



**Asia-Pacific
Economic Cooperation**

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Key APEC Documents

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Introduction

Key APEC Documents 2007 is the 14th in a series produced by the APEC Secretariat. The ***Key Documents'*** publication provides a reference set of the key policy decisions and initiatives endorsed by APEC Leaders and Ministers each year. Collectively, these documents frame the policy directions for APEC's annual work programmes.

This issue presents a compilation of the statements from each of the APEC Ministerial Meetings held during 2007 together with the APEC Economic Leaders' Declaration from their recent meeting in Sydney, Australia.

The APEC website, www.apec.org, offers a further source of documentation of policy and reference papers; APEC committee reports; and information relating to APEC's wide-ranging activities.

APEC Secretariat
December 2007

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15th APEC Economic Leaders' Meeting

***Sydney, Australia
9 September 2007***

"Strengthening our Community, Building a Sustainable Future"

We, the Leaders of the Asia-Pacific Economic Cooperation (APEC) forum, gathered in Sydney, Australia on 8–9 September 2007. Recalling that APEC was established in Australia in 1989, we reflected with great satisfaction on the strong economic performance of the region since that time. We agreed that our collective commitment to regional economic integration, to free and open markets and to the security of our people has contributed substantially to the strength of our economies and the significant improvement in the welfare and prosperity of our people.

2. Promoting open, efficient, transparent and flexible economies is vital to continuing economic growth and the building of a strong and sustainable future for our Asia-Pacific community. This provides the best protection against economic volatility and disruption caused by natural disasters and other threats to sustainable growth. Each of us has agreed to play our part to support long-term prosperity. We will demonstrate strong leadership in pursuit of this objective in order to further improve the lives of our people. We have instructed Ministers to give new momentum to work in APEC in support of structural economic reform in member economies.

3. We are confident that robust economic growth will continue and that we can make further progress in our goal to reduce poverty and increase living standards. We will remain alert and responsive to developments and circumstances that might impact directly on the attainment of our goal.

Climate Change, Energy Security and Clean Development

4. We addressed the challenges of climate change, energy security and clean development. Our resolve on this issue is outlined in a separate statement issued at this meeting.

Primacy of the Multilateral Trading System

5. The Doha Round of World Trade Organization (WTO) negotiations is at a critical juncture. Open markets generate prosperity and development. Expansion of trading opportunities contributes to economic growth and higher living standards. APEC economies account for almost fifty per cent of world trade, and we are, therefore, all major stakeholders in a strong, expanding rules-based multilateral trade system.

6. Reflecting both the critical juncture faced by the WTO Doha Round, and our continued resolve to achieve a successful conclusion in these negotiations so important to each of our economies, we have issued a separate statement setting out the urgent need for progress and pledging our commitment to work with renewed energy to deliver an ambitious and balanced result.

Regional Economic Integration

7. APEC economies' commitment to open markets and economic cooperation has generated substantial regional integration. We have all benefited. Economic growth in the region has outstripped the rest of the world and the number of people living in poverty in the region has halved since 1989.

8. We welcomed and endorsed a report from our Ministers on ways to promote further economic integration in the Asia-Pacific region. We have agreed to accelerate efforts towards this objective by:

- further reducing barriers to trade and investment including through free trade agreements and regional trading arrangements;
- improving economic efficiency and the regional business environment, including capital markets; and
- facilitating integration in sectors such as transportation, telecommunications, mining and energy.

9. We have asked Ministers and officials to carry forward this work and report back to us in 2008 with a summary of steps taken to promote regional economic integration.

Free Trade Agreements and Regional Trading Arrangements

10. A successful conclusion to the Doha Round remains our primary trade priority. Regional and bilateral free trade arrangements also play a valuable role in accelerating trade and investment liberalisation and in bringing our economies closer together.

11. We took note of the views of the APEC Business Advisory Council on the importance of enhancing the convergence of trade agreements in the region.

12. Through a range of practical and incremental steps, we will examine the options and prospects for a Free Trade Area of the Asia-Pacific (FTAAP).

Improving economic efficiency and the business environment, including a new emphasis on structural reform

13. We have taken note of the views of our business leaders on the impact of global production networks and the integration of regional markets on business risks, costs and competitiveness. Regional economic integration requires not only enhanced trade and investment liberalisation and facilitation but also greater attention to ‘behind-the-border’ issues that impact on trade and commerce. We pledge to provide individual and collective leadership to improve the business environment by addressing these issues. In that regard, we

- agreed on the need to further improve the efficiency of our domestic markets, raise productivity, enhance the resilience of our economies and sustain strong rates of growth through structural reform. We welcomed efforts to intensify work on our Leaders’ Agenda to Implement Structural Reform (LAISR) and have asked Ministers to build on this work.
- acknowledged the importance of strengthening domestic institutions that support structural reform and agreed to convene a meeting at the ministerial level in 2008 to address structural reform priorities in the region.
- welcomed the new APEC Trade Facilitation Action Plan which will reduce trade transaction costs by a further five per cent by 2010.
- agreed to continue to strengthen protection and enforcement of intellectual property rights (IPR) in the region. We recognised that a strong knowledge-based economy requires a comprehensive and balanced IPR system, as well as an environment that encourages creativity and innovation and provides the tools for successful management and utilisation of IPR. We also agreed to continued efforts by APEC economies to combat the sale of counterfeit and pirated goods at markets involved in this activity.
- emphasised the critical importance of investment to economic growth and development and agreed that the region should take steps to improve the investment climate. This will require liberalisation of investment regimes, enhancing the promotion and protection of investment and domestic reforms to strengthen financial institutions and markets. We agreed to undertake a study of bilateral investment agreements and core investment-

related elements of existing FTAs with a view to developing principles for investment agreements.

- acknowledged the importance of deep and liquid capital markets, including private capital markets, to support productive investment and manage risks in economies and to enhance economic development and regional integration. We asked our Finance Ministers to explore options for broadening the institutional base and range of instruments available in regional financial markets, recognising the important role played by financial intermediaries.
- reaffirmed our commitment to combat corruption and promote good governance in order to build prosperity and a predictable business environment. The APEC statement on “Fighting Corruption through Improved International Legal Co-operation” reinforces our strong commitment to strengthening cooperation on extradition, prosecution, mutual legal assistance and the recovery of proceeds of corruption. We endorsed the complementary Anti-Corruption Principles for the Public and Private Sectors with their codes of conduct and urged full implementation of these practical measures to combat corruption.

Enhancing Human Security

14. We are repeatedly reminded of our region’s vulnerability to natural disasters and the devastating human and economic costs arising from threats to human security. We recognised that we all face new risks and challenges to people and economies – including from the potential spread across borders of terrorism, pandemics, illicit drugs and contaminated products, and the consequences of natural disasters. We affirmed that human security is essential to economic growth and prosperity.

15. We resolved to enhance our cooperation on challenges to human security and in so doing to remain closely attuned to the needs of business. We reaffirmed our commitment to dismantle terrorist groups, eliminate the danger posed by the proliferation of weapons of mass destruction and to protect our economic and financial systems from abuse by terrorist groups. We welcomed the ongoing development of APEC’s trade recovery programme to facilitate trade recovery after a terrorist attack and encouraged economies to undertake pilot projects. We endorsed APEC’s voluntary Food Defence Principles to help protect the food supply against deliberate contamination. We instructed Ministers to work towards more consistent security measures that reduce transaction costs, and to enhance cooperation with the private sector.

16. We agreed on the need to further strengthen APEC’s efforts to build community resilience and preparedness for emergencies and natural disasters. We welcomed APEC’s work to address and prevent threats to the customs, maritime, aviation, and mass transit sectors as well as to enhance pandemic preparedness and our ability to fight infectious diseases, including HIV/AIDS. To that end, we endorsed the APEC guidelines to ensure that economies continue to function in times of pandemic and guidelines to help create a supportive environment in the workplace for workers living with HIV/AIDS. We agreed to support the sharing of influenza specimens in a timely manner and to promote transparent, fair and equitable access to vaccines and other benefits that derive from them.

17. We agreed on the need to develop a more robust approach to strengthening food and consumer product safety standards and practices in the region, using scientific risk-based approaches and without creating unnecessary impediments to trade. Additional capacity building in this area is a priority. We directed Ministers to undertake further work in this important area and report on progress.

18. We recognised the ongoing economic risks associated with high and volatile energy prices and affirmed that rising energy demand in the Asia-Pacific can best be met by expanded trade and investment to boost supply and greater efficiency in use. We agreed that energy security is best met through efficient energy markets, characterised by free and open trade, secure and transparent frameworks for investment, clear price signals, market transparency, effective governance and competition.

Strengthening APEC

19. We are committed to ongoing efforts to strengthen APEC and to make it more efficient and responsive. We welcomed the decision by Ministers to increase substantially member contributions, the establishment of a new APEC Policy Support Unit and on the appointment of an Executive Director for a fixed term.

20. We particularly recognised the benefits that have flowed from sharing experiences among our diverse economies and the provision of economic and technical assistance to assist in the implementation of APEC commitments. We expressed appreciation to those member economies providing voluntary contributions to fund a new Policy Support Unit and the increasing number of economies making contributions to APEC's capacity building programmes.

21. We discussed the issue of APEC membership and agreed it was important to manage the possible entry of new members in a manner that ensures that the momentum APEC has developed towards regional integration and open economies is enhanced. We agreed to revisit the issue of membership in 2010.

22. We welcomed the offer of the United States of America and the Russian Federation to host APEC in 2011 and 2012 respectively.

23. We endorsed in full the Joint Statement of Ministers at the 19th APEC Ministerial Meeting.

24. We welcomed the invitation from the President of Peru to meet again in Lima in 2008.

15th APEC Economic Leaders' Meeting

***Sydney, Australia
9 September 2007***

Sydney APEC Leaders' Declaration on Climate Change, Energy Security and Clean Development

We, the APEC Economic Leaders, agree that economic growth, energy security and climate change are fundamental and interlinked challenges for the APEC region.

The dynamism of APEC, underpinned by open trade and investment, has reduced poverty, improved living standards and delivered economic and social development.

Our success has relied in part on secure supplies of energy, the use of which has also contributed to air quality problems and greenhouse gas emissions.

A great challenge for APEC, given the aspirations of 41 per cent of the world's population in our region, is to chart new pathways for clean and sustainable development.

We are committed, through wide-ranging and ambitious actions, to ensuring the energy needs of the economies of the region while addressing the issue of environmental quality and contributing to the reduction of greenhouse gas emissions.

Future international action

We reaffirm our commitment to the United Nations Framework Convention on Climate Change (UNFCCC). Based on UNFCCC principles, we believe the following must underpin an equitable and effective post-2012 international climate change arrangement:

Comprehensiveness

We need concerted international action with all economies contributing to shared global goals in ways that are equitable, and environmentally and economically effective.

Respect for different domestic circumstances and capacities

The future international climate change arrangement needs to reflect differences in economic and social conditions among economies and be consistent with our common but differentiated responsibilities and respective capabilities.

Flexibility

To ensure a comprehensive global effort, we support a flexible arrangement that recognises diverse approaches, and supports practical actions and international co-operation across a broad range of areas relevant to climate change. We support domestic actions which make measurable contributions to a shared global goal, and underline the importance of the effective operation of market mechanisms.

The important role for low and zero emissions energy sources and technologies

Fossil fuels will continue to play a major role in our regional and global energy needs. Co-operation, including joint research, development, deployment and transfer of low and zero emission technologies for their cleaner use, particularly coal, will be essential. It is also important to enhance energy efficiency and diversify energy sources and supplies, including renewable energy. For those economies which

choose to do so, the use of nuclear energy, in a manner ensuring nuclear safety, security and non-proliferation in particular its safeguards, can also contribute.

The importance of forests and land use

Sustainable forest management and land use practices play a key role in the carbon cycle and need to be addressed in the post-2012 international climate change arrangement.

Promoting open trade and investment

The pursuit of climate change and energy security policies must avoid introducing barriers to trade and investment. Open trade, investment and environmental policies are crucial to disseminating low emissions products, technologies and best practices.

Support for effective adaptation strategies

Adapting to climate change impacts is a priority for domestic development strategies which should be supported by the international community, including through appropriate policy exchanges, financing, capacity building and technology transfer.

Support for a post-2012 international climate change arrangement

We are committed to the global objective of stabilising greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous human interference with the climate system. The world needs to slow, stop and then reverse the growth of global greenhouse gas emissions.

We, therefore, call for a post-2012 international climate change arrangement, building on the above that strengthens, broadens and deepens the current arrangements and leads to reduced global emissions of greenhouse gases.

APEC economies that are Parties to the UNFCCC agree to work actively and constructively toward a comprehensive post-2012 arrangement at this year's UNFCCC Conference of the Parties. We pledge our strong support for Indonesia in its role as President of the Conference in Bali in December.

We agree to work to achieve a common understanding on a long-term aspirational global emissions reduction goal to pave the way for an effective post-2012 international arrangement. We appreciate the efforts of Japan and Canada in proposing a long-term global goal.

We welcome the initiative by the United States to convene a group of major economies to seek agreement on a detailed contribution to a post-2012 global arrangement under the UNFCCC.

We pledge our support for the initiative of the Secretary-General of the United Nations in convening a High-Level Event on Climate Change.

We agree to work through bilateral, regional and global partnerships to promote clean development, recognising that the UN climate process is the appropriate multilateral forum for international negotiations on climate change.

APEC Action Agenda

We announce a forward program of practical, co-operative actions and initiatives in APEC which complement those actions being undertaken by APEC economies in other fora. These initiatives are designed to support economic growth and development and to further contribute to the reduction of global greenhouse gas emissions in line with the objectives and principles of the UNFCCC. The Action Agenda is attached. In summary, and without prejudice to commitments in other fora, we have decided to:

- highlight the importance of improving energy efficiency by working towards achieving an APEC-wide regional aspirational goal of a reduction in energy intensity of at least 25 per cent by 2030 (with 2005 as the base year);
- work to achieve an APEC-wide aspirational goal of increasing forest cover in the region by at least 20 million hectares of all types of forests by 2020 – a goal which if achieved would store approximately 1.4 billion tonnes of carbon, equivalent to around 11 per cent of annual global emissions (in 2004);
- establish an Asia-Pacific Network for Energy Technology (APNet) to strengthen collaboration on energy research in our region particularly in areas such as clean fossil energy and renewable energy sources;
- establish an Asia-Pacific Network for Sustainable Forest Management and Rehabilitation to enhance capacity building and strengthen information sharing in the forestry sector; and
- further measures in trade in environmental goods and services, aviation transport, alternative and low carbon energy uses, energy security, the protection of marine biological resources, policy analysis capabilities and a co-benefit approach.

Conclusion

The APEC region has a major stake in global responses to the challenges of climate change, energy security and clean development. Economic growth and technology development are indispensable elements of our future agreed approach. The scale of these challenges demands new and innovative forms of international co-operation.

We, the APEC Leaders, reaffirm our commitment to work with all members of the international community for an enduring global solution to climate change.

Action Agenda

The following co-operative APEC actions and initiatives on climate change, energy security and clean development represent a further contribution to the reduction of global greenhouse gas emissions in line with the objectives and principles of the UNFCCC. In implementing this Action Agenda, joint research, development, deployment and transfer of technologies will be important.

Energy efficiency

Improving energy efficiency is a cost-effective way to enhance energy security and address greenhouse gas emissions while promoting economic growth and development. Without prejudice to commitments in other fora, we therefore:

- agree to work towards achieving an APEC-wide regional aspirational goal of a reduction in energy intensity of at least 25 per cent by 2030 (with 2005 as the base year).
- encourage all APEC economies to set individual goals and action plans for improving energy efficiency, taking into account this aspirational goal, and reflecting the individual circumstances of different economies.
- agree to facilitate and review progress through the voluntary APEC Energy Peer Review Mechanism, as established by APEC Energy Ministers in May 2007, with a report back to APEC Leaders in 2010.

Forests

Forests can play a critical role in the carbon cycle. Ongoing action is required to encourage afforestation and reforestation and to reduce deforestation, forest degradation and forest fires, including by promoting sustainable forest management, combating illegal logging and addressing the underlying economic and social drivers. We therefore:

- agree to work to achieve a regional aspirational goal of increasing forest cover in the APEC region by at least 20 million hectares of all types of forests by 2020.
- welcome the Global Initiative on Forests and Climate launched in Sydney in July 2007.
- welcome the development of other instruments which may include continued work on a Legally Binding Instrument on Sustainable Forest Management for those economies interested in pursuing this option.
- agree to establish the Asia-Pacific Network for Sustainable Forest Management and Rehabilitation to enhance capacity building and strengthen information sharing in the forestry sector. Collaboration between all regional initiatives on forests, including the Asia Forest Partnership, will be important.
- co-ordinate with relevant international institutions to develop forest program partnerships, including the proposed World Bank forest carbon partnership facility.

Low emissions technology and innovation

Joint research, development, deployment and transfer of low and zero emission technologies will be crucial in our shared efforts to address climate change. We therefore:

- agree to establish the Asia-Pacific Network for Energy Technology (APNet) to strengthen collaboration on energy research in the region. Participation in the Network will be open to all research bodies in the APEC region. The aim of the Network will be to facilitate research linkages and co-operation in areas such as clean fossil energy and renewable energy. APNet will be inaugurated at a major energy research conference in 2008.

Alternative and low carbon energy uses

Enhanced uptake of low carbon energy uses will require coherent policy and regulatory settings. We therefore:

- agree to promote policies that advance the deployment of low and zero emission energy uses, in particular in the field of clean coal use and carbon capture and storage, through co-operative work in the APEC Energy Working Group.
- support the development of criteria for performance-based biodiesel standards for the region through the work of the APEC Biofuels Task Force.
- welcome work underway in international partnerships involving a wide range of economies, including on methane, hydrogen, renewable energies and carbon sequestration, and the Asia Pacific Partnership on Clean Development and Climate, which are advancing key new clean technologies.

Energy security

We underline the importance to the region of affordable and secure supplies of energy which are central to economic growth and sustainable development, and we are committed to continuing efforts within APEC to address long-term energy needs in the region.

Trade in environmental goods and services

An open global trade and investment system is central to our clean development objectives and market opening in the World Trade Organisation (WTO) would advance our climate and energy security goals. We therefore:

- agree to review and discuss at the 2008 APEC Leaders' meeting the progress achieved in the WTO Doha Development Agenda negotiations on the liberalisation of trade in environmental goods and services.

Civil aviation transport

We see scope for co-operative action to address the issue of aviation emissions. We therefore:

- agree that any future global action to address the climate-related impact of aviation emissions needs to reflect the interests of all economies, including the views of all APEC economies while noting the leading role of the International Civil Aviation Organisation (ICAO) in developing a balanced approach to aviation emissions based on mutual consent and relevant international legal instruments.
- endorse the public-private sector work in APEC, launched by APEC Transportation Ministers in March 2007, to promote practical co-operative measures that address greenhouse gas emissions from this sector.
- agree to convene a second public-private sector APEC Strategic Seminar on Measures to Address Aviation Emissions in early 2008 to advance work in key areas such as air traffic management systems, aircraft design and alternative fuels.

Policy analysis capability

Improved dialogue and policy and technical co-operation is valuable in underpinning our efforts. We therefore:

- endorse the value of exchanging views on effective and coherent policy instruments for promoting energy efficiency and addressing greenhouse gas emissions.
- agree to enhance co-operation between regional economic modelling and related bodies to share views and expertise on approaches to assessing the economic implications of climate change policies, including measures aimed at adapting economies and societies to the impacts of climate change.

Marine and coastal resources

Sustainable marine and coastal resources are an integral part of the carbon cycle. We therefore:

- welcome the Coral Triangle Initiative on Coral Reefs, Fisheries and Food Security which is aimed at enhancing the conservation of marine biological resources.

Promoting a co-benefit approach

We support an approach to addressing global environmental challenges that simultaneously promotes sustainable development.

15th APEC Economic Leaders' Meeting

***Sydney, Australia
9 September 2007***

Statement on the WTO Negotiations

We, the Leaders of the Asia-Pacific Economic Cooperation Forum, whose economies account for nearly 50 per cent of world trade, underline the crucial importance of the WTO rules-based, global trading system and our determination to bring the Doha Round to an early and successful conclusion.

Since the launch of negotiations in 2001, we have pressed for a substantive outcome on all aspects of the Doha Round as the best way to advance our economic and important development objectives. The negotiations offer unparalleled potential to create a better trading environment and to lower barriers to trade and to create a freer, fairer and more secure global market in which we can all compete.

We insist that consensus will only be possible on the basis of an ambitious, balanced result that delivers real and substantial market access improvements for agricultural and industrial goods and for services and real and substantial reductions in trade-distorting agricultural subsidies. This would deliver new trade flows for the benefit of all, including developing economies.

We endorse the view of our Ministers Responsible for Trade that there has never been a more urgent need to make progress.

The Doha Agenda is broad - but overall success at this stage depends critically on early progress in agriculture and industrial products. Real progress has been made in these areas and our firm view is that the remaining differences can be successfully bridged.

Intensive negotiations have resumed in Geneva and we pledge the political will, flexibility and ambition to ensure the Doha Round negotiations enter their final phase this year. We call on our WTO partners to join in this vital effort.

To this end, we will instruct our Ministers and officials to resume negotiations on the basis of the draft texts tabled by the chairs of the negotiating groups on agriculture and non-agricultural market access. Again we call on our partners to do the same.

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19th APEC Ministerial Meeting

***Sydney, Australia
5-6 September 2007***

Joint Statement

We, the APEC Ministers¹, met on 5–6 September in Sydney to participate in the 19th Asia-Pacific Economic Cooperation (APEC) Ministerial Meeting.

The meeting was co-chaired by the Hon Alexander Downer MP, Minister for Foreign Affairs of Australia and the Hon Warren Truss MP, Minister for Trade of Australia. We welcomed the participation in the meeting of the APEC Business Advisory Council (ABAC) and the APEC Official Observers.²

Under the theme of “strengthening our community, building a sustainable future”, we reviewed developments in the region, the achievements we have made this year and the challenges facing our future.

The Asia-Pacific region remains the engine of world growth. Incomes are rising, poverty is declining, employment is growing, investment is increasing and trade is expanding. Growth in the past year has been solid and is expected to continue in 2008. However to sustain this momentum, we need to address the challenges that face us in the area of global trade imbalances, protectionism, urbanisation, demographic changes, environment, energy, food safety, terrorism, crime, governance, women’s empowerment, pandemics and 21st century skills. By facilitating economic growth, intensifying economic and technical cooperation, strengthening our integration and enhancing our sense of community, we will work actively in APEC to create greater prosperity in the region.

Promoting prosperity through a commitment to trade and economic reform

- Continuing support for the WTO and the multilateral trading system

An open, rules-based, multilateral trading system under the World Trade Organization (WTO), and the successful conclusion of the Doha Development Agenda (DDA), with an ambitious and balanced outcome, provides the best means for sustaining economic growth.

We reviewed with WTO Director-General, Pascal Lamy, the outlook for the DDA and in the light of this discussion recommended that Leaders adopt a stand-alone statement on the negotiations. We instructed our Geneva WTO representatives to work through the APEC caucus to provide active support for the Director-General and the negotiating group chairs in their efforts to broker agreement and bring the negotiations to a successful conclusion.

We welcomed progress in negotiations of the Russian Federation’s accession to the WTO and underlined the importance of efforts to expedite these negotiations.

We endorsed the ***2007 Committee on Trade and Investment (CTI) Annual Report to Ministers***, which provides an overview of CTI’s work program in pursuit of advancing the Bogor Goals of free and open trade and investment in the Asia-Pacific region.

¹ Australia; Brunei Darussalam; Canada; Chile; the People’s Republic of China; Hong Kong, China; Indonesia; Japan; the Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Philippines; Russia; Singapore; Chinese Taipei; Thailand; the United States of America; and Viet Nam

² The Pacific Economic Cooperation Council, the Secretariat of the Association of South-East Asian Nations, the Pacific Islands Forum

- ***Regional Economic Integration***

We discussed the impact of regional economic growth and development on the accelerating process of economic integration. We finalised and submitted to our Leaders a comprehensive report on strengthening regional economic integration, including on a Free Trade Area of the Asia-Pacific as a long-term prospect. This report outlines a wide range of practical actions that APEC member economies can take to promote and reinforce the integration taking place in the region. It builds on our shared commitment to achieving economic growth and prosperity through concrete actions supported by technical assistance and capacity-building programs.

- ***Regional Trade Agreements/Free Trade Agreements (RTAs/FTAs)***

High-quality and comprehensive RTAs/FTAs can advance economic openness in the region and strengthen regional economic integration. They can also serve as building blocks for the further development of the multilateral trading system and in realising APEC's Bogor Goals. We reaffirmed the importance of the model measures for RTA/FTA chapters as a capacity-building tool and non-binding reference, and endorsed model measures for three additional RTA/FTA chapters. Model measures have now been developed for ten RTA/FTA chapters. We aim to complete this work next year.

In response to business community concerns, we agreed to explore with business the scope for rationalising RTA/FTA preferential rules of origin and other relevant provisions related to rules of origin. We instructed officials to report to next year's meeting of Ministers Responsible for Trade (MRT) on this issue.

- ***Individual Action Plans (IAPs) and Collective Action Plans (CAPs)***

We welcomed the SOM Chair's 2007 IAP Summary Report: the progress economies are making towards reaching the Bogor Goals. We also welcomed the seven completed 2007 IAP peer reviews (Australia; China; Hong Kong, China; Japan; Korea, New Zealand and Chinese Taipei) as well as further refinements to the IAP peer review process. We endorsed the revised CAPs being implemented by all APEC member economies in pursuit of APEC's free trade and investment goals.

- ***Trade Facilitation***

We welcomed APEC's second Trade Facilitation Action Plan endorsed at the July MRT. This plan sets out a framework and timetable for achieving a further five per cent reduction in trade transaction costs by 2010. It focuses on customs procedures, standards and conformance, e-commerce and mobility of business people. We welcomed its greater focus on collective actions, capacity building and its linkage with APEC's wider business facilitation agenda. We agreed to work closely with the Asia-Pacific business community, including ABAC, in its implementation.

We launched a Data Privacy Pathfinder initiative which will enable stakeholders (officials, regulators, industry and consumers) to work together to better protect private information in the APEC region and build confidence and trust in electronic commerce. The Pathfinder will support business needs, reduce compliance costs, provide consumers with effective remedies, allow regulators to operate efficiently, and minimise regulatory burdens. Thirteen APEC members (Australia; Canada; Chile; Hong Kong, China; Japan; Korea; Mexico; New Zealand; Peru; Chinese Taipei; Thailand; United States and Viet Nam) have agreed to participate and other members are actively considering joining the initiative.

We agreed to expedite work to support the implementation of international trade "Single Windows" across APEC, with a view to the eventual interoperability of systems through the use of recognised international instruments and standards. "Single Windows" allow businesses involved in trade and transport to electronically submit standardised information and documents at a single entry point to fulfil all import, export and transit related regulatory requirements.

We are pleased that the United States and Mexico have joined the APEC Business Travel Card (ABTC) scheme, with the United States as a transitional member. There are now nineteen member economies

who are participants. We noted the significant benefit of the ABTC to business and urged those economies not yet part of the scheme to take measures to join as soon as possible.

We noted the conclusions of the study commissioned for APEC from the World Bank on "Transparency and Trade Facilitation in the Asia-Pacific: Estimating the Gains from Reform". The study indicates that the collective trade performance of APEC economies would be boosted by a massive USD\$148 billion from greater trade policy predictability and simplification. We will consider the findings in the further development of APEC's trade facilitation and transparency agenda.

We welcomed continuing efforts to expand collaboration in dealing with issues of electronic security, to build confidence in the use of electronic networks, and to support policy and regulatory reforms that facilitate competition and the expanded reach of networks.

- ***Intellectual Property Rights and the Digital Economy***

We continue our efforts to strengthen protection and enforcement of intellectual property rights (IPR) in the region; an endeavour that fosters the development of knowledge-based economies, expands investment opportunities, and promotes economic growth. We also acknowledged the importance of a comprehensive and balanced intellectual property system, as well as an environment that encourages creation and innovation and provides the tools for successful management and exploitation of IPR.

We welcomed the progress APEC has achieved this year on the IPR front, including the launch of the Cooperation Initiative on Patent Acquisition Procedures, the development of the Best Practices Paper on Innovative Techniques for IPR Border Enforcement, and the creation of the IPR Guidelines on Capacity Building. We welcomed APEC's attention to satellite and cable signal theft and called for APEC, in accordance with member economies' respective international obligations and legal systems, to explore ways to effectively address this problem, which harms copyright owners and the broadcasting and cable industries. We also agreed to continued efforts by APEC economies to combat the sale of counterfeit and pirated goods at markets involved in this activity and to address the challenge this represents to IPR protection around the world. We urged continuing implementation of the APEC Anti-Counterfeiting and Piracy Initiative and the six subsequent IPR Guidelines and agreed to undertake further work to strengthen IPR protection and enforcement.

We agreed to continue work on trade and the digital economy as a means to encourage competition, promote efficiency, and spur innovation. We encouraged further participation in the Pathfinder on Technology Choice Principles. We reiterated the importance of the Information Technology Agreement (ITA) in promoting trade, jobs and investment in the IT sector and encouraged closer cooperation to ensure that duty-free treatment on all ITA-covered products is maintained.

- ***Investment***

We discussed the critical importance that domestic and foreign investment can play in promoting further economic growth and development and noted the conclusions from the recent meeting of APEC Finance Ministers on ways to strengthen investment in the region.

We welcomed the analytical and survey work undertaken in APEC and the policy dialogue conducted in collaboration with ABAC and international organisations this year to identify the barriers in the region that have the greatest impact on investment. We instructed officials to prepare an Investment Facilitation Action Plan for 2008-2010 for consideration at the 2008 MRT meeting. In order to further the Bogor Goals and deepen regional economic integration, the plan will provide greater coherence to APEC's investment work, promote better understanding of the elements of a sound investment policy regime and address identified capacity building needs. The plan will recognise the importance of further public-private sector dialogue.

- ***Anti-Corruption and Transparency***

We attach high priority to fighting corruption. Corruption poses a threat to economic growth by undermining the rule of law, distorting markets and deterring investment. We endorsed a model Code

of Conduct for Business, a model Code of Conduct Principles for Public Officials and complementary Anti-Corruption Principles for the Private and Public Sectors. We encouraged all economies to implement these codes and welcomed agreement by Australia, Chile and Viet Nam to pilot the Code of Conduct for Business in their small and medium enterprise (SME) sectors. We also urged those member economies yet to ratify the United Nations Convention against Corruption to quickly do so, where appropriate.

We endorsed the actions for Fighting Corruption through Improved International Legal Cooperation, which reaffirms our strong commitment to prosecute acts of corruption and to strengthening cooperation on extradition, mutual legal assistance and the recovery and return of proceeds of corruption.

We welcomed the report on APEC economies' implementation of the APEC Transparency Standards and pledged to close those remaining gaps in implementation, including through targeted capacity building activities and other initiatives, where appropriate.

- ***Improving the Business Environment and Structural Reform***

We discussed the importance of structural reform in realising the full benefits of trade and investment liberalisation and improving the business climate in the region.

We endorsed a detailed and ambitious forward work program covering each of the five themes identified in the Leaders' Agenda to Implement Structural Reform - regulatory reform, competition policy, corporate governance, public sector governance and strengthening economic and legal infrastructure. We noted that this work program strongly complements the call by APEC Finance Ministers for continued structural reform in order to improve the investment climate in the region, promote regional economic integration and underpin sustainable economic growth. We further agreed that structural reform measures should be tailored to the circumstances of each economy. We welcomed the offer by Australia to convene a meeting on structural reform at ministerial-level in 2008.

We endorsed the 2007 APEC Economic Policy Report and welcomed its focus on public sector governance and on using institutions to support structural reform. We agreed that APEC can help strengthen existing institutions that promote and implement structural reform and should develop a capacity to support member economy efforts to implement reform and thereby improve competitiveness. We called for further work on this issue in 2008, including in co-operation with relevant research networks in the region.

The SME sector is an important driver of growth for all of our economies and we reiterated the importance of further work to promote SME competitiveness and private sector development. In this regard, we welcomed the Private Sector Development Agenda launched this year by the SME Working Group to assist the development of the SME sector. The Agenda promotes better regulatory and business practices by using the World Bank's Ease of Doing Business indicators as a guide to best practice. We welcomed the involvement of other APEC fora to accelerate this important work.

- ***Economic and Technical Cooperation (ECOTECH) and Capacity Building***

Economic and technical cooperation remains a vital pillar of APEC. We endorsed the 2007 APEC Senior Officials' Report on Economic and Technical Cooperation, highlighting the priorities and achievements of the Working Groups and Taskforces. We noted outcomes from a broad range of economic and technical capacity building initiatives across APEC that will help realise our goal of bridging development gaps among economies. We reiterated the importance of continued capacity building work to APEC's agenda, including in the areas of SME competitiveness, private sector development and human resources development.

We commended work to revitalise the SOM Steering Committee on ECOTECH (SCE) policy agenda and encouraged its continued strategic guidance to APEC's economic and technical capacity building activities. We acknowledged ongoing efforts to strengthen the coordination between APEC fora and to streamline operating processes as part of the broader program of APEC reform. In this context, we

endorsed the new Guidelines for Lead Shepherds/Chairs of APEC Working Groups and SOM Taskforces, and the Guidelines for the establishment of new APEC fora.

We welcomed the implementation of the 2006 Review of APEC Fora which will ensure greater efficiency in the use of scarce resources. We endorsed the establishment of a Health Working Group and a Mining Task Force and the incorporation of the Working Group on Trade Promotion into the SME Working Group and the Social Safety Net Capacity Building Network into the Human Resources Development Working Group. We recognised the importance of the ongoing program of independent assessments to ensure APEC fora are strategic and effective. We encouraged further fora review and streamlining by the SCE.

We endorsed the efforts by officials to develop greater collaboration, as appropriate, with international organisations on research and policy analysis. We encouraged fora to further engage with ABAC on their workplans and mandates, where appropriate.

We welcomed the voluntary financial contribution of member economies to facilitate APEC's capacity building efforts. In this regard, we welcomed new contributions from the United States to the Trade and Investment Liberalisation Fund (TILF) and APEC Support Fund (ASF) in 2007 of US\$2.3 million, a commitment from Australia to the ASF of A\$4.5 million, a commitment by Russia to the ASF of US\$500,000 and the ongoing TILF contribution by Japan, US\$36 million since 1997.

We recognised that the digital capability of APEC member economies is crucial in advancing APEC's work and the equitable development of the region. We welcomed the contribution made by the APEC Digital Opportunity Centre in this regard and encouraged member economies to further cooperate in relevant capacity building activities.

We recognised that healthy ocean and coastal environments play a crucial role in the prosperity of the region. In this regard, we welcomed the work undertaken this year on the implementation of the sustainable development framework, the Bali Plan of Action, to address marine pollution, illegal fishing, overcapacity and adaptation to climate change. We looked forward to future work that will help to conserve marine and coastal resources, including the safeguarding of coral reefs.

We welcomed the deepening of our work on human resources development, recognising that the APEC workforce should be equipped with 21st century skills so that it can adapt more quickly to a more open and competitive marketplace.

Enhancing human security in the Asia-Pacific

We reviewed progress in APEC's ongoing work on human security, noting with deep regret the tragic loss of human life from recent natural disasters and acts of terrorism. Threats from terrorism, natural disasters, contamination of the food supply and pandemics, such as avian influenza, have the potential to undermine our efforts to sustain economic growth, raise living standards and reduce poverty in the region. We agreed on the importance of dealing with trans-boundary threats in a comprehensive risk management framework. We agreed that APEC's human security agenda should remain closely attuned to the needs of business.

- Counter Terrorism and Secure Trade

We agreed that recurring terrorist activities in the region and elsewhere demonstrates that terrorism remains a persistent, evolving and long-term threat to our prosperity and the security of our people. Terrorism and the proliferation of weapons of mass destruction continue to challenge APEC's vision of free, open and prosperous economies and we reaffirmed our commitments to meet these challenges. Business has a significant interest in measures to mitigate these risks.

We welcomed the outcomes of the 5th APEC Secure Trade in the APEC Region (STAR V) Conference. The STAR initiative underscores the close cooperation which is required with the private sector in order to achieve the complementary objectives of trade facilitation and security. STAR V highlighted the benefits businesses would derive from exploring the scope for improving the interoperability of supply

chain security measures and improved information sharing between the public and private sectors in the region. Public-Private Partnerships were an important theme in counter-terrorism discussions.

We endorsed the voluntary APEC Food Defence Principles on prevention, preparedness, response, recovery and effective communication. These Principles will make an important contribution to international counter terrorism efforts to protect the food supply from deliberate contamination. We will continue our efforts to mitigate the terrorist threat to the food supply. We welcomed the successful completion of a capacity-building program to counter biological and chemical terrorism and underlined the continuing importance of vigilance in this area.

We welcomed APEC Transport Ministers' agreement to further capacity building to improve security in the region's airports, ports and land transport networks and for co-operative work to promote consistency of security measures and to contain costs. We encouraged continuing efforts to improve communication among APEC economies in the event of an emergency and welcomed the test of the Aviation Points of Contact Network. We acknowledged that securing our trade lanes is important for our continued prosperity and encouraged further work in this area. We welcomed progress towards the establishment of the APEC Port Services Network with the proposed opening of an office in Beijing.

We noted progress in the APEC Regional Movement Alert System by participating members, which can detect lost, stolen and counterfeit passports and prevent improper use of travel documents and encouraged member economies to consider participation when ready. We welcomed progress in the voluntary implementation of the APEC Framework for Secure Trade, leading to improved cargo security through cooperation between customs officials, and also progress made to launch and implement an initiative on the Protection of Critical Energy Infrastructure. We identified rail and mass transit security as an area for further capacity building in the APEC region.

We recognised that the disruption of trade through terrorist attack could have serious economic consequences. A study commissioned by Singapore has estimated the impact on APEC economies of the ripple effects of trade disruption arising from a major terrorist attack on the global supply chain to be in the order of US\$137 billion in lost GDP and US\$159 billion in reduced trade. To address this threat, we endorsed an APEC Trade Recovery Program (TRP) to help ensure that trade recovers as quickly as possible after a terrorist attack. We encourage member economies to explore TRP pilots on a voluntary basis. We welcomed strengthened cooperation in the area of counter-terrorism financing and affirmed our continuing commitment to fighting money laundering, terrorist financing, and other illicit financing. We will work closely with the Financial Action Task Force (FATF) to further this goal.

We commended reform of APEC Counter Terrorism Action Plans and the annual identification of capacity building opportunities to better focus APEC's cooperative efforts.

- ***Food and other Product Safety***

We recognised the need to deepen our cooperation, improve on current standards and practices and strengthen scientific risk-based approaches to food safety and other products to facilitate trade and ensure the health and safety of our populations. In this regard, we welcomed agreement this year on the establishment of the APEC Food Safety Cooperation Forum, co-chaired by China and Australia. This initiative will assist our work to harmonise food safety regulations with international standards, to improve health and food safety outcomes and to establish more effective communication networks. We agreed to develop a more robust and strategic approach to strengthening, prioritising and coordinating regional food safety, especially in regard to increasing capacity building activities. We instructed officials to explore ways to expand this work to include other products.

- ***Emergency Preparedness***

Strengthening emergency preparedness is an abiding priority for APEC and promoting the economic benefits of investing in risk reduction is an important means to achieve this.

We agreed on the importance of strengthening our capacity to build community resilience and preparedness for emergencies and natural disasters. In this regard, we welcomed new initiatives to

further cooperation between our senior emergency and disaster management officials, business and international partners to ensure we are able to respond in a timely and effective manner. We agreed on the importance of further building public-private partnerships in this area.

- ***Health***

We discussed the importance of robust preparedness plans to mitigate the social and economic impact of a possible influenza pandemic. We reaffirmed our support for the World Health Organisation process of fully implementing the revised International Health Regulations (2005) to prevent, protect against, control and provide a public health response to the international spread of disease. We agreed to continue to support the World Health Organisation Global Influenza Surveillance Network (GISN), including through the timely sharing of influenza specimens and promoting transparent, fair and equitable access to vaccines and other benefits derived from the GISN.

We endorsed the APEC Functioning Economies in Times of Pandemic Guidelines. The guidelines, to be updated from time to time, will help improve regional capacity for appropriate emergency management and response planning. We recognised the significant progress achieved in implementing the APEC Action Plan on the Prevention and Response to Avian and Influenza pandemics, and called for continued cross-sectoral work and private sector engagement to further enhance regional preparedness. We welcomed development of the APEC Pandemic Flu Planning Guide for SMEs as a useful preparatory tool for business. Continuing to build capacity to prevent and respond to avian influenza and other emerging trans-boundary diseases, including at source in animals, will promote health security.

We re-affirmed our commitment to enhance cooperation within APEC and move towards the goal of universal access to HIV/AIDS prevention, treatment, care and support by 2010. We endorsed the Guidelines for Creating an Enabling Environment for Employers to Implement Effective Workplace Practices for People Living with HIV/AIDS.

- ***Energy Security and Sustainability***

Climate change, energy security and clean development are of vital interest to APEC economies and will be a key theme for APEC Leaders when they meet in Sydney later this week.

We welcomed the initiatives proposed by APEC Energy Ministers to address the challenges of rapidly growing energy demand while minimising environmental effects. Key initiatives include: to progress the development of fossil energy technologies, particularly carbon capture and storage; to establish an APEC Energy Trade and Investment Study and Roundtable to identify barriers to energy trade and investment, and to develop a plan of action to help address these barriers; and to review the uptake and currency of APEC Best Practice Principles on: Accelerating Investment in Natural Gas Supplies, Infrastructure and Trading Networks in the APEC Region; Facilitating the Development of LNG Trade; Financing Energy Projects; and Natural Gas Trade.

We welcomed initiatives that encourage individual economies to set goals and formulate action plans for improving energy efficiency, including the development of a voluntary APEC Energy Peer Review Mechanism, strengthened sharing of information on energy efficiency policies and measures to promote energy efficient transport.

We agreed on the important role of market-based solutions in mobilising economy-wide efforts to address energy security and achieve sustained reductions in greenhouse gas emissions. We welcomed further work by APEC member economies to share experiences on the range of economic policy instruments for promoting energy efficiency and greenhouse gas reduction.

We recognised the importance of achieving oil security, including through improving data sharing. We encouraged efforts towards a diversified mix of energy sources to meet long-term development goals in the region. These include the use of natural gas, biofuels from sustainably farmed crops and residues, renewable energy and nuclear energy for interested economies. We welcomed the findings of the APEC Biofuels Task Force that biofuels from several crops are cost-competitive at current oil

prices that biofuels can lower greenhouse gas emissions, and that biofuels can displace a sizeable share of oil use over time.

We welcomed the promotion of broader energy cooperation, including with the International Energy Agency, which can enhance energy data collection and sharing of knowledge on energy issues. We further noted that Energy Ministers would receive advice on recommendations arising from meetings of regional nuclear safeguards experts.

We instructed officials to continue their work on environmental goods and services and explore ways to reduce trade barriers in this area. We agreed that market opening in the WTO would advance our climate and energy security goals.

Ensuring APEC is dynamic and responsive to developments in the Asia-Pacific

Further to the reform package adopted by APEC Leaders in 2006, we agreed on additional measures to strengthen APEC's institutional base to ensure its effectiveness and responsiveness to its stakeholders, including a 30 per cent increase in membership contributions from 2009 to help strengthen the Secretariat. This represents the first increase in the APEC budget since 1998. We affirmed our commitment to APEC reform and underscored that member economies' commitment to increasing membership contributions is linked to the continuation of processes to streamline and professionalise APEC's operations.

We recognised efforts to streamline and bolster APEC's operational capacity, including the appointment of a Chief Operating Officer in 2007, and measures to enhance project management skills and improve related processes.

We have agreed that the time has come to consider the appointment of an Executive Director for a fixed-term and instruct officials to develop proposed conditions, responsibilities and accountability mechanisms etc for our consideration in 2008.

We also agreed to examine ways to reduce the cost to host economies, including through holding more meetings at the APEC Secretariat in Singapore.

We encouraged closer cooperation between APEC and the Association of South East Asian Nations to advance common goals, particularly in the area of capacity building.

We agreed to establish a Policy Support Unit attached to the APEC Secretariat. The unit, to be funded by voluntary contributions, will provide analytical capacity, policy support and assist in coordinating related capacity building for APEC's trade, investment and economic reform agenda and related ECOTECH activities. A governance board will oversee the Policy Support Unit and its work program will be submitted to Senior Officials for endorsement.

We welcomed the refreshed APEC logo, which represents a unifying symbol of APEC and encouraged its use by APEC fora and host economies.

We welcomed the closer engagement between ABAC, Ministers and officials this year to progress work across the APEC agenda, including on support for the Doha negotiations, trade facilitation, regional economic integration, deepening of capital markets, structural reform and our human security agenda. We reaffirmed our commitment to APEC's goal of gender integration and increased involvement of women in APEC. We remain committed to enhancing women's economic empowerment across the region by enabling women exporters and entrepreneurs to access the benefits of the global trading system and welcome the continued and constructive input this year of the Women Leaders' Network to our work.

We commended the APEC industry dialogues' efforts to improve the business environment in our region. We welcomed work to facilitate customs procedures for low risk shippers and to enhance IPR awareness in the auto sector. We commended the work on standardised labelling of chemical products and efforts to reduce adverse trade impacts of EU chemical regulations. We also encouraged

the development of best practice guidelines for chemical regulations. We supported on going work in life sciences to promote research, innovation, and regulatory reform and harmonisation, and to stem the flow of counterfeit medical products. We called for a study on the benefits of investment in health innovations.

We noted the outcomes of the APEC 2007 Sectoral Ministers Meetings. We endorsed the 2007 SOM Report on APEC's work program including the recommendations contained therein, noted the 2007 Annual Report of the APEC Secretariat Executive Director and approved the 2008 APEC Budget. We welcomed preparations for APEC 2008 in Peru and noted that preparations are underway for APEC 2009 in Singapore and APEC 2010 in Japan. We welcomed the announcement by Russia that it will host APEC in 2012. We looked forward to the possible announcement of the APEC host for 2011 in the coming days.

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14th APEC Finance Ministers' Meeting

Coolum, Queensland, Australia

2–3 August 2007

Joint Ministerial Statement

I. Introduction

We, the finance ministers of the APEC economies, convened our 14th annual meeting in Coolum, Queensland, Australia on 2–3 August 2007 under the chairmanship of the Honourable Mr Peter Costello, MP, Treasurer of Australia. The meeting was also attended by the First Deputy Managing Director of the International Monetary Fund, the President of the World Bank, the President of the Asian Development Bank and the Chair of the APEC Business Advisory Council (ABAC).

Under Australia's APEC 2007 theme of ***strengthening our community, building a sustainable future***, we discussed the key economic and financial issues that are shaping our region's future prosperity.

In discussing the regional economic outlook, we considered two key medium-term challenges. The first is to ensure that sufficient well-targeted investment occurs to underpin sustainable economic growth. We highlighted the need for appropriate macroeconomic policies and continued structural reform in our economies to further enhance investment in the region, sustain domestic growth and help resolve global imbalances and reap the benefits of globalisation. The second challenge is to ensure that energy markets operate efficiently and transparently to deliver long-term energy security and meet the dual key objectives of sustaining economic growth while addressing climate change. We recognise that these are fundamentally economic issues that are best addressed through market-based solutions.

Consistent with the policy priorities outlined in the Hanoi Medium-Term Agenda, we considered two policy themes in our meeting - the importance of managing fiscal risks, including contingent liabilities and longer term fiscal pressures, and the need to deepen private capital markets to create new economic opportunities. Identifying and managing off-balance sheet risks in a transparent manner contributes to fiscal sustainability. We noted the important role private capital markets play in providing diverse sources of funding and channelling savings to fuel economic growth, including for infrastructure.

We discussed the evolving regional economic architecture and stressed the importance of APEC in drawing Asia-Pacific economies together. Recognising the need to take strong and early actions to address the challenge of climate change while maintaining economic growth, we considered the global architecture for addressing climate change and shared the view that it is important to establish an effective framework beyond the Kyoto Protocol under the UN climate process.

Our ongoing objective is to realise the APEC region's economic potential by drawing together the interests of member economies and exploring opportunities for cooperation and capacity building.

These issues are integral to continuing the strong economic performance of the APEC region and we support further discussion of them by APEC Economic Leaders.

II. Global and Regional Economic Developments

We noted the continued strong contribution the APEC region is making to global economic growth. Despite the persistent threat of high oil prices, the APEC region grew by a robust 4 per cent in 2006 and inflation across the region has generally been moderate. This strong economic performance has raised living standards and reduced poverty throughout the region, and we remain committed to sound economic policies that will help to sustain this performance.

Growth and development in our region are based on an open and rules-based global trading system. We regard a rise in protectionist trade and investment sentiment around the globe as a serious threat to growth and living standards in our region. We will work with our own trade authorities towards a successful outcome in the Doha Development Round that is comprehensive and well-balanced, resulting in new trade and investment flows. We agree to work towards this goal in financial services negotiations.

The orderly reduction of global imbalances remains a priority. In the APEC region, this requires efforts to increase national savings in the United States, strengthen consumption in China, continue structural reform efforts including fiscal consolidation in Japan, and encourage domestic investment in much of emerging Asia. Flexibility of exchange rates and prices will facilitate these necessary adjustments and reduce the costs. Such changes are in the interests of each individual economy, are desirable from a multilateral perspective and would help dampen protectionist sentiment.

As the process of integration intensifies, new ways of conducting business and new barriers to trade and investment are emerging. We noted the increased focus on behind-the-border impediments to trade and investment and the need for ongoing domestic structural reform to tackle them. We are firmly committed to reforms that support the efficient operation and integration of domestic markets. We expressed our strong support for the work of the APEC Economic Committee in advancing the APEC Leaders' Agenda to Implement Structural Reform.

Strengthening investment in the region

We noted the important role that domestic and foreign investment has in driving economic growth and development and enhancing regional economic integration.

While the investment outlook for the region looks promising, we considered why investment levels in some APEC economies remain relatively low despite favourable financing conditions. It was noted that most APEC economies had improved their monetary and fiscal policy frameworks and strengthened their financial systems, particularly through balance-sheet restructuring and improved lending practices.

Investment outcomes are affected by institutional and regulatory factors, including barriers to market entry, the operation of financial markets, and the degree of policy certainty. Sound monetary and fiscal policies, well-established legal and regulatory frameworks, and high-quality public- and private-sector governance all contribute to reducing risk and encouraging investment. Deep and liquid financial markets also offer an expanded source of funding for investment and assist with risk management and diversification.

We noted that the quality of investment, both public and private, is important and that investment should be attracted to areas where the greatest social and economic returns can be achieved. In this context, we identified infrastructure and the services sector as priority areas for future investment within the region. Stronger and more efficient investment, both domestic and foreign, is expected to strengthen domestic growth and stability and help resolve global imbalances.

Energy security and climate change

We recognise the ongoing economic risks around high and volatile energy prices and the need to maintain vigilance in macroeconomic policy to sustain growth and manage inflation. We noted that medium-term macroeconomic frameworks are proving very useful in managing the challenges of

energy shocks and that greater flexibility in price mechanisms, including exchange rates, can enable economies to better manage the macroeconomic impact of changes in energy markets. We discussed a range of policy instruments that could be adopted to protect the poor from the effects of higher and more volatile energy prices while ensuring that price signals work and other government spending that matters for economic and social progress is not crowded out.

Looking to the medium-term, rising energy demand and import dependence in the Asia Pacific can be met by expanded trade and investment to boost supply and greater efficiency in use. For markets to be able to provide energy security, they need to be strong, open and transparent, with depth in spot and derivatives markets, long-term contracting, and investment. Markets need to be underpinned by effective regulatory regimes, transparency and governance, and efficient firms in both the private and state-owned sectors.

The region needs strong financial markets both to fund the investment required to expand supply and to provide the range of financial instruments – including derivatives – that are necessary for firms and governments to manage the risks around high and volatile energy prices.

Climate change is one of the major international challenges with implications for both the environment and global economy. New clean technology initiatives and greater efficiency and diversity in energy supply provide greater energy security and underpin a sustainable response to the challenges of climate change. Energy efficiency, based on advances in education, science and technology, is one of the most cost-effective means for achieving these objectives. As finance ministers, we play a key role in developing and linking market-based economic policy responses to these challenges.

It is important that new domestic policies are comprehensively assessed to ensure they meet the desired objectives of ongoing economic growth, energy efficiency, and clean development consistently over time and do not give rise to unanticipated adverse consequences. Practical cooperation between Asia Pacific economies is necessary to meet these objectives, especially in the development and transfer of cleaner and more efficient technology and the strengthening of domestic carbon accounting and reporting frameworks.

To respond effectively to the challenge of ensuring economic growth, addressing energy security and minimising the environmental impact of increased energy use, it is important to understand the economic and market impact of policy and business responses to deal with climate change. We welcome further work on this by APEC economies. In particular, we see value in bringing together and sharing APEC economies' experience with the suite of policy instruments for promoting energy efficiency and greenhouse gas reduction, including market-based mechanisms (such as emissions trading and taxes), incentives for new technologies and alternative energy sources, and regulation.

III. 14th APEC Finance Ministers' Process Policy Themes

1. Making private capital markets work better

Deep and integrated private capital markets can assist governments in achieving their economic and social objectives by providing secure and diverse funding sources for development. We noted the importance of private domestic capital markets in funding infrastructure and investment and helping manage key risks, including with respect to volatile energy prices and an ageing population.

We reaffirmed commitments to strengthen the legal, regulatory and commercial infrastructure needed to support financial deepening. We agreed that broadening and diversifying the investor base is critical for strengthening capital markets. Greater participation of specialist institutions such as pension funds, insurance companies, fund managers and securitisation originators is needed to provide depth and innovation in markets. We noted the potential complementary roles that savings policy, structural and regulatory policies and taxation policy can have in fostering capital market deepening, and the positive spill-over effects that investment in education and information technology can have on private capital markets. Macroeconomic stability is essential for financial markets to grow.

Similarly, we recognised the importance of developing and allowing greater access to a wider range of financial products such as corporate bonds, equities and derivatives for domestic and foreign

participants. It is also essential to have effective trading, settlement and custodial arrangements, maintain credible corporate governance, ensure reliable disclosure and ratings, and strengthen regulatory supervision.

In considering priorities and sequencing of reform within our own economies, we agreed that it is important to approach reform holistically and strategically – ensuring that reforms are mutually reinforcing and consistent with economies’ development priorities – and also pragmatically.

Implementing to the extent possible, we embrace international best practice and standards to support the achievement of important objectives such as investor protection; fair, transparent and efficient markets; and management of systemic risks. Continued progress in strengthening financial institutions and regulatory frameworks is central to secure the benefits of increasing regional and international market integration. We recognise that there are many domestic, regional and global mechanisms available to help economies progress financial market reform, including domestic reviews and the IMF/World Bank Financial Sector Assessment Program (FSAP) and associated reports on standards and codes. We encourage participation in FSAPs, taking into account the level and pace of development and the specific conditions of each member economy, to help economies prioritise financial sector reforms and evaluate risks to the financial system.

Recognising the contribution of capital flows, we emphasised the importance of open investment regimes to develop and strengthen domestic financial institutions and markets, improve productivity and boost growth.

We endeavour to support each other in strengthening and deepening the region’s capital markets. Many of the initiatives underway in the finance ministers’ process target capacity building and the sharing of experience with regard to the financial sector. We agreed to develop a web-based information system – the APEC Catalogue of Policy Experience and Choice – for finance ministries, central banks and regulatory agencies in the APEC region to collect and share knowledge on financial reform based on the practical experience of member economies and international agencies. We welcomed ABAC’s report and recognise its contribution to strengthening financial systems in the region.

2. Transparency and sustainability of the public balance sheet

We agree that fiscal sustainability is essential for economic development and stability. Fiscal risks that are not well managed can result in obligations that damage the budget position, increase government indebtedness, and amplify the effect of negative economic and financial shocks.

We discussed our experience in managing a range of off-balance sheet risks, including public-private partnerships, state-owned enterprises, layers of government, pensions and health care, and guarantees. In the areas of infrastructure investment, we noted that public-private partnership projects, when supported by sound management and appropriate risk sharing, tend to have lower ongoing operating costs and significant public benefit. We also noted that guarantees work more effectively when their likely costs are identified, quantified where possible, and assessed against competing calls on government resources. We recognised that risks related to state-owned enterprises and layers of government are lower when they are adequately resourced to meet their responsibilities and where central agencies are well informed about their financial positions and effective accountability arrangements are in place.

We discussed these issues within the framework of addressing risks at their source, sharing risks with the private sector where appropriate, and ensuring that residual risks are effectively monitored and managed. We acknowledge the extensive assistance available to economies seeking to improve fiscal transparency in these areas.

We welcomed the steps being taken by APEC economies to improve fiscal risk management, agreeing that small changes made now can generate large improvements in the long-term fiscal position. We identified a need for further guidance to support continued fiscal sustainability and highlighted the importance of a set of principles to guide further progress, recognising that our economies are at

various stages of economic development and that the form of implementation is a matter for each economy. The APEC fiscal sustainability principles include:

- fostering well-functioning markets to reduce fiscal pressures on governments;
- establishing a clear framework of accountability and responsibility for addressing fiscal risks;
- collecting and reporting information about on and off-balance sheet risks across the whole of government;
- assessing the potential consequences of current and emerging fiscal risks or long-term pressures to determine the best ways to manage these risks;
- including risk in government measures of fiscal performance to help governments understand the true nature of their fiscal position;
- improving transparency and accountability to the public through appropriate means; and
- creating fiscal space or provisioning – even notionally – for expected future payments, especially for liabilities with a high probability of realisation in the near to medium-term.

In this context, the IMF and World Bank may provide further practical insights into best practices in managing fiscal risks.

We welcomed the revisions to the IMF Fiscal Transparency Manual and Code of Good Practices and acknowledged the benefits of undertaking a fiscal transparency Report on the Observance of Standards and Codes (ROSC). We encouraged economies to take advantage of this initiative and for those that have already undertaken this ROSC, to assess their current practices against the revised code. We welcomed the work by the Pacific Economic Cooperation Council on public-private partnerships.

IV. OTHER MATTERS AND THE VENUE FOR THE NEXT MEETING

We supported further work on quota and voice reform in the IMF and underscored the need for early agreement on comprehensive second-stage reform to enhance the Fund's legitimacy and representativeness. APEC economies believe comprehensive reform of IMF quotas and voice should recognise the strong growth of many emerging markets with significant increases in voting share, while protecting the voice of low-income members. We call for support to conclude negotiations as soon as the 2007 IMF annual meeting.

We support continuing efforts of the IMF and World Bank to respond to global challenges and early progress on reform of World Bank governance. We also welcomed commencement of the ADB's review of its Long-Term Strategic Framework as an important opportunity to reinforce the ADB's strategic and operational priorities consistent with the current and future needs of its developing members and its poverty reduction mandate.

We are committed to fighting money laundering, terrorist financing, and other illicit financing involving similar risks to the stability and integrity of financial markets, and will continue to work to comply with international standards. To this end, we tasked our officials to continue to collaborate closely with the APEC Anti-Corruption Taskforce, APEC Counter-Terrorism Taskforce and other jurisdictions. We call on the IMF and the World Bank to cooperate more closely with the Financial Action Task Force (FATF). We see merit in further efforts by the FATF in examining the risks involved in financing the proliferation of weapons of mass destruction.

We thanked Australia for hosting the APEC Finance Ministers' Process this year. We will meet again for our 15th meeting in Trujillo, Peru in October 2008.

14th APEC Finance Ministers' Meeting

Coolum, Queensland, Australia

2–3 August 2007

Joint Ministerial Statement

Annex

Review of Policy Initiatives

1. The Voluntary Action Plan (VAP) on Freer and More Stable Capital Flows: The APEC Pensions and Annuities Markets Seminar (Chile, New Zealand, Russia and Singapore in 2007)

The first workshop under the *Policy Dialogue on Savings and Capital Market Development* was held in Hanoi on 1 September 2006. This multi-year dialogue sponsored by Chile, New Zealand and Vietnam was held under the VAP, which was initiated in 1997. The workshop discussed how well-designed policy can use the links that exist between savings policy and capital market development to deliver economy-wide benefits.

In 2007, a second follow-up seminar will consider practical policies that may stimulate the development of pensions and annuities markets within the region. The seminar will be held in Singapore on 8–9 November. This workshop will focus on governance, risk management, and market development.

2. APEC Finance and Development Program (AFDP) (China and the World Bank)

With support from APEC member economies and international financial institutions, the Asia-Pacific Finance and Development Center (AFDC) has continued its efforts on capacity building in the fields of finance and development. Five training workshops and one forum were held by the end of June 2007. More than 500 people from the Asia-Pacific region, including government officials, business practitioners and academia, participated in these activities.

3. Deepening Prudential Regulatory Capacity in Non-Life Insurance (Australia and the US)

This initiative is a training course for non-life insurance regulators in close collaboration with public and private sectors. It will be a six-day intensive course in Melbourne, Australia, in September 2007. Australia's APEC Study Centre will organise the training course and will coordinate with the US private non-life insurance sector. The core objectives of the training programme are to develop an awareness of the International Association of Insurance Supervisors Core Principles and their implications. It will cover the risks of non-life insurance, reinsurance, especially catastrophic risks, the need for strong corporate governance regimes, and the capacity of regulatory bodies.

4. APEC Future Economic Leaders' Think Tank (Australia)

The annual Future Economic Leaders' Think Tank is now in its 7th successive year. The 2007 Think Tank was held on 11–13 April in Sydney and was attended by 29 delegates from 17 APEC member economies. The programme was hosted by Axiss Australia and project managed by the Lowy Institute for International Policy. The theme for the 2007 Think Tank was *Transparency and Sustainability in the Public Balance Sheet*, one of the two key themes to be considered by finance ministers. A report was submitted to finance ministers.

5. APEC Financial Regulators Training Initiative (FRTI) (US and the ADB)

Since the inception of Phase II in 2001, the FRTI has made significant progress in achieving its objectives of strengthening content and management of the national training programmes and developing regional programmes for junior and mid-level banking supervisors and securities regulators. In 2006, there were seven seminars for this initiative. The 2007 training programme comprises four regional courses for bank supervision and three regional courses for securities regulation.

The initiative has trained more than 1,800 participants from APEC economies in 40 regional and 13 national courses. The Advisory Group, which provides support and guidance for the training needs and activities under the initiative, agreed to continue support for 2008.

6. APEC Financial Institutions Dealing with SMEs (Hong Kong, China in 2007)

Bank of China (Hong Kong) Limited, The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank (Hong Kong) Limited jointly hosted the 4th Annual Meeting of APEC Financial Institutions Dealing with SMEs and the Conference on "Powering SMEs" in Hong Kong, China on 11 and 12 July 2007. The meeting discussed cooperation on measures to promote business linkages between SMEs in the APEC region, and ways to strengthen APEC financial institutions responsible for SME development. The conference following the meeting featured two forums, one on 'Financing SMEs' and the other on 'Public and Private Sector Collaboration'. MOU members and participants shared their views and experience on how to support and facilitate the growth of SMEs.

7. Insolvency Reform: Regional Network (Australia)

Phase One on the insolvency reform workshop was implemented through the Forum on Asian Insolvency Reform (FAIR), held on 27-28 April 2006 in Beijing, China.

Phase Two of the initiative involves establishing a Regional Network on Asian Insolvency Reform to share information about reforms, capacity building and technical assistance initiatives for insolvency systems and related matters. The network will produce regular electronic updates on current developments and reform proposals. The network's core will be APEC officials, although it will also be open to officials from non-member economies.

8. Reform of Financial Sector: Catalogue of Policy Experience and Choices
(Australia, Indonesia, China, Japan and Viet Nam – Australia, Indonesia, China and ADB for Catalogue)

The initiative comprised three policy dialogue workshops held in the People's Republic of China, Indonesia and Australia. A key outcome of the initiative is the development of a web-based information resource on financial sector reform, the 'Catalogue of Policy Experience and Choices'. The catalogue will be a secure, web-based information resource on financial sector reform experience for finance ministries, central banks and financial sector regulatory agencies in APEC. It will allow policy makers and regulators to draw upon the benefit of experience in developing and implementing financial sector reform in accordance with their individual circumstances.

9. Fiscal Management (Australia, Viet Nam and Indonesia)

The aim of this collaborative initiative is to undertake policy dialogue on the management of significant off-balance sheet risks. Following the outcomes of previous two workshops, a new activity is proposed, which would examine one issue for a selected economy in detail in a way that allows APEC economies to participate and apply any lessons learned to their own circumstances. This workshop is proposed for the end of 2007, with a focus on managing public-private partnerships using Indonesia as a case study.

10. APEC Policy Response to Ageing issue (Korea, People's Republic of China and the US)

In 2007 the initiative has been implemented under the theme of "Financial Market and Ageing." A core group consisting of Korea, China, New Zealand, Chinese Taipei, Thailand, the United States, ABAC and the IMF was established in early 2007. Economy-specific case studies and APEC-wide

studies were presented at the two core group workshops in March and June. Another core group meeting and a seminar are scheduled in October 2007 and early 2008, respectively. Research outcomes including policy recommendations will be reported at the 15th APEC FMM in 2008.

11. APEC Public-Private Dialogue on Bond Market Development (ABAC)

This initiative identifies policy and regulatory aspects and capacity building initiatives to enhance the environment particularly for corporate bond issuance. The first forum was held in May 2007 and focused on bond market developments in three economies - Indonesia, Vietnam and the Philippines. The dialogue outlined major regional cooperation and capacity building initiatives. This series of dialogue will continue with other emerging economies in the period ahead.

12. Fiscal Space: Reviewing, Assessing and Prioritising Government Expenditure (Australia, Indonesia and Russia)

This initiative will focus on improving the efficiency of government expenditure by considering the frameworks, tools and processes that are used to review, assess and prioritise government expenditure. The initiative will also examine the social and economic payoffs from different forms of government spending. The initiative will comprise a seminar in late 2007 and a workshop in March 2008.

13. Strengthening Capital Markets in the APEC Region (US)

This initiative will provide economy-specific technical assistance for the development of capital markets. The initiative will be a joint undertaking between the US and participating economies. They will also consult closely with the international financial institutions and APEC Secretariat.

Meeting of APEC Ministers Responsible for Trade

Cairns, Australia

5–6 July 2007

We, APEC Ministers Responsible for Trade (MRT), met on 5-6 July in Cairns, Australia under the chairmanship of the Hon Warren Truss MP, Minister for Trade of the Commonwealth of Australia.

We welcomed the participation in the meeting of the APEC Business Advisory Council (ABAC), the Pacific Economic Cooperation Council, the Association of South-East Asian Nations, the Pacific Islands Forum and the APEC Secretariat.

Promoting dynamism in the Asia-Pacific Region

The Asia-Pacific region remains one of the fastest growing and dynamic regions in the world, but a number of challenges lie ahead of us. Greater economic integration, demographic and technological changes, social and environmental issues, including climate change, are impacting on the region's economic landscape. These challenges require collective solutions for the benefit of all our people. APEC is already making an important contribution but needs to remain attuned to further opportunities to promote sustainable growth, improve living standards and reduce poverty.

Continuing support for the multilateral trading system

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

We also welcomed the continued work to achieve progress of the Russian Federation in the WTO accession negotiations and underlined the importance of efforts to expedite conclusion of these negotiations.

Creating an enabling environment for economic growth through trade and investment liberalisation and facilitation

- Regional Economic Integration

We had a broad-ranging and constructive discussion about ways and means to promote regional economic integration. We discussed various ways to achieve free trade in the region, including the possibility of developing a Free Trade Area of the Asia-Pacific (FTAAP) as a long term prospect. In this regard, we reaffirmed our commitment to the Bogor Goals. We agreed that the time is right to further examine the prospect for an FTAAP, including its implications. We agreed that scope exists for more intensive activity across APEC's agenda in support of regional economic integration. We provided guidance to officials to finalise the draft report for September's APEC Ministers Meeting (AMM) recommending a range of practical measures to further promote economic integration in the region, building on APEC's current work program.

- Regional Trade Agreements/Free Trade Agreements (RTAs/FTAs)

High-quality and comprehensive RTAs/FTAs can advance economic openness in the region and strengthen regional economic integration. They can also serve as building blocks for the further development of the multilateral trading system, and they can bring the realisation of the Bogor Goals nearer.

We took note of the concerns of the business community over possible complexities caused by the spread of RTAs/FTAs and the possibility of trade diversion. To this end we have instructed officials to

examine, in close cooperation with the business sector, the scope for a rationalisation of preferential rules of origin and other relevant provisions of such agreements and to report to us when next we meet. The model measures for RTA/FTA chapters are a pioneering contribution by APEC to promote greater consistency and coherence among the RTAs/FTAs within the region. They are also an effective capacity-building mechanism. Ministers reaffirmed that the model measures would serve as a reference for APEC member economies to help them achieve comprehensive and high-quality free-trade agreements and reiterated the non-binding and voluntary nature of the model measures. We noted the progress in developing model measures for additional RTA/FTA chapters and have instructed our officials to accelerate efforts to complete model measures for at least three additional chapters in time for the APEC Ministerial Meeting in September.

- ***Trade Facilitation***

We endorsed APEC's second Trade Facilitation Action Plan (TFAP II) which sets out a framework and timetable for achieving the goal of another 5 per cent reduction in trade transaction costs by 2010. APEC's current trade facilitation work on customs procedures, standards and conformance, e-commerce and mobility of business people is already providing substantial benefits. We welcomed the greater focus in TFAP II on collective actions, the role of capacity building and its linkage with APEC's wider business facilitation agenda. This reinforces the important role trade facilitation measures and APEC's behind-the-border reform agenda have to play in facilitating economic growth as recognised in APEC's Busan Business Agenda.

We acknowledged the call by business that Key Performance Indicators (KPIs) be developed to measure TFAP II progress. We have instructed officials to develop appropriate KPIs when implementing TFAP II collective actions and measures.

We welcomed the study commissioned for APEC from the World Bank on "Transparency and Trade Facilitation in the Asia-Pacific: Estimating the gains from reform", which indicates that the collective trade performance of APEC economies would be boosted by USD\$148 billion from greater trade policy predictability and simplification. We instructed officials to consider how the findings of the study can be used in APEC's trade facilitation and transparency work.

We welcomed agreement to launch a Data Privacy Pathfinder at the Sydney AMM and the expansion of the APEC Business Travel Card (ABTC) scheme to more economies by creating a transitional membership category.

- ***Intellectual Property Rights and the Digital Economy***

We affirmed that APEC should remain at the forefront of strengthening protection and enforcement of IPR in the region, underscoring that trade in counterfeit and pirated goods continues to stifle investment, innovation and economic development. We also acknowledged the importance of a comprehensive and balanced intellectual property system, as well as an environment that encourages creation and innovation and provides the tools for the successful management and exploitation of intellectual property rights.

We encouraged economies to contribute to the Best Practices Paper on Innovative Techniques for IPR Border Enforcement and undertake greater information exchange among IPR authorities and enforcement authorities. We acknowledged and encouraged the continuing implementation of the APEC Anti-Counterfeiting and Piracy Initiative, including through implementation of the five existing IPR Guidelines. We endorsed the IPR Guidelines on Capacity Building and welcomed the continued work on the Education and Awareness Project and seminars and workshops on IPR. We encouraged work to develop the APEC Cooperation Initiative on Patent Acquisition Procedures.

We welcomed APEC's on-going work on trade and the digital economy and encouraged economies to further intensify their efforts on bridging the digital divide. We welcomed the announcement by Malaysia to join the Pathfinder on Technology Choice Principles and encouraged other members to join. We also encouraged officials to explore further steps to address concerns that some

technologically advanced versions of products covered by the Information Technology Agreement may be in danger of no longer receiving duty-free treatment.

- ***Investment***

We stressed the importance of further investment liberalization and facilitation in meeting our development and infrastructure needs and agreed that reducing behind-the-border barriers to investment was necessary to help achieve this. We welcomed the analytical work undertaken in APEC and the policy dialogue conducted in collaboration with ABAC to identify those behind-the-border barriers in the APEC region that have the greatest impact on deterring investment. We will provide greater coherence to APEC's investment work by exploring a possible Investment Facilitation Action Plan. This would bring together public-private sector dialogue, policy recommendations and identify capacity building needs in improving the investment climate.

We called for additional work, including capacity building, to promote better understanding of the elements of a sound investment policy regime.

- ***Transparency and Anti-Corruption***

We reiterated our stand in fighting corruption and welcomed the report on APEC economies' progress in implementing the APEC Transparency Standards. We pledged to close those remaining gaps in implementation, including through targeted capacity building activities and other initiatives where appropriate.

We reiterated the high priority we attach to fighting corruption, which poses a significant threat to economic growth by undermining the rule of law, distorting markets and deterring investment. We endorsed a model Code of Conduct for Business, a model Code of Conduct Principles for Public Officials and the complementary Anti-Corruption Principles for the Private and Public Sectors. This work gives practical impetus to APEC's commitment to combat corruption and the commitment expressed by our Leaders towards a cleaner and more honest and transparent community in the Asia-Pacific region.

- ***Individual Action Plans (IAPs)***

We noted the commencement of the current cycle of IAP Peer Reviews of Individual Action Plans and in particular those concluded involving Australia; China; Hong Kong, China; Japan; Korea; New Zealand; and Chinese Taipei. The new improved IAP peer review process, which includes consideration of members' broader trade policies, is proving to be an effective way for economies to learn from the experiences of one another and monitor progress toward the Bogor Goals.

- ***Improving the Business Environment and Structural Reform***

We re-emphasised the importance of structural reform for the full realisation of the benefits of trade and investment liberalisation. We welcomed the Economic Committee's new policy focus to reflect this and its on-going work to progress the Leaders' Agenda to Implement Structural Reform (LAISR) towards 2010. This includes measures to improve market efficiency in areas such as regulation, competition policies, transparency and corporate and public sector governance with benefits to trade, investment and economic growth. We welcomed APEC's important role in support of reform efforts through information sharing and targeted research and analysis, including identifying better practice approaches. We have called for officials to explore ways to accelerate the work being conducted under the Private Sector Development Agenda to promote better regulatory and business practices by using the World Bank's Ease of Doing Business indicators as a guide to best practice.

In order to support APEC's work on trade, investment and structural reform, we welcomed a proposal to establish a Policy Support Unit attached to the APEC Secretariat to provide analytical capacity and policy support for APEC's trade and economic agenda.

Securing trade and people movement to ensure continued prosperity in the region

We discussed the importance of developing coherent regional policy responses to the major human security challenges facing APEC members, including cross-border issues such as terrorism, pandemic diseases, natural disasters and energy security and the importance of this to sustaining growth and prosperity in the region. We welcomed the findings of the 5th APEC Secure Trade in the APEC Region Conference, in particular its call for greater public-private partnerships in secure trade to mitigate risks, while containing costs. We look forward to APEC further developing its close engagement with the private sector in secure trade and building on our cooperation in transport security, customs procedures, border controls, food defence, terrorist financing and other areas. We encouraged officials to explore the scope for improving the interoperability of supply chain security measures.

We noted that energy security and sustainable development are of vital interest to APEC and that climate change and clean development will be a key focus for APEC Leaders in 2007. We recognised the need to take strong and early action to address the challenge of climate change taking into account the need to balance environmental concerns and economic growth. We represent a unique mix of energy exporting and importing economies and our common energy interests are heightened by our growing regional economic integration. As Ministers Responsible for Trade, we have a particular interest in promoting well-functioning energy markets that are characterised by free and open trade, secure and transparent frameworks for investment, market-based price signals, market transparency, good governance and effective competition. Such frameworks are important in encouraging greater energy efficiency and the adoption of new, lower-emission and more energy efficient technologies. We urged APEC economies to continue their work on environmental goods and services and explore ways to reduce trade barriers in this area. We also urged further work on remanufactured products in APEC. We welcomed the proposal by APEC Energy Ministers for an APEC Energy Investment and Trade Study and Roundtable to take forward these objectives.

Ensuring APEC is responsive to the changing needs of the Asia-Pacific community

We discussed the need for APEC to become more efficient and results-oriented and to maintain cooperative links with key stakeholders in order to remain responsive to the changing economic landscape.

We encouraged continuing efforts to strengthen and professionalise APEC's institutional base. We noted work by officials to develop a package of reform measures which will further strengthen APEC's operational capability. We urged them to complete this work in time to make recommendations to the AMM in September.

We noted the on-going and constructive dialogue between APEC and ABAC and other forums, which informs APEC's work to promote and enhance economic prosperity in the Asia-Pacific region. We welcomed the closer engagement between ABAC and Ministers and officials this year to progress work across the APEC agenda including on support for the Doha negotiations, trade facilitation and regional economic integration.

We welcomed ABAC's Letter to Ministers Responsible for Trade, which identifies some of the key business challenges which need to be addressed and agreed to take account of these in our future work. We also commended public-private cooperation in the industry dialogues, and in this regard, welcomed work on expediting customs for low-risk shippers, expressed concern over the negative impact of the European Commission's chemicals legislation on the chemical sector, and called for a study on the benefits of investment in health innovations.

We endorsed the SOM Chair's Report on APEC's 2007 work program.

Meeting of APEC Ministers Responsible for Trade

Cairns, Australia

5–6 July 2007

Statement on Doha Development Agenda

We, the APEC Ministers Responsible for Trade, gathering for our 13th Meeting in Cairns, Australia, re-affirm our strong support for the Multilateral Trading System. APEC economies account for close to 50 per cent of world trade and are a major and growing component of the world economy.

We have expressed our views on all aspects of the Doha negotiations at past Ministerial meetings, including the importance of the development dimension of the negotiations. There has never been a more urgent need to make progress and at this meeting we have focused on the key issues which will have to be resolved at this critical juncture if we are to move forward.

We acknowledge the singular importance of ensuring the continued strength and openness of a rules-based global trading system which operates to provide expanding economic opportunities. We strongly re-affirm our commitment to a successful conclusion of the Doha Round negotiations this year.

We emphasise that a successful Doha outcome must deliver meaningful new market opportunities in order to significantly expand trade, promote global economic growth and foster development. We all undertake to contribute. We will demonstrate the necessary political will and flexibility, and call upon other WTO Members to do the same. To this end we will engage actively and constructively in the negotiations in Geneva.

We reiterate that consensus can only be achieved through an ambitious and balanced result that brings new trade flows in agriculture, industrial goods, and services, thereby securing benefits to all, in particular developing country economies. This means we need to make cuts in agricultural and industrial tariffs which result in real and substantial improvements in market access, and real and substantial reductions in trade-distorting agricultural subsidies. We urge the Chairs of the negotiating groups to table texts that will build consensus on an ambitious and balanced outcome.

We are committed to supporting the efforts of the Chairs of the negotiating groups. We note our expectations that forthcoming draft texts set a high standard for ambition, in order to set a solid foundation for a final phase of negotiations that lead to a successful Doha outcome.

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APEC Health Ministers' Meeting

Sydney, Australia

7–8 June 2007

Health Ministers Meeting Outcomes Statement

1. We, the Health Ministers of the Asia-Pacific Economic Cooperation (APEC) forum, met in Sydney, Australia, on 7–8 June 2007 to further our commitment to cooperation, coordination and collaboration on serious public health issues affecting the 2.6 billion people of our region. Under the theme ***“Building on our investment: a sustainable and multi-sectoral approach to pandemic preparedness and emerging health threats”***, we have developed APEC’s focus on the interface between economics and health issues, while also canvassing the impact that new health threats might have on the lives of our people.

2. We recognise that healthy populations contribute to economic growth and development. Conversely, any threat to the health of a population can have a devastating effect on prosperity. We recognise that the process of globalisation and economic integration, which delivers so many benefits to the region, also carries with it an increased capacity for the transmission of disease. The global nature of pandemic influenza and other virulent diseases demands international solidarity, co-operation and co-ordination of effort within an effective and transparent framework for the sharing of information and resources. We acknowledge the effective work of the Health Task Force in elevating health to be a significant part of APEC’s deliberations and in coordinating implementation of the APEC Action Plan on the Prevention and Response to Avian and Influenza Pandemics. We support the formation of an APEC Health Working Group to take this important work forward into the future.

3. Today, we have endorsed the ***APEC Functioning Economies in Times of Pandemic Guidelines*** as a resource for member economies and as a pivotal step in acknowledging the importance of improving regional capacity for appropriate emergency management and response planning. We commend the guidelines to APEC Leaders and recommend their adoption as part of APEC’s multi-sectoral response to health security issues. The Guidelines will be updated from time to time to take account of relevant developments. We also call for future work to develop best practices and improve regional capacity to minimise the impact of health threats.

Sustaining Our Successes

4. In recent years the economies of the Asia-Pacific region have faced a succession of health threats. In 2003, we were very concerned at the spread of the Severe Acute Respiratory Syndrome (SARS) across the region, and took measures to exchange information and research and to initiate collective action to diminish the threat to our peoples. We are confident that these measures contributed to reducing the impact of SARS.

We discussed important priority areas for future work in the APEC Health Working Group, including multi-sectoral cooperation and coordination particularly with the agriculture sector, enhanced information sharing and risk communication, further work on business continuity and essential services, and continued collaboration with multilateral organisations and donors.

Exercises and scenario planning such as those previously undertaken by APEC provide important opportunities for economies to share information and develop their capacity for collaboration and cooperation. Ministers called for further programs of such exercises.

5. The APEC region continues to confront the emergence of the virulent H5N1 strain of Avian Influenza (AI). The possibility of a pandemic arising from avian influenza presents a significant threat to human health security. APEC Health Ministers recognise that through concerted efforts as an

international community we can help to minimise this threat. We recalled our discussions on these issues at our meeting in Da Nang, Viet Nam in 2006 and noted the progress of economies in implementing the APEC Action Plan on the Prevention and Response to Avian and Influenza Pandemics. We committed to further work to implement this plan.

6. We also committed to collaborate, as appropriate, with the World Health Organization (WHO) on measures to improve global pandemic influenza preparedness. We agreed to continue to support the WHO Global Influenza Surveillance Network through the timely sharing of influenza virus specimens, as a foundation of public health, and looked forward to the review of the terms of reference and to the establishment of oversight mechanisms for this Network. We aim to ensure and promote the transparent, fair and equitable sharing of benefits arising from the generation of information, diagnostics, medicines, vaccines and other technologies associated with the sharing of virus samples.

7. We support, as appropriate, the WHO process of fully implementing the International Health Regulations (2005), to enter into force on 15 June 2007, to prevent, protect against, control and provide a public health response to the international spread of disease in ways that are commensurate with and restricted to public health risks, and which avoid unnecessary interference with international traffic and trade. We understand that this is a critical part of the global response to reduce the impact of health threats on economic growth and social functioning.

8. There are many threats to health security. They can arise from multiple sources, not only from emerging diseases but also from humanitarian emergencies and bioterrorism. We also recognised that it would be dangerous to assume that because there is no current global pandemic outbreak the job is done. We have re-committed to increasing our joint efforts and to building on our current infrastructure to address all events that could potentially threaten our collective health security.

9. As Health Ministers of the APEC region, we recognise that our endeavours need to complement and support global and regional structures already in place. We recognise that responses to health threats should be structured and undertaken in a manner commensurate with the threat so as to ensure a minimal impact on international travel and trade, while engaging all sectors of the economy in preventing future outbreaks.

Making Investment Applicable To Future Threats

10. Our experience has demonstrated the importance of leadership and common direction in responding to the existing threat posed by diseases such as avian influenza. We must rise to the challenge of moving on from immediate emergency management toward maintaining systems and strategies that will sustain our level of readiness and ensure that we continue to invest and build. As new infectious disease threats can emerge from various sources with very little warning, the technical and structural response including information and communication technology that we have developed provides a framework to address future threats to our collective health security. We committed to further strengthen the applicability of this framework for other health threats.

HIV/AIDS

11. We noted with concern that the rate of the spread of HIV in a number of member economies brings with it social and economic consequences as well as serious health challenges. This in turn requires a multi-sectoral approach to prevent, reduce and mitigate the health, social and economic consequences of this disease including stigma and discrimination. In line with this approach, we endorsed the ***Guidelines for Creating an Enabling Environment for Employers to Implement Effective Workplace Practices for People Living with HIV/AIDS***. The Guidelines will be updated from time to time to take account of relevant developments.

Conclusion

12. As Health Ministers, we reaffirm our commitment to addressing these challenges in order to ensure the health and prosperity of the Asia-Pacific community now and into the future.

8th Meeting of APEC Energy Ministers

Darwin, Australia

29 May 2007

Darwin Declaration on: Achieving Energy Security and Sustainable Development through Efficiency, Conservation and Diversity

Message from APEC Energy Ministers

- 1. We, Energy Ministers of the APEC economies, gathered for the eighth time in Darwin, Australia, on 29 May 2007 under the theme "Achieving Energy Security and Sustainable Development through Efficiency, Conservation and Diversity".*
- 2. We met within the context of an increasing global consensus that energy security is fundamentally linked to our economic, social and environmental well-being. We discussed the Ha Noi Declaration's call to respond to the challenges of meeting rapidly growing energy demands while minimising environmental effects.*
- 3. We emphasised the need to strengthen our emergency preparedness and participate in measures to manage the risks and consequences of short-term energy supply disruptions.*
- 4. We also recognised the importance for our longer-term energy future of pursuing policies and technologies to promote the development of cleaner energy and the improvement of energy efficiency and conservation.*
- 5. We determined that addressing the challenges of energy security and sustainable development should be based on well-functioning markets that are progressively characterised by free and open trade, secure and transparent frameworks for investment, market-based price signals, market transparency, good governance and effective competition.*
- 6. We welcomed the keynote address by the Executive Director of the International Energy Agency (IEA) on global and regional energy security challenges. We encouraged the development and implementation of APEC-IEA collaboration.*
- 7. We recognised the need to address environmental challenges – in particular air quality and climate change objectives – requires a concerted response to promote energy efficiency and conservation, develop and deploy cleaner and more efficient technologies, address barriers to energy investment and facilitate cross-border energy trade.*
- 8. We discussed actions to achieve greater efficiency and diversity in the stationary energy sector. We noted how energy efficiency in industry, buildings and commerce and cleaner power generation technologies – including renewables, clean coal, natural gas/LNG, and for interested economies, nuclear technologies – can provide for more secure, diversified systems of energy supply and use with lower carbon emissions.*
- 9. We discussed actions to achieve greater efficiency and diversity in the transport energy sector, which is the key driver of oil demand. We encouraged the development of policies and technologies to promote fuel efficient transport as well as the uptake of biofuels and other alternative transport fuels in a sustainable manner.*
- 10. We welcomed the meeting of energy business at the APEC Energy Business Forum and the address by the Energy Business Network. We noted the recommendations of the Energy Business*

Network. We encourage the efforts of the Energy Business Network to strengthen its structure and widen its membership.

11. We responded to APEC Leaders' instructions to report in 2007 on ways in which APEC might further contribute to policies and technologies that promote the development of cleaner energy and the improvement of energy efficiency, thereby enabling economies to meet increasing energy needs with a lower environmental impact and to address climate change objectives.

Instructions from APEC Energy Ministers

ACHIEVING OIL SECURITY

12. APEC oil import dependency is forecast to rise from 36 percent in 2002 to 52 percent in 2030. Recent high oil prices have been driven by supply-demand fundamentals, geopolitical risks and concerns about supply interruption and speculative trading. In response we encourage APEC economies to adopt a broad range of measures designed to enhance security of supply and promote fuel efficient transport and the uptake of viable alternative fuels.

(a) Facilitating investment and trade in downstream and upstream oil markets

13. To ensure sufficient investment in refining capacity to meet growing demand, including for cleaner fuels, we encourage APEC economies to:

- *provide a transparent and streamlined regulatory framework for such investment;*
- *facilitate freer trade of oil products; and*
- *create a positive environment for technology development to help refiners to produce cleaner oil products more efficiently.*

14. Transparent, credible, equitable, and effective legal and regulatory frameworks, including the ability to enforce contracts, are essential to generate sufficient and sustainable international upstream investment.

- *We support ongoing dialogue between consumers and producers to facilitate an enabling investment climate in oil and natural gas resources and reserves.*
- *We recognise the importance of facilitating upstream investments.*

15. Observing the important role of oil and gas companies in APEC economies:

- *we encourage the Energy Working Group (EWG) to study the trade and investment practices of these oil and gas companies and to examine how partnerships and cooperation can improve the value chain.*

(b) Enhancing emergency preparedness

16. Oil supply disruptions can affect all member economies. In response:

- *we encourage APEC economies to participate in the Real-Time Emergency Information Sharing System (RTEIS) and to develop and communicate emergency mechanisms and contingency plans, including through the APEC Taskforce for Emergency Preparedness and also through enhancing the RTEIS to facilitate the establishment of an APEC Rapid Response Points of Contact Network for the Protection of Critical Energy Infrastructure to help minimise the potential for supply disruptions and to better protect critical energy infrastructure, including for maritime transportation;*

- *we instruct the EWG to strengthen cooperation with other relevant international fora, such as the IEA, for coordinating efforts at the time of energy supply disruption;*
- *we recognise the implications of disruptions and limitations to maritime energy transport and we instruct the EWG to develop linkages with organisations responsible for regional maritime security with a view to identifying and reporting any cross-cutting issues to our next meeting; and*
- *we encourage interested economies to continue to report on implementing best practices for the establishment, financing and management of strategic oil stocks.*

(c) Improving oil data sharing

17. A lack of transparent and reliable oil market data aggravates price volatility.

- *We reaffirm our support for the Joint Oil Data Initiative (JODI) as an international initiative that addresses investor uncertainty, contributes towards global harmonisation of energy data, and strengthens producer and consumer dialogue by demonstrating concrete action.*
- *We encourage APEC economies to report timely, accurate and complete data on oil reserves, supply and demand, stocks and production under the JODI. We direct the EWG to continue to provide training through JODI for economies to undertake this task and to contribute towards the JODI World Database.*

(d) Promoting energy efficient transport and alternative transport fuels

18. Transportation is the leading sector for oil demand growth in the APEC region and high oil prices are driving cost-effective improvements in vehicle fuel efficiency and the development and uptake of alternative transport fuels.

- *We welcomed the report of the APEC Biofuels Task Force. Among its key findings are that biofuels from several crops are cost-competitive at current oil prices, that biofuels can lower greenhouse gas emissions and that biofuels can displace a sizeable share of oil use over time.*
- *Biofuels production should be advanced in line with sustainable development objectives. We encourage intensified efforts to develop and deploy techniques for the cost-effective use of non-food feedstocks, such as farm and forest residues and grasses, which hold the greatest potential for expanded biofuels production and greenhouse gas reductions.*
- *We encourage the EWG to collaborate on alternative fuels with other international bodies, such as the IEA and the Global Bioenergy Partnership (GBEP).*
- *We encourage APEC economies to manage their growing dependence on oil for transportation through policies and measures to promote energy efficiency in transportation and to diversify the fuel mix using cleaner fuel sources.*
- *We direct the EWG to develop best practice principles for energy efficient transport.*

PROMOTING CLEAN AND EFFICIENT ENERGY PRODUCTION AND USE

19. Meeting growing energy needs with a lower environmental impact requires cooperation to improve energy efficiency, cleaner and more efficient energy technologies, attraction of additional energy investment and facilitation of cross-border energy trade.

(e) Improving energy efficiency

20. Improving energy efficiency is a cost-effective way to enhance energy security and mitigate greenhouse gas emissions. There is great potential for energy efficiency improvements in the power generation, industrial, transportation, public, residential and commercial sectors.

- *We encourage APEC economies to individually set goals and formulate action plans for improving energy efficiency on an overall and/or sector basis.*
- *We direct the EWG to collaborate with the IEA to develop energy efficiency indicators and compile best practices that can be used to help formulate and track progress towards such voluntary goals and action plans.*
- *We direct the EWG to strengthen efforts to share information on energy efficiency policies and measures, identify effective energy efficiency approaches and review progress towards efficiency goals.*
- *We encourage APEC economies to contribute to and utilise the APEC Energy Standards Information System (ESIS).*

(f) Developing and deploying cleaner and more efficient energy technologies

21. New energy technologies can address energy security and provide environmental benefits by reducing greenhouse gases and other atmospheric pollutants. To accelerate their deployment:

- *we encourage the development of cleaner and more efficient power generation technologies, including renewables, clean coal, natural gas/LNG, and for interested economies, nuclear technologies;*
- *we direct the EWG to progress the development of clean fossil energy technologies, including carbon capture and storage;*
- *we encourage EWG collaboration with the Renewable Energy and Energy Efficiency Partnership (REEEP) on financing, policy and regulation;*
- *we recognise the importance of progress in the uptake of new and renewable energy through the APEC 21 Century Renewable Energy Development Initiative;*
- *we encourage interested APEC economies to join the EWG's Ad-Hoc Group on Nuclear Technologies and to ensure that the safety, security, seismic, health and waste handling aspects, including trans-border effects, of civilian nuclear energy are adequately addressed; and*
- *we await EWG advice on the recommendations from the forthcoming meetings of regional nuclear safeguards experts.*

(g) Attracting energy investment and facilitating cross-border trade

22. Meeting energy demand in the APEC region will require new investment of at least US\$6 trillion to 2030. Significant economic benefits can be gained by removing barriers to such investment.

- *We encourage continued efforts by the Energy Efficiency and Renewable Energy Financing Task Force to help governments, businesses and financial institutions incorporate the value of energy savings in large-scale investment decisions.*
- *We direct the EWG to review the uptake and currency of Best Practice Principles on: Accelerating Investment in Natural Gas Supplies, Infrastructure and Trading Networks in the*

APEC Region; Facilitating the Development of LNG Trade; Financing Energy Projects; and Natural Gas Trade.

- *We direct the EWG to contribute to the proposed APEC Energy Trade & Investment Study and Roundtable.*
- *We encourage APEC economies to address the recommendations of the APEC Gas Forum.*
- *We direct the EWG to continue implementation of its LNG Public Education and Communication Information Sharing Initiative.*
- *We direct the EWG to continue cooperative efforts to improve natural gas data collection.*

(h) APEC Energy Peer Review Mechanism

23. To assist interested economies in developing policies that support energy security and environmental objectives:

- *we direct the EWG to develop a voluntary Energy Peer Review Mechanism, with an initial focus on progress toward attaining energy efficiency goals.*

PROMOTING BROADER ENERGY COOPERATION

24. Cooperation and partnership are essential to addressing energy security and environmental challenges that extend beyond the sphere of any single economy or the APEC economies as a group. In response:

- *we direct the EWG to further advance collaboration with other international energy fora, including the International Energy Agency;*
- *we welcome the work of the Asia-Pacific Partnership on Clean Development and Climate (APP) and await advice from the EWG on potential areas of cooperation; and*
- *we direct the EWG to continue to report sustainable development activities to the United Nations Commission on Sustainable Development.*

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5th APEC Transportation Ministerial Meeting

***28–30 March 2007
Adelaide, Australia***

Joint Ministerial Statement

1. We, the Ministers responsible for Transportation in the APEC region, met in Adelaide, South Australia, on 28–30 March 2007, to discuss transport issues of mutual concern.
2. Transportation plays a key role in the APEC agenda for trade facilitation and economic integration in the Asia-Pacific region. The movement of people and goods underpins economic and social development in the region. Transport sector activity itself accounts for a significant portion of regional economies. It is therefore necessary that the transport systems are efficient, convenient and secure.
3. Our discussions focussed on three broad themes:
 - transport's role in trade liberalisation and facilitation;
 - transport safety; and
 - transport security.
4. We acknowledge the diversity of APEC member economies and the need to take appropriate individual and joint actions consistent with each member economy's circumstances. We encourage developed member economies to render appropriate assistance to developing member economies for mutual benefits and common prosperity.
5. We are committed to examining ways in which liberalisation of transport can promote regional economic integration, consistent with the APEC Leaders' direction to examine ways and means to promote regional economic integration, including a free trade area of the Asia Pacific as a long term prospect.
6. We look forward to continued efforts in realising APEC trade facilitation goals in line with the directions identified in the Hanoi Declaration by APEC Leaders in November 2006. In particular:
 - We re-affirm our commitments to the Bogor Goals and the successful conclusion of the Doha Development Agenda (DDA) of the World Trade Organization (WTO) negotiations and welcome the resumption of the DDA negotiations.
 - We encourage member economies to continue to contribute to the reduction in business transaction costs through greater transport efficiency.
 - We encourage member economies to ensure total supply chain security remains a priority in support of trade liberalisation and facilitation.
7. We recognise that Leaders endorsed the initiative to establish an APEC Port Service Network. This will stimulate trade and investment in the region by integrating various sectors in shipping business, facilitate convenient and secure freight transportation, enhance exchanges and cooperation among ports and related sectors and promote their development, improve efficiency and security of logistics systems. We request the Transportation Working Group (TPT-WG) to assist in establishing the APEC Port Service Network in a timely manner.
8. We urge member economies to look for ways that transport initiatives can contribute to regional economic integration. Substantial economic benefits can be gained through further work such as addressing the practical side of trade facilitation and reducing 'behind the border' barriers which add cost and time to the movement of people and goods and constrain efficient trade flows. World Bank studies suggest that bringing below average APEC members half way up to the

APEC average in trade facilitation would result in a 10% increase in intra APEC trade worth about US \$280 billion. (World Bank 2003).

9. The global security environment also warrants efforts by APEC to ensure the unimpeded flow of trade. We are conscious of the need to balance security and trade facilitation. We agree that harmonisation and consistency of security measures is an important priority, noting the important implications for business and passengers.
10. We are concerned about the continued threat of global terrorism. We condemn, in the strongest terms possible, such attacks and the targeting of transportation systems to inflict terror. We remain united in our determination to enhance regional cooperation on transport security.
11. We recognise that, given the networked nature of transport systems, effective transport security requires sharing of responsibility between authorities, business and the community.
12. We welcome the work being done in developing a Trade Recovery Programme for APEC and strongly support the objective of facilitating the swift recovery of trade in the event of disruption caused by a major terrorist attack or other calamities on the global supply chain.
13. In relation to transport security more broadly, the importance of deterring attacks on transport systems has grown as a priority, over the last decade, moving beyond traditional challenges such as prevention of aircraft hijacking. It encompasses all modes, including mass transport where different solutions need to be considered. We agree that risk assessment and risk based approaches enable security measures to reflect the challenges and needs of economies in APEC.
14. We value the efforts made by member economies in meeting the challenge of ensuring the integrity of transport security systems. Much work has been undertaken through the security sub-groups of the TPT-WG (The Working Group) and the Secure Trade in the Asia-Pacific Region (STAR) initiative, to help protect cargo, international shipping and international aviation.
15. We are committed to responding appropriately to any new and emerging transport security challenges within the region. We agree that further work is required to integrate and harmonise processes aimed at security protection in transport operations while continuing to improve efficiency - both in passenger operations and across the supply chain for freight.
16. We are concerned about the ongoing human and economic costs of transport accidents and the importance of improving outcomes in transport safety. This involves attention to a range of issues from regulation of aviation and maritime operators to improving the safety of all road users.
17. Road safety presents particular challenges. While the mix of issues and responses vary across member economies, we agree that the development of comprehensive and effective strategies for improving transport safety is a priority for every member economy.
18. We recognise the fruitful discussions that took place at the Road Safety Summit conducted immediately before this Ministerial Meeting. We have endorsed the directions recommended by the Summit, as set out in Part II of this Statement. We commend the organisers and supporters of the Summit.
19. We recognise that there are other major challenges emerging for transport, including industry restructuring and consolidation, freight growth, increased demand for services, issues relating to the environment and energy savings such as emissions and increases in the cost of fuel. We encourage the Working Group to discuss measures to promote environmentally sustainable transport and to look for opportunities to collaborate in areas such as fuel efficiency and alternative energies, including biofuels.
20. We recognise and support the work being done in ICAO to develop a balanced approach to address emissions from aviation operations, based on mutual consent. We request that the Transportation Working Group work with relevant experts in the field to address as a matter of urgency, options for cooperative work to contribute to sustainable policy approaches on this

issue. We encourage economies to support the initiative to hold a seminar in the second half of 2007 for APEC economies on the aviation emissions issues and options for action.

21. We note with concern indications of emerging skill shortages in critical roles across the transport sector and urge increased effort to implement cooperative strategies for developing, attracting and retaining a skilled workforce.
22. We recognise the importance of human capacity and institutional development to respond to the emerging challenges of the transportation sector in the APEC region, and encourage continued cooperative arrangements for technical assistance and technology transfer.
23. New technologies including Information and Communications Technology applications continue to offer improvements in efficiency, safety and security outcomes. We re-affirm the importance of cooperation in the introduction of new technologies and the development of technological solutions and standards which provide interoperability across the APEC region where feasible.
24. We commit to continue cooperation with international organisations including the International Civil Aviation Organization (ICAO), the International Maritime Organization (IMO) and the International Standards Organization (ISO) to improve safety, security and efficiency outcomes in aviation, maritime and land transport. It is important that the work of the Working Group complements the work of other international forums without duplication.

Working with industry

25. We agree that engaging industry is critical in consideration of the APEC transport agenda and that open dialogue can be advanced through ongoing consultation and information sharing. Special workshops or seminars will be arranged as necessary to discuss key issues and consider options for practical responses involving actions by competent authorities and industry as appropriate. We strongly encourage projects and work that is part of broader APEC initiatives involving industry.
26. Building on the industry feedback to the survey commissioned at Bali in 2004 to assess progress towards the Bogor Goals, we support further exploration of the issues identified. Further efforts should focus on working with industry on how to address issues such as harmonisation of standards and regulatory practices, transparency in the application of regulations, improved investment in infrastructure and practical approaches to dealing with increased security requirements.
27. We recognise the participation of a range of businesses in the Industry Showcase arranged by the host economy, Australia, in conjunction with this meeting.

APEC Transportation Working Group

28. We received a report from our officials in the Transportation Working Group, which continues to meet biannually. We noted that significant progress towards achieving the Bogor Goals has been achieved in all transport sectors. We request the Working Group continue its efforts to address the issues raised in the report and to give priority to those issues we have identified and other emerging issues which are key to the transport sector.

Key results and agreed actions

29. The key results and agreed actions from our discussions are summarised in the outcome statements attached:
 - Transport's role in trade liberalisation and facilitation;
 - Transport safety; and
 - Transport security.

We agree to work together on these priorities in a spirit of cooperation, in the interest of promoting economic growth in each APEC member economy and in the APEC region as a whole.

PART I: TRANSPORT'S ROLE IN TRADE LIBERALISATION AND FACILITATION

Key challenges and agreed priorities

30. We remain committed to the goal of further trade liberalisation and facilitation. While recognising that member economies will progress at their own pace, APEC can provide a forum for cooperative effort and information sharing to assist all economies to move forward.
31. Transport is a key enabler of trade and economic integration, and an underpinning element of growth in the APEC region. As trade flows increase and member economies grow, the demand for transport infrastructure and services also expands. It is important therefore that processes and regulatory and governance frameworks evolve in a way which does not impede efficiency and growth.
32. There will be continuing challenges in the transport sector to balance evolving security, safety and environmental requirements with trade facilitation, recognising cost as a key consideration.
33. We recognise the growing pressure on transport labour markets to ensure adequate supply of appropriately skilled and trained people to support growth and development. There is a need for cooperative efforts with industry to assist in identifying and implementing measures to address the critical shortages.

Agreed actions

34. We request the Working Group to increase industry involvement, particularly in the area of supply chain efficiency, to ensure a strong balance between free trade and a safe, secure and sustainable sector. We encourage further work on the following projects:
 - the development of electronic tracking tools amongst like minded member economies, that could be used to support shared access to information about the passage of goods through the stages in a supply chain, making tracking and processing more efficient; and
 - using best practice examples, establish guidance on ways to improve the efficiency of moving goods through sea ports and airports, addressing the interaction of the commercial systems used by carriers, security regulations, border clearance processes and other factors.
35. On transport liberalisation, we recognise the trade and tourism benefits from allowing the transport industry to develop market based solutions to meeting the region's increasing demands for services. We encourage economies to consider timetables for progressive removal of regulatory constraints and to promote arrangements to allow for the development of innovative, efficient and safe transport services.
36. We recognise the importance of continued investment by economies in transport infrastructure, including with the private sector, to facilitate increased productivity and growth.
37. We support the symposium entitled "Strengthen Cross-Sector Cooperation; Promote Common Development" to be conducted by the People's Republic of China as the first step in establishing an APEC Port Service Network. The symposium is aimed at exchanging information, soliciting opinions and suggestions on the operation of the network and ways to enhance cross sector cooperation and capacity building of ports in the APEC region.
38. We support the analysis done by the Working Group to identify the remaining areas requiring attention by member economies to meet the Bogor Goals in the transport sector. We request the Working Group to progress the roadmap work by developing specific action plans under the following key areas:

- Continuing liberalisation of transport services and increased industry participation in infrastructure provision; and
- Facilitating trade by:
 - addressing capacity building;
 - promoting technological advances;
 - working towards standardisation and mutual recognition;
 - promoting safety and security measures; and
 - promoting environmentally friendly and sustainable transport.

39. We also support continued efforts by the Working Group on the following initiatives:

- the study to develop guidelines for member economies to address the non-competitive aspects of non-ratemaking agreements among Liner Shipping companies;
- the study of the role of sediments in ships as a source of introduction of invasive aquatic pest species;
- the project providing information on the costs and benefits of utilising ITS and e-commerce technologies aimed at securing trade and increasing efficiency in the APEC region;
- the survey to prepare a World ITS Standards Report which will determine the breadth of existing standards and document needs and lessons learned for policy makers;
- the seminar to develop core competencies and leadership skills in planning and managing Intermodal Systems and Technology; and
- the project to document best practices involved in short sea shipping operations for users, operators, regulators and infrastructure providers.

40. In relation to the broader APEC agenda we urge member economies to:

- continue to contribute to the work being undertaken on ways and means to promote regional economic integration, including a Free Trade Area of the Asia-Pacific as a long term prospect, as requested by Leaders; and
- continue to enhance cooperation with the World Bank and the Asian Development Bank, through appropriate APEC channels, to improve member economies' transport infrastructure and the capabilities of their transport professionals.

PART II: TRANSPORT SAFETY

Key challenges and agreed priorities

41. We agree that safety continues to be a key element of efficient transport, necessary for effective trade and the efficient movement of people and goods. The impacts of poor transport safety reduce productivity, adversely affect human capital and diminish user confidence.
42. We recognise that
 - an estimated 1.2 million people are killed in road crashes worldwide each year; as many as 50 million are injured, and that 85 percent of the casualties occur in low and middle income economies;
 - a large proportion of these road traffic fatalities and injuries worldwide occur in APEC economies; and
 - without further action, these figures could increase by 65 per cent over the next twenty years, increasing the social and economic burden across APEC with the costs being estimated to be in the range of 1 to 3 per cent of an economy's annual gross national product.
43. Acknowledging the work done by the World Health Organization to raise awareness among policy makers and the public regarding the costs to society of road traffic injuries, we urge member economies to increase their efforts in relation to road accident prevention and reduction.

Agreed actions

44. We agree that continuing efforts to improve road traffic safety should be a high priority for APEC economies.
45. We agree to work with other authorities in each economy to ensure that each APEC economy has a comprehensive road safety strategy that includes realistic but challenging fatality and injury reduction objectives, and which:
 - addresses a wide range of road safety issues including road network, traffic regulation, road user behaviour, driver training and licensing, vehicle standards and enforcement;
 - incorporates arrangements for collection of data on accidents and trend monitoring;
 - provides for progress against the targets to be monitored and published;
 - includes a mechanism for continuous improvement and updating of the strategy; and
 - explores strategies for various assistance measures for road safety programmes and activities.
46. We welcome global good practice guides that address the key risk factors that result in road fatalities and injuries and support use of such guides in the development of economy road safety strategies and programmes.
47. We agree to continue to share knowledge and resources across economies through the APEC Transportation Working Group, particularly with a view to enabling implementation of further road safety initiatives in low and middle income APEC economies.

48. We agree to recommend to APEC Leaders that improving road safety be a priority for APEC and that progress be reviewed periodically.
49. Recognising that youth is over-represented in accident statistics, we encourage participation in activities targeted specifically at road safety for youth, for example the United Nations Global Road Safety Week, April 23–29, 2007.
50. We encourage all economies to consider measures to ensure adequate ongoing funding for implementing road safety initiatives, including, as appropriate, measures to provide incentives for contributions by stakeholders such as insurance companies, vehicle manufacturers and importers and transport operators.
51. We further encourage economies to develop strategies which reduce risks to vulnerable road users including young people, the aged, motor cyclists, cyclists and pedestrians.
52. We also encourage economies to develop strategies to deal with identified problem areas such as failure to wear seatbelts or driving under the influence of alcohol. We also encourage economies to develop strategies to promote positive behaviours such as wearing of helmets by motorcycle and bicycle riders.
53. We request that the Working Group develop initiatives to improve the capacity of member economies to comply with international standards in aviation and maritime safety and to adapt to new and better ways of operating, including the use of new technologies.
54. We note the value of advanced approaches to safety administration in transport, including the implementation of Safety Management Systems (SMS) in aviation. We recognise the practical challenges in implementing SMS effectively both in aviation and in other transport modes. We encourage economies to assist in information sharing and capacity building initiatives in this area.
55. We agree that good safety outcomes in aviation depend on the commitment of industry participants and economies. To complement initiatives already underway in ICAO, we ask the Working Group to develop a list of initiatives to enhance aviation safety across the APEC region.
56. We encourage implementation of marine casualty investigation systems by relevant member economies in line with work through IMO, and the subsequent sharing of results. This would assist in understanding the causes of marine accidents as a basis for promoting better safety practices.
57. We encourage relevant member economies to undergo maritime safety oversight audits over the next two to three years, as part of the Voluntary IMO Member State Audit Scheme.
58. We request the Working Group to establish a register of transport safety training capabilities in member economies to assist with capacity building.

PART III: TRANSPORT SECURITY

Key challenges and agreed priorities

59. We agree that secure transport of passengers and freight is of fundamental importance to trade and economic growth in the APEC region.
- The networked nature of transport systems means the strengths and weaknesses in one member economy can have far-reaching ramifications for other member economies.
 - The APEC region has cities, transport infrastructure and trade routes of global significance.
60. Recent global events highlight continued interest by terrorists in transportation systems as targets as well as weapons.
61. Areas of particular emphasis within the region include:
- rail and mass transit security;
 - strengthening maritime and aviation security;
 - total supply chain security, including air cargo security;
 - enhancing governance and regulatory frameworks to ensure international obligations and standards are met across the APEC region; and
 - strengthening arrangements for assessing and monitoring risk and developing mitigation strategies to address security appropriately across all modes.
62. There is a strong need to balance security actions with efficient and effective flows of goods and people, and to harmonise security measures to promote consistency and minimise duplication.

Agreed actions

63. We support the joint initiatives to identify best practice, share information and assess compliance with relevant international security norms to assist with capacity building in the area of transport security. We request the Working Group to develop a rolling programme.
64. We request the Working Group to share experiences in the implementation of security measures with a view to advising economies on trade facilitation impacts, including proposals to harmonise security arrangements.
65. We welcome Canada's contribution of \$350,000 (CDN) to APEC's International Ship and Port Facility Security (ISPS) Code Implementation Assistance Program, which will support the continuing implementation of international maritime security measures in the region. We encourage continued progress on the evaluation phase of the APEC Secure Trade Project. This will provide information on the costs and benefits of utilizing ITS and e-Commerce technologies aimed at securing trade and increasing efficiency in the APEC region.
66. We support the sharing of best practices in land transport security. We encourage drawing on specific cooperative initiatives developed by the International Working Group of Land Transport Security, as appropriate. We request the Transportation Working Group to focus attention on:
- education and training initiatives for those working in land transport operations;
 - the application of new technologies to land transport security;

- improving passenger awareness; and
- risk based assessment of land transport security mitigation arrangements.

67. We also request the Working Group to:

- undertake initiatives to improve the security of the Region's land transport systems by completing the project entitled 'Land Transport Security and Commuters' Advocacy Protocol' in order to improve community response to threats to land transport;
- develop a manual of best practices for conducting maritime security drills and exercises;
- enhance ongoing model visit programmes in relation to compliance with the ISPS Code improving maritime security;
- continue to support the transportation related aspects of the work on supply chain security being done within APEC. In particular develop security strategies for intermodal cargo movements – focusing on the transfer points where the risk is high;
- develop a register of experts able to assist with transport security training as a reference resource for all member economies;
- continue to assess opportunities to better use technology, with member economies sharing expertise and experience with high and low end technologies that can assist mitigation of security risks; and
- cooperate with ICAO to harmonise security practices concerning the carriage of Liquids, Aerosols and Gels by air travellers.

14th APEC Small and Medium Enterprise Ministerial Meeting

Hobart, Australia

8–9 March 2007

Joint Ministerial Statement "Driving SME Growth through Economic Reform"

1. APEC Ministers and their representatives responsible for 21 economies met in Hobart on 8–9 March 2007 for the 14th APEC SME Ministerial Meeting.³

Driving SME Growth

2. The policy theme of the meeting was 'Driving SME Growth through Economic Reform' in line with Australia's APEC 2007 theme 'Strengthening our Community, Building a Sustainable Future'.
3. Ministers discussed policies and initiatives to drive SME growth through economic reform including free and open trade and investment; macro-economic stability; adherence to the rule of law; prudent fiscal management by governments; and enhancing the business operating environment for SMEs to enable them to grow and prosper throughout the APEC region.
4. At a practical level Ministers agreed that SME growth would be stimulated by:
 - reducing transaction costs and red tape imposed by governments, such as making it easier to start and grow a business;
 - encouraging innovation;
 - saving time for SMEs, for example encouraging the use of e-commerce and online transactions with government;
 - better understanding and management of intellectual property rights; and
 - encouraging SMEs to consider internationalisation.
5. Ministers instructed the SME Working Group to enhance communication between governments of member economies and their SMEs making best practice common practice and, in particular, to improve knowledge amongst SMEs of the business assistance programs that are available for them.
6. Ministers noted the broad range of APEC-sponsored activities designed to progress these objectives.

Pandemic Preparedness

7. Ministers endorsed the 'APEC Pandemic Flu Planning Guide for SMEs' as part of the menu of material for economies to use to help their SMEs develop a plan for a pandemic.

Encouraging SME Innovation in Developing More Energy Efficient Industry to Assist in Cutting Greenhouse Gas Emissions

8. Ministers agreed to encourage SME innovation in developing more energy efficient industry to assist in cutting greenhouse gas emissions. Ministers noted that opportunities exist for SMEs to

³ The meeting was also attended by the Deputy Executive Director of the APEC Secretariat, the APEC Business Advisory Council (ABAC), official observers: the Pacific Islands Forum (PIF) and the ASEAN Secretariat. The Organisation for Economic Cooperation and Development (OECD) and the Women Leaders' Network (WLN) attended as invited guests.

provide services to industry that promote energy efficiency; and to develop practical innovative solutions that will assist in cutting greenhouse gas emissions.

9. Ministers also agreed that capacity building in this regard is essential to encourage member economies, especially the developing economies, to upgrade their technology and work practices and become more environmentally friendly.

Ha Noi Declaration on Strengthening SME Competitiveness for Trade and Investment

10. As instructed by Leaders in Ha Noi, Viet Nam in 2006, SME Ministers encouraged member economies to make every effort to develop and implement specific measures to improve their competitiveness, innovation and entrepreneurship in line with the 'Hanoi Declaration on Strengthening SME Competitiveness for Trade and Investment'.

Measures to Improve the Effectiveness of the SME Working Group

11. Ministers endorsed a number of measures to improve the Working Group's strategic direction and administration including the merging of the Micro-Enterprises Sub Group (MESG) into the SME Working Group and incorporation of the Working Group on Trade Promotion (WGTP). Ministers asked for a report on progress in implementing the integration of the WGTP into the SME Working Group, and merging of the MESG, at their meeting in 2008.

Cooperation and Collaboration with Related Organisations

12. Ministers encouraged the SME Working Group to continue and deepen the sharing of best practice between members including best practice presentations and capacity building seminars in and around meetings.
13. Ministers welcomed the collaboration developed by the SME Working Group with other APEC groups during 2007 and, as instructed by Leaders, SME Ministers affirmed their commitment to continue to lead coordination efforts within APEC.
14. Ministers encouraged the SME Working Group to continue its cooperation with the OECD through sharing of information and research results, and welcomed the outcomes of the joint APEC-OECD project and global conference held in Athens in November 2006 to identify key barriers to SME access to international markets, and the proposed follow up.
15. Ministers thanked participants from related organisations such as ABAC, the ASEAN Secretariat, the OECD, the Women Leaders' Network and the Pacific Islands Forum and noted the importance of their contributions to advancing APEC's SME work.

APEC 2008 SME Theme and Sub-Themes

16. Ministers noted that the APEC 2008 SME theme is to be 'Business Solutions for SME Development' with the sub-themes:
 - Business formalization and facilitation (Obtaining Business Licenses);
 - Fostering SME innovation, innovation management and technology transfer; and
 - Complementary services for strengthening SME regional hubs and local market development.
17. Ministers also noted that the next SME Ministerial Meeting will be held in the City of Chiclayo, Peru in September 2008.

Ministers Responsible for Mining

***Perth, Australia
12–16 February 2007***

Ministerial Joint Statement

The Third Meeting of the APEC Ministers Responsible for Mining was held in Perth, Australia, on 14 February 2007.

1. We, the Ministers Responsible for Mining representing APEC Member Economies, convened our Third Meeting in Perth, Australia, on 14 February 2007, chaired by the Hon. Ian Macfarlane, Minister of Industry, Tourism and Resources of Australia.
2. In the spirit of the APEC 2007 theme of "***Strengthening our community, building a sustainable future***" and the MRM3 theme, "***APEC – Improving Leading Practice Sustainable Development in Mining***", we recognised, especially in the era of globalisation, the need for closer regional cooperation for the sustainable development of the region's minerals resources. This view, which should transcend borders, aims to foster sharing and prosperity, recognising the different minerals resources endowments and development stages of economies.
3. As noted in the first two APEC Meetings of Ministers Responsible for Mining, we recognised that the Asia Pacific region is the main driver of global economic growth and a significant producer and user of minerals and metals. Many economies derive important economic and social benefits from their development, trade and use. The mining and metals industry can effectively be an engine for development. Resource endowment and minerals and metals usage varies considerably between APEC member economies; making the relationship among Ministers Responsible for Mining economies vital.
4. The meeting of Ministers Responsible for Mining provides Member Economies with the opportunity to discuss the challenges arising for both producer and consumer economies from the increasing demand for minerals and metals globally, and the development of new technologies and applications which require new material.
5. We welcomed the direct engagement of the region's mining industry through the APEC Mining Industry Forum. We noted the recommendations in the Mining Industry Forum's Chairman's report.
6. We discussed and analysed issues under three main themes: Global Supply and Demand; Effective Governance; and Sustainable Development – Implementation.

Global Supply and Demand

7. Recognising the importance of open and transparent markets as the most efficient mechanism to allocate resources effectively, we noted that:
 - Global minerals prices have risen, in some cases to historical levels.
 - The APEC region accounts for a substantial share of world mineral resources and utilisation and recycling is an increasingly important source of supply for some materials.
 - Understanding the trends and drivers for minerals commodities markets and consistent collection and sharing of data would improve understanding of the operation of minerals markets and enhance sustainable development.
 - Trends and drivers as well as the degree of market transparency differ between commodities. Governments can help improve transparency in minerals markets by facilitating the provision of public or pre-competitive information to the market.

Effective Governance

8. Recognising the importance of a balanced approach to regulation complemented by mining sector initiatives, we noted that:
 - A stable, well-designed and transparent regulatory framework can improve an economy's attractiveness as an investment destination and facilitate technology transfer.
 - Regulatory frameworks should not be unduly prescriptive and should establish performance goals and outcomes that are beyond minimum compliance.
 - Regulatory frameworks should be flexible and enable industry to find cost-effective ways to meet society's sustainable development expectations in areas such as health, safety, environment, mine planning, design and closure.
 - Regulation can contribute to enhanced participation of local and Indigenous communities in minerals, metals and mining development throughout the life cycles of mining operations.
 - Multi-stakeholder processes have introduced a range of initiatives to better manage environmental and social issues arising from mining operations, and these initiatives can be integrated into flexible regulatory approaches.

Sustainable Development - Implementation

9. Recognising the importance of APEC producer and consumer economies taking responsibility over the life cycle of minerals resources utilisation, and the benefits of capacity building initiatives between APEC economies, we noted that:
 - Life cycle partnerships involves participants working together to ensure that mining materials and products are produced, consumed and disposed in a responsible manner.
 - There is a distinction between those parts of the life cycle where the mining industry has a direct role, and those parts where there is a shared concern.
 - A life cycle approach can assist economies in identifying capacity building priorities. Capacity building can occur on many levels: institutional systems such as regulatory approaches, operational improvements relating to mine sites, including through transfer of technology and services, and community development and engagement.

Action Items

1. Recognising the importance of mining and metals to the growing integration of APEC economies, Ministers agreed to the 10 APEC Mining Policy Principles. Our agreement to the APEC Mining Policy Principles recognises that application of these principles will be dependent on the specific circumstances of each Member Economy.
 - i. Pursue policies that enhance the sustainable production, trade and consumption of minerals and metals thereby improving the economic and social wellbeing of our people.*
 - ii. Foster regular exchange between member economies about experiences with regulations, policies and practices and about significant developments in each economy's minerals and metals sector.*
 - iii. Promote the best possible functioning of global markets for minerals and metals, through support for market transparency and facilitation of trade. Export restrictions should be employed only in exceptional cases, and in accordance with WTO rules.*
 - iv. Foster investment certainty in the APEC minerals sector through the pursuit of open minerals and metals markets and the articulation of clear and predictable investment policies.*
 - v. Promote cost effective, evidence based, transparent and objective-based measures which improve the efficiency in the regulation of the minerals industry to contribute to economic, environment and social development outcomes.*
 - vi. Encourage, support and promote initiatives by the minerals and metals industry and*

- vii. Encourage research to develop and apply new minerals exploration, extraction, and pollution control technologies that are more cost effective, efficient, economically sound, environmentally responsible and socially acceptable. Promote information exchange and cooperation on such technologies.*
 - viii. In partnership with all life cycle participants, ensure that materials and products made from minerals and metals are produced, consumed, recycled or disposed of in a responsible manner.*
 - ix. Encourage all participants in the life cycle of a material or product to take direct responsibility for their area of action, and a shared concern over other stages of the life cycle.*
 - x. Support capacity building activities for sustainable development so that all APEC Economies are able to maximise the benefits and minimise the impacts from minerals resource development.*
2. We agreed to study the impediments to greater trade and barriers to investment in the minerals and mining industry. This study should:
 - explore practical actions to deliver free trade and investment for minerals and metals in the APEC region;
 - link to other APEC fora, as appropriate, for input to the overarching analysis to be conducted by APEC Senior Officials (SOM) for regional economic integration; and
 - include the Mining Industry Forum recommendations.

APEC Mining Working Group

3. Ministers noted the proposal to establish a Mining Working Group.
4. The Russian Federation accepted to chair the proposed Working Group for 2007–2008. Ministers instructed mining officials to work with The Russian Federation, to develop a detailed proposal for the APEC Senior Officials meeting on 22 June–3 July 2007, including objectives, terms of reference and operating procedures for submission to APEC Senior Officials and subsequently to the APEC Ministerial meeting in September 2007.
5. The proposed Mining Working Group would replace the activities previously conducted in the Group of Experts on Mineral and Energy Exploration and Development (GEMEED) and the Non Ferrous Metals Dialogue (NFMD). The Mining Working Group would be reviewed at the end of 2010.
6. We agreed that the proposed Mining Working Group would advance the mining policy principles adopted at this meeting and address the issues raised by industry.
7. We agreed to the proposed Mining Working Group developing a draft report for submission to the UNCSD process, for consideration by APEC Senior Officials prior to consideration by APEC Ministers Responsible for Mining at MRM4.

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Acronyms

ABAC	APEC Business Advisory Council
ABTC	APEC Business Travel Card
AFDC	Asia-Pacific Finance and Development Center
AI	Avian Influenza
AMM	APEC Ministers Meeting
APEC	Asia-Pacific Economic Cooperation
APNet	Asia-Pacific Network for Energy Technology
ASF	APEC Support Fund
CAPs	Collective Action Plans
CTI	Committee on Trade and Investment
DDA	Doha Development Agenda
ECOTECH	Economic and Technical Cooperation
ESIS	Energy Standards Information System
EWG	Energy Working Group
FAIR	Forum on Asian Insolvency Reform
FATF	Financial Action Task Force
FRTI	Financial Regulators Training Initiative
FTAAP	Free Trade Area of the Asia-Pacific
GBeP	Global Bioenergy Partnership
GEMEED	Group of Experts on Mineral and Energy Exploration and Development
GISN	Global Influenza Surveillance Network
IAPs	Individual Action Plans
ICAO	International Civil Aviation Organisation
IMO	International Maritime Organization
IPR	Intellectual Property Rights
ISO	International Standards Organization
ISPS	International Ship and Port Facility Security
ITA	Information Technology Agreement
JODI	Joint Oil Data Initiative
KPIs	Key Performance Indicators
MESG	Micro-Enterprises Sub Group
MRT	Ministers Responsible for Trade
NFMD	Non Ferrous Metals Dialogue
OECD	Organisation for Economic Cooperation and Development
PIF	Pacific Islands Forum
REEEP	Renewable Energy and Energy Efficiency Partnership
ROSC	Report on the Observance of Standards and Codes
RTAs/FTAs	Regional Trade Agreements/Free Trade Agreements
SARS	Severe Acute Respiratory Syndrome
SCE	SOM Steering Committee on ECOTECH
SME	Small and Medium Enterprise
SMS	Safety Management Systems
STAR	APEC Secure Trade in the APEC Region
TFAP II	second Trade Facilitation Action Plan
TILF	Trade and Investment Liberalisation Fund
TPTWG	Transportation Working Group
TRP	Trade Recovery Program

UNFCCC	United Nations Framework Convention on Climate Change
VAP	Voluntary Action Plan
WHO	World Health Organization
WLN	Women Leaders' Network
WTO	World Trade Organization