes arising in connection with a foreign investment will be settled promptly through consultations and negotiations between the parties to the dispute or, failing this, through procedures for arbitration in accordance with members' international commitments or through other arbitration procedures acceptable to both parties.

Entry and Sojourn of Personnel

- Member economies will permit the temporary entry and sojourn of key foreign technical and managerial personnel for the purpose of engaging in activities connected with foreign investment, subject to relevant laws and regulations.

Avoidance of Double Taxation
• Member economies will endeavour to avoid double taxation related to foreign investment.

Investor Behaviour

• Acceptance of foreign investment is facilitated when foreign investors abide by the host economy's laws, regulations, administrative guidelines and policies, just as domestic investors should.

Removal of Barriers to Capital Exports

• Member economies accept that regulatory and institutional barriers to the outflow of investment will be minimised.
DECLARATION
A HUMAN RESOURCES DEVELOPMENT FRAMEWORK
FOR THE ASIA PACIFIC ECONOMIC COOPERATION
Jakarta, November 1994

Recognizing that in 1993 APEC Economic Leaders in Seattle envisioned a community in which improved education and training would provide the skills for maintaining economic growth;

Recalling that the APEC Ministers in Seattle noted that the people of the region are its most important asset and that the dynamism of the region is reflected in changing human resources needs, and urged that continued priority attention be devoted to developing human resources;

Reaffirming the Declaration of APEC Education Ministers, adopted at their 1992 Meeting, regarding the critical link between education and economic development;

Reaffirming the vision and policy issues statements of the APEC Human Resources Development Working Group and the training-related parts of those of other Working Groups which were adopted at the Fifth Ministerial Meeting in 1993; and

Reaffirming the principles of the Seoul Declaration:

- **Affirm** that the issues of human resources development and the development of economic growth, employment, and quality of life should be addressed in an integrated and coordinated manner;

- **Affirm** the value of, and need for, concerted development of human resources by member economies, the region’s business/private sector enterprises, and research, education, and training institution;

- **Affirm** the important role of the public sector in giving guidance to human resources development in both the public and business/private sectors.

Recognizing that:

- human resources is a broad concept requiring focused and sustained effort for its effective implementation;

- the development of human resources cuts across the work programs of most APEC committees and working groups, and so requires close collaboration; and

- differences exist in the economic and social and political systems of member economies,

**Urge** members to consolidate and concentrate their efforts in human resources development to produce tangible economic benefits in an effort based on focused dialogue and the achievement of consensus.
We declare:

OBJECTIVE

The objective of human resources development in APEC is to promote the well-being of all people in the region through economic growth and development. This is to be achieved by advancing the design, development, and delivery of practical and appropriate education and training for current and future managers, entrepreneurs, and workers in both the public and private sectors to contribute to economic growth, trade and development in the Asia Pacific region. In appropriate cases, the objective is to be achieved through the medium of policy recommendations for the consideration of APEC Ministers.

PRINCIPLES

The development of human resources in APEC is to be based on the following principles:

a. The people of the Asia Pacific are the most important resource in economic growth and development, one of whose goals is to enhance the quality of life and well-being of our peoples;

b. The development and protection of human resources contribute to the attainment of such fundamental values as the alleviation of poverty, full employment, universal access to primary, secondary and vocational education, and the full participation of all groups in the process of economic growth and development;

c. Human resources development requires cooperative action by public, and business/private sectors, educational and training institutions;

d. In designing regional approaches to human resources development attention must be given to the diversity of experiences and situations in the region.

PRIORITIES

1. Provision of a quality basic education for all.

2. Analysis of the regional labour market to allow sound forecasting of trends and needs in human resources development.

3. Increasing the supply and enhancing the quality of managers, entrepreneurs, and educators/trainers in areas of the economy central to fostering economic growth and development. Such areas include training in small- and medium-sized enterprises, entrepreneurism and in the management of sustainable growth incorporating economic and environmental considerations.

4. Reducing skills deficiencies and unemployment by designing industrial and other training programs for applications at all stages of a person’s working life.
5. Increasing the quality of curricula, teaching methods, and instructional materials relating to the education and training of managers and other workers.

6. Increasing the opportunities in the region for people who seek to gain skills required for the economic growth and development of member economies and the region as a whole.

7. Preparing organizations and individuals to remain productive in the face of rapid economic and technological changes in member economies, the Asia-Pacific region and the global economy.

We decide:

A WORK PLAN FOR HUMAN RESOURCES DEVELOPMENT IN APEC

The APEC Human Resources Working Group shall prepare an annual work plan for human resources development in APEC. The work plan is to define the priorities for HRD activities in APEC and set out the means for their realization in the immediate and longer terms. In the preparation of this plan, the Working Group shall be guided by the objective, principles and priorities set out in this Declaration and by the decisions of APEC Leaders and Ministers. The Working Group may take into account the views of appropriate expertise from within APEC and its observer organizations.

The preparation of the work plan shall be incorporated in the HRD Working Group’s first annual meeting held so that its report can be presented in a timely manner for consideration by the First Senior Officials Meeting.
1. A meeting of APEC Ministers responsible for the Environment was convened in Vancouver on 23 - 25 March, 1994. Delegates from Australia, Brunei Darussalam, Canada, the People's Republic of China, Hong Kong, Indonesia, Japan, the Republic of Korea, Mexico, New Zealand, the Republic of the Philippines, Papua New Guinea, Singapore, Chinese Taipei, Thailand and the United States participated in the Meeting, Members of the APEC Secretariat also attended. A representative of the ASEAN Secretariat and the South Pacific Forum (SPF) were present as observers and Chile was a special guest of the chair. The list of participants appears as Annex One.

2. The Meeting was chaired by Honourable Sheila Copps, Deputy Prime Minister and Minister of the Environment for Canada.

3. The Ministers conveyed their condolences to the remaining Mexican representative on the death of Luis Donaldo Colosio the previous evening.

Opening Remarks

4. The Chair opened the meeting by referring to the challenge from Economic leaders at Seattle and the invitation from Canada's Prime Minister, Jean Chrétien, for APEC Ministers responsible for the Environment to meet in Vancouver, March 23-25, 1994. The Chair referred to the key environment/economy issues facing the region today and took note of the conclusions of the Eminent Persons Group about the inseparable connection between economy, prosperity, and quality of life.

5. The chair asked the meeting to discuss the potential role of APEC in promoting environmental cooperation in the Asia Pacific and how Ministers could green APEC.

Adoption of the Provisional Agenda

6. The provisional agenda was adopted without amendment. The adopted agenda appears as Annex Two.

Vision Statement and Framework of Principles
7. Ministers discussed an Environmental Vision Statement and a Framework of Principles on the integration of environmental and economic considerations in APEC. Within the Vision Statement, Ministers explored the potential for enhancing cooperation on the environment.

8. The Canadian Minister described the potential opportunities in a process which involved multi-sectoral inputs into the policy development process, for example through the appointment of two private sector members per economy, and possibly including a representative of each member from APEC's Economic Committee. Such a body need not meet more than once or twice annually, and should not have a full-time secretariat. It would report to the annual Ministerial process, although as a practical matter, much of its work would be done in conjunction with the SOM.

9. The Canadian Minister went on to note that a potential first task for such a mechanism was to work with Ministers and senior environment officials to place APEC members' environmental cooperation in a strategic framework based on sustainable development as set out in the draft Vision Statement.

10. The New Zealand Minister described the Framework of Principles, noting the contribution of Japan and the Philippines. He referred in particular to the principle of internalization. Market mechanisms needed to receive more attention in economies, as they often offered an alternative to the regulatory approach, which could be expensive and ineffective. Ministers reached consensus on the Framework of Principles.

11. Ministers supported the general concept of multi-sectoral input in policy development. While some Ministers were prepared to endorse the idea of establishing an Asia Pacific Round Table on the Environment and the Economy, others expressed reservations about the premature aspect of the proposal and concerns that approval might run counter to the existing consensus to avoid creating additional APEC institutions. Following discussion, the draft Vision Statement was amended to suggest "possible exploration of an Asia-Pacific Round Table on Environment and the Economy". An additional sentence (from Australia) stated "We encourage the APEC economies to develop their own mechanisms for contacts with the private sector and with major groups in their own economies." Ministers agreed to the revised Vision Statement at the concluding session and directed officials both in environment agencies and through the SOM process, to follow-up and develop the concept of a regional roundtable.

12. Ministers commended the environmental work already under way in APEC in such areas as energy, marine resources, and tourism and encouraged further efforts in these areas. Ministers agreed to call on APEC working
groups to develop a strategic approach, based on sustainable development principles, for environment consideration to be fully integrated into the program of each APEC working group and policy committee. Members were of a view that the SOM would be the appropriate mechanism to ensure that follow up in these areas was undertaken.

13. Some Ministers pointed out the merits of APEC Ministers responsible for the Environment meeting again at an unspecified time.
ENVIRONMENTAL TECHNOLOGIES

14. The Administrator of the US Environmental Protection Agency presented a joint paper with the PRC on the theme of environmental technologies. The United States summary emphasized the importance of stimulating the development and application of innovative production technologies. Pollution prevention is supported by integrating pollution prevention objectives into regulatory actions and enforcement programs. Environmental policy can stimulate innovation by establishing environmental laws and regulations that encourage individual industries to develop new technologies to conserve natural resources and protect public health. These technologies typically provide direct and ancillary economic benefits.

15. The US emphasized the importance of public access to information about emissions produced by industries as well as information about pollution prevention. Finally, training in pollution prevention techniques should be made widely available, including programs that exchange experts and support collaboration. Responding to member's interest in having a means of exchanging information on member's experiences with innovative environmental technologies, the United States indicated it was prepared to undertake the design and possible implementation of an APEC system to access US pollution prevention and pollution applications for industrial, agricultural and municipal uses. The USA would work with the SOM process to implement this and, if successful, could be a model for parallel coordinated efforts by all APEC members.

16. The Administrator of the PRC National Environmental Protection Agency followed with comments stressing the importance of avoiding dependence on obsolete and inefficient technologies when striving for sustainable development. China emphasized the potential for scientific and technological advances to promote advances in public health and in environmental quality. China maintained that environmental technologies are defined as "environmentally sound and economically sustainable technologies" and considers such technology as the commonwealth of all humankind which should be transferred to those in need on a preferential and non-commercial basis. China also encourages cooperative projects that could transfer technologies for clean production, energy efficiency, and environmental protection. These projects could be supported by seminars and training courses to support the exchange of technology and information.

17. The Parliamentary Vice-Minister from Japan pointed out that increased investment in the development of energy-efficient and environmental technologies had a positive economic impact, and emphasized that public and private sector cooperation is essential in the development and transfer of environmental technologies.
18. The Minister from Korea emphasized the importance of common efforts for further progress in developing and implementing the transfer of environmental technologies, described in Chapter 34 of Agenda 21, at the regional level. He also proposed APEC members to identify the availability of technologies that can be transferred, possibly through some type of information network, as the first step to that end.

19. The Parliamentary Secretary from Australia supported the emphasis on clean production techniques as the key to ensuring ecological sustainability. As well Australia clarified the need to focus environmental regulations on desired outcomes rather than on processes to avoid inhibiting innovation. In many cases, low tech solutions can successfully address the pollution problems in both rural and urban environments. The appropriateness of such solutions can be assessed through exchange of information on clean production techniques and practices. Information exchange and training programs are important components in meeting the goal of sustainable development.

20. The Minister from Indonesia contributed information about his economy’s experience in promoting the use of environmentally sound and economically sustainable technologies suitable to tropical climates.

21. Common themes in Ministers' presentations included:

a) recognition of the importance of technology transfer to the achievement of global sustainable development.

b) recognition of the positive role played by good regulation in stimulating technological innovations.

c) recognition of the importance of active involvement of the private sector, including the role of investment and joint ventures.

d) recognition that clean energy production and energy conservation technologies must be important elements of environmental technology initiatives.

e) recognition of the value of seminars/conferences on institutional capacity building, training and technical information exchange as a key element to improving environmental technology co-operation.

f) recognition of the potential value of establishing means of exchanging information on APEC members' experience with innovative and renovative technologies.
22. The Minister from Japan opened the presentation on sustainable cities by noting that industrialization and increasing population was placing pressure on water, natural resources, energy and land, resulting in large quantities of solid waste, water and air pollution, destruction of the natural environment and strain on neighbouring economies. There is an urgent need to change the pattern of urban development with new principles to realize a sustainable city, as set out in the background theme paper prepared for Ministers.

23. The Japanese experience was that cities were not self-sufficient but could be self-sustaining by being more efficient. Priorities were to focus on fundamental elements such as water and energy, make special efforts to protect and promote green areas, and involve individuals and private industry in solving local problems. Plans to develop eco-cities were under way. Policies at the local level such as local Agenda 21's would benefit from wider consultation and sharing of information and expertise. Japan will continue to give full support to the activities of UNEP International Environmental Technology Centre to serve as a clearing house for urban environmental problems.

24. It was important to keep in mind the need for local initiatives in developing familiarity with local needs and practices and should be involved from the outset in decision-making. The concept of decentralization and deregulation should be explored with an eye toward increasing local and private investment in creating a favourable environmental investment climate.

25. Cities represent the most important element in any national or global strategy for sustainability. Current city models in the region must focus on modifying behaviour.

26. The Philippines Secretary recognized the environmental challenges of cities to sustainability. He proposed that guidelines be developed for public investment to clean up the environment and for water pricing policies since these were important to sustainability.

27. The Singapore Minister noted the critical importance of a sustainable city and explained Singapore's approach through the use of proper town planning, adequate infrastructure, legislative standards and the "polluter pays" principle. He elaborated on the need for measures to control the effects of traffic congestion through the proper pricing of road usage. There was considerable interest in the concept of an eco-city, based on shared experiences.
28. The Korean Minister saw a need to develop methodology for ecopolis planning to encourage construction of self-supportive, stabilizing and sustainable eco-systems that are consistent with economic growth goals. Korea is researching improved techniques and skills for the urban environment management and has a model city for environmental conservation program. He proposed a working group to formulate APEC principles for development which were needed. This group could develop urban sustainability indicators for monitoring air, water, energy, wastes, etc. There was also a need for coordination and exchange of information among member economies.

29. Hong Kong’s Secretary for Planning, Environment and Lands noted the importance of integrated planning, the importance of feasibility studies for development projects that incorporated environmental impact assessments, and cited this value of involving the private sector broadly in delivering approved environment projects.

30. The conclusion of the session was that conservation of the environment was fundamental to the well-being of cities and that growing populations underscored the importance for APEC members to work together cooperatively. One interesting opportunity was eco-cities which deserved further exploration in APEC. It was also agreed that integrated planning was an important aspect of future APEC cooperation.

POLICY TOOLS

31. The Minister from New Zealand introduced the economic instruments section of the paper by suggesting that Ministers might wish to discuss:

− whether revenues derived from environmental charges should be earmarked for addressing environmental concerns;

− what should be the basis for allocating property rights in a tradeable permits market, and;

− given the potential advantages of economic instruments, why are they used so sparingly. The Minister noted New Zealand's experience with tradeable quotas for CFCs and tradeable fishing permits.

32. The Administrator from Chinese Taipei spoke on the environmental standards section of the Policy Tools paper. He noted recent progress by the International Standards Organization (ISO) to develop international environmental standards and emphasized that regional differences should be
considered in developing new standards. The Administrator suggested that discussion might focus on the implications of the ISO work program and the potential for cooperation among APEC economies in advancing that work. The Administrator also spoke on his economy's experiences with green labelling, private sector self-regulating measures and laboratory certification programs.

33. The Deputy Minister from Thailand emphasised that APEC economies should recognise that developed and developing countries may need to deal differently with economic instruments and standards. For example, in the case of developing countries, the use of economic instruments may not be suitable, environmental standards will need to be adapted, monitoring systems are often not in place, and least-cost considerations represent only one of several factors in dealing with environmental concerns. This view was supported by Ministers of APEC economies.

34. Several Ministers from APEC economies spoke of their own experiences with these policy tools.

a) The Minister from Japan noted that environmental regulations and standards have provided impetus for its environmental technology industry. While Japan has no experience with eco-taxes, charges on SOx emissions have resulted in significant reductions in designated areas. The Minister suggested that timber prices should reflect some form of environmental charge.

b) The Minister from Singapore noted his economy's experience with applying charges to the transportation sector and the use of tradeable rights for reducing CFC emissions.

c) The Parliamentary Secretary from Australia pointed out that governments had to set the right example in using policy tools, citing the experience of one Australian State which had raised revenue through an "environmental levy" to improve water and sewage infrastructure. However, public scepticism was generated when the water and sewage authorities had then paid a dividend equal to the proceeds from the levy into consolidated revenue.

d) The Administrator from the USA noted that the experience with taxes, "polluter-pays" principle, the Super Fund, etc., illustrated there are a variety of policy tools, not a single solution which must be tailored to the existing economic situation. The ultimate goal of economic measures is to internalize the true costs to the economy of environmental degradation.
e) The Under-Secretary from the Philippines cited the country's experience with an energy levy.

f) The Minister from Korea identified the use of several instruments in the Korean economy including effluent charges, deposit-refund schemes, and volume-based charges for domestic waste disposal.

35. Several Ministers stressed that the use of economic instruments and standards should not create unfair competition and trade distortions, and that standards do not need to be mandatory. However, the private sector should be involved in creating new standards to encourage their compliance. Several Ministers encouraged an enhanced exchange of information and further cooperation among APEC economies.

36. Several Ministers stressed the diversity of APEC economies and advised against advocating or imposing uniform policy tools and standards for different members. They stressed the importance of consultation and taking account of local conditions.

37. The Secretary from the Philippines suggested that Ministers task the SOM to integrate environmental concerns in its economic analysis, particularly with regard to economic instruments and standards, in their recommendations leading to the Sixth Ministerial.

ENVIRONMENTAL EDUCATION / INFORMATION

37. The Indonesian Minister described the Indonesian success in using environmental education to lay the groundwork for the effective implementation of government programs, citing the switch to integrated pest management as an example. Environmental education vehicles used in Indonesia have included community and opinion leaders, the media, and school curricula.

38. The Korean Minister introduced his economy's environmental education programs which have been implemented at various levels since the early 1980's, in school education, social education and through the mass media. He described the environmental education model program, in which forty schools will have participated between its implementation in 1985 and the end of 1994.

39. The Korean Minister proposed to pursue the exchange of individuals responsible for environmental education and to have seminars on environmental education for the Asia-Pacific region. He further mentioned the merits of a national environmental information network, and a centralized
environmental information network for the Asia Pacific region, publishing reports on the state of the environment in the region, as well as the logical next step, a regional on-line information system.

40. The Australian Parliamentary Secretary noted that APEC members, having joined in the consensus adopting Agenda 21, were committed to developing community education, awareness and training programs as tools to achieve and underpin sustainable development. She proposed that APEC support education and information programs which focus on achieving sustainable development through business management, industrial technology and economic development, without duplicating existing activities. APEC's Human Resources Development (HRD) Working Group was already working toward this goal and would be meeting in Sydney on March 28 to discuss its environmental education activities. Australia would ensure that the Sydney meeting was aware of the Vancouver discussions on environmental education.

41. The Administrator of the Peoples Republic of China related relevant Chinese experience, including environmental education in school curricula and environment-related faculties and post-graduate degrees in universities campaign in school curricula, and environment-related facilities and post-graduate degrees in universities. The hope was expressed that developed economies could contribute more to environmental education efforts in APEC.

42. The Minister from Japan expressed the view that environmental education starts at home and in the community. Two vehicles cited were Japan's eco-labelling programs, in place since 1989, and mass media. She indicated that Japan would be willing to provide environmental education experts to other APEC economies.

43. The Singapore Minister agreed with the Indonesian Minister on the need to "sell" environmental policies to the public through education and information. This would be facilitated by cohesiveness within the society. He stressed that economic instruments could not succeed without public acceptance. He also described Singapore's environmental education programme, in particular its use of the Clean and Green Week to harness business and public participation in environmental protection.

44. The U.S. Administrator stated that the US takes environmental education seriously, and cited three components. Environmental education by example -- governments have to set the right example by their actions. Environmental education by participation -- it is important to share information so the public is informed, for example through mechanisms such as the Toxic Release Inventory (TRI), which makes public information on the toxic releases of over
3,000 companies. Environmental education by advocacy – it is important to involve non-governmental organizations and international institutions in the decision-making process.

CONCLUSION

45. Ministers concluded their discussions by unanimously adopting the Vision Statement and Framework of Principles. Ministers agreed that these documents along with the meeting report should be conveyed to the next SOM and to the annual Ministerial meeting, so as to follow up on those aspects of the discussions during the preceding two days where consensus existed. It was noted officials were to pursue the strategy mentioned in the vision statement and opportunities should be sought to continue the dialogue from Vancouver through discussions in other fora, such as the possibility of an APEC caucus in the CSD or at meetings of the UNEP governing council.

46. The participants in the meeting expressed their thanks to the host of the meeting for the preparations and meeting arrangements.

SUMMARY

47. The Chair recalled her opening remarks that the challenge for the Vancouver meeting was to set in motion the work of making APEC a forum for cooperation not only on economic issues but also on environmental issues. In her view a good start had been made on that work. She referred to the Leaders' recognition in Seattle that, with the extraordinary growth rates of APEC members, it is vital for members to address environmental issues so as to safeguard the well-being of our people, both economic and otherwise, in the long term.

48. The Chair noted that the Asia-Pacific region currently enjoys the highest economic growth rate in the world and that economic prosperity would be secure in the long term if it is based on sound environmental practices. While noting that this is true in economies which depend heavily on international trade, all members would benefit from integrating economic and environmental considerations at every level.
50. The Chair noted that all members need to shift to new technologies that reduce environmental impact, and to enhance environmental expertise. APEC members must establish their priorities, determine which solutions they will adopt, and learn how to prevent environmental problems, rather than paying to clean up pollution.

51. The Chair expressed satisfaction that the meeting had adopted an APEC Environmental Vision Statement, expressing the common commitment to sound economic and environmental policies, and a Framework of Principles for integrating economic and environment in APEC. She recalled the key points of the Vision Statement and noted that the Framework of Principles provides parameters and markers to guide progress in pursuing this vision. These provide a firm foundation on which to build still greater co-operation in future.

52. The Chair also noted that not all work should be done by governments alone. Ways should be sought to build dialogue, understanding and cooperation in broader circles, and in particular, to bring the private sector and other major groups into the policy development process.

53. The Chair indicated that all members should encourage their colleagues to embrace the conclusions of the Vancouver meeting at the Sixth Annual APEC Ministerial meeting in November. It was also observed that governments have the responsibility for taking the lead on action, with APEC doing this in the Asia-Pacific region. It was noted that however diverse they may be, all APEC members share the goal of improving the quality of life of their citizens. This goal could be better attained through members' co-operation on economic and environmental issues.

54. The Minister of State from Japan noted that all APEC Environment Ministers would be invited to the forthcoming meeting of Eco-Asia in Japan in June.

55. The Chair congratulated all participants in the meeting and expressed her view that the dialogue established and the consensus that was reached would help members strengthen their cooperation in working for the economic and environmental well-being of the entire Asia-Pacific region.
This meeting of APEC Ministers for the Environment forged consensus on a wide range of issues, sharing the spirit of the Rio Declaration on Environment and Development. We reaffirmed the inseparable linkages between environment protection and economic growth to build an enduring foundation for sustainable development in our region.

We want to see the continued dynamic growth and growing interdependence of APEC member economies which has transformed our region. We are concerned that degradation of our environment will adversely affect our ability to sustain our economic growth. Our efforts to assure stable and sustainable development must take account of the effect of our economies and our populations on the natural environment. To this end we support the outcomes of UNCED.

We, the Asia Pacific economies are agreed that we must protect our environment and conserve natural resources. In particular, we have to improve the quality of air, water and manage energy resources to ensure sustainable development and provide a more secure future for our people. We agree to develop co-operative programs to this end.

We recognize that problems such as climate change, biodiversity loss, pollution and waste, deteriorating water quality and availability, soil erosion, population pressures, and growing energy consumption challenge all of us to cooperate more effectively in dealing with these issues. APEC should take the lead in addressing these global problems and solutions in line with the global consensus reached at UNCED.

All APEC members share a commitment to sustainable development. We support enhanced protection for our environment and greater sensitivity and concern for the environment in our economic decision-making processes by integrating environmental considerations into relevant policy development and economic decisions throughout the region. To this end, we encourage APEC working groups and policy committees to integrate environmental concerns into their work programs.

Members recognize that the market can be an efficient and flexible means of allocating resources but that market outcomes do not always take into full account relevant environmental concerns. The challenge is to achieve sustainable development while taking advantage of the dynamism that market economies provide.

We welcome the call of the Eminent Persons Group (EPG) for APEC members to embark on a course of sustainable development, without creating new forms of protectionism. We would hope the important EPG work of developing a long term vision for APEC would address equally relevant environmental and economic considerations.

We think APEC's work on the environment should add value to other environmental activities in the region through mutually beneficial work complementary to other multilateral institutions and fora.
We believe sound environment and sound economic policies are mutually supportive and that preventing environmental degradation is fundamental to sustainable development.

We will work together with our APEC Ministers to promote sustainable development, trade and investment in the region, through a vision for APEC that encourages members to integrate environmental considerations into their policy making having regard to the attached framework of principles for integrating environmental considerations within APEC, at all levels.

APEC economies recognize the inter-relationship among poverty, unsustainable patterns of production and consumption, population growth, natural resource depletion and environmental degradation, and the potential for regional approaches in addressing global environmental problems. We encourage an enhanced dialogue focused on opportunities for regional co-operation in priority areas such as environmental technologies, environmental education and information, policy tools, and sustainable cities as well as earth observation and global changes research.

We urge each APEC economy to broaden consultations on sustainable development issues to provide multi-sectoral input into their policy development process. We encourage the private sector to observe their role and obligations in achieving sustainable development. We also encourage APEC senior officials (SOM) to develop ideas for multi-sectoral exchanges at the regional level, including the possible exploration of an Asia Pacific Round Table on the Environment and the Economy, and we encourage APEC economies to develop their own mechanisms for contacts with the private sector and major groups.

We call on APEC senior officials to build on the environment work already underway in APEC working groups to develop a strategic approach, based on sustainable development principles, for environment considerations to be fully integrated into the program of each APEC working group and policy committee.

We are committed to develop policies that are sound economically and environmentally. We agree that sustainable development depends upon successful implementation of policies and programs that integrate economic, environment and social objectives. We believe that APEC should take the lead in achieving sustainable development.

APEC Ministers Responsible for the Environment
Vancouver, Canada
March 25, 1994
APEC FINANCE MINISTERS MEETING  
Honolulu, Hawaii  
March 18-19, 1994

JOINT MINISTERIAL STATEMENT

For the first time, APEC Finance Ministers have met to discuss some of the fundamental economic challenges facing the Asia Pacific region: sustaining growth with low inflation, financing investment and infrastructure development, and promoting capital market development. This meeting was convened at the request of the APEC Leaders at their Seattle meeting in November 1993. The discussions were conducted on the basis of cooperation, consensus, and collegiality.

We recognize the growing significance of overall regional economic performance to each member's economic well-being and to the health of the global economy. Ours is a region increasingly bound together by growing trade and investment ties. We agree that the following principles should guide our policy formation as we move toward the next century:

- Sound macroeconomic policies and stability should remain a pillar of sustained, low-inflation growth in the region.
- Increasing cross-border flows of goods, services and investment should be another pillar for strong economic performance in the region.
- The private/business sector should continue to be the primary engine of growth.
- Further development of capital markets is needed for effective mobilization and allocation of private/business capital.
- Improving the capacity to finance infrastructure development is necessary to address current shortages and inefficiencies.

The Financial Challenge

Mobilizing the capital needed to finance high levels of private investment and infrastructure development presents a formidable challenge for the region. Large and growing inflows from external sources have been, and will continue to be, crucial. Capital inflows augment domestic savings, help diversify sources of financing, reduce the cost of capital, and assist in capital market development.

- We will pursue policies which promote ongoing large and diversified inflows of foreign direct investment. Such flows have already made a significant contribution to accelerating growth.
- We agree to work on increasing the contribution that portfolio inflows can make to regional investment, building on recent increases in cross-border equity and bond flows.
We shall consult on the kinds of strategies which can sustain capital inflows in a manner which fosters both growth and macroeconomic stability.

It will be critical to improve our capacity for mobilizing capital to meet financing needs.

- We will consult on efforts to develop and deepen banking sectors and domestic securities markets, including through effective supervision and regulation.

- We will work together to promote further development of domestic bond markets as a key source of financing, particularly for large, long-term infrastructure projects.

- We welcome the ongoing efforts by the International Monetary Fund, the World Bank, the International Finance Corporation, and the Asian Development Bank to assist development of financial markets. We urge that these programs be adapted and expanded as appropriate to meeting the changing and diverse needs of Asia Pacific economies.

- We also encourage these institutions to examine and disseminate successful public and private strategies for promoting financing of small and medium enterprises.

- We recognize the need for public resources to provide for funding for sustainable development projects where private funding is not available. We therefore look forward to the imminent conclusion of negotiations for a General Capital Increase of the Asian Development Bank which will embody a forward looking vision for the Bank and double its capital resources.

Future Meetings and Consultations

We believe that our discussions today have promoted greater understanding of key economic challenges facing the region. We therefore look forward to meeting again next year to consult on specific issues as well as regional economic developments, economic growth strategies, other macroeconomic objectives, regional capital flows, and financial sector developments and policies. We ask our deputies to undertake preparations for this meeting.

We also ask our deputies and their central bank counterparts to meet jointly in late 1994 or early 1995 to discuss macroeconomic developments and in particular issues relating to the sustainability and management of the capital flows that are important for growth. To support that joint meeting, an ad hoc group of senior financial officials will meet to identify key factors and developments which the deputies and their central bank counterparts should address.

We believe that improvements in information flows, availability, and exchanges can contribute importantly to efforts to mobilize financing and develop capital markets. We therefore call for cooperation in these efforts in undertaking the work and consultations proposed below.
- Study of Regional Portfolio Flows: We ask the IMF, working with existing
databases in cooperation with the World Bank, IFC and ADB, to prepare a
study of cross-border portfolio flows into and within the region, providing
quantitative measurements of the sources and destinations, as well as the
contribution of external flows to total capital mobilized in securities markets.
The study should be completed by the time of the meeting of APEC finance
ministers' deputies and their central bank counterparts.

- ADB Symposium on Financing Infrastructure Development: We call upon the ADB
to host a symposium on issues and problems in infrastructure financing, with
emphasis on the role of the private sector. Such a symposium should bring
together private sector officials involved in finance, construction and other
aspects of infrastructure development, with government officials and officials
from the international financial institutions. Other development banks with
regional responsibilities should be invited.

- Regional Consultations on Banking Sector and Securities Market Supervision and
Regulation: We welcome and encourage growing contacts between regulatory
authorities in member economies to discuss supervisory and regulatory issues
of common interest.

- Asia-Pacific Financiers: We call on private financial sector leaders in the region to
convene a meeting to identify issues regarding capital market development, to
explore ways to strengthen private sector contacts, and to explore the
possibility of establishing a more permanent private sector structure.
MEETING OF APEC MINISTERS IN CHARGE OF TRADE
Jakarta, Indonesia
October 6, 1994

JOINT MINISTERIAL STATEMENT

1. APEC Ministers in charge of trade or their representatives ("Ministers") from member economies of Australia, Brunei Darussalam, Canada, the People's Republic of China, Hong Kong, Indonesia, Japan, the Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Republic of the Philippines, Singapore, Chinese Taipei, Thailand, and the United States of America participated in a Meeting in Jakarta, Indonesia on October 6, 1994. The Executive Director of the APEC Secretariat was present at the Meeting. The ASEAN Secretariat, the Pacific Economic Cooperation Council (PECC), and the South Pacific Forum (SPF) attended as observers.

2. The Meeting was chaired by His Excellency Mr. S. B. Joedono, Minister for Trade of the Republic of Indonesia.

3. The Meeting was convened as a follow up to the decision of the Fifth APEC Ministerial Meeting which was held in Seattle, United States in November 1993. As stated in paragraph 22 of the Joint Ministerial Statement, the main purpose of the Meeting was to review the results of the Uruguay Round and its implications for the region and consider next steps for regional and global trade liberalization, bearing in mind the vision of APEC Leaders at their informal Meeting in Seattle.

4. Ministers recognized that the conclusion of the Uruguay Round offered an historic opportunity for the world trading system to advance under a strengthened transparent set of rules and procedures and significantly liberalized access to markets. They reaffirmed their collective commitment to the multilateral trading system and the new World Trade Organization.

5. Throughout their discussions, Ministers took note of the four priority themes of the forthcoming APEC Sixth Ministerial Meeting in Jakarta on November 11-12, 1994: development of infrastructure between and within APEC economies; human resources development; enhancing the competitiveness of small and medium enterprises; and promotion of business/private sector participation in APEC activities.

6. The Meeting was formally opened by His Excellency President Soeharto. In his opening remarks, His Excellency President Soeharto underlined that Asia Pacific region has a very large potential in terms of the GNP, high per capita income as well as a large population and is moving very dynamically. With its commitment to open markets, APEC plays a very important role in global trade. H.E. President Soeharto reminded the Delegations that the region is also very heterogeneous and that the level of the member economies' dependence...
on trade is also not the same. He stated that regardless of the vast disparities, all member economies share the view that trade amongst nations is one of the essential supporting elements their respective economies. He also hoped that the Trade Ministers will reach agreement on concrete steps to implement the results of the Uruguay Round Negotiations as well as on cooperative programmes in the fields of investment and trade to be carried out jointly by APEC members.

7. Ministers held discussion on topics as follows:

- Review of the Uruguay Round Results and their Implications for the Region

- Effective and Full Implementation of the Uruguay Round Results, consists of:
  - Common approach in the implementation of the Uruguay Round results, including on commitment to early ratification/accession to GATT/WTO;
  - Cooperation Programmes in the implementation of the Uruguay Round, with particular emphasis on technical assistance and training.

- Exchange of views for Further Regional and Global Trade Liberalization, concerning, inter-alia:
  - trade impediments with a view to expanding trade and investment in the region;
  - development of consultative procedures for regional trade problems and for further global discussions.

- Rapid actualization of trade and investment facilitation programmes.

8. Ministers reviewed the Uruguay Round results from different perspectives and agreed that the region will benefit substantially from both the strengthened rules and disciplines and improved market access. In order for APEC members to benefit fully from the results, Ministers were mindful that all World Trade Organization members must faithfully act in accordance with both the letter and the spirit of the Uruguay Round results.

9. Ministers observed with satisfaction that their efforts in Seattle had positively contributed towards the successful conclusion of the Uruguay Round. Consistent with the commitment to the multilateral trading system, Ministers affirmed their determination to achieve full and on going implementation of the Uruguay Round and to demonstrate leadership by making maximum efforts in each of their economies to ensure the early ratification of the World Trade Organization so that it is operational by 1 January 1995. Ministers expressed their strong support to non-GATT members of APEC to complete the negotiations as soon as possible to enable them to become
original members of the WTO. Ministers affirmed that these negotiations should be based on substantive and commercially meaningful commitments.

10. Ministers also agreed that it was important to work together to evolve common understandings of Uruguay Round obligations, provide transparency of Uruguay Round legal provision on implementation, and collectively monitor implementation of the Uruguay Round results.

11. To this end they agreed to take initiatives within the context of APEC's work programme beginning in early 1995 aimed at facilitating full and effective implementation of the Uruguay Round outcome.

12. They agreed to identify specific areas where Uruguay Round implementation might present particular challenges or difficulties. Ministers endorsed the initiative developed for a series of APEC seminars or workshops designed to exchange views on and explore scope for common regional approaches on implementation issues. The seminars should also help identify priority areas for more specific work. Ministers called for proposals aimed at addressing concerns raised by members, focussing on programs of technical assistance and training of personnel, particularly in the areas of interest to the developing member economies. Ministers agreed that such programs would be particularly valuable in helping to implement Uruguay Round results in the areas of among others, anti dumping, services, intellectual property rights, customs and rules of origin.

13. Recommendations arising from initiatives and programmes related to the Uruguay Round implementation should be reported to the Seventh Ministerial meeting in 1995.

14. Ministers noted the importance of APEC's contribution to global trade, investment and economic growth, and emphasized the importance of maintaining the momentum of trade liberalization. They agreed that, in the post-Uruguay Round environment, there was ample opportunity to start working towards greater liberalization consistent with the basic principles of GATT/WTO while taking into full account the diversity and different levels of economic development of APEC members.

15. Ministers also noted the efforts underway in APEC to obtain views of the EPG and the APEC business community, including the Pacific Business Forum, on their post-Uruguay Round priorities.

16. Ministers agreed to advance work aimed at identifying key trade impediments in the region, with such measures identified by type of trade barrier, and by sector. This work should seek to build upon the important progress made to date in the CTI on regional non-tariff barriers (Administrative Aspects of Market Access). They believed that improved information would promote the development of a more systematic and sequential approach to future facilitation/liberalization work in APEC. Such an exercise would not prejudge at this stage how barriers would be addressed, this being an issue that would require further deliberation.
17. They called for a report to be prepared for APEC Ministerial Meeting in 1995, including recommendations on where work aimed at addressing impediments should be initiated.

18. Ministers underlined the importance of APEC ameliorating trade tensions and endorse the efforts to promote the APEC Trade Policy Dialogue. In this regard, they agreed that APEC could play a role in discussing and resolving problems in a constructive and amicable manner. To this end, they endorsed the future exploration of effective methods which are flexible and voluntary in nature within the APEC process. Such efforts should not duplicate or detract from the GATT/WTO Dispute Settlement process. Ministers agreed to the examination of all appropriate options and the development of specific recommendations for the Seventh Ministerial Meeting in 1995.

19. Ministers supported further efforts to facilitate trade and investment liberalization in the region. The work underway in the CTI on investment, standards and customs facilitation currently provide an initial basis for concrete progress toward this goal. Ministers recognized the need for APEC to consolidate and expand its trade and investment facilitation work programme in a balanced manner to ensure maximum benefit to business through early concrete trade facilitation results. In doing so, members will bear in mind the mandate given by the Declaration on an APEC Trade and Investment Framework and take into account facilitation activities already underway.

20. In developing the CTI programme for presentation to the Annual Ministerial Meeting in November 1994, attention will need to be given to rigorous setting of priorities and establishment of timetables for implementation of the proposals included in the work programme. A mid-year report should be presented to Ministers by the CTI on progress in implementation of the programme as agreed, in November.

21. Ministers welcomed the progress made in developing non-binding investment principles in accordance with the initiatives taken by the informal meeting of APEC Leaders in Seattle in 1993, for submission to the APEC Ministerial Meeting in November this year.

22. Ministers recognized the crucial importance of the standards and conformance issues for facilitating trade in the region, and noted the encouraging progress made to date. They called for the early endorsement of a standards and conformance framework and the priorities and approaches it would set out for APEC's medium-term agenda. Ministers agreed to a work program for closer cooperation on conformance infrastructure development for consideration at the 1994 annual ministerial meeting. Ministers also agreed to commence discussions in 1995 on broadening mutual recognition arrangements in the region and that work should begin on sectoral case studies aimed at promoting closer alignment of members' standards with international standards.

23. Ministers welcomed the progress made on customs issues and encouraged members to press ahead with projects of relevance to regional business. They also encouraged
customs administrations to move forward with proposals for immediate and long-term APEC projects, particularly those that would enhance regional trade flows.

24. Ministers welcomed the efforts to bring practical trade information to business and supported the proposals to implement a pilot project for an APEC Tariff Database in 1995. They agreed that in the event of the successful completion of the pilot, APEC should proceed to full and cost-effective implementation of the project and to explore the scope to extend the range of tariff-related and trade information carried in the database.

25. Ministers also addressed other issues related to APEC's trade and investment work. In this context they reaffirmed the importance of APEC's work in areas such as SMEs, HRD and Infrastructure and pointed to the emerging interlinkages between these areas and APEC's trade and investment agenda. In particular, Ministers recognized the critical importance of SMEs in the rapidly changing pattern of economic growth in the APEC region and agreed that the strengthening and fostering of the development of this sector is a key objective that must be accorded high priority. Under this scenario the issues of financing and investment technology, research and development, information and market access were important elements which Ministers recommended for further work.

26. Ministers instructed their APEC officials and the APEC Secretariat supporting them to implement these decisions.

27. Ministers expressed sincere appreciation to all their officials for their excellent preparation for this meeting.
The Role and Importance of Small and Medium Enterprises

1. The first APEC SME Ministerial Meeting was held on October 22-23, 1994, in Osaka, Japan, consistent with the November 1993 Informal Leaders' Meeting's call for strengthened APEC dialogue on SMEs and in the firm conviction that enhancing the vitality of SMEs is of pivotal importance in maintaining Asia-Pacific dynamism into the 21st century.

2. Ministers welcomed the participation of representatives of the private sector, including the members of the Pacific Business Forum, who were invited so that APEC's work on SME issues would reflect private sector needs and support its objectives in expanding regional trade, investment and economic cooperation. Ministers also noted the valuable report of the Pacific Business Forum, which clarifies a number of critical issues before APEC, including those concerning SMEs.

3. Healthy SMEs not only stimulate domestic economies but also play an increasingly important role in cross-border economic activity. As such, SMEs are increasingly important both as a cause of and a means of heightening economic complementarities and development in the region.

4. Rapid technological innovation and diversification in market requirements are generating significant shifts in industrial activity and dramatically transforming many economies from primary output to the manufacture of high value-added products and from the production of goods to the provision of services. As a consequence, all economies, regardless of their stage of development, need to develop and produce an increasingly diverse array of high value-added goods and services. This is an area in which the capability of SMEs to respond flexibly works to their advantage, and SMEs can provide the locomotive power for further structural sophistication and sustained economic growth.

5. The accelerating globalization of industry, particularly in the manufacturing sector, creates a prime opportunity for every economy to encourage the establishment and growth of domestic industry and to nurture a highly efficient and productive industrial structure. Such industrial development must, however, be premised upon the presence of SMEs with appropriate managerial and technological know-how. It will also depend upon the development of suitable financial infrastructure for SMEs. Supporting industries constitute an essential part of the industrial infrastructure needed for expanding foreign direct investment, stimulating the formation of regional production networks, and contributing to domestic and regional economic growth.
6. SMEs in the Asia-Pacific region at the dawn of the 21st century are well-positioned for business expansion. Sustained economic growth and new employment creation in the region depend to a great extent upon SME growth and development.

7. The ability of SMEs to adapt effectively to this emerging environment is crucial not only to their continued viability and competitiveness but also to that of member economies. Ministers agreed that APEC's role in support of SMEs should focus first on addressing the areas where SMEs face the greatest handicaps. These include human resource development, access to information, technology and technology sharing, the availability of finance and market access. They are of even greater significance in economies where the industrial infrastructure is wanting. Discussion centered on how APEC could broaden cooperation in the Asia-Pacific to address these important issues.

8. Ministers also solicited and received the advice of representatives of the private sector, who held concurrent meetings focused on the same issues, and Ministers appreciate their efforts in rendering the overall discussion more fruitful.

9. Ministers applauded the Uruguay Round's achievement in securing the alleviation or elimination of many formal barriers to trade and investment. They called for the full and speedy ratification of the Uruguay Round's results as essential in strengthening the business environment for SMEs. Ministers agreed that further efforts toward deregulation and trade and investment promotion would significantly facilitate SME development and would serve to enhance regional economic interdependence.

Direction of Policies

10. While Ministers recognized the diversity among SMEs which reflects the specific economy and economic sector in which they operate, they nonetheless believed it imperative, given the importance of SME growth in furthering the APEC region's dynamic growth, that the characteristics APEC-region SMEs share should be emphasized so that APEC members can cooperate more effectively on SME issues. Furthermore, the diversity among SMEs should be explored and utilized to attain complementarities that would bring about more efficient production, greater employment opportunities and mutual benefit among APEC economies. These beliefs underlie the direction of the following policies.

Fostering SME growth

11. Free market mechanisms can provide the most favorable environment for SME growth, and it is essential that the APEC economies work out and implement market-oriented SME policies to help SMEs maximize their responses to market mechanisms.

12. While the policy mix deployed in each economy will necessarily differ depending upon the economy's stage of development and other special circumstances, addressing problems in the areas of human resources development, access to information, technology and technology sharing, the availability of financing and market access should be priorities of all APEC member economies. Ministers stated the belief that APEC members should cooperate to the maximum extent in dealing with these and other issues affecting SME development.
13. In this respect, Ministers believed that APEC members should support Leaders' initiatives and the SME-related activities of the CTI and the various Working Groups within the APEC framework.

14. Ministers discussed a range of initiatives, including human resource development (APEC Center for Technology Exchange and Training for SMEs; networking of SME-related HRD initiatives), access to information (private/business sector networking; EDI and electronic commerce), technology and technology sharing (APEC Technomart; networking among SME promotion organizations related to technology) and financing (APEC Venture Capital Workshop investment scheme to facilitate the globalization of SMEs in the region).

**Promoting trade- and investment-conducive deregulation and infrastructure provision**

15. Further deregulation can level the playing field and allow SMEs to take full advantage of their special characteristics to fulfill their potential. Ministers urged all APEC members to facilitate freer SME activities in their respective economies. Ministers also urged all APEC members to improve market access and to participate positively in the World Trade Organization (WTO) and other activities intended to promote trade and investment liberalization.

16. In addition, it is imperative that trade and investment facilitation efforts be accelerated to enable SMEs to fulfill their potential. The establishment of non-binding investment principles is one such concrete measure that would reduce SME investment risks and expand investment incentives. Other measures integral to facilitating SMEs' offshore expansion include provision and mutual recognition of standards and conformance, and simplification of customs procedures, and Ministers urged the CTI to step up its efforts in these areas.

17. It is axiomatic that all SME-related APEC policies should be WTO-consistent.

**Recommendations for APEC Action**

**APEC industrial outlook study**

18. Facilitating SME development demands a sound grasp of the growing economic interdependence within the Asia-Pacific region, and SME policy-making would benefit from a shared outlook on APEC's future industrial structure. Ministers therefore recommended that APEC commission in-depth studies of the impact of regional interdependence, more open trade and deregulation on SMEs and suggestions on assisting SME adjustment to this environment. The proposed studies should take account of existing work on SMEs within APEC.

**Ad-hoc SME policy-level group**

19. Ministers stated their belief that SME policy dialogue can contribute importantly to the formulation of effective SME policy and enhance SME policy transparency.
20. Ministers agreed that the various SME-related activities in APEC would benefit from more effective and systematic coordination to ensure that SME-related concerns can be adequately addressed.

21. Ministers therefore recommended that the present APEC Experts' Meeting on SMEs be upgraded at the next Ministerial Meeting into an ad-hoc policy-level group on SMEs, meeting as needed under the direction of the APEC Senior Officials Meeting. This group should report to the APEC Senior Officials Meeting.

22. Ministers directed that this group work closely with business sector bodies to ensure its work is results-oriented, practical and focused on improving the climate for entrepreneurship within and among member economies, addressing the recommendations of the SME Experts Meeting and taking account of the outcome of the Leaders' consideration of the Pacific Business Forum report. Terms of reference should be presented to the Senior Officials Meeting in November.

23. Ministers noted that there may be need for a further meeting of APEC SME Ministers to discuss the development of SMEs in the region.