



**Asia-Pacific
Economic Cooperation**

2008

APEC Key Documents

Printed by



**Asia-Pacific
Economic Cooperation**

The APEC Secretariat

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Introduction

Key APEC Documents 2008 is the 15th 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 2008 together with the APEC Economic Leaders' Declaration from their meeting in Lima, Peru.

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 2008

Sixteenth APEC Economic Leaders' Meeting

Lima, Peru
22–23 November 2008

"A New Commitment to Asia-Pacific Development"

We, the Economic Leaders of the Asia-Pacific Economic Cooperation (APEC) forum, gathered in Lima, Peru, under the theme: "A New Commitment to Asia-Pacific Development". The theme chosen for APEC 2008 highlights the importance of reducing the gap between developed and developing member economies. We are committed to strengthening the social dimension of globalization and ensuring that all members and all sectors of our economies can access the skills and opportunities to participate in, and benefit from, regional and global trade and investment.

The current global financial crisis is one of the most serious economic challenges we have ever faced. We will act quickly and decisively to address the impending global economic slowdown. We welcomed the monetary and fiscal stimulus provided by APEC member economies and will take all necessary economic and financial measures to resolve this crisis, taking the necessary actions to offer hope to those most in need. Our resolve to address the deteriorating global economic situation, and support a prompt, ambitious and balanced conclusion to the WTO Doha Development Agenda (DDA) negotiations, is outlined in a separate statement issued at this meeting.

REGIONAL ECONOMIC CHALLENGES

Advancing Regional Economic Integration

Last year we agreed to an ambitious long-term agenda to strengthen regional economic integration. We welcomed the 2008 progress report from Ministers and officials on efforts to achieve this goal. We endorsed the 2009 work plan for the APEC Regional Economic Integration (REI) Agenda in order to build upon this year's accomplishments on REI and to accelerate efforts in all areas of this agenda.

Our goal of free and open trade and investment in the Asia-Pacific region will be achieved through a series of unilateral reform measures combined with bilateral, regional and multilateral liberalization. We are committed to continuing the implementation of APEC's REI Agenda. In that regard, we:

- welcomed progress made by member economies towards the Bogor Goals of free and open trade and investment in the Asia-Pacific region. We reinforced our commitment to achieving the Bogor Goals to promote growth, development and a rapid recovery from the current global slowdown.
- we commended the progress made in examining the prospects and options of a possible Free Trade Area of the Asia-Pacific (FTAAP) as a long-term prospect. We noted advice from Ministers that while an FTAAP would likely be of economic benefit to the region as a whole, there would also be challenges in its creation. We instructed Ministers and officials to undertake further steps in examining the prospects and options of a possible FTAAP, including by conducting further analytical work on the likely economic impact of an FTAAP, and discussing the possible capacity building requirements for any possible

future negotiations. In addition, we instructed officials to undertake initiatives designed to promote greater convergence among economies in key areas of APEC's trade and investment portfolio, including areas such as customs administration, trade facilitation and cross-border services.

- welcomed five new model measures, resulting in a set of 15 completed chapters for Regional Trade Agreements (RTAs) and Free Trade Agreements (FTAs) that will promote high-quality RTAs/FTAs and greater consistency and coherence among these agreements in the region.
- endorsed the continued process of implementation of APEC's second Trade Facilitation Action Plan (TFAP II) to achieve our stated goal of reducing trade transaction costs by an additional five percent between 2007 - 2010.
- welcomed the APEC Investment Facilitation Action Plan (IFAP) to improve the investment environment in the region and commended the initiation of the study of bilateral investment agreements and core-investment-related activities of existing free-trade agreements.
- emphasized the importance of strengthening financial markets in the region and welcomed the capacity building activities initiated by APEC Finance Ministers to reform capital markets. We recognized the pressing need for infrastructure development in APEC economies and welcomed the work undertaken by Finance Ministers on linkages between private public partnerships and capital market development. In this regard, we called on Finance Ministers to examine more fully the means to optimize linkages between private infrastructure finance and growth and development.
- reaffirmed our commitment to strengthen the protection and enforcement of intellectual property rights (IPR) in the region, and reiterated the importance of comprehensive and balanced IPR systems that provide for and protect the incentives that encourage creation and innovation. We will continue to promote greater collaboration among our IPR experts and enforcement authorities.
- we welcomed the progress by economies to implement the APEC Anti-Counterfeiting and Piracy Initiative as well as efforts to improve patent systems in the region and look forward to further progress in this area next year.
- welcomed the Digital Prosperity Checklist as an important tool in APEC's efforts to promote sustained economic growth through the use and development of information and communication technologies.

We welcomed the views and work carried out by the APEC Business Advisory Council (ABAC) on improving the business environment, and called for an active participation of small and medium enterprises (SMEs) in the REI agenda.

We asked Ministers and officials to continue the implementation of the REI Agenda as outlined in the progress report and report back to us in 2009 with a summary of steps taken to promote this agenda.

Noting the increased economic integration in the region, we also discussed Australia's suggestions on how regional architecture can keep pace with changing circumstances.

Implementing Structural Reform

We agreed that our Leader's Agenda to Implement Structural Reform (LAISR) is a central element of APEC's agenda, integrating the three pillars of trade and investment liberalization, business facilitation, and economic and technical assistance and cooperation. We reiterated the fundamental importance of tackling 'behind-the-border' barriers to trade and investment in the creation of well-performing, resilient and robust economies.

We welcomed the outcomes of the Structural Reform Ministerial Meeting (SRMM), held in Melbourne in August 2008 and noted the endorsement by Ministers of APEC's Good Practice Guide on Regulatory Reform. We recognized the importance of developing a program of practical support for member economies to successfully undertake structural reform. This includes capacity building initiatives in the areas of regulatory reform, corporate governance and other LAISR areas. We encouraged active participation in the voluntary system of peer or self-review of our economies' efforts to implement structural economic reform.

We welcomed publication of the annual APEC Economic Policy Report and the accelerated work plan for Private Sector Development endorsed by Trade Ministers in June.

Improving Food Security in the Asia-Pacific

We are deeply concerned about the impact that volatile global food prices, combined with food shortages in some developing economies, are having on our achievements in reducing poverty and lifting real incomes over the last decade. The poor are especially vulnerable to increases in food prices. We support a fully coordinated response and a comprehensive strategy to tackle this issue through the Comprehensive Framework for Action developed by the United Nations (UN) Task Force on the Global Food Security Crisis. We will support the application and implementation of this Framework within the region, as appropriate.

Individual and collective policy responses to expand food and agricultural supply in the region should strengthen market forces to encourage new investment in agricultural technology and production systems. A prompt, ambitious and balanced conclusion to the WTO DDA negotiations would deliver substantial improvements in market access and reduce market-distorting measures in global agricultural trade.

We commended the work that APEC has undertaken in the area of food and agriculture, and welcome the work plan endorsed by APEC Ministers to refine and strengthen APEC's agenda to meet current and emerging food security challenges. We also recognized the role of ABAC in raising the importance of food and agricultural issues on the APEC agenda.

We directed APEC to increase technical cooperation and capacity building that will help foster agricultural sector growth, including efforts to increase food production; improve agricultural education; enhance natural resource management; promote the development of next generation biofuels made from non-food materials; build well-functioning markets and regulatory institutions; and make food storage, transportation, and distribution systems more efficient. We pledged cooperation to bolster conditions conducive to promoting agricultural research and development. We directed APEC to

help member economies develop science-based regulatory frameworks to benefit from the potential of agricultural biotechnology.

ADDRESSING THE SOCIAL DIMENSION OF GLOBALIZATION

Promoting Corporate Social Responsibility (CSR) in the Asia-Pacific

We stressed that globalization based on economic, social and environmental progress can bring sustainable benefits to all APEC economies, their business sectors and their people. CSR can reinforce the positive effects that trade and investment have on growth, competitiveness and sustainable development. We encourage responsible and transparent business conduct that adheres to local legislation and regulations and takes into account guidelines related to CSR that have been developed by multilateral bodies, as appropriate.

We agreed that given increasing expectations amongst global consumers, investors and business partners regarding responsible and sustainable business practices, the voluntary activities that comprise CSR will remain an important aspect of doing business in the 21st century. We recognize that all stakeholders in our communities benefit when governments foster a business environment that encourages voluntary CSR practices. This will create greater value both for businesses and for the societies in which they function.

We welcomed the work that has been undertaken within APEC to promote CSR awareness and capabilities in the region, and future work that will encourage dialogue on CSR among relevant stakeholders including: businesses, governments, employees, communities, consumers, investors, and non-governmental organizations. We recognized ABAC's efforts in promoting CSR awareness and uptake in the region through the dissemination of information regarding CSR principles, practices and benefits.

We encouraged companies to incorporate CSR into their business strategies to take account of social, labour and environmental concerns. The development of CSR in the region will depend on the different domestic economic, social and cultural context of APEC members. We agreed to promote CSR practices in APEC economies on a voluntary basis in business operations of all sizes to complement public policies that foster sustainable development.

Combating Corruption in the Region

Corruption in both the public and private sectors is a serious threat to social and economic development in the region. We recognize that when criminal entities collude with corrupt public and private sector officials, it results in a culture of impunity and financial exploitation of the legitimate economy. We agreed to leverage our collective will to combat corruption and related transnational illicit networks by promoting clean government, supporting public-private partnerships, fostering market integrity, and transparent financial systems. We recognize that the criminalization of corruption can facilitate greater regional cooperation.

In support of our earlier APEC anti-corruption commitments, we commend efforts undertaken by member economies to develop comprehensive anti-corruption strategies. These include efforts to restore the public trust and protect against the abuse of our financial system through financial intelligence and law enforcement cooperation related to corrupt payments and illicit financial flows. These anti-corruption activities through APEC are consistent with the UN Convention Against Corruption (UNCAC), which we

encouraged economies to ratify and implement, where applicable. We also supported the revised Financial Action Task Force (FATF) recommendations, where appropriate. We welcomed the Lima Anti-Corruption Declaration on Financial Market Integrity through Effective Public-Private Partnerships and the APEC Guidelines for Public-Private Action against Corruption.

Strengthening Cooperation and Capacity Building in APEC

APEC's program of Economic and Technical Cooperation (ECOTECH) is essential to achieving our objective of building capacity in a range of sectors in APEC economies. We reaffirmed our commitment to the Manila Framework, which serves as the basis for the implementation of the ECOTECH activities outlined in the Osaka Action Agenda. We welcomed contributions from economies to APEC's capacity building programmes.

We welcomed China's proposal to host the 5th APEC Human Resources Development Ministerial Meeting in 2010. Ensuring that all members of our economies receive a quality education is critical to achieving social, individual, economic and sustainable development. It enables people to take advantage of the opportunities created by globalization. We supported the efforts of APEC Education Ministers to strengthen education systems in the region including ongoing support to the APEC Education Network. We welcomed the research-based steps taken by APEC in the areas of mathematics and science; language learning; career and technical education/technical vocational education and training; and information and communication technologies (ICT) and systemic reform. We support the recommendation of Education Ministers to facilitate international exchanges, working towards reciprocal exchanges of talented students, graduates and researchers.

We reaffirmed our commitment to build regional capacity to minimize health-related threats including avian and human influenza pandemics and communicable diseases such as HIV/AIDS. We welcomed continuing efforts to ensure economies are well prepared to deal with health threats and to respond to them in a way that minimizes their adverse impacts on human welfare, trade and investment. We reaffirmed our commitment to improve food and product safety standards and practices to facilitate trade and ensure the health and safety of our populations. We endorsed the work of the APEC Food Safety Cooperation Forum's Partnership Training Institute Network and called on Ministers to take additional steps to enhance food and product safety next year.

We are concerned that gender discrimination continues to have a significant impact on our economies. We committed to strengthening the capacity of APEC members to ensure that gender considerations are taken into account in the development of trade and economic policy, and to ensuring that the region's women are better able to participate in and benefit from regional and global trade.

ENHANCING HUMAN SECURITY IN THE REGION

Combating Terrorism and Securing Regional Trade

Enhancing human security and protecting the region's business and trade against natural, accidental or deliberate disruptions remains an enduring priority for APEC, and an essential enabling element in APEC's core trade and investment agenda.

We agreed that international terrorism and the proliferation of weapons of mass destruction and their means of delivery pose a direct threat to our vision of free, open, peaceful and prosperous societies, and reaffirmed our commitment to eliminate these

threats. Since 2001, we have worked together with a common understanding that all terrorist acts are criminal and unjustifiable, and must be unequivocally condemned, especially when they target or injure civilians, or use the abhorrent practices of suicide bombing and hostage taking. Terrorism in all forms and manifestations, committed by whomever, wherever and for whatever purposes, is a profound threat to the peace and security of all people, and of all faiths. Terrorist acts cannot be excused or justified by any alleged cause, conflict, oppression, or poverty.

We agreed that terrorist attempts to abuse or corrupt trade flows, finance, transportation, travel communications and modern technologies will not be tolerated. We pledged our full cooperation to ensure that the flow of people, goods and investments remained secure and open, and that economies and markets operated without disruption. We welcomed the initiative of a group of member economies led by Singapore to undertake a Trade Recovery Programme pilot exercise in 2009. We recognized the important role played by the UN and its Global Counter-Terrorism Strategy. We stressed the need for implementation, where applicable, of UN counter-terrorism measures and the Financial Action Task Force's (FATF) Special Recommendations on Terrorist Financing. We urged APEC Ministers and officials to continue to help secure the region's economic, trade, investment and financial systems from terrorist attack or abuse and trade-based money laundering. We welcomed the ongoing efforts of the international community to combat piracy and armed robbery at sea and encouraged further concerted efforts to fight against piracy.

Disaster Risk Reduction, Preparedness and Management

The frequency and intensity of natural disasters related to the distortion of climate patterns in the region is increasing and the location of, and growth of, cities and megacities in vulnerable areas increases the impact of catastrophic events. Improving risk reduction, disaster preparedness and management in the region is a critical human security issue facing the region. We agreed that the challenges in this area are significant and growing in complexity and required greater international cooperation and coordination with the private sector, international organizations and non-government organizations.

We recognized that there continues to be operational challenges in regional disaster responses and greater coordination is needed as the number of disaster management arrangements and players in the region continues to grow. We agreed that greater focus is needed on disaster risk reduction, emergency preparedness and building domestic disaster management capabilities. In this regard, we welcomed the adoption of an APEC Strategy for Disaster Risk Reduction and Emergency Preparedness and Response initiated by Peru; the APEC Principles on Disaster Response and Cooperation proposed by China; the Stocktake on Disaster Management Capacity Building Needs; and welcomed the Australia-Indonesia proposal for a Disaster Risk Reduction Facility and its linkages to APEC economies and the APEC Task Force on Emergency Preparedness.

We endorsed the priority APEC has given to promoting risk management, business resilience and public-private sector partnerships, and supported efforts to prepare economies for the recovery phase. We instructed officials to undertake long-term capacity building projects aimed at accelerating recovery in disaster affected areas in APEC economies and supported the inclusion of education on disaster issues in school curricula where appropriate.

CLIMATE CHANGE, ENERGY SECURITY AND CLEAN DEVELOPMENT

Our ability to successfully confront the challenge of climate change will be crucial to the wellbeing of future generations. As a global issue, climate change must be addressed in a comprehensive manner, through international cooperation under the UN Framework Convention on Climate Change (UNFCCC) in 2009. Reducing poverty is likely to become more difficult in those developing economies most vulnerable to the adverse effects of climate change and related natural disasters. We reaffirmed our commitment to the Sydney APEC Leaders' Declaration on Climate Change, Energy Security and Clean Development.

We support decisive and effective long term cooperation now, up to and beyond 2012 to address climate change under the UNFCCC, in accordance with the principle of common but differentiated responsibilities and respective capabilities. We welcomed decisions taken by the international community at the UN Climate Change Conference in Bali in 2007 and the efforts to build a consensus on long term cooperative action, including a global emission reduction goal. We also noted the declaration in this regard by the G8 Hokkaido Toyako Summit held in July this year. We recognize the economic diversity and different domestic circumstances of individual APEC economies in addressing climate change.

We reaffirmed our commitment to the Action Agenda announced as part of the Sydney Declaration. We appreciate and encourage the efforts of individual APEC economies to meet these goals. We also welcomed the establishment of the Asia-Pacific Network for sustainable Forest Management and Rehabilitation (APFNet) and appreciate China's commitment to further financial support for this initiative. We expressed support for the cooperation and capacity building for climate change mitigation and adaptation, including those that promote the development and deployment of clean technologies. We appreciate Australia, Japan and the United States' financial support for the Climate Investment Funds, particularly the Clean Technology Fund.

We recognized the value of conservation, sustainable forests management and land use practices and enhancement of carbon stocks in forests and agricultural soils for carbon sequestration in the global response to climate change.

Recognizing that climate change could impede economies' abilities to achieve sustainable economic growth and reduce poverty, we strongly support international cooperation and capacity building for mitigation and adaptation as objectives that should be equally pursued, including those that promote low-emissions technology development and transfer to, and financial support for, developing economies. We also call for additional and coordinated efforts to better understand vulnerabilities caused by the impact of climate change on our oceans and their resources to develop more effective adaptation strategies. We endorsed the positive contribution of the Major Economies Leaders' Declaration to the UNFCCC. We committed to concerted action under the UN and complementary processes to reach an equitable and effective post-2012 international climate change arrangement at the UN Climate Change Conference in Copenhagen in December 2009.

Conscious that access to adequate, reliable, clean and affordable energy resources is vital to sustaining economic prosperity in the region, we reaffirmed our commitment to supporting the energy needs of regional economies by promoting open energy markets and free energy trade and investment. Such markets are crucial to the development of renewable sources of energy and the dissemination of low emission energy technologies, including new and alternative energy resources and technologies. We encouraged our officials to promote such developments and urge them to pursue

regional energy efficiencies and maximize the potential development of clean energy technology.

Strengthening APEC

APEC is the pre-eminent forum for economic cooperation in the region. We are committed to strengthening APEC's institutional processes to ensure it remains responsive to a rapidly changing global environment. Cooperative action within APEC can contribute to better outcomes on the major international challenges we face. We welcomed advice from APEC Ministers on the successful establishment of a Policy Support Unit in the APEC Secretariat as well as progress on the appointment of an Executive Director of the APEC Secretariat for a fixed term.

We endorsed in full the Joint Statement of Ministers at the 20th APEC Ministerial Meeting.

We welcomed the offer of Indonesia to host APEC in 2013. We welcomed the invitation from the Prime Minister of Singapore to meet again in Singapore in 2009.

Sixteenth APEC Economic Leaders' Meeting

Lima, Peru
22–23 November 2008

Lima APEC Leaders' Statement on the Global Economy

We, the APEC Economic Leaders, began our 16th Meeting in Peru on 22 November with a discussion on the impact of the global financial crisis and the actions APEC members are taking, individually and collectively, to restore confidence in our economies and maintain our region on a path of long-term growth.

We are convinced that we can overcome this crisis in a period of eighteen months. We have already taken urgent and extraordinary steps to stabilize our financial sectors and strengthen economic growth and promote investment and consumption. We will continue to take such steps, and work closely, in a coordinated and comprehensive manner, to implement future actions to address this crisis. We will also support efforts by export credit agencies, international financial institutions (IFIs) and private banks to ensure that adequate finance is available to business, including small and medium-sized enterprises, and to keep trade and investment flowing in the region.

The current situation highlights the importance of ongoing financial sector reform in our economies and the valuable role played by APEC's financial sector capacity building work. We welcome continued development and innovation in the financial sector and believe that as financial systems deepen and become more complex, regulatory and supervisory tools must be more effective. The crisis also highlights the need to develop more effective standards of corporate governance and risk management as well as the importance of social responsibility in the financial sector.

We welcome the Washington Declaration of the leaders of the Group of Twenty at their Summit on Financial Markets and the World Economy and strongly support the common principles that will guide the Action Plan for financial markets reform. In this regard, we strongly support the broad policy response needed to restore global economic growth and stability through: closer macroeconomic cooperation; avoiding negative spillovers; supporting emerging and developing economies; and comprehensively reforming and strengthening the IFIs to reflect the increasing voice and representation of emerging and developing economies and be more responsive to future challenges. We reiterate our firm belief that free market principles, and open trade and investment regimes, will continue to drive global growth, employment and poverty reduction.

We recognize that the International Monetary Fund (IMF), the World Bank, the Asian Development Bank, the Inter-American Development Bank and other multilateral development banks have a critical role in assisting economies affected by the financial crisis and require sufficient and readily available resources. The IMF, with its focus on surveillance, should strengthen collaboration with other IFIs, enhancing efforts to integrate regulatory and supervisory responses into the macro-prudential policy framework and conduct early warning exercises. We endorse the APEC Finance Ministers' encouragement for our economies, where applicable, to participate in the IMF/World Bank Financial Sector Assessment Program taking into account the level of development and the specific conditions of each member economy.

There is a risk that slower world growth could lead to calls for protectionist measures which would only exacerbate the current economic situation. In this regard, we strongly support the Washington Declaration and will refrain within the next 12 months from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing World Trade Organization (WTO) inconsistent measures in all areas, including those that stimulate exports. We seek an ambitious and balanced conclusion to the Doha Development Agenda negotiations to provide the basis for our economies to grow and prosper. We are committed to reach agreement on modalities next month on the basis of progress made to date and we direct our Ministers to meet in Geneva in December to achieve that objective. We and our Ministers are intensifying our engagement with WTO counterparts to create the convergence necessary to achieve this outcome.

We reaffirm our commitment to the Bogor Goals of free and open trade and investment in the Asia-Pacific as a key organizing principle and driving force for APEC. We instruct APEC Ministers and officials to accelerate implementation of the measures contained in our Regional Economic Integration Agenda, including a possible Free Trade Area of the Asia-Pacific as a long-term prospect and intensifying work on structural reform. The current growth crisis will not shake our determination to address the important challenges facing the region including climate change, energy security and clean development, and the fight against poverty, hunger, disease and terrorism. We will stand by our international commitments in these areas, including in Official Development Assistance and the Millennium Development Goals.

Twentieth APEC Ministerial Meeting

Lima, Peru
19–20 November 2008

Joint Statement

We, the APEC Ministers¹, met on 19–20 November in Lima to participate in the 20th Asia-Pacific Economic Cooperation (APEC) Ministerial Meeting. The meeting was co-chaired by José Antonio García-Belaúnde, Minister for Foreign Affairs of Peru, and Mercedes Araoz, Minister of Foreign Trade and Tourism of Peru. We welcomed the participation in the meeting of the APEC Business Advisory Council (ABAC), the APEC Secretariat and the APEC Official Observers.²

Under the APEC 2008 theme of “A New Commitment to Asia-Pacific Development”, we discussed the major economic, human security, environmental, and social challenges facing the region. We reviewed progress made this year on APEC’s key priorities and considered how we can continue to work together to create greater prosperity, security and stability in the region.

We met during the most difficult set of economic conditions we have seen since APEC was created in 1989. All APEC economies are being affected by the global financial crisis and we are likely to experience a significant fall in the high rates of regional growth seen over the past decade. Volatile commodity and food prices have impacted on current accounts and put pressure on inflation. Our commitment is to strengthen regional cooperation through APEC to address the challenging financial and economic outlook, continue to promote free and open trade and investment, support structural economic reforms, improve human security, and ensure that all members of our economies have the training and opportunities necessary to benefit from globalisation.

Global Financial Crisis

Ensuring a rapid, coordinated and effective response to the current global financial crisis is the highest priority for APEC economies and will be the focus of attention when APEC Economic Leaders meet later this week. APEC Finance Ministers met earlier this month to discuss a common approach to the turmoil seen in credit markets and to the slowdown in global economic growth. APEC economies will remain in close contact to ensure that responses being put in place to address these challenges are consistent and effective. APEC economies are committed to implementing all necessary measures to bolster the real economy and boost investment and consumption levels in the region. We recognized the importance of ensuring that Small and Medium-Sized Enterprises (SMEs) are able to access finance to continue to trade and expand their businesses. We welcomed efforts by our Export Credit Agencies to collaborate and work together in supporting trade and investment in the region. We also noted the work done by relevant domestic authorities to increase transparency in, and cooperation between, commodity futures markets.

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 and the Secretariat of the Association of South-East Asian Nations.

We will stand firm against any protectionist sentiment arising out of this crisis and maintain the process of reform and trade and investment liberalization and facilitation. In this way, we will play our full part in promoting recovery, growth and development. We will maintain open trade and investment policies to support the other financial and economic policy responses taken to date. We recommended that Leaders strongly support the G20 Washington Declaration and reinforce the commitment to refrain from raising new barriers to trade and investment.

Support for the WTO and the multilateral trading system

APEC economies have been some of the biggest beneficiaries of the open, rules-based multilateral trading system under the World Trade Organization (WTO). The APEC Ministers Responsible for Trade (MRT) Meeting provided strong support this year for a prompt and successful conclusion to the WTO Doha Development Agenda (DDA) negotiations. We welcomed the progress achieved in Geneva, including during the Ministerial meeting in July. We agreed that the real progress made to date in the negotiations should not be lost.

To give effect to the call by G20 Leaders to finalise modalities by the end of the year, we, APEC Ministers, will step up our engagement with our partners as needed to urgently advance the negotiations, including being prepared to participate in a meeting in Geneva. We have instructed our senior officials to be available in Geneva this weekend to undertake expeditiously the required preparatory work and we call on other WTO members to participate. We urge all our partners, including through their groups, to show flexibility and make contributions toward an ambitious and balanced outcome, and we will do the same. We believe this is more urgent in light of the global financial crisis. A strong agreement would demonstrate the ability of the international community to work together to bolster a deteriorating global economy.

We confirmed our support for the participation of the Russian Federation in the WTO and welcomed the progress in its accession negotiations.

The APEC Regional Economic Integration Agenda

We finalized and submitted a progress report to Leaders on steps taken this year to strengthen economic integration in the Asia-Pacific Region. We are pleased to report that a significant number of the 53 agreed actions contained in the 2007 Report endorsed by Leaders in Sydney have been completed, and progress has been made on a large portion of those items still pending. In order to continue to build upon the success that we achieved in 2008, we have proposed a concrete agenda for regional economic integration for 2009 and beyond that will accelerate APEC's efforts in this important and rapidly evolving area.

Progress towards the Bogor Goals

We reaffirmed our commitment to the Bogor Goals as a key organizing principle and driving force for APEC. Reinforcing and strengthening our commitment to free and open trade and investment would promote economic growth in the current difficult economic environment. We also reaffirmed the importance of APEC's Individual Action Plans (IAPs) as a driver for reaching the Bogor Goals and commended the measures carried out by individual economies to liberalize and facilitate trade and investment. We welcomed the SOM Chair's 2008 IAP Summary Report and the successful completion of the six 2008 IAP peer reviews (Canada, Chile, Mexico, Peru, Singapore and United States). We also welcomed efforts to enhance the peer review process through the active engagement of the APEC Business Advisory Council (ABAC), the Committee on

Trade and Investment (CTI) and relevant subfora, which contribute to greater transparency in the activities undertaken by member economies.

Exploring a Free Trade Area of the Asia-Pacific (FTAAP)

We made significant progress this year in examining the options and prospects for an FTAAP through a range of practical and incremental steps. We noted the development of a preliminary inventory of issues relevant to an FTAAP that would need to be addressed as part of a possible preparatory process. We welcomed the Study on Identifying Convergences and Divergences in APEC's Regional Trade Agreement (RTAs) and Free Trade Agreements (FTAs) which provides a useful tool for further examining the possible development of an FTAAP. We also noted the results of a study on the existing analytical work relevant to a possible FTAAP and its recommendation for additional work in this area. Additionally, we also have explored the concepts of enlarging, docking, and merging FTAs in the APEC region.

We shared the view that an FTAAP should complement and support the other elements of the Regional Economic Integration Agenda, especially the achievement of the Bogor Goals. An FTAAP should also help address the complexity created by the current array of FTAs and RTAs in the region. An FTAAP should be WTO consistent and promote greater regional economic integration than that currently achieved through the multilateral system. An FTAAP has implications for APEC's existing processes and would require additional capacity-building. The existing analysis on an FTAAP suggests that it could generate economic gains in the region and promote global free trade. We instructed officials to undertake further analysis on the likely economic impact, benefits and challenges of an FTAAP next year.

Supporting Structural Reform

We discussed the results of the Structural Reform Ministerial Meeting held in Melbourne earlier this year and agreed to the fundamental importance of tackling 'behind-the-border barriers' to trade and investment in the creation of well-performing, resilient and robust economies that enhance consumer welfare. We discussed the political challenges and benefits of structural reform and how regulatory reform frameworks facilitate structural reform. We agreed that structural economic reform is now an important element of APEC's agenda, integrating the three pillars of trade and investment liberalisation, business facilitation, and economic and technical assistance and cooperation. We welcomed the decision to initiate a process of voluntary reviews or self reviews of member economies' institutional frameworks that support structural reform. We also supported the provision of practical assistance to member economies to successfully undertake structural reform.

We welcomed the Economic Committee's efforts to intensify the ongoing work under the five priority areas of the Leaders' Agenda to Implement Structural Reform (LAISR). LAISR addresses issues related to the responsibility of governments for the transparent development and implementation of legislation in order to effectively regulate business in the interests of the citizens. We noted the Committee's work to promote good corporate governance, including by affirming the "OECD Principles of Corporate Governance" and working on a plan to ensure APEC's continued implementation of the Principles in the Asia-Pacific context. We endorsed the 2008 APEC Economic Policy Report and welcomed its focus on competition policy.

Strengthening financial markets

We noted efforts by APEC Finance Ministers during the year to strengthen financial markets in the region. Finance Ministers and officials examined strategies to strengthen and deepen capital markets, including implementing a new policy initiative to support the development of a diversified and sound institutional investor base. This will help economies to form better policy approaches for removing restrictions or prescriptive investment rules that hamper investor participation. It will also help economies improve their regulatory framework and enforcement processes to encourage better corporate governance, disclosure and transparency in financial markets. We welcomed the agreement by Finance Ministers to support greater integration in the area of public-private partnerships (PPPs) which can be used to meet the infrastructure investment requirements of APEC economies. We acknowledged the important role played by the Asia-Pacific Finance and Development Centre (AFDC) in capacity building, information sharing and promoting regional cooperation in the region.

APEC Trade and Investment Liberalisation and Facilitation

We welcomed APEC's work on Trade and Investment Liberalization and Facilitation (TILF), which moves us closer to achieving the Bogor Goals and strengthening regional economic integration. We endorsed the 2008 CTI Annual Report to Ministers on APEC's TILF activities and noted below the progress made in these areas:

Supporting regional economic integration through RTAs/FTAs

Many APEC members have continued to pursue RTAs and FTAs as part of an overall trade and investment liberalization strategy. APEC continues to maintain an active role in promoting high-quality, consistent, and comprehensive RTAs/FTAs to strengthen economic integration in the region and achieve the Bogor Goals. A key aspect of this effort has been the development of model measures for RTA/FTA chapters as capacity building tools and non-binding references to assist APEC economies in their efforts to promote high-quality, consistent, and comprehensive RTAs/FTAs. We agreed on a new model measure on safeguards, resulting in a set of model measures for 15 chapters. The majority of economies agreed to model measures on investment; anti-dumping; subsidies and countervailing measures; trade in services; and labour cooperation. We urge economies to make efforts to bridge differences over the next year. This work will provide an important reference to economies in future negotiations.

We are pleased that APEC continues to engage the private sector on the complexity resulting from the increasing number of RTAs/FTAs in the region, particularly in relation to preferential rules of origin (ROO). In that light, we instructed officials to continue their work to examine approaches to preferential rules of origin on a sectoral basis in 2009.

Facilitating business activity through an expanded trade and investment facilitation agenda

We welcomed the progress made on APEC's work on trade facilitation, and reaffirmed its importance for the business community, especially in the areas of customs procedures, standards and conformance, e-commerce and mobility of business people. We instructed officials to intensify the implementation of the second Trade Facilitation Action Plan (TFAP II) to reduce trade transaction costs by an additional 5 percent by 2010. We noted progress on developing Key Performance Indicators (KPIs) and reporting methodologies to measure progress on collective actions and pathfinder initiatives for the implementation of TFAP II.

We welcomed the inclusion of trade logistics issues in the trade facilitation agenda and instructed officials to make this a focus in 2009. We instructed officials to develop new trade facilitation and trade logistics initiatives. We also instructed officials to work towards the implementation of international trade "Single Windows" across APEC using recognized international instruments and standards to enhance interoperability of trade systems.

We recognized that the alignment of domestic standards with the relevant international standards, where appropriate, makes an important contribution to trade facilitation in the APEC region and encouraged further work on this issue.

We welcomed the announcements by the People's Republic of China and Singapore to join the APEC Data Privacy Pathfinder, bringing the total number of participating economies to sixteen. We commended the full implementation of the APEC Business Travel Card (ABTC) scheme by Mexico. We also welcomed Canada as a transitional member of the ABTC scheme and the progress made by the United States as an ABTC transitional member.

Investment liberalization and facilitation plays an essential role in fostering economic growth and sustainable development in the region. We reaffirmed the need to improve the investment environment in the region. We noted the three initial priority areas for implementing the Investment Facilitation Action Plan (IFAP) for 2008-2010: e-transparency, reducing investor risk, and simplifying business regulation. We instructed officials to develop an implementation plan for the IFAP, including KPIs and reporting methodologies for endorsement by Ministers Responsible for Trade at their meeting in 2009. We welcomed the continued work by officials on a study of bilateral investment agreements and core-investment-related elements of existing FTAs in the region. We expect this work to continue in 2009 and form the basis for a set of principles for investment agreements.

Intellectual Property Rights and the Digital Economy

A robust Intellectual Property Rights (IPR) system is an important tool for technological, economic and social development. We reaffirmed the importance of a comprehensive and balanced intellectual property system that provides for and protects the incentives that encourage creativity and innovation, and provides the tools for successful management and exploitation of IPR. These efforts are central to fostering the development of knowledge-based economies, expanding investment opportunities, and promoting economic growth.

We recognized the importance of taking further steps to stop the proliferation of counterfeit and pirated goods through international cooperation and information sharing among IPR agencies, right-owners, enforcement authorities, and the private sectors. In this regard, we encouraged officials to continue the implementation of the IPR Guidelines adopted under the 2005 Anti-counterfeiting and Piracy Initiative, and continue work to address satellite and cable signal theft in the region as outlined in the 2007 AMM statement next year.

We reaffirmed the importance of ongoing international discussions, especially in the WTO, including the relationship between the TRIPS Agreement and the UN Convention on Biological Diversity, regarding genetic resources, and the protection of traditional knowledge and folklore. We will continue to promote work on awareness raising and advancing shared objectives regarding these issues.

We welcomed progress on the APEC Cooperation Initiative on Patent Acquisition Procedures, including the agreement on the contents of the Survey on Examination Cooperation Practices among APEC economies. We welcomed the continued work in APEC on enhancing education on IPR to assist Small and Medium-Sized Enterprises (SMEs) in better protecting their rights.

We welcomed the continuation of APEC's work to promote trade and the digital economy that support sustained economic growth and development. We endorsed the APEC Digital Prosperity Checklist, which provides critical assistance to economies in advancing the use and development of information and communications technologies as a means to increase economic efficiencies, promote transparency, encourage competition, and spur innovation. We instructed officials to build upon the Digital Prosperity Checklist by engaging in further work to promote trade and the digital economy in 2009.

We reaffirmed the importance of the role that the Information Technology Agreement (ITA) has played in promoting trade, investment, and economic growth in APEC economies over the last 10 years. We expressed concern about products covered by the ITA that may no longer be receiving duty free treatment because of their technological innovations. We expressed further concerns that these recent developments will undermine the ITA, and agreed to work together to ensure that the integrity of the ITA is maintained.

Environmental Goods and Services

We acknowledged the importance of continued research and development, and application, of environmental goods and services for achieving the region's environmental and sustainable development priorities. We welcomed the progress made in APEC in this area in 2008. We welcomed the Environmental Goods and Services (EGS) Framework to advance work on EGS as a basis for the development of a concrete EGS work program to be delivered to Ministers Responsible for Trade at their meeting in 2009. We also support continued efforts to promote the exchange of information in this important sector.

We have reviewed progress in the World Trade Organization (WTO) negotiations to increase market access for environmental goods and services, and we reaffirmed that an open global trade and investment system is central to our clean development objectives and market opening in the WTO would help to advance our climate and energy security goals.

Private Sector Engagement

We supported the ongoing work of APEC's industry dialogues to promote public-private dialogue on key challenges facing the automotive, chemical and life-sciences sectors. We commended the work of the Automotive Dialogue, including its continuing work to simplify rules of origin methodologies for automotive products in bilateral and regional free trade agreements. We also welcomed the Automotive Dialogue's collaboration with the Energy Working Group's Biofuels Task Force to develop a work plan to examine issues related to biofuel resources, fuel flexible vehicles and infrastructure, and biofuel economics and trade.

We commended the work of the Chemical Dialogue, including its continuing efforts to clarify aspects of the EU's REACH regulation, harmonize chemical labeling rules, and rationalize rules of origin. We also welcomed the Chemical Dialogue's efforts to inform

other intergovernmental bodies that consider chemical regulation, including through the agreed guidelines for regulatory best practices in chemicals.

Recognizing the importance of enabling trade and investment in health innovation, we endorsed the Life Science Innovation Forum (LSIF) Enablers of Investment Checklist as a voluntary guidance tool for economies. We commended the rigorous economic analysis of the returns on investment in health innovation in response to our call last year for this study, and recommend the establishment of a small group of economies to meet and respond to the findings. Recalling our commitment to promoting regulatory reform and harmonization, we welcomed and endorsed the establishment of the APEC LSIF Harmonization Centre in Seoul as a key step forward.

We welcomed the valuable contribution that the APEC Business Advisory Council (ABAC) made this year on key elements of the APEC agenda including on the global financial crisis, the WTO DDA negotiations, the regional economic integration agenda, CSR, SME development, and the high food prices we have seen in the region. We encouraged continued dialogue between APEC, the business community and other stakeholders involved in regional trade and investment issues.

Corporate Social Responsibility (CSR)

A strong commitment to voluntary CSR practice is an integral part of sound long term business strategy. Private organisations have a responsibility to pursue economic, social, and environmental objectives to the benefit of all stakeholders that may be affected by their business operations. There is a strong level of CSR activity and interest throughout the region. CSR has been developing at different speeds and in different directions within all APEC economies over recent years reflecting different development stages, local factors, distinct business cultures and economic structures. Voluntary CSR activities should take account of different domestic economic, social and cultural contexts of member economies. The public sector can promote the development of CSR by establishing clear incentives or developing broad goals to integrate CSR activities with broader sustainable development strategies. We encourage companies in the region to take account of economic, social and environmental considerations in their business operations.

We welcomed the development of CSR initiatives to promote a greater level of awareness and application of CSR principles in the region according to company size and activity. We support these efforts (including through ABAC) in promoting CSR awareness and capability in both the public and private sectors. We also noted the efforts of APEC Tourism Ministers in promoting the need for responsible tourism in the region and the work of SME Ministers in highlighting the importance of CSR in the SME business community. We recommended that Leaders highlight the importance of promoting CSR in the region.

Sectoral Issues and APEC Ministerial Meetings

We welcomed the outcomes of the 5th APEC Tourism Ministers Meeting held in Lima in April 2008 including the adoption of the Pachacamac Declaration on Responsible Tourism in the Asia-Pacific Region. Ministers reaffirmed members' commitment to ensure sustainable growth in the tourism industry in order to generate income and employment and reduce poverty in local communities. Ministers also agreed to promote the conservation and preservation of our environment, including social and cultural aspects when travelling.

APEC Ministers responsible for the Telecommunications and Information Industry met in Bangkok, Thailand in April 2008. Ministers were pleased that the Leaders' Brunei Goal of Tripling Internet Access within the Asia-Pacific region set in 2000 had been achieved. We welcomed the commitment made by Ministers to continue efforts to expand the reach of communications networks by setting an ambitious goal of achieving universal access to broadband by 2015. We also welcomed the completion of the "Guide for Implementing WTO GATS Article VI - Domestic Regulation as applicable to the Telecommunications Sector".

Ministers welcomed the outcomes of the APEC Education Ministers Meeting in Lima in June 2008 under the theme 21st Century Competencies and Skills for All. APEC's education work in Human Resource Development (HRD) is focused on achieving quality education for all and ensuring the APEC workforce has the skills to succeed in the international economy. Ministers welcomed the research-based focus of the APEC Education Ministerial on the priority areas of mathematics and science, career and technical education, learning each other's languages, and information technology and systemic reform. We were encouraged by efforts within APEC to engage youth in the region and develop their skills on key issues related to sustainable development. We recognized APEC Education Ministers for having the foresight to adopt the APEC Wiki as a collaborative platform for creating a common educational knowledge base. We supported the recommendation of Education Ministers to facilitate international exchanges, working towards increased reciprocal exchanges of talented students, graduates and researchers. We welcomed China's initiative to host the 5th APEC Human Resource Development Ministerial Meeting in 2010 and welcomed the development of the APEC Strategic Plan for English and Other Languages.

We welcomed the outcomes of the Small and Medium Enterprises Ministerial Meeting held in Peru in August which adopted the "Joint Ministerial Statement on Sustainable Local Development to Foster SME Growth". Ministers discussed policies designed to support SME development and reduce poverty within local communities across a range of areas such as Corporate Social Responsibility (CSR), regional economic integration and innovation management. Ministers endorsed the new four-year SME Working Group Strategic Plan 2009–2012 that will guide its work in six priority areas: business environment, building management capability and promoting entrepreneurship; market access and internationalization; innovation; financing; and raising awareness of sustainable business practices. We also welcomed the revised work plan to accelerate activities under the Private Sector Development (Ease of Doing Business) Agenda aimed at improving the business environment in APEC economies.

We recognised the importance of improved mobility and economic prosperity through the development of safer, more secure and efficient transportation systems. We noted the work of the Transportation Working Group (TPTWG) and welcomed the inauguration of the APEC Port Services Network (APSN). We encouraged active participation by member economies in facilitating cooperation and communication among ports and related sectors in the region through the APSN. We welcomed the formation of an Aviation Emissions Task Force and recognized the importance of strengthening cooperation between APEC economies to promote and optimise efficient air travel. We welcomed the continued cooperation between the TPTWG and the Energy Working Group to identify energy efficient policies and practices, including the use of alternative transport fuels.

We noted the work of the Mining Task Force on promoting sustainable development in the mining sector and its intention to analyze best practices in attracting investment in the mining sector.

We welcomed the work of the Marine Resource Conservation Working Group (MRCWG) and the Fisheries Working Group (FWG) in addressing the challenges and priorities identified in the Bali Plan of Action stock-take initiative, including implementation of ecosystem-based management approaches and the need to enhance our understanding of the impact of climate change on marine ecosystems. We recognized that a number of international initiatives are underway that are aimed at combating illegal, unreported and unregulated fishing and ensuring a sustainable supply of seafood in our markets. We also welcomed the advances on capacity building initiatives completed in 2008, towards the conservation and management of our marine and coastal resources. We recognized that marine pollution is threatening the economic opportunities of coastal communities and we look forward to work cooperatively on this pressing issue. We encouraged the FWG and MRCWG to develop programs to assess the readiness and needs of APEC economies to deliver on these and other emerging international priorities in preparation for the Ocean Related Ministerial Meeting to be held in Peru in 2010.

We noted that gender discrimination has been estimated to cost economies in the Asia-Pacific region around US\$80 billion a year. We reaffirmed our commitment to strengthen the capacity of APEC's members so that gender considerations are integrated into trade and economic policies. We also reaffirmed our commitment to the goal of gender integration into APEC processes, the increased involvement of women in APEC at all levels of decision making and the elimination of barriers to women's full participation in the global economy and society.

Improving Food Security in the Asia-Pacific

The recent volatility in food prices presents serious challenges, particularly for the poorest and most vulnerable in the Asia-Pacific region and around the world. This situation threatens to undermine our fight against poverty and exacerbate economic and social problems in the region, particularly as instability in financial markets threatens to reduce economic growth across the region. We commended the work that APEC has undertaken in the area of food and agriculture, and endorsed the comprehensive work plan put forth by officials to further refine and strengthen APEC's food security agenda in a broad range of areas.

We agreed on the need to build upon the 2008 MRT statement in addressing the need to achieve substantial improvements in market access and reductions in market-distorting measures in global agricultural trade, noting in this regard the importance of an ambitious and balanced conclusion to the WTO DDA negotiations. We recognized the importance of technological development and dissemination to meeting food security challenges. We agreed that APEC should work to bolster conditions conducive to investment and advances in agricultural research and development, and help economies take advantage of new agricultural technologies and methods, including voluntary efforts to help member economies benefit from the potential of agricultural biotechnology. We also directed APEC to increase cooperation to foster conditions for the expeditious development and commercialization of next generation biofuels made from non-food materials, including examination of key economic, environmental and other issues impacting the emergence of this technology.

We urged APEC to increase technical assistance and capacity building in other areas that will foster agricultural sector growth, noting with approval the work of APEC in promoting the development of well-functioning markets, regulatory institutions, and best practices in the agricultural sector. This includes cooperation to develop and encourage best practices for making food storage, transportation and distribution systems more efficient, and to promote best practices for sustainable use of land, water, and other

resources. We encouraged relevant APEC fora to explore potential cooperation in sharing innovations and best practices in agricultural higher education.

We encouraged increased support to food aid programs and stressed the need to ensure that they are managed in a way that does not distort markets or reduce the incentives for local production, while ensuring that the neediest receive the assistance they require. We also supported examination of carefully targeted social safety nets that help those most vulnerable to high food prices, but do not block the transmission of price signals to agricultural producers. We recognized the active and long-standing role of the ABAC in raising the importance of food and agriculture issues on the APEC agenda, including their 1998 proposal for an APEC Food System. We urge continued engagement and cooperation between the public and private sectors on food security.

We welcomed efforts at the global level to address food security, and urge APEC to open channels for dialogue and coordination with other multilateral bodies that are working on this issue. We recognized the efforts of the United Nations, including the development of a Comprehensive Framework for Action by the U.N. High Level Task Force on Global Food Security. We also recognized efforts by the World Bank and the G8 Experts Group on Food and Agriculture.

Economic and Technical Cooperation (ECOTECH) – A strategic approach to capacity building

We reinforced the importance of a strategic, goal-orientated and multi-year approach to capacity-building that assists APEC economies achieve the Bogor Goals. We endorsed the strategies for enhancing APEC's engagement with other multilateral organisations and development of similar strategies with the private sector next year, and agreed that twinning was a useful model for fora to explore. We welcomed the progress made on strengthening the SOM Steering Committee on Economic and Technical Cooperation's (SCE) policy agenda and efforts to assess capacity building activities.

We welcomed the mandate renewals of the Task Force for Emergency Preparedness and Counter-Terrorism Task Force, noted the completion of the independent reviews of the Tourism Working Group, Gender Focal Point Network and MRCWG, and the 77 APEC-funded economic and technical cooperation projects in 2008. We noted the SCE instruction to its subfora to undertake a stock take of their capacity building activities to provide a clear picture of capacity building underway and to serve as a basis for a forward-looking work plan on ECOTECH. We welcomed the voluntary financial contributions of US\$500,000 from Russia and US\$500,000 from Hong Kong, China to the APEC Support Fund. We recognized the progress of the APEC Digital Opportunity Centre (ADOC) and welcomed the launch of an extended effort among concerned economies to bridge digital divides.

Anti-Corruption and Transparency

We reiterated our commitment to fighting corruption in the region. We agreed to further strengthen international cooperation to combat corruption and money laundering in accordance with the Financial Action Task Force standards. International legal cooperation is essential in the prevention, investigation, prosecution and punishment of serious corruption and financial crimes as well as the recovery and return of proceeds of corruption. We encouraged all economies to work together to promote greater accountability and address the governance challenges related to officials who abuse their power.

We commended efforts undertaken by member economies to develop comprehensive anti-corruption strategies including efforts to restore public trust, ensure government and market integrity. We are also committed to dismantle transnational illicit networks and protect our economies against abuse of our financial system by corrupt individuals and organized criminal groups through financial intelligence and law enforcement cooperation related to corrupt payments and illicit financial flows. We welcomed the implementation of a pilot program by Australia, Chile, Thailand and Viet Nam in 2009 to introduce the APEC Code of Conduct for Business to SMEs. We endorsed the Lima Anti-corruption Declaration on Financial Markets Integrity and the APEC Guidelines for Public-Private Actions against Corruption. We reiterated our strong support for those member economies yet to ratify and implement effectively the United Nations Convention against Corruption to do so, where appropriate.

Enhancing Human Security

Terrorism and the proliferation of weapons of mass destruction continue to challenge APEC's vision of free, open and prosperous economies where human security is ensured and we reaffirmed our commitments to meet these challenges. We agreed that APEC member economies must do all that they can to prevent the devastating human and economic costs of terrorism, proliferation of weapons of mass destruction and their means of delivery, natural disasters, communicable diseases, climate change and unsafe food and products. Preventing such disruptions to our economies, and recovering quickly when they do occur, is central to protecting our citizens and achieving sustained economic growth and prosperity.

Counter Terrorism and Secure Trade

Terrorism continues to menace the prosperity, security and fundamental values that APEC economies hold dear. We re-affirmed our commitment to secure the region's economic, trade, investment and financial systems from terrorist attack and/or abuse by proliferators, and noted that business had a significant interest in mitigating the risks. We welcomed the renewal of the Counter-Terrorism Task Force's mandate. This will allow APEC to continue its important work in areas such as halting terrorist financing, boosting aviation, land, and maritime security, preventing attacks on food supply chains, and supporting trade recovery following an attack. We are particularly appreciative of the efforts of the CTTF in developing a Trade Recovery Programme and welcomed the initiative of a group of member economies led by Singapore to conduct a TRP pilot exercise in 2009.

We applauded the Task Force's work on post-blast scene management, cyber-terrorism, public-private sector partnerships and protecting critical energy infrastructure, as well as its annual stocktaking of capacity building needs in the region. We applaud the work of Transportation Ministers as they foster an environment for the secure transit of passengers and cargo.

We reiterated the urgent need for the full implementation, where applicable, of UN counter-terrorism measures and existing international standards, including the Financial Action Task Force (FATF) Special Recommendations (SR) on Terrorist Financing. We committed to bolstering efforts to implement all of the FATF Special Recommendations, most particularly SR VI, VIII and IX to combat terrorist exploitation and abuse of alternative remittances, non-profit organizations, and cash couriers used to finance terrorism, and welcomed training and capacity building workshops in this regard. We welcomed the decision by the FATF to further study the issue of proliferation finance.

We welcomed efforts to secure trade in the region, including the outcomes of the sixth Secure Trade in the Asia Pacific Region (STAR) Conference which was held in Lima this year, and encouraged officials to seek genuine cooperation with the private sector. We welcomed the implementation of a food defense pilot program in Peru, which will help protect food production and trade from a deliberate act of contamination and look forward to pilot projects in one or two more APEC economies to continue development of APEC-wide capacity. Ongoing efforts in APEC to improve security in the region's airports, ports and land transport networks, to test communications, to create a regional movement alert system, and to promote consistent security measures were strongly supported. We identified cargo security as an area for further capacity building. The safety and security of the sea lanes around the world are critical to regional and global trade. We fully supported the ongoing efforts of the international community in the fight against piracy and armed robbery at sea.

We reaffirmed our commitment to dismantling terrorist groups, preventing the proliferation of weapons of mass destruction and their delivery systems, countering extremist ideologies that support violence, and curtailing terrorist use of the internet. Terrorism is a profound threat to the people, cultures, and faiths of the Asia Pacific Region. We condemned all terrorist acts as criminal and unjustifiable, particularly the repugnant acts of suicide bombing and hostage taking.

Emergency Preparedness

Tragic natural disasters around the region in 2008, including the devastating earthquake in China's Sichuan province in May that left nearly 90,000 dead or missing, underlined the importance of building community and business resilience to natural disasters and other emergencies and reinforced the importance of public-private partnerships. We welcomed the outcomes of the bi-annual stock take of emergency preparedness best practice and capacity building needs, and endorsed the concept of holding Emergency Management CEOs Seminars annually to 2013. We welcomed the Workshop on Large Scale Disaster Recovery hosted by Chinese Taipei in September 2008 and Viet Nam's offer to host the third seminar in 2009.

We welcomed the adoption of the Strategy of the Task Force for Emergency Preparedness on disaster risk reduction and emergency preparedness and response and the adoption of the APEC Principles on Disaster Response and Coordination. We also welcomed the best practices and practical recommendations collectively developed in the Workshop on Large Scale Disaster Recovery hosted by Chinese Taipei. We further welcomed the Task Force's proposal to conduct multi-year projects designed with the aim of facilitating and accelerating the recovery of disaster affected areas of member economies; integrating disaster education into school curricular; and the Gender Focal Point Network's efforts on gender integration in disaster management. We recommended to Leaders that they discuss the region's disaster preparedness and management architecture to increase focus on disaster risk reduction and building domestic disaster management capabilities, and improve coordination and coherence in keeping with the Hyogo Framework for Action 2005-2015: Building the Resilience of Nations and Communities to Disasters.

Health

We agreed that there was a strong nexus between health, economic development and security. We welcomed the adoption of the Health Working Group's Terms of Reference and Medium Term Work plan, and endorsed aspirations and efforts to strengthen the region's capacity – particularly in developing economies – to plan, prepare for, and respond to public health emergencies and address public health challenges. We

welcomed efforts to prevent and mitigate the potential impacts of avian and human influenza pandemics, vector-borne diseases and HIV/AIDS, and to share advances in health information technology. We supported work on the impact of animal and environmental health on human health and have agreed to continue to examine this area to build regional capacity to respond to infectious diseases. We reaffirmed our support for World Health Organization (WHO) processes and agreed that APEC's activities should support and complement WHO efforts.

Food and other Product Safety

We expressed our strong support for the APEC Food Safety Cooperation Forum (FSCF) and commended the work it has undertaken to strengthen the capacity of member economies. We noted the concerns that consumers have about access to safe and affordable foods, and encouraged APEC officials to further pursue harmonised standards and risk based regulatory approaches. We endorsed the establishment of the FSCF's Partnership Training Institute Network (FSCF PTIN) for food safety as a vehicle to enlist leadership and support from the private sector and academic experts in this important function, and instructed officials to report on the initial FSCF PTIN activities and outcomes of the second FSCF in 2009. The APEC FSCF PTIN will leverage academic and industry expertise and resources to develop a network of training institutes and trainers around the region to build capacity in the use of international best practices in food safety for regulators, manufacturers and producers and thus better assure the safety of the food supply chain in the APEC region.

We also reaffirmed our commitment to deepen cooperation on product safety. We recognized the importance of improving current standards and practices in this area, and direct officials to take steps in this regard, including by undertaking work to ensure the safety of toys in 2009.

Climate Change

We recommended Leaders to issue a strong statement in support of the international climate change processes.

We welcomed the establishment of the Asia-Pacific Network for Sustainable Forest Management and Rehabilitation (APFNet) and appreciate China's ongoing financial support for this initiative. We will continue to work together to reduce emissions from deforestation and forest degradation in the region and take appropriate measures to combat illegal logging while addressing the underlying economic and social drivers. We recognized the value of conservation, sustainable management of forests and enhancement of forest carbon stocks for carbon sequestration in the global response to climate change.

We expressed our support for cooperation and capacity building for climate change mitigation and adaptation, including those that promote development transfer and deployment of clean technologies and appreciate the United States' financial support for the Clean Technology Fund and also appreciate the financial support by Australia, Japan and the United States for the Climate Investment Funds.

We also recognized the role oceans play in regulating the earth's climate as well as the significant impact climate change is having on our oceans and their resources. We support additional and coordinated efforts to better understand vulnerabilities and develop adaptation strategies. Given this additional challenge, it is imperative that we take substantial and concrete actions, as outlined in the Bali Plan of Action, for the sustainable use of marine resources and for the protection of the marine environment.

We called on Ocean-related Ministers to undertake work to advance these objectives in preparation for their meeting in Peru in 2010.

Energy Security and Sustainability

We noted the importance of free and open trade in energy for ensuring that regional economies have adequate, reliable and affordable access to energy supplies. To promote cross-border energy trade and investment, renewable energy sources, and the development and deployment of low-emission and alternate energy technologies and products, we encouraged APEC members to respond to the outcomes of the APEC Energy Trade and Investment Study and Roundtable. We also welcomed the implementation of the voluntary APEC Peer Review on Energy Efficiency and encouraged APEC economies to consider participation and continue to seek greater energy efficiencies which promote energy security, economic competitiveness and minimize environmental impacts.

APEC Institutional Reform and Administrative Issues

We reaffirmed our commitment to APEC institutional reform to more effectively and efficiently embrace 21st century opportunities and overcome challenges. We approved a range of project management reforms, including an emphasis on longer-term, more strategic and better coordinated capacity-building projects and planning. We devolved project approvals to the Senior Officials Meeting (SOM) and the Budget and Management Committee (BMC), and endorsed a proposal for a transition to a system of quarterly project approval sessions from 2010 and quicker funds disbursement. We instructed officials to review APEC's project assessment, ranking and evaluation systems and the possible devolution of project management responsibilities to member economies to ensure funding of high quality projects that facilitate achievement of APEC goals.

We endorsed the SOM proposal to appoint an Executive Director for a fixed-term and instruct officials to commence the selection process and finalise the appointment during 2009. We welcomed the proposed changes to APEC's meeting schedule as part of an ongoing process to improve efficiency and reduce costs. We welcomed the establishment of the APEC Policy Support Unit and noted that the current work program will add analytical capacity to our trade, investment, structural reform and related ECOTECH activities. We welcomed the establishment of the U.S.-APEC Technical Assistance and Training Facility in Singapore, a flexible mechanism for the United States to provide capacity building assistance to the APEC Secretariat and APEC member economies, and support for APEC's project management reform agenda.

We endorsed the 2008 SOM Report on APEC's work program including the recommendations contained therein, and noted the 2008 Annual Report of the APEC Secretariat Executive Director. We approved the 2009 APEC Budget and supported exploring a mechanism to reduce the Secretariat's exchange rate risk. We welcomed preparations for APEC 2009 in Singapore.

15th APEC Finance Ministers' Meeting

Trujillo, Peru
5–6 November 2008

Joint Ministerial Statement

I. INTRODUCTION

We, the finance ministers of the APEC economies, convened our 15th annual meeting in Trujillo, Peru on 5–6 November 2008 under the chairmanship of Mr Luis Miguel Valdivieso Montano, Minister for Economy and Finance of Peru. The meeting was also attended by representatives of the International Monetary Fund (IMF), the World Bank, the Asian Development Bank (ADB), the Inter American Development Bank (IADB), the Andean Development Corporation (ADC), and the APEC Business Advisory Council (ABAC).

We discussed extensively the turmoil on global financial markets from the perspective of both short-term immediate actions as well as longer term action for reform of the regulatory and institutional regimes for the world's financial sectors. We strongly endorse the recommendations of the Financial Stability Forum (FSF) and the G7 Finance Ministers and Central Bank Governors Plan of Action and their subsequent support by the International Monetary and Financial Committee (IMFC) and the G20 special session. We welcome the measures taken by economies and international organisations to stabilize financial markets and ensure the smooth running of the real economy.

The current financial turmoil affects all our economies. We pledge to work collaboratively and to coordinate actions. We support the critical role of the IMF in assisting economies affected by this turmoil. We also agree to continue our active participation in the international financial policy dialogues and look forward to the forthcoming Summit on Financial Markets and the World Economy on 15 November 2008.

Our ongoing objective is to realise the APEC region's economic potential by drawing together the common interests of member economies and exploring opportunities for cooperation and capacity building. It is important that the work of finance ministers continues to be aligned with the broader APEC agenda and processes. The Regional Economic Integration Agenda represents one avenue to align this work.

In our discussions, we considered two policy themes, consistent with the Hanoi Medium-Term Agenda: results-based budgeting as an instrument to improve the quality of public expenditure; and capital market reform.

We are committed to financial sector development and reforms oriented to improve the competitiveness and efficient operation of markets. We welcome the outcomes of the Ministerial Meeting on Structural Reform and will continue to support the APEC Economic Committee's work in this area.

Prosperity within APEC economies, and globally, depends on maintaining our commitment to free and open trade and investment. An open and rules-based global trading system makes an important contribution to global growth and development. We

will resist protectionist measures in all areas that could reverse the economic progress we have made over the last decade. We call for a prompt, ambitious, comprehensive and balanced conclusion to the WTO Doha Development Agenda negotiations.

II. GLOBAL AND REGIONAL ECONOMIC DEVELOPMENTS

During the year, APEC economies have had to deal with both the global financial crisis and high and volatile commodity prices.

Financial market crisis

The turmoil has created severe dislocations in broader credit and funding markets, impacting the global financial system and leading to decisive actions from governments and central banks. We discussed ways to respond to the turmoil, focusing on weaknesses in existing regulatory and supervisory frameworks, and drawing and acknowledging valuable lessons for APEC economies, particularly with regard to transparency and disclosure by financial institutions, risk management and the role of credit ratings.

We recognize that as financial systems deepen and become more complex, regulatory and supervisory tools must evolve. We welcome the recommendations of the FSF, and look forward to the findings of the G20 Study Group on the credit market crisis; especially those relevant to our financial systems.

While the risks to the stability of the international financial system remain elevated, the pressures in wholesale funding markets are beginning to ease. The focus of global financial market risk now appears to have shifted from losses due to US sub-prime mortgage defaults and the associated seizure in credit markets, to the adverse impact from a more generalized slowdown in global economic activity.

We are determined to respond to any deterioration in our economies by taking all necessary measures quickly, decisively and responsibly. We recognize the need to put in place policies that will restore financial systems and support economic activity.

Food and commodity prices

Although commodity prices have fallen recently, we recognise that the level and volatility of food and commodity prices continue to place pressure on APEC economies. We therefore support the steps taken by the UN to tackle the global food crisis, the World Bank's New Deal on Global Food Policy, and the ADB's commitments to providing budgetary support to the hardest-hit APEC economies.

We also recognize that it is necessary to ensure that regulatory frameworks, transport infrastructure and logistics capability are able to support the efficient movement, handling and marketing of food commodities across the entire food chain. We therefore tasked the APEC Policy Support Unit to undertake research into behind-the-border impediments within food supply chains.

III. 15TH APEC FINANCE MINISTERS' PROCESS POLICY THEMES

1. Improving the quality of public expenditure

We discussed the ongoing challenge of handling fiscal risks, especially during the current financial crisis. A key long-term tool for managing public expenditure is results-based budgeting (RBB). RBB aims to improve the efficiency and effectiveness of public expenditure by linking the funding of general government entities to the results they deliver. We discussed our experience with RBB, recognising the importance of focusing on outcomes as opposed to inputs and introducing performance benchmarks into budget processes.

Preconditions for success involve establishing a strong financial management framework; strengthening the skills base to administer the RBB system; providing appropriate flexibility to line agencies; and ensuring transparent reporting arrangements are in place. For this process to succeed, budget data must be accurate and complete.

During the year, some principles were discussed in regard to the quality of public expenditure. These included: the importance of priority setting; having the flexibility and ability to change priorities; undertaking regular expenditure reviews; having accurate, comprehensive and benchmarked data collection at the beginning of the program; and maintaining proper accounting and reporting financial transactions. We also identified the importance of targeting expenditure as a key tool to achieve a better allocation of public resources.

2. Reforming capital markets

We focused our discussion on the reform of capital markets bearing in mind the current financial turmoil. Sound macroeconomic and taxation policies, legal and regulatory frameworks, market infrastructure, financial education, and strong transparency and disclosure standards all play critical roles in supporting financial market development and, in particular, the broadening and diversification of the investor base.

Based on the recommendations of the FSF, financial supervisory frameworks, accounting standards and minimum capital requirements should be reviewed, and strong prudential standards should be applied to all significant financial institutions. To that end we encourage participation in the IMF/World Bank Financial Sector Assessment Programs (FSAP), taking into account the level and pace of development and the specific conditions of each member economy.

We commit to strengthening the legal, regulatory and institutional mechanisms to deal swiftly with distressed financial institutions. Extending policy efforts of APEC economies to develop capital markets, we strengthened our commitment to broadening and diversifying the investor base. Greater participation of specialised institutions such as pension funds, insurance companies, fund managers and securitisation originators is needed to provide depth and innovation in markets. We also acknowledge the importance of enlargement of local currency-denominated bond markets.

We acknowledge the important multilateral initiatives in the IMF and OECD on sovereign wealth funds (SWFs). We welcome the Generally Accepted Principles and Practices or "Santiago Principles" developed by the International Working Group on SWFs. These principles will help promote better understanding of SWF institutional and operational practices, reduce protectionist pressure, and contribute to global financial stability. We support the OECD Report by the Investment Committee on SWFs and the guidance

provided to recipient economies on preserving and expanding an open environment for investments by SWFs.

By increasing the supply of long-term assets to institutional and retail investors, private financing of infrastructure can play an important role in developing capital markets and increasing the efficiency of financial market intermediation. Public-private partnerships (PPPs) are recognised as a means for meeting the infrastructure requirements of both emerging and developed APEC economies, and as a means of fostering the development of capital markets with alternative long-term financial assets.

APEC capacity building activities undertaken over the past two years have aided the development of the regulatory and fiscal frameworks needed to support the expansion in the use of PPPs.

We welcome a set of common principles that APEC economies may wish to use as a reference when formulating guidelines to developing well-functioning PPP markets. These principles cover issues such as property rights frameworks; adequate allocation of risks; establishing dedicated PPP units to manage any contingent liabilities created by PPPs, and develop robust quantitative and qualitative methods for identifying and assessing possible PPP projects; adopting a flexible, streamlined and transparent tendering processes; and removing barriers to institutional investment in non-government debt and equity markets.

IV. OTHER MATTERS AND THE VENUE FOR THE NEXT MEETING

We appreciate the ADB's renewed efforts emphasized in the Long Term Strategic Framework Strategy 2020 which redirects the ADB's focus onto the region's three critical agendas: inclusive economic growth, environmentally sustainable growth, and regional integration.

We are committed to fighting corruption, money laundering, terrorist financing, and other criminal abuse of the financial system. In this regard, we will continue to aggressively work to implement international anti-money laundering and counter-financing of terrorism standards and to comply with relevant United Nations Security Council Resolutions. We support the Financial Action Task Force's new mandate to include responding to new threats which affect the integrity of the financial system, such as proliferation finance. We welcome APEC's work on securing remittances and cross border payments, detecting cash couriers and bulk cash smugglers, and preventing the terrorist abuse of non-profit organisations.

Climate change is one of the major international challenges with implications for both the environment and the global economy. We welcome and support the establishment of the Climate Investment Fund including the Clean Technology Fund and the Strategic Climate Fund, administered by the World Bank. We also support the climate initiatives of the ADB.

We thank Peru for hosting the APEC Finance Ministers' Process this year. We will meet again for our 16th meeting in Singapore in October 2009.

15th APEC Finance Ministers' Meeting

Trujillo, Peru
5–6 November 2008

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)

Since its launch in 2000, this initiative has provided the framework for a range of policy dialogues for APEC economies to better understand and share experience on the benefits and risks associated with cross-border capital flows, policies needed to secure the benefits and reduce risk, an associated issues of implementation and regulation. Previous policy dialogues have addressed: Banking supervision (Mexico, 2001), Strengthening market disciplines in the financial sector (Hong Kong, China 2002), Transparency in the financial sector; deposit insurance (Malaysia, 2004), Savings and capital market development (Viet Nam, 2006).

The most recent policy dialogue was a seminar held in Singapore in November 2007, co-hosted by New Zealand, Chile, Russia and Singapore, with financial and technical support from the IFM and the World Bank. Discussion focused on factors that could enhance the impact of pension and annuity markets within a comprehensive savings policy. A summary of the proceedings was presented to Finance Deputies.

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. By the end of September 2008, 4 forums, 8 seminars and 33 training workshops had been successfully organized by AFDP. More than 3500 people from 20 APEC member economies, comprising government officials, business practitioners and academic scholars, participated in these activities, including 554 of them participated in these events through the GDLN network.

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. A six-day intensive course was held in Melbourne, Australia, in September 2007. Australia's APEC Studies Centre organised the training course in coordination with the US and Viet Nam. The core objectives of the training programme were to develop an awareness of the International Association of Insurance Supervisors Core Principles and their implications. The course covered 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 was not held in 2008.

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

The FRTI has made significant progress in achieving its objectives of strengthening content and management of domestic training programs in developing regional programmes for junior and mid-level banking supervisors and securities regulators. Since 2001 up to September 2008, the initiative has trained 2,297 participants. Each year eight seminars are given – four on banking supervision and three seminars for securities regulation seminars organized under the initiative. The AG members, at their last meeting on 19 September in Manila, Philippines unanimously voted to request the continuation of the initiative for another two years and discussed and agreed on the topics for training seminars for 2009.

6. APEC Financial Institutions Dealing with SMEs (Japan in 2008)

The Japan Finance Corporation for Small and Medium Enterprises (Japan Finance Corporation, Small and Medium Enterprise (SME) Unit, since October 1, 2008) and National Life Finance Corporation (Japan Finance Corporation, Micro Business and Individual Unit, since October 1, 2008) jointly hosted the 5th Annual Meeting of APEC Financial Institutions Dealing with SMEs and the Conference on “SME Finance: Its Diversity – Experience and Challenge in the APEC Region” in Japan on 15 and 16 July 2008. At the annual meeting, 13 signatory member institutions reported their activities and reaffirmed strengthened cooperation for financial support of SMEs. At the conference, following presentations, there was a fruitful discussion on the future vision of SME finance in the APEC region.

7. Insolvency Reform: *Regional Network* (Australia)

Phase One of 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. In February 2008, the first network newsletter was published and the network website was launched. Arrangements are being made to hold the first meeting of network members in conjunction with the next FAIR in the first half of 2009.

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 was the development of a web-based information resource on financial sector reform, the 'Catalogue of Policy Experience and Choices'. The catalogue is a secure, web-based information resource on financial sector reform experience for finance ministries, central banks and financial sector regulatory agencies in APEC. It allows policy makers and regulators to draw upon the benefit of experience in developing and implementing financial sector reform in accordance with their individual circumstances. The official website went live on 30 April 2008 - <http://www.financialreform.apec.org>.

9. APEC Policy Response to Ageing issue (Korea, China and the US)

The three-year Initiative on Ageing Issues in APEC (2007–09) is divided into two primary subjects: "Financial Markets and Ageing" and "Public Finance and Others in Ageing." The first part implemented under the theme of "Financial Markets and Ageing"

(2007–2008) constituted of three workshops and a high-level seminar. Seven member economies including, China, Korea, New Zealand, the United States, Chinese Taipei, Thailand, and ABAC, IMF, and OECD participated in this initiative to derive policy recommendations to the region. The results will be combined with the outcome of the second part of the initiative "Public Finance and Others in Ageing" which will launch in November 2008. The final result, including policy recommendations regarding financial markets, public finance and others in ageing issues in the APEC region will be presented to the Finance Ministers at the 2009 FMM.

10. 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. A Bond Market Forum was held in Cuzco on the 9th July 2008 focusing on public and private sector perspectives on the development of bond markets in the APEC region, and the challenges for capacity building and prospects for public private partnership. This series of dialogue will continue with other emerging economies in the period ahead.

11. Enhancing Risk management and governance in the region's banks to implement Basel II (Australia, China, Viet Nam)

This initiative will provide training for senior policy makers and banking regulators from APEC developing member economies, in order to enhance risk management and governance practices in the region's banking systems, based on implementation of Basel II. The initiative will be a joint undertaking between Australia's APEC Finance Centre and the Asia Pacific Finance and Development Centre in Shanghai (AFDC). It is timely as it will also consider the handling of liquidity pressures confronting global banking systems. The workshop will be held in Shanghai in December, 2008.

12. Climate Change (World Bank, Australia)

This initiative is expected to provide critical information on the implications of climate change in key areas of concern to finance and other economic ministries, aiming to serve as a catalyst for greater regional discussion and cooperation in addressing climate change. It will also encourage greater mainstreaming of climate change in finance ministries' agendas and set the stage for future operations on climate change issues both at regional and economy level (technical assistance, training, investment projects, policy lending etc.). It should help strengthen the formulation or implementation of adaptation and mitigation components in climate change strategies; improve dissemination and knowledge management and help build partnerships for knowledge sharing and action at economy, regional and global level.

13. Diversified and sound institutional investor base (Australia, Singapore and Malaysia)

Institutional investors are increasingly playing a key role in global financial markets. Comprising mainly pension funds, insurance companies and investment funds, they help provide depth and liquidity in the markets. Promoting and supporting the development of a well-capitalised, creditworthy and strong functioning institutional investor base is therefore a critical part of any financial market development strategy. The objective of this initiative is to provide technical training to government officers who are responsible for developing policy measures, reforming regulations and addressing key constraints

that would help support the development of a diversified and sound institutional investor base in targeted APEC member economies.

15th APEC Small and Medium Enterprises Ministerial Meeting

Chiclayo, Peru
28–29 August 2008

Joint Ministerial Statement "Sustainable Local Development to Foster SMEs Growth"

1. APEC Ministers and their representatives responsible for SMEs gathered in Chiclayo, Peru from 28 to 29 August 2008.³

Sustainable Local Development to Foster SMEs Growth

2. The policy theme of the meeting was "Sustainable Local Development to Foster SMEs Growth" which complemented Peru's APEC 2008 theme of "A New Commitment to Asia-Pacific Development".
3. Ministers agreed to promote policy, business and regulatory environments that foster the establishment, growth and development of MEs and SMEs. Ministers emphasized the importance of fostering SME growth as part of sustainable economic development strategies. Ministers discussed policies designed to support SME development and reduce poverty within local communities across a range of areas including sustainable environmental initiatives, corporate social responsibility, innovation management, public-private partnerships and regional economic integration.
4. Local development strategies that cover economic, social and labor aspects create a good governance framework conducive to SMEs. Ministers commended the holding of the "APEC High Level Meeting on Driving SMEs to Promote Local Development" held in Kaohsiung, Chinese Taipei in April 2008 and encouraged economies to adopt best practice principles for local development.

New SMEWG Strategic Plan

5. Ministers endorsed the new four-year SMEWG Strategic Plan 2009-2012, and agreed that projects endorsed by the SMEWG will be linked to advancing at least one of the priorities identified in the Strategic Plan. The Strategic Plan complements the 1998 SME Integrated Plan of Action (SPAN) which was endorsed by the Leaders in Malaysia, and later the framework was enhanced in Mexico in 2002.
6. Ministers also took note that the key performance indicators (KPIs) for the Strategic Plan will be developed by the next SMEWG meeting in Thailand.
7. Ministers recognized the specific challenges faced by youth, women and minority-led SMEs and supported the inclusion of "Youth, Women and Minorities" as the cross-cutting theme within the priorities of the Strategic Plan. Ministers agreed to continue inter-fora collaboration between the SMEWG and the Gender Focal Point Network (GFPN).

³ The meeting was also attended by the APEC Senior Official for Peru, the Executive Director of the APEC Secretariat and the APEC Business Advisory Council (ABAC). The Gender Focal Point Network (GFPN) and the Women Leaders' Network (WLN) attended as invited guests.

8. Ministers endorsed the following six priority areas to guide the work of the SMEWG for 2009–2012:
 - i. Business Environment
 - ii. Building Management Capability and Promoting Entrepreneurship
 - iii. Market Access and Internationalization
 - iv. Innovation
 - v. Financing
 - vi. Raise Awareness of Sustainable Business Practices

SMEWG Activities

9. Ministers recognized the work done by the APEC SME Consumer Education Protection Initiative (CEPI) since its inception in 1999 and welcomed receiving information on its 10-year anniversary regional program in 2009.
10. Ministers agreed with APEC Telecommunications Ministers Declaration (TELMIN 7 Bangkok 2008) that "ensuring universally accessible ICT infrastructure and services to bridge the digital divide is crucial to our future social and economic prosperity." Ministers recognized that SMEs play a valuable role in bridging this divide.
11. Ministers agreed that the SMEWG should continue its focus on promoting and encouraging innovation management in SMEs and welcomed initiatives such as the APEC MSME Innovation Management Seminar and the Daegu Initiative.
12. Ministers commended the APEC SME Innovation Center on its activities to promote SME innovation since its inception in 2006. Ministers also encouraged member economies to more actively join the Daegu Initiative to conduct voluntary self-assessment on the progress of SMEs innovation in 2010.
13. Ministers welcomed the increasing levels of awareness of Corporate Social Responsibility (CSR) in the Asia-Pacific region. CSR is gradually being recognized as an important part of a sound long-term business strategy and corporate governance. Ministers agreed that the implementation of CSR practices by SMEs can impact positively on their competitiveness and requested the SMEWG to identify the best ways to integrate awareness of CSR for SMEs into SMEWG activities.
14. Ministers welcomed Peru's initiative to make the SMEMM, SMEWG and related meetings in Chiclayo carbon neutral and encouraged similar arrangements for future meetings, as appropriate.
15. Ministers welcomed the update on work related to Pandemic Preparedness for SMEs since their last meeting in March 2007. They recognized the need for on-going education and supported the translation of materials into Spanish.

Co-operation and Collaboration with Related Organizations

16. Ministers welcomed the participation of the GFPN, APEC Business Advisory Council (ABAC), and the Women's Leaders Network (WLN), and noted their role in advancing APEC's SME agenda and encouraged wider collaboration in areas of mutual interest.
17. Ministers appreciated the effort of ABAC for holding the Second ABAC SME Summit in Hangzhou, China, August 2008 and a second session to be held in Lima,

Peru, November 2008. Ministers welcomed the ABAC statement on SMEs that urges APEC to continue to give importance to SME development by implementing special support programs on technological infrastructure, financing capacity building, and training.

18. Ministers welcomed the current OECD Innovation Strategy. While recognising the importance of the local dimension of entrepreneurship and SME performance, Ministers encouraged the SMEWG to continue its cooperation with the OECD, especially in the areas of Globalisation, Entrepreneurship and SMEs. This will build on the successful joint initiative on SME Access to International Markets.

APEC 2009 SME Theme and Sub-Themes

19. Ministers noted that the APEC 2009 SME theme will be "Helping SMEs Access Global Markets and Overcoming Trade Barriers" with the sub-themes:
 - Market liberalization to enhance market access amongst SMEs in member economies
 - Facilitate business collaboration by encouraging cross-border networks/platforms
 - Support for SME internationalization
20. Ministers also noted that the next SME Ministerial Meeting will be held in Singapore in October 2009.

Way Forward

21. Ministers adopted the "Chiclayo Joint Ministerial Statement on Sustainable Local Development to Foster SME Growth" and agreed to give effect to it, where practicable, in their economies.
22. Ministers agreed to present the Chiclayo Joint Ministerial Statement at the Economic Leaders' Meeting and Ministerial Meeting in Lima, Peru in November 2008.
23. Ministers requested that the SMEWG report on the progress of the finalization and implementation of its Strategic Plan at the 16th SMEEMM to be held in Singapore in October 2009.

APEC Ministerial Meeting on Structural Reform

3-5 August 2008
Melbourne, Australia

Joint Ministerial Statement

I. Introduction

We, Ministers of the APEC economies, convened an APEC meeting on structural reform in Melbourne Australia on 3–5 August 2008 under the chairmanship of the Honourable Mr Wayne Swan MP, Treasurer of the Commonwealth of Australia. The meeting was also attended by the Secretary-General of the OECD, the President of the Asian Development Bank, the World Bank and the Chair of the APEC Business Advisory Council.

In 2007, the Leaders of APEC agreed to Australia convening this ministerial meeting to discuss structural reform priorities in the region and to progress the APEC Leaders' Agenda to Implement Structural Reform (LAISR). This includes the five priority work streams of competition policy, regulatory reform, public sector management, corporate governance, and strengthening economic and legal infrastructure.

Under Peru's APEC 2008 theme of '*A new commitment to the development of the Asia-Pacific*' we reaffirm our commitment to the role of structural reform in supporting sustainable economic growth and improved citizen wellbeing within APEC economies and the Asia-Pacific region more broadly.

We shared our experience in implementing successful structural reform and fostering political support for reform in the context of domestic economic, social and political conditions. Recognising regulatory reform as an important element of structural reform, we discussed how appropriately targeted and sequenced regulatory reform and public consultation processes, can improve the quality of regulation and facilitate the better operation of the economy more generally.

We were joined by high-level business representatives for a discussion on the priorities for structural reform from a business viewpoint. The role of the private sector in assisting governments to drive and facilitate behind-the-border structural reform was explored as well as identifying strategies for reform.

Our ongoing objective is to realise the economic potential of APEC economies, and greater integration of the APEC region, by raising awareness of the importance of structural reform and exploring opportunities for greater cooperation and capacity building. We recognise that structural reform enhances our ability to be more resilient to global shocks and harness the benefits of globalisation.

Structural reform is fundamental to regional economic integration, including achievement of the Bogor Goals, and to the continued strong and sustainable economic development of the APEC region. We support ongoing initiatives on structural reform to be considered by APEC Economic Leaders, and resolve to intensify work advancing LAISR 2010.

II. The benefits of structural reform

Structural reform consists of improvements made to institutional frameworks, regulation and government policy so that 'behind-the-border barriers' are minimised to improve economic performance and advance regional economic integration. We agree to promote structural reform as a means of fostering an economic environment that supports well-functioning markets and promoting competition; contributes to macroeconomic stability, productivity and economic growth; and ultimately enhances living standards in a sustainable way.

We recognise the benefits of structural reform include:

- providing better quality products and services at lower prices, combined with better choice for citizens;
- expanding gains from trade and investment;
- strengthening capacity to respond to changes in the global economy; and
- increasing economic stability, competitiveness, overall productivity and sustainable economic growth and ultimately, improving the wellbeing of citizens.

The reform of structural policies is an ongoing process and presents challenges for all economies. While structural reform is not an easy path, we acknowledge that the benefits are compelling. A well-implemented structural reform agenda can encourage economic growth, boost productivity and stimulate private sector development.

III. The political challenges of structural reform

Structural reform does not take place independently of its wider domestic political, economic and social context. Strong political will is crucial to the successful implementation of structural reform. We will seek the means to overcome obstacles to reform and, in that regard, develop methods on how governments can use different institutions, strategies and processes to achieve reform through consensus.

We agree that there is not one approach to reform that is suitable for all. The different experiences in APEC economies implementing structural reforms provide valuable insight into the different options open to governments undertaking reform.

We shared views on how to create an optimal environment and build consensus to achieve structural reform, including through the communication of the benefits of structural reform.

We agree that there are many different institutional arrangements and processes capable of supporting a government's reform efforts. An effective institutional framework may comprise one or more institutions or bodies and may include a mix of different government agencies and other advocacy, advisory or regulatory bodies. The role and interaction between such institutions may also differ depending on government reform priorities and strategies. Nonetheless, we agree that robust institutional arrangements and processes are key to driving and achieving structural reforms on an ongoing basis, and that these arrangements and processes require strong support from government.

We also acknowledge that domestic reform efforts can be assisted by international tools such as the *APEC-OECD Integrated Checklist on Regulatory Reform*, the *OECD Competition Assessment Toolkit* and the World Bank *Ease of Doing Business Survey*.

While structural reform ultimately leads to increased economic growth and improved citizen wellbeing, in the short term it may involve dislocation and transitional costs. Accordingly, it is important that governments consult with the public during the development of regulations. We also recognise that there can be a role for governments to address these costs, requiring adjustment mechanisms such as the use of safety nets.

IV. Dialogue with business representatives

We had an open and frank discussion with business, represented by the APEC Business Advisory Council, on the role of the business community in working with governments to promote and undertake structural reform. Business representatives provided a valuable perspective on behind-the-border impediments to doing business in the APEC region and assisted in identifying priorities for reform.

The key themes of the discussions included the following:

- the need for business to have certainty and predictability when making investment decisions; and
- the need for 'smart' regulation based on simplification, transparency and speed of decision.

We note the importance of avoiding inappropriate or unnecessary regulation which can hinder expanded and new business activity and lead to inefficient sectors within our economies. We recognise the valuable contribution that business can also play - complementing the role of government institutions and processes driving reform.

We will continue to engage with business to assist in the identification and prioritisation of behind-the-border barriers that should be addressed. We support an ongoing dialogue with ABAC on APEC's work on structural reform.

V. How a regulatory reform framework facilitates structural reform

We reaffirm our commitment to regulatory reform as an important element of structural reform. Regulation is a fundamental tool of government and an integral part of a well-functioning economy. It can be used to influence the behaviour of firms and individuals in order to achieve important economic, social and environmental objectives. We acknowledge that well-designed and appropriate regulation can promote competitive and well-functioning markets and stronger, sustainable economic performance in the region.

Our discussion centred around the importance of creating and maintaining appropriate regulatory architecture within an economy to facilitate well-functioning markets, including addressing market failures.

We recognise that there is an important role for robust regulatory reform frameworks to ensure that the flow of new regulation is appropriate, and that the stock of existing regulation is reviewed as markets evolve and change.

We recognise the importance of striking a balance between the need for regulation (based on assessed risk or market failure) and the cost imposed by the introduction of regulation. Regulatory reform seeks to address unnecessary costs arising as a result of poor-quality and inefficient regulation.

We welcome the Good Practice Guide on Regulatory Reform prepared by the APEC Economic Committee, acknowledging it will be a valuable tool for member economies in reviewing existing regulation, as well as assessing the impact of new regulation. We endorse the following broad principles for good regulation:

- clearly define the problem - the problem and why it has arisen should be precisely stated;
- justify government action - government intervention should be based on evidence that government action is justified given the nature of the problem;
- consider a range of policy options - regulation-makers should consider a range of regulatory and non-regulatory policy instruments;
- weigh costs and benefits of regulation - regulation-makers should consider the total expected costs and benefits of each regulatory proposal and of feasible alternatives;
- engage in public consultation - regulations should be developed in an open and transparent manner with appropriate procedures to enable meaningful and timely input from interested parties over the course of their development;
- consider enforcement and incentives for compliance - regulation-makers should design responsive implementation strategies; and
- review regulation - regulations should be reviewed to ensure regulation remains relevant and effective over time.

We will seek to take advantage of this work in designing and improving our own regulatory architecture, tailoring it to our own particular circumstances and priorities.

VI. Taking the APEC structural reform agenda forward

APEC working together on structural reform

Structural reform is a key priority of APEC's economic agenda. Trade and investment policy; structural policy; and macroeconomic and financial sector policy are three mutually reinforcing elements of APEC's economic agenda. These three elements broadly represent the responsibility of APEC's Committee on Trade and Investment, the Economic Committee and Finance Ministers' Process respectively.

Action point

We encourage these bodies to continue working together in advancing APEC's structural reform initiatives.

Progressing the LAISR agenda

We reaffirm our commitment to assist APEC in progressing the five LAISR priority work streams - competition policy, regulatory reform, public sector management, corporate governance, and strengthening economic and legal infrastructure.

We note the good work that the Economic Committee has undertaken in progressing the LAISR themes. This includes the various seminars bringing together officials and experts from APEC member economies to discuss competition policy, public sector

management and regulatory reform, as well as the publication of the annual *APEC Economic Policy Report* for APEC Leaders on key economic issues.

We express strong support for the Economic Committee's detailed and ambitious forward work program to further advance the LAISR forward work program.

Action point

We ask the Economic Committee to report back to APEC Leaders through Senior Officials on:

- progress in implementing the LAISR 2010 forward work program; and
- progress by economies in pursuing domestic structural reforms at the end of the forward work program.

The Economic Committee will draw on the expertise of the APEC Policy Support Unit to undertake necessary research on key elements of the LAISR.

Capacity building

We agree on the importance of developing a program of practical support, taking into account work done by other APEC fora, ABAC and other international organisations, to further assist member economies to successfully undertake structural reform. Such practical support would include capacity building initiatives targeted at the needs of individual, or small groups of, member economies as well as holding policy discussions, seminars, training courses, secondments, workshops and technical assistance under the key LAISR themes. This may involve bilateral assistance initiatives.

Action point

We request the Economic Committee to develop and report back to APEC Leaders through Senior Officials on strengthening capacity building initiatives in its forward work program.

Reviews of institutional frameworks

We agree on the importance of building robust institutional frameworks and processes that can help governments achieve sustainable structural reform.

With the aim of complementing the *APEC-OECD Integrated Checklist for Regulatory Reform*, we ask the Economic Committee to further develop a process of voluntary reviews or self-review of economies' institutional frameworks that support structural reform. This will assist in building and maintaining effective institutions to support reform efforts.

Action point

We ask the Economic Committee to report back to APEC Leaders through Senior Officials on the progress of developing the voluntary or self review process.

4th APEC Education Ministerial Meeting

Lima, Peru
11–12 June 2008

Joint Statement

1. We, the Education Ministers of Australia; Brunei Darussalam; Canada; Chile; the People's Republic of China; Hong Kong, China; Indonesia; Japan; the Republic of Korea; Malaysia; Mexico; New Zealand; Peru; Philippines; the Russian Federation; Republic of Singapore; Chinese Taipei; Kingdom of Thailand and the United States of America, convened for the Ministerial Meeting in Lima, Peru on June 11–12, 2008, under the Chairmanship of H.E. José Antonio Chang Escobedo, Minister of Education of Peru.
2. We gather under the APEC Peru 2008 theme "A New Commitment to Asia Pacific Development", that unquestionably implies the need to strengthen our education systems, considering that well-educated citizens not only contribute to but also make for the social, economic, and sustainable development of our 21 Economies within just societies that value knowledge, promote a culture of peace, understanding and diversity.
3. We acknowledge that quality education for all is our common goal and therefore we have declared the theme of our meeting as "Quality Education for All: Achieving Competencies and Skills for the 21st Century". We aim towards ensuring that all our students receive quality education that will allow them to help bridge the economic chasm within our Economies and throughout the Asia-Pacific region and to improve the quality of life of our citizens and enable them to enjoy the benefits of globalization as well as the economic integration of the region.
4. We agree to concentrate our efforts on developing the knowledge, the skills and the attitudes that our students must have to face the challenges of the 21st Century: the competencies and skills they need to succeed in life, the workplace and society, and renew our commitment to support EDNET activities and projects toward this theme in order to achieve our goal of having stronger, dynamic, and more inclusive, gender sensitive, and accessible education systems throughout the Asia Pacific region, based on cooperation and collaboration among all EDNET members, fostering partnerships to strengthen educational leadership.
5. We recognize that there has been much progress in EDNET since the 3rd APEC Education Ministerial Meeting in Chile, in April 2004. EDNET Coordinators and priority leaders have kept the forum focused on the four priority areas of math and science, language learning, CTE/TVET, and ICT and systemic reform. We acknowledge that this focus is building a body of knowledge in the APEC region captured via online network activities (the APEC Knowledge Bank and APEC Wiki) and human network activities (APEC Learning Community Builders: ALCoB) that can aid each of our Economies' individual education systems and provide a strong focus for EDNET's role in building capacity and in contributing to create learning societies with educational opportunities for all populations.
6. We endorse the direction in which EDNET has been moving that bases its information gathering on evidence-based practice and research. This emphasis on

evidence-based decision-making began in 2004 when the 1st APEC Symposium on Education Reform was held in Beijing prior to the Ministerial Meeting. At that time, the focus of the symposium was to examine content knowledge instruction, at which Eastern systems have traditionally been strong, while promoting creativity and critical thinking skills, traditionally the strengths of the West's education systems. Today, EDNET recognizes the fact that workers need to go to higher levels that integrate the key competencies of the 21st Century such as critical thinking, creativity, teamwork and self-learning needed to succeed in all aspects of life, beyond the workforce, as an individual, a family member, community member, and global citizen.

7. We recognize that the exchange of research and best practices emerging from the 2nd APEC Symposium on Education Reform hosted in Xi'an in January by China, Peru, and the United States, served as the basis of the recommendations in each of the priority areas. (See Recommendations in Annex A).
8. We applaud the initiative of sponsoring a pre-ministerial research and policy forum that sets a recommended agenda prior to the Ministerial Meeting, especially promoting recommendations for project directions that can be realistically and feasibly implemented. Convening a symposium is a model approach and we believe in basing recommendations on policy and research for other Ministerial Meetings. Such a policy and research meeting elevates APEC and EDNET as a world laboratory for new ideas in which Ministers can:
 - a. Analyze internal performance and practices from the broader perspective of other Economies.
 - b. Benchmark practices against those of the highest performers.
9. We recognize the further refinement of the recommendations at the Pre-Ministerial Seminar hosted in Lima. The recommendations were revised and serve as the strategic action plan for future EDNET activities and projects.
10. We recognize that the economic, social and cultural differences among APEC Economies account for the diversity of our education systems and enrich our collaborative work on major education problems. We encourage our own research institutions to support APEC education efforts through comparative analyses in the priority areas. This work must continue to grow guided by the main theme of the meeting "21st Century Competencies and Skills" and assisted through collaborative technologies such as the APEC Wiki that provides the platform for a common knowledge base. In this way, the best minds from each Economy can work on some of the most challenging problems in education facing the APEC region today so that we can harness "collaboration for joint prosperity."
11. We recognize the need for our education systems to make special efforts to ensure equity and social inclusion. All students should be able to develop 21st Century competencies and skills, overcoming the varied disadvantages that can otherwise lead to lifelong underperformance. This principle should be a priority for all activities.
12. The Ministers acknowledge that much importance should be attached to providing the necessary scientific and practical knowledge about disaster risks and related competencies through the integration of disaster risk reduction education into school curricula. It is crucial that education provide skills for reducing the damage that follows a natural disaster.

13. We affirm that the priority areas selected for future EDNET activities over the next few years are critical to moving toward this joint prosperity:
 - a. Mathematics and Science are essential to navigating the data-driven and technological world of the 21st century, no matter one's occupation;
 - b. Career and Technical Education will become more and more vital as the workforce is constantly adapting to new technological innovations and workers transition to multiple jobs over a lifetime;
 - c. Learning each Other's Languages is critical because we now live in a global economy. Being able to speak others' languages and communicate in culturally sensitive ways is necessary for trade and other forms of international exchange;
 - d. Information and Communications Technologies must fundamentally be integrated into classroom instruction, performance measurement, and accountability systems just as it has been integrated into every other facet of modern life. Systemic Reform must be adopted as education systems work to ensure that outcomes in the other three priority areas are delivered effectively and efficiently.
14. We agree on the need to promote the priority areas through an approach that emphasizes 21st Century competencies such as team work, problem-solving and communications skills, in which students are encouraged to demonstrate that they are able to use what they learn in different educational subjects or occupational areas to solve meaningful tasks and challenges.
15. We have reviewed the recommendations proposed by EDNET in each of the priority areas and direct EDNET projects to focus on the key systemic components of education change:
 - a. Teacher's quality and instruction: encourage teacher training and use of new teaching methodologies to help students achieve 21st Century Competencies and Skills.
 - b. Standards and assessments: Exchange experiences contribute to build on or improve the standards and assessments of each of the APEC Economies. It implies having modern curricula, adapted to the diverse realities and necessities of today's world.
 - c. Resources and tools: Sharing and developing materials and tools that support learning.
 - d. Policies and research: Research development to learn of educational policies that have contributed to improving the quality of education in the Asia Pacific region.
16. The Ministers acknowledge that more efforts should be made to facilitate international educational exchanges among APEC economies. This means working towards increased reciprocal exchanges of talented students, graduates and researchers by strengthening the existing relationships. The exchanges will aim to develop skills in foreign languages, intercultural training, provide internship opportunities and strengthen professional competencies.

17. We acknowledge that EDNET should build on and add value to work related to education being done by other international organizations, such as the World Bank, OECD, OAS, SEAMEO and UNESCO with focus on high quality projects and partnerships that leverage comparative advantages of each partner.
18. We request that EDNET collaborate with other APEC fora where synergies can be found. We also requested that EDNET support the APEC Human Resources Development Working Group's Strategic Plan for English and Other Languages.
19. We request that EDNET, through the HRD Working Group, report on conclusions reached at the 4th Education Ministerial Meeting during the next meeting of the APEC Economic Leaders in Peru and provide the Ministers with an Annual Report of Progress towards the goals we have established.
20. We would like to express our sincere thanks to our Host, Peru, for their warm reception and hospitality and commend their hard work in preparation for this meeting, and we would also like to thank the Human Resources Development Working Group and the APEC Secretariat for their contribution to the success of the meeting.

**4th APEC EDUCATION MINISTERIAL MEETING
JOINT STATEMENT**

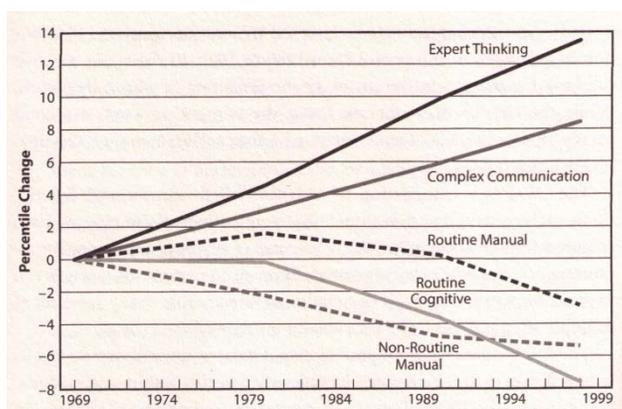
ANNEX A

EDUCATION TO ACHIEVE 21ST CENTURY COMPETENCIES FOR ALL

I. Background

Nearly a decade into the 21st Century, a broad consensus is emerging from research and development about the critical need for students to have 21st century competencies such as problem solving and technological savvy. Competencies are critical for today's workforce and will be essential for the workforce of tomorrow. On an individual level, these competencies affect educational and professional opportunities and, on a large scale, they impact the quality of the labor force and, ultimately, the strength of the international economy.

As the chart below illustrates, Murnane and Levy (2004) have documented that with the advent of new information communication technologies, there is less demand for lower order job skills and a much greater demand for new 21st Century competencies and skills. This affects all types of workers from office secretaries to company presidents, from car mechanics to car manufacturers.



In education, this has generated a new focus in pedagogical processes where there is a balance between teaching students the core content knowledge *and* the ability of students to apply that knowledge to the competencies that support student learning. In other words, these competencies differ from traditional educational outcomes because they value not only mastering a discrete concept or memorizing a particular formula but also on practically applying what is learned across subject matters and in a variety of settings. Under a competency approach, students demonstrate that they are able to use what they learn in different educational subjects or occupational areas to solve meaningful tasks and challenges.

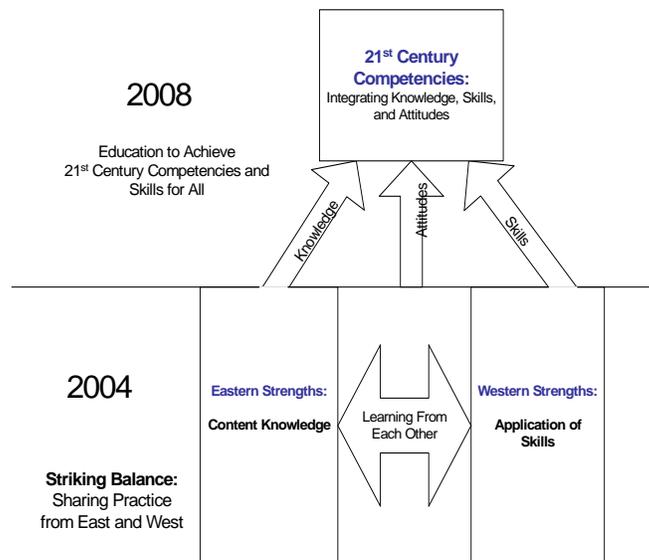
In preparation for the 4th APEC Education Ministerial Meeting (AEMM), Peru surveyed Member Economies and found that the Economies responding to a survey on 21st Century competencies recognized a need *“to go beyond the teaching/learning approach which is solely based on*

knowledge acquisition.” When probed further, many APEC Member Economies identified four overarching competencies: life long learning, problem solving, self-management, and teamwork that correspond to those identified as essential by UNESCO’s Commission on Education in the 21st Century. The Commission highlights the need for students across the world to be learning to know, learning to be, learning to learn, and learning to live together.

II. Recommended EDNET Priority Areas

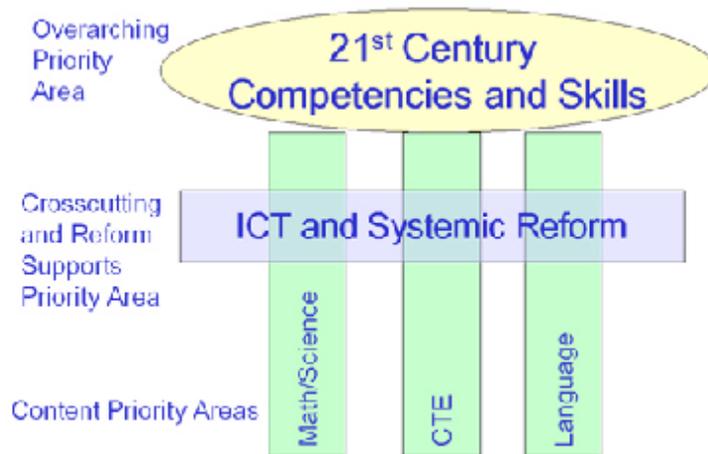
To develop an EDNET agenda around preparing students for the 21st century workforce, the 2nd APEC Symposium on Education Reform entitled, “*Education to Achieve 21st Competencies and Skills for All: Respecting the Past to Move Toward the Future,*” was held January 15-17, 2008. The purposes of the symposium were to prepare the content and an agenda for the 4th APEC Education Ministerial Meeting (AEMM) to be held in Lima, Peru, in June 2008 with the theme of 21st Century Competencies for All. Participants from eighteen Economies attended the Symposium. They represented researchers, government officials, and members from the private sector concerned with the students, workers, and managers of the 21st Century. The symposium focused on key 21st Century outcomes to be competitive in the global economy

The symposium built upon the content and themes of the 2004 Symposium. In 2004, EDNET examined the differing traditions and educational philosophies in Eastern and Western Economies. The focus was two-fold: effectively imparting content knowledge, at which Eastern systems have traditionally been strong, while at the same time promoting creativity and critical thinking skills, traditionally the strengths of the West’s education systems. The 2008 Symposium recognized the fact that 21st Century workers need to go to a higher level and integrate knowledge, skills, and attitudes to attain 21st Century competencies (see the Figure below).



The Symposium Framework focused on four priority areas as they relate to the overall theme of 21st Century Competencies and Skills:

Coming out of the Xi'an Symposium, APEC Member Economies recommend building on the Symposium priority areas and focusing on providing students in the APEC region with the competencies -- knowledge, skills and attitudes -- relevant to function in a 21st Century global economy.



- **Mathematics and science.** Mathematics and science can no longer be viewed as subject relevant only to scientists and engineers. Mastering mathematical and scientific principles is essential to navigating the data-driven and technological world of the 21st century, no matter one's industry.
- **Career and Technical Education (CTE).** Training supplemented by real-world application will become more and more vital as the workforce is constantly adapting to new technological innovations and workers transition to multiple jobs over a lifetime.
- **Learning each others' languages.** Because we now live in a global economy, being able to speak others' languages and communicate in culturally sensitive ways is essential to trade and to other forms of international exchange.
- **Information communication technologies (ICT) and systemic reform are crosscutting topics that support the content priority areas.** Effective implementation of ICT and systemic reform are necessary for ensuring a 21st Century education.
 - **Technology** must fundamentally be integrated into classroom instruction, performance measurement, and accountability systems just as it has been integrated into every other facet of modern life and exerting basic changes in how we live individually and in social networks.
 - **Systemic reforms** must be adopted as education systems work to level the field for all students to receive the requisite standards and assessments, teachers and instruction, resources, and tools.

III. Project Framework to Develop APEC Activities in the Four Sub-themes

APEC Economies agree that the different elements of the education systems in the APEC region need to be re-examined, priorities reevaluated, and resources reallocated to support students achieving the identified 21st Century competencies and core content knowledge in the 21st Century priority areas (mathematics and science; career and technical education; learning each other's languages and ICT and systemic reform). APEC projects can help guide Economies' in reexamining their education systems in the 21st Century priority areas by identifying projects in the following systemic topics:

- **Standards and assessments.** Standards should identify what students ought to know in core content areas *and* ensure that students are demonstrating the development of 21st Century competencies over time. Open-ended assessment items that measure content mastery and the application of knowledge learned to real world contexts through problem solving should be incorporated.
- **Teachers and instruction.** Teacher recruitment, preparation, certification and ongoing professional development should include instruction on how to embed opportunities for students to develop 21st Century competencies in the core curriculum. Teachers should also be trained to implement and capitalize on ICT solutions that will, in the long term, facilitate systemic reform.
- **Policies and Research.** Research on the knowledge, skills, attitudes and values most highly correlated with student success in the 21st Century economy should inform Member Economies' domestic policies related to standards, assessment, teacher quality and instruction, and inform the direction of EDNET projects.
- **Resources and Tools.** ICT, in particular, provides the opportunity for teachers and students to gain access to expanded knowledge, personalized instruction, and learn by "doing" through on-line simulations. Virtual and on-line exchanges are also useful for building learning communities and share best practices.

IV. Building Strategic Action Plans in the Priority Areas

Ambassador Juan Carlos Capuñay, Executive Director of APEC, charged Member Economies at the closing session of the Xi'an Symposium to develop strategic action plans in an effort to better convey the group's recommendations to Ministers in the priority areas of math and science, CTE, language learning, and ICT and systemic reform. It had been noted during the Symposium that project recommendations made at the 3rd APEC Education Ministerial Meeting in Santiago heavily emphasized research projects for which there is no capacity in APEC and, therefore, these project recommendations were largely ignored.

With the Executive Director's wisdom and advice in mind, the Priority Area Leaders met and developed realistic and feasible action items for potential EDNET projects. With the APEC Executive Director's leadership, Priority Area Leaders were advised to develop recommendations that were value-added and that could be implemented within the APEC project structure in a successful manner. One major, cross-cutting area of emphasis acknowledged at the Symposium was the need for shared strategies to meet the challenges of teacher quality, development, and recruitment.

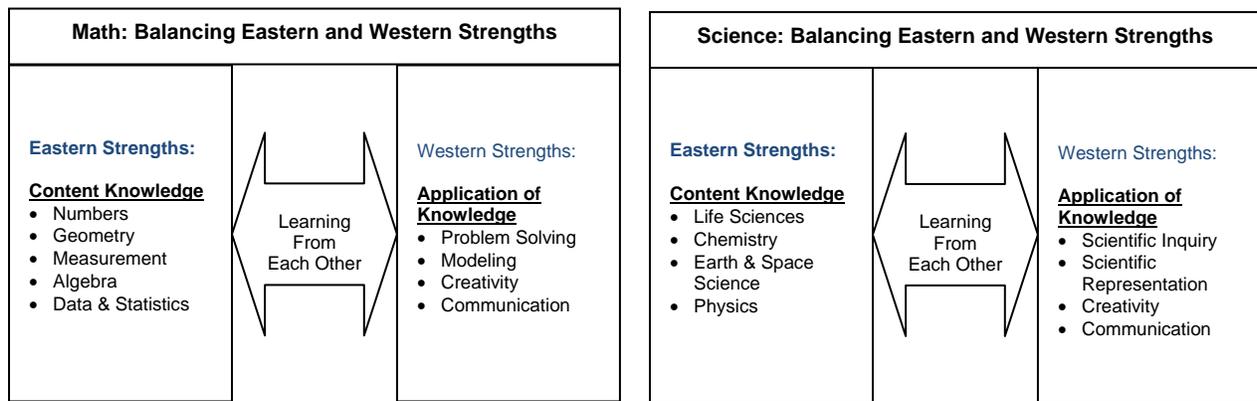
This paper lays out for APEC Education Ministers an action agenda in the four EDNET priority areas over the next two to four years for their discussion and approval. Decisions made within APEC are reached by consensus and commitments are undertaken on a voluntary basis. APEC is the only inter governmental grouping in the world operating on the basis of non-binding commitments, open dialogue and equal respect for the views of all participants.

The recommended project activities that will comprise the Strategic Action Plans in the four priority areas follow.

MATHEMATICS AND SCIENCE

Facility with mathematics and science is key to success in a global economy driven by technological development and the use of information and data. Proficiency in mathematics and science are becoming prerequisites for success in any industry. Increasingly, students must master both routine and more complex 21st Century skills.

However, international comparison studies have found significantly different levels of achievement and practice in science and math education in the East and West . In general, the Asian educational systems seem to excel in producing students with a strong grasp of core mathematics and science content knowledge and include some of the highest scoring economies on the Third International Mathematics and Science Study (TIMSS). The Western systems have other strengths; they are successful in helping students develop problem-solving skills and the ability to apply knowledge to real life situations to build 21st Century competencies. Hence, the Eastern curricula tend to be more content-based while the Western curricula is more process based. The pressing issue is how to combine the best of both systems (see Figures below).



The mathematics and science subgroup convened at the Xi'an Symposium suggested projects that will facilitate the inclusion of 21st Century skills into mathematics and science standards, assessments, curriculum and content delivery.

Standards and Assessments

Activities leading up to and presented at the Xi'an Symposium by the Priority Area Leaders of Japan and the United States focused on content standards and assessment in mathematics and science. They collected and compared the similarities and differences of translated math and science standards of several high performing APEC Economies on international assessments (PISA and TIMSS) with one another. These data are also useful for other Economies to use to benchmark their own standards against.

Assessment questions with the level of difficulty indicated by the percent of students providing correct answers were also illustrated at the Symposium. Results from the Math and Science

Policy Survey showed that Economies have a broad interest in an assessment item bank in which respondents would deposit earlier versions of their assessments or individual assessment items (that would be translated into English). Most respondents have the capacity to provide assessment questions.

To continue project work in math and science standards and assessment, the Math and Science Priority Area Subgroup recommends:

- **Continuing to translate and analyze mathematics and science standards** with a focus on the sequence in which mathematical and science topics are introduced.
- **Developing a bank of mathematics and science test items** identified by difficulty level and grade level. In the future, complete assessments could be uploaded and special attention given to assessments that measure both content knowledge mastery and the development of 21st Century skills.

Teacher Quality and Instruction

Today's economy is imposing new requirements on APEC Members' education systems. Nothing is more striking than the need to provide mathematics and science *for all* students so that they can find good jobs in the 21st Century global economy. How this instruction is provided and who provides the instruction is fundamental to student success. First and foremost, teachers need a deep understanding of math and science content and effective pedagogy so that they can describe what they know and see and can coach students into solving real-world problems in these topics.

Clues into how content is delivered in the high performing APEC Economies was provided through an analysis of the math and science standards. This analysis illuminated the differences in the sequencing of instructional topics. The Math and Science Policy Survey found that responding economies employ different teaching approaches, although the differences and similarities between approaches is not well known and could be further explored:

- *Exclusive Sequential Approach* (in which each branch is taught in sequence, typically in consecutive semesters or years)
- *Parallel Approach* (where multiple subjects are taught in parallel, but as distinct disciplines often with distinct teachers).
- *Integrated Approach* (where the boundaries among disciplines are broken).

Teacher quality is ultimately about whether teachers are able to instruct students to learn and apply mathematics and science within a 21st Century knowledge base.

To this end, according to the Math and Science Policy Survey, some APEC Economies employ special policies during the in-service training of mathematics and science teachers, while others do not. Such policies include intensive multi-week summer training, technical training opportunities in the private sector or universities, on-line training, and sabbaticals. One important approach with longstanding evidence of success is the lesson study method of developing and critiquing lessons before peers. The importance of ICT delivery modes for effective teacher

professional development was illustrated to Symposium participants through online professional development programs using simulations and lesson study videos available on the HRDWG wiki.

To continue project work on math and science teacher quality and instruction, the Math and Science Priority Area Subgroup recommends:

- **Evaluating different mathematics and science instructional approaches** (e.g. parallel, sequential, integrated) by comparing advantages and disadvantages.
- **Encouraging the expanded use of the lesson-study approach/method through on-line demonstrations, videos and a training guide to using the online materials.** Lessons should illustrate well-researched teacher practices and provide insight into how the lesson study process can further improve teacher practice.
- **Launching multiyear collaborative online professional development, including building on open content** that is produced by reputable research institutions and math-science associations.
- **Examining how to improve math-science connections** through research syntheses, discussion of practice, and APEC conferences.

Policies and Research

One of the major benefits of APEC is the coming together of Economy Members and sharing information and best practices on policies and research. This was best illustrated by the information sharing that has taken place during the 1st and 2nd APEC Symposiums on Education Reform held in Beijing in 2004 and Xi'an in 2008. These venues have afforded policymakers, researchers, and members from the private sector the opportunity to come together and identify opportunities for implementing research findings into domestic policies and agreeing on areas needing further investigation by both research universities throughout the APEC region and government.

To continue project work on math and science policy and research, the Math and Science Priority Area Subgroup recommends:

- **Conducting case studies into lessons learned about how and why APEC economies change policy directions in** mathematics and science including revising standards and coursetaking requirements.
- **Evaluating course requirements and assessments required for upper secondary school graduation or college admissions as a mechanism for ensuring adequate preparation for 21st Century competencies.**

Resources and Tools

The need for resources and tools in sharing information and best practices in each of the systemic education elements of standards and assessment, teacher quality and instruction, and policymaking and research was apparent to the math and science subgroup.

The Math and Science Priority Area Subgroup, therefore, recommends:

- **Using the HRDWG wiki as a tool for on-going APEC international collaboration** and debate to strengthen mathematics and science education. This includes making available standards, assessments and lesson study videos in a collaborative and interactive Wiki environment.

Career and Technical Education/Technical and Vocational Education Training

During the Xi'an Symposium, China and the Philippines proposed the CTE(Career and Technical Education) should be one of priority areas. China and the Philippines will be co-leaders. The following is the brief description of how to build strategic Action Plan in CTE priority area:

• Background

With the fast growth of the knowledge-based economy, 21st Century employees need relevant competencies to respond to the demands of the workplace. While Career and Technical Education (CTE)/Technical and Vocational Education Training (TVET) is a new area for EDNET, it is at the very core of the APEC mission. CTE/TVET is beneficial for economic development, especially youth development. High-quality CTE/TVET can help students gain 21st Century competencies, skills, and required qualifications in settings that are often highly flexible, affordable and focus on the practical application of what is learned.

CTE/TVET in the 21st Century must recognize the importance of meeting demand driven private sector workplace requirements. Today's workplace requires a higher level of content, technical skills, and mastery of 21st Century competencies and skills from all its employees. This is a shift from the past when higher-level skills were for a minority of workers. Quality CTE/TVET programs integrate academic and technical skills to meet 21st Century, industry-based occupational standards. However, in many APEC Economies, the public image of CTE/TVET is much lower than the traditional academic sequence.

The Policy Survey for CTE/TVET undertaken by China and the Philippines showed that there are very real transition issues as students move from the school to work environment, especially in the areas of 21st Century competencies that an employer values. In addition, students from differing Economies enter into CTE/TVET programs at different ages. The required number of years required to obtain CTE/TVET credentials varies among survey respondents.

No matter the economies or the mode of CTE/TVET, training supplemented by real-world application will become more and more vital as the workforce is constantly adapting to new technological innovations and workers transition to multiple jobs over a lifetime.

Common Concerns in CTE Area

In the Xi'an EDNET Symposium, "Education to Achieve 21st Century Competencies and Skills for All," participants from 12 APEC Economies (Australia, Brunei, China, Hong Kong, Japan, Korea, Mexico, New Zealand, Philippines, Chinese Taipei, Thailand, USA) discussed CTE-related issues relevant to APEC EDNET in a separate breakout session. The most common concerns were:

- (1) The portability of skills and qualifications within APEC for mobility
- (2) The involvement of industry in defining competencies, curriculum, and assessment
- (3) The enhancement of curriculum development, teacher training, and public image to elevate the status of CTE/TVET

The following topics were discussed:

- Establishing a common understanding for the different definitions of the terms CTE and TVET.

- Understanding and acknowledging the different challenges and approaches in economies' CTE/TVET systems.
- Compiling, analyzing, and sharing information about each Economy's education system and methods for comparing and recognizing qualifications.
- Integrating industry (employers, industry groups, service sector, etc.) in:
 - a. Defining the competencies required in the workplace
 - b. Developing curriculum
 - c. Developing assessments

Standards and Assessment

Through the sharing of the standards, APEC workers can be trained to higher levels, thus facilitating trade and business facilitation. We could do:

- **Comparing CTE frameworks across Economies.** learning about effective practices to integrate academics with vocational training to ensure appropriate workplace preparation and to elevate the prestige of CTE training in APEC Economies.

Teacher Quality and Instruction

In the CTE/TVET Policy Survey, China and the Philippines found that virtually all Economies (90 percent) place great importance on the pre-service and in-service training of teachers. However, issues regarding the quality of CTE/TVET instructors' education and professional development need to be explored more. We could do:

- **Identifying effective strategies for improving teacher training programs for CTE instructors** with up-to-date resources and tools.
- **Sharing evidenced-based practices for effectively involving employers, industry groups and the service sector in developing curriculum.**
- **Strengthening CTE development of curriculum,** especially through means such as on-line training programs available to APEC members.

Policies and Research

Based on the CTE/TVET Policy Survey results, China and the Philippines presented recommendations on future research topics, including comparative analyses of curriculum standards, CTE/TVET policy, and encouraging women to engage in non-traditional career paths. We also suggested a forum to share information on meeting market demands, industry involvement in curriculum reform, and teacher training.

Overall, the CTE/TVET Subgroup expressed the importance of collaborating on CTE issues in the APEC region. We could do:

- **Sharing good practices on involving employers, industry groups, and the service sector in drafting policy** related to competencies, curriculum, and assessments.
- **Undertaking analyses in one or more vocational sectors that compare CTE/TVET skills and qualifications** in order to create common benchmarks in the sectors.

Resources and Tools

As a new area for EDNET, the need for sharing information and leveraging existing CTE/TVET resources and tools in the APEC region was recognized. We should identify existing resources and tools by utilizing the HRDWG wiki to create linkages with other APEC fora.

In CTE area, the recommended project activities should comprise the above framework. The above lays out for APEC Education Ministers an action agenda in the CTE EDNET priority area over the next two to four years for their discussion and approval.

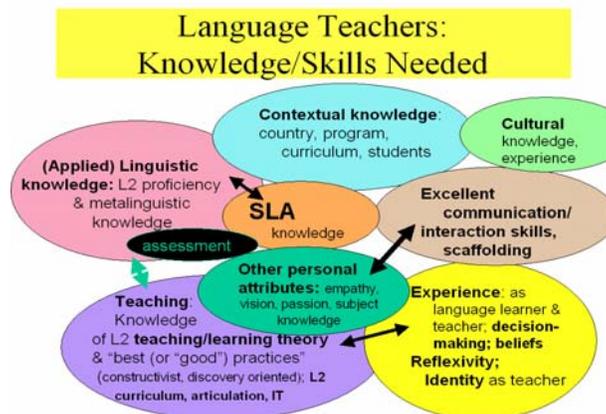
LEARNING EACH OTHER'S LANGUAGES

The learning of English and other languages is the key to enabling young people to develop the communicative and intercultural competencies and skills needed to participate effectively in the 21st century global community. The ability to communicate across language barriers is essential to international trade and to building mutual understanding among interconnected global economies. All APEC members are faced with the issue of how to effectively prepare multi-lingual citizens who can appreciate the culture of and communicate with speakers of other languages. In many APEC member economies, second or third language learning has historically occupied an important place in the school curriculum.

Because of the primacy of English in diplomacy and trade today, many APEC members from Eastern economies have further stressed English language education, extended this to the early elementary grades, and raised their expectations for proficiency. English speaking economies, on the other hand, find it hard to motivate their students to take a second language in high school and to find teachers qualified to teach a language other than English.

Chinese Taipei and Chile have been the leaders in APEC EDNET's work in the learning of each other's languages since 2004, focusing on standards and assessment and establishing a strong evidence base for future work. The Language Learning Subgroup focused their recommendations on three areas: developing APEC standards in English and other languages, pursuing lesson study activities for teacher professional development in language learning, and studying language policies of the Member Economies.

In developing 21st century competencies and skills for all, the Priority Area Leaders believe that building teacher capacity, as emphasized by ICT & Systemic Reform Priority Area, should be emphasized when considering projects (see Figure below). As learners in many economies are not living or working in environments where they are exposed to English or languages other than English that they may be learning, it is even more important that the quality of teaching be emphasized and that good teaching be highly esteemed. Students can be exposed to a wide variety of language input via media and the Internet. Applying critical thinking to what they hear and see and learning to produce comprehensible language requires keen guidance from teachers. For that reason, building teacher quality is key in this priority area.



The cross-cutting theme of ICT and Systemic Reform applies to the Language Learning Priority Area as all governments are concerned about efficient and effective use of resources. Judicious application of ICT to language teaching/learning is one means of spreading precious resources further. ICT also provides access to authentic language materials and enables relatively easy interaction with native speakers of the target language. Systemic reform emphasizes the importance of documenting and measuring outcomes as a result of our interventions. Four years from now, education leaders will be asked: “Can more learners in the Member Economies actually use another language competently for diplomacy or trade than they could before we began these projects?”

Standards and Assessments

The policy survey from the *Seminar on Standards for English and Other Foreign Languages in APEC Economies*, an EDNET project hosted by Chinese Taipei and Chile in December of 2007, showed an increase in the use of national and local performance standards/assessment systems from 83% of respondents in 2003 to 93% of respondents in 2007. In addition to the policy survey, attendees at the seminar produced recommendations for future APEC projects. These recommendations included further exploration of assessments and frameworks for language standards in APEC and are reflected in the project recommendations below.

To continue project work on learning each other’s language in the standards and assessment area, the Language Learning Priority Area Subgroup recommends:

- **Conducting a suitability study of how existing standards and assessments including the Common European Framework of Reference (CEFR) and the American Council on the Teaching of Foreign Languages (ACTFL) standards** can best be used as an APEC language model, particularly expanding the lower levels to meet the needs of the learners in this region.

Teacher Quality and Instruction

The policy survey from the December 2007 *Seminar on Standards for English and Other Foreign Languages in APEC Economies* showed that more than half of all respondents deliver professional development and training for teachers in each of the following methods: teaching networks, training courses, mentoring, and e-learning. However, members of the language learning subgroup were intrigued by the work of the math and science subgroup in the area of professional development for teachers using a lesson study approach. They then chose to focus their professional development recommendations only in developing lesson study for learning each other’s languages.

To continue project work on learning each other’s language in the teacher quality and instruction area, the Language Learning Priority Area Subgroup recommends:

- **Encouraging the use of the lesson-study approach/method through on-line demonstrations and videos.** Lessons should illustrate well-researched teacher practices

and provide insight into how the lesson study process can further improve teacher practice.

Policies and Research

In the Xi'an Symposium presentation on the policy trends globally, it was recognized that language policies have evolved in response to globalization and local/regional concerns like national security threats, economic competition, and new research on standards and values (e.g., 21st century competencies for all). All Economies need strategies for establishing and implementing second language policies, although there is a widespread acceptance of the need for high-level communicative and intercultural competencies. Many economies are teaching English at younger ages and they are using English for content instruction.

There is also work beginning on better aligning assessment practices with standards. However, ongoing attention must be paid to second language teachers' language and culture proficiency standards and assessments. Though most language programs envisage cultural understanding and positive cross-cultural attitudes as primary goals, research demonstrates that language learning of itself does not lead to improved attitudes but rather a combination of methodological and course design features is necessary. And while language education policies, syllabuses and teachers themselves almost universally identify the attainment of language proficiency and the enhancement of cross-cultural and intercultural attitudes as two of the central goals of second or foreign language education. However, examination of their methodology and the teaching outcomes suggests that, in practice, the reality may be quite different. (Ingram, 2007). Ingram also quoted Peter Cosgrove (2002), then Australian Chief of Army from an address to the Australian Principals Association Professional Development Council, Melbourne.

*Our future prosperity and security will depend on our ability to understand .. [other] cultures and to build bridges to the citizens of .. [other] nations ...
...Commercial links, alone, will never render war unthinkable. What will, however, are mutual understanding and respect and the banishing of prejudice. ...
...If the future is to be one of peace and prosperity our kids will need the capacity to engage in a dialogue with others of different cultures and creeds.*

To continue project work on learning each other's language in the policy and research area, the Language Learning Priority Area Subgroup recommends:

- **Conducting a survey of Member Economies' policies** regarding multilingualism and multiculturalism.

Resources and Tools

During the Symposium, the HRDWG Lead Shepherd presented initiatives being undertaken under the APEC project *Strategic Plan for English and other Languages in the APEC Region*. **In order to build on this work already being undertaken by APEC, the Language Area Subgroup recommends:**

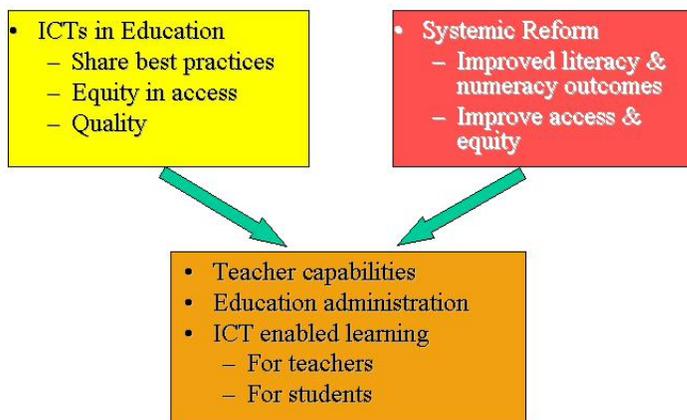
- **Contributing to and helping publicize a consumer checklist** for APEC language learners to use to evaluate language learning programs
- **Contributing to and publicizing an inventory of existing teacher and student exchange programs** by APEC members
- **Publicizing APEC e-learning programs** including Chengo, OLLI, and the APEC Business English program

INFORMATION COMMUNICATION TECHNOLOGIES (ICT) AND SYSTEMIC REFORM

“Achieving 21st Century Competencies and Skills for All” is a goal that has profound implications for all education systems across the APEC region. However, ensuring 21st Century Competencies and Skills for All may mean different things for developing and developed economies in the APEC region. Success in delivering the necessary skills and competencies will be a major factor contributing to each economy’s national productivity and participation, individual prosperity and economic security, civic participation, equity and social cohesion. Education Ministers are faced with the challenges of ensuring the supply and quality of education services relevant to the needs of their particular economy, including ensuring their national education systems are sufficiently flexible and responsive to deliver the skills and competencies required for 21st century social and workforce participation

Since Governance and Systemic Reform was established as a priority area at the 3rd AEMM in Santiago in 2004, there has been considerable interest and activity in relation to this theme. Four projects have been completed and two are underway. Likewise, there are 18 education projects that either use ICT or are focused ICT.¹ ICT and Systemic Reform are the twin cross-cutting themes that apply across education systems. (Figure 1).

ICT & Systemic Reform



The need for highly responsive and flexible education systems indicates a need for ongoing systemic reform. Systemic reform can focus on many elements of education systems: in the AEMM context, this sub-theme of systemic reform can be seen as ensuring that outcomes in the other three priority areas - math and science, language learning, and career and technical education – are delivered effectively and efficiently.

¹ Choi, S. W. Kim, Y. H. and Others. (2008). A Strategic Study of ICT Roles in Systemic Reform for Development of 21st century Human Power in APEC Community. Korean MOE&HRD.

Efforts to reform education systemically are greatly facilitated by the introduction of information communication technologies (ICTs) that enable more efficient use of information. These technologies can enable better tracking of student and teacher progress, greater ease in using data to inform instruction and access to online professional development for teachers and technology-based learning for students. Further, ICT can facilitate international relationship building and collaboration among education professionals and also among students who learn other languages and develop cultural sensitivities through these interactions.

Teacher Quality and Instruction

Delegates from APEC economies put forward critical issues facing their education systems when they met in Xi'an. First, all Economies believe there are benefits in sharing approaches to the challenges of attracting and retaining sufficient high quality teachers, and ensuring that teacher training and ongoing education improves outcomes for all students. This was seen as a key cross-cutting issue across the other three priority areas. A key area of concern for many APEC economies is that shifts in labour market demands, opportunities and demographics may cause a global shortage of qualified teachers at the same time that existing teacher populations need to be retrained in order to effectively teach and use new technologies, as well as impart 21st century skills and competencies.

Useful research to the problem of recruiting and retaining high quality teachers includes that of McKinsey & Company (2007), *How the World's Best-Performing Systems Come Out on Top*. This research identified the characteristics common to the world's best performing systems, including:

- an average academic calibre of teaching applicants within the top 10 percent of age cohort;
- teaching as one of the top three career choices among university applicants;
- rigorous graduate selection processes, including testing of literacy and numeracy;
- ratios of 1:10 applicants selected to enter teaching degrees; and
- starting salaries in line with other graduate salaries and living standards.

In addition to attracting the right applicants, top-performing systems also focus on developing applicants into effective instructors. Some of the characteristics identified by McKinsey, include:

- a minimum 20 weeks' practical coaching in schools during degree;
- 10% of working time devoted to professional development;
- regular structured feedback providing teachers with exact knowledge of weaknesses in their practice;
- teachers invited to each others' classes to observe, learn and coach best practice;
- the best coaches and instructors are selected as school leaders; and
- research into effective instruction.²

Further research from Australia (Commonwealth of Australia, 2003, *Australia's Teachers: Australia's Future - Advancing Innovation, Science, Technology and Mathematics*) indicates that strategies to retain high quality teachers include:

- sustained improvements to the working conditions of teachers;
- effective induction programs and mentoring support for beginning teachers;

² http://www.mckinsey.com/client/service/socialsector/resources/pdf/Worlds_School_Systems_Final.pdf

- curriculum and pedagogy which engages students;
- articulated professional standards, flexible workplaces and enhanced career pathways;
- ongoing opportunities for professional learning; and
- strong school based leadership and team practices.

It found that, progressively, teaching career and salary advancement should come to be based on merit and teaching performance rather than length of service, with accomplished teachers rewarded at higher rates.³

All APEC economies need teachers who can contribute to the development of 21st century skills (flexibility, problem solving, creativity, critical thinking skills, self-directed learning, motivation, self-reliance and communication skills). The challenges relate to how this focus on 21st century skills can be embedded into all stages of the teaching lifecycle. A range of research has found that the quality of the teacher is the most important in-school determinant in raising student achievement. Australian research, *Teachers for the Future: the changing nature of society and related issues for the teaching workforce* (Skilbeck, M & Connell, H, 2004) has found that while effective student learning will always be the focus of successful teaching, the nature of what is to be learnt, the best ways of learning and the needs of students are continually evolving. Teachers and school leaders need to be able to frame their professional work in a broader context than the immediacies of the single classroom, and to understand that they are key agents in enabling students to create or make the future. Teachers are the key to mobilising schools for innovation, working with families, business and the wider community.⁴

To continue project work on teacher quality and instruction, the ICT and Systemic Reform Priority Area Subgroup recommends:

- **Exploring opportunities for teacher exchanges** among economies;
- **Sharing innovative approaches to teacher recruitment and development**, including in the use of ICT;
- **Sharing best practices on teacher incentives such as scholarships and career flexibility/part-time teaching** by professionals in specialist areas.

Policies and Research

APEC economies have made massive achievements over recent decades in national education performance regarding literacy and numeracy, levels of education achieved, quality, national capacity etc. However, member economies continue to face the challenges of ensuring the benefits of education for *all students*, especially groups disadvantaged for reasons of location (rural and remote), history or membership of an indigenous or ethnic group, language, and socio-economic background. In addition, while all economies share the challenges of ensuring that the

³ http://www.dest.gov.au/sectors/school_education/policy_initiatives_reviews/reviews/teaching_teacher_education/

⁴ http://www.curriculum.edu.au/verve/_resources/teachersforthefuture_file.pdf

opportunities available through a high quality education are extended to all members of their society, all economies face the issue of reducing the digital chasm within and across their boundaries.

Targeted programmes have been found to be effective in improving learning outcomes, including concentrated efforts in early childhood education, engaging community and parental involvement, enabling access by remote communities to library services, home to school transition, transition from primary to secondary, using ICT, arts and sports education, leadership by principals and other key players, selection of teachers, vocational education in schools and colleges, broader public policy measures including income support, values education and programmes to address interfaith and intercultural issues in a school environment.

The OECD has identified elements of education systems successful at addressing disadvantage. These include school governance (balance of school autonomy and accountability to external standards), individualised learning, teacher responsibility for student success linked to diagnostics through the year, ambition to achieve more highly, school-based time outside the classroom, etc.

International exchange of education is a key driver of innovation in APEC economies. Education exchange occurs at multiple levels – between governments, institutions, teachers, academics, researchers and students. Exchange in education- the movement of students, institutions, policies and practices between economies - is an important component of the cooperation that defines APEC, and its endeavours to improve, through cooperation, economic outcomes among member economies.

Some systemic reform projects have sought to promote capacity in quality assurance, educational assessment, evaluation, qualifications frameworks and regulatory frameworks. In particular the sharing of information for regional understanding on quality assurance and qualifications recognition will continue. The CTE/VET sub-theme focus on qualifications comparability is an example of this need.

Global mobility of students, academics and graduates is continuing to grow in the APEC region, with more economies involved in this mobility as both senders and destinations. Mobility of students, graduates and researchers is an area where APEC could work collaboratively with other multilateral organisations. EDNET could share information with UNESCO on qualifications recognition and quality assurance; and with the Asia-Pacific Quality Network (APQN) on quality assurance. The ILO is working on skills in relation to the mobility of skilled labour, the latter being relevant to the overarching Human Resources Development Working Group.

To continue project work on ICT and Systemic Reform policies and research, the ICT and Systemic Reform Priority Area Subgroup recommends:

- **Sharing best practices on the development of self-sustaining mechanisms** for ICT implementation, (e.g. hardware maintenance & avoiding obsolescence).

- **Adopt an open access approach (e.g., creative commons licensing)** for resource sharing to address intellectual property rights issues.
- **Share successful approaches to overcoming educational disadvantage** and in particular the role of targeted programs for early childhood education and ICT.

Resources and Tools

Current technological developments indicate that the new Web 2.0 technology makes it easier to share resources and collaborate. The need for resources and tools in sharing information and best practices in each of the systemic education elements of standards and assessment, teacher quality and instruction, and policymaking and research is great. That is why a controlled, wiki environment limited to APEC members has been promoted by the APEC Lead Shepherd. Nevertheless, it is important to note that the new technology itself does not guarantee immediate sharing and collaboration among the member economies. However, carefully done, it can move EDNET towards collaboration for shared prosperity.

GLOSSARY OF TERMS

1. **21st Century Competencies:** the knowledge, skills and attitudes necessary for the rising generation to be competitive in the 21st century workforce.
2. **American Council on the Teaching of Foreign Languages (ACTFL):** a U.S.-based organization dedicated to the improvement and expansion of the teaching and learning of all languages at all levels of instruction throughout the United States.
3. **APEC Education Ministerial Meeting (AEMM):** an annual APEC meeting attended by the chief education officers of each Member Economy. This year's Education Ministerial Meeting will be the 4th of its kind and will take place in Lima, Peru in June 2008.
4. **APEC Education Reform Symposium:** an annual EDNET meeting held to discuss the agenda for the annual APEC Education Ministerial Meeting. In 2008, it was co-sponsored by the Chinese and Peruvian ministries of education and the U.S. Department of Education. Held in Xi'an, China, it addressed the theme: *Education to Achieve 21st Century Competencies and Skills for All: Respecting the Past to Move toward the Future*.
5. **The Association for Career and Technical Education (ACTE):** founded in 1926, ACTE is the largest national education association dedicated to the advancement of education that prepares youth and adults for successful careers. ACTE's goals are to increase public awareness and appreciation for career and technical programs and assure growth in local, state and federal funding for these programs by communicating and working with legislators and government leaders.
6. **Career and Technical Education (CTE):** a term used to describe the study of a vocation such as agriculture; trade and industrial; business and marketing; family and consumer sciences; health occupations; public safety and security and technology. These fields may require varying levels of education – from high school and postsecondary certificates to two- and four-year college degrees. *Also referred to as technical and vocational education and training (TVET).*
7. **Chengo:** a multi-media Chinese and English language learning system originating from a 2002 bilateral Memorandum of Understanding signed between the U.S. Department of Education and the Chinese Ministry of Education. It provides advanced speech recognition, handwriting recognition technology and an intelligent feedback system to help American students learn Chinese and Chinese students learn English.
8. **Common European Framework of Reference (CEFR):** a document that provides a practical tool for setting clear standards to be attained at successive stages of language learning and for evaluating outcomes in an internationally comparable manner. It provides a basis for the mutual recognition of language qualifications, thus facilitating

educational and occupational mobility and is increasingly used in the reform of national curricula and by international consortia for the comparison of language certificates.

- 9. Education Network (EDNET):** APEC's Education Forum, led by APEC's Human Resources Development Working Group, that works to coordinate joint activities in the field of education across Member Economies.
- 10. Exclusive Sequential Approach:** an instructional approach that involves teaching each branch of the curriculum in sequence, typically in consecutive semesters or years.
- 11. Human Resources Development Work Group (HRDWG):** an APEC workgroup that supports human resource development in the Pacific Rim through its Capacity Building Network (CBN), Education Network (EDNET) and Labor and Social Protection Network (LSPN).
- 12. Informal learning:** unstructured learning that, in most cases, takes place outside professional or educational institutions and is not accredited.
- 13. Information communication technologies (ICTs):** the building blocks of the networked world, including telecommunications technologies such as telephony, cable, satellite and radio, as well as digital technologies, such as computers, information networks and software.
- 14. Integrated Approach:** an instructional approach characterized by the blurring of boundaries between the various disciplines.
- 15. L2 Teaching/Learning Theory:** Second Language Teaching/Learning Theory.
- 16. Language Teachers' Knowledge and Skills:** the authors assert that language teachers should be equipped with the following: 1) applied linguistic knowledge; 2) contextual knowledge; 3) cultural knowledge and experience; 3) second language acquisition (SLA) knowledge; 4) excellent communication/interaction skills; 5) teaching knowledge of L2 teaching/learning theory; 6) other personal attributes such as empathy, vision, etc. and 7) experience as a language learner and a language teacher.
- 17. Lesson Study:** the foremost form of professional development in Japan, it involves peer observation and feedback and has been credited with improving classroom practice within the Japanese elementary school system. APEC's Education Network is currently conducting a project, Classroom Innovations through Lesson Study, which explores the use of lesson study in the teaching of mathematics.
- 18. Math and Science Survey:** a survey distributed to the APEC Member Economies regarding their math and science policies and practices.
- 19. Non-formal learning:** the result of organized action, it takes place within or outside work and is not accredited.

- 20. Open Language Learning Initiative (OLLI):** a game-based language learning system that takes users across the United States virtually to learn about American culture, democracy and diversity while applying their English-speaking skills.
- 21. Parallel Approach:** an instructional approach where multiple subjects are taught in parallel, but as distinct disciplines, often with distinct teachers.
- 22. Programme for International Student Assessment (PISA):** an internationally standardized assessment that was jointly developed by participating countries and administered to 15-year-olds in schools. The survey was implemented in 43 countries in the 1st assessment in 2000, in 41 countries in the 2nd assessment in 2003, in 57 countries in the 3rd assessment in 2006 and 62 countries have signed up to participate in the 4th assessment in 2009. Tests are typically administered to between 4,500 and 10,000 students in each country.
- 23. Seminar on Standards for English and Other Foreign Languages in APEC Economies:** an EDNET project hosted by Chinese Taipei and Chile in December of 2007 that showed an increase in the use of national and local performance standards/assessment systems from 83% of respondents in 2003 to 93% of respondents in 2007.
- 24. SLA:** Second Language Acquisition
- 25. Technical and Vocational Education and Training (CTE)/(TVET):** a range of learning experiences which are relevant to the world of work and which may occur in a variety of learning contexts, including educational institutions and the workplace. This includes learning designed to develop the skills for practicing particular occupations, as well as learning designed to prepare for entry or re-entry into the world of work in general. (UNESCO-UNEVOC 2006: 15).
- 26. Third International Mathematics and Science Study (TIMSS):** an international assessment that provides reliable and timely data on the mathematics and science achievement of U.S. students compared to that of students in other countries. TIMSS data has been collected in 1995, 1999, 2003, and 2007. TIMSS 2007 results will be released on December 9, 2008.
- 27. Vocational Education and Training (VET):** comprises all organized or structured activities – whether or not they lead to a recognized qualification – which aim to provide people with knowledge, skills and competences that are necessary and sufficient in order to perform a job or a set of jobs (Descy, Tessaring 2001:7).

**EDUCATION NETWORK (EDNET) STRATEGIC ACTION PLAN
2008 Theme and Priority Areas by Project⁵**

Career and Technical Education

ECONOMY LEAD (Project Sponsor)	NAME OF THE PROJECT	PROJECT STATUS⁶	DESCRIPTION OF THE PROJECT	PROJECT METHODOLOGY	PROJECT TIMELINE
TEACHER QUALITY AND INSTRUCTION					
	Identifying effective strategies for improving teacher-training programs for CTE instructors with up-to-date resources and tools.	Recommended			
	Sharing evidenced-based practices for effectively involving employers, industry groups and the service sector in developing curriculum.	Recommended			
	Strengthening CTE development of curriculum, especially through means such as on-line training programs available to APEC members.	Recommended			

⁵ Projects listed are either recommended projects or EDNET projects proposed during or after the APEC 2004 funding cycle

⁶ Projects marked as “Recommended” are recommendations resulting from discussions and/or presentations from the Xi’an pre-Ministerial Symposium held in January of 2008. Projects marked as “Proposed” were proposed during the 30th HRDWG Meeting in Bohol, Philippines for the 2009 APEC Funding Cycle

STANDARDS AND ASSESSMENTS					
	Comparing CTE frameworks across Economies, learning about effective practices to integrate academics with vocational training to ensure appropriate workplace preparation and to elevate the prestige of CTE training in APEC Economies.	Recommended			
The Republic of the Philippines, People's Republic of China	Comparability and Benchmarking of Competencies and Qualification Frameworks in APEC Region (Pilot Area: Construction/Welding)	Proposed	The multi-phased project is aimed at achieving the following: <ul style="list-style-type: none"> •Compilation of Career and Technical Education/ Technical Vocational Education and Training (CTE/TVET) Systems of APEC Economies; •Inventory of Existing Qualification Framework of APEC Economies; •Comparability of competencies in the construction sector 	Research Conference	2009/01/01-2012/12/31
POLICIES AND RESEARCH					
	Sharing good practices on involving employers, industry groups, and the service sector in drafting	Recommended			

	policy related to competencies, curriculum, and assessments.				
	Undertaking analyses in one or more vocational sectors that compare CTE/TVET skills and qualifications in order to create common benchmarks in the sectors.	Recommended			
Japan	Quest for the Link Between Schools and Employment	Proposed	This research project aims at drawing a set of practical policy recommendations on Technical and Vocational Education (TVE) at the secondary education level in the APEC region in order to contribute to the reduction of unemployment in young people and to sustainable and equitable economic development.	University implemented Survey Case Study	2009/03/01-2010/12/31
Indonesia	Study the responsiveness of the training system to market laborforce needs	Proposed			
RESOURCES AND TOOLS					
	Identify existing resources and tools by utilizing the HRDWG	Recommended			

	wiki to create linkages with other APEC fora.				
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ECONOMY LEAD (Project Sponsor)	NAME OF THE PROJECT	PROJECT STATUS⁷	DESCRIPTION OF THE PROJECT	PROJECT METHODOLOGY	PROJECT TIMELINE⁸
TEACHER QUALITY AND INSTRUCTION					
	Exploring opportunities for teacher exchanges among economies	Recommended			
	Sharing innovative approaches to teacher recruitment and development, including in the use of ICT	Recommended			
	Sharing best practices on teacher incentives such as scholarships and career flexibility/part-time teaching by professionals in specialist areas	Recommended			
Malaysia	APEC Conference on Best Practices in School-based Action Research	Proposed	Action research is a process in which individual or several teachers collect evidence and make decisions about their own knowledge,	Conference Research	2009/01/01-2009/12/31

⁷ Projects marked as “Recommended” are recommendations resulting from discussions and/or presentations from the Xi’an pre-Ministerial Symposium held in January of 2008. Projects marked as “Proposed” were proposed during the 30th HRDWG Meeting in Bohol, Philippines for the 2009 APEC Funding Cycle

⁸ The project timeline indicates project timelines under APEC funding

			performance, beliefs, and effects in order to understand and improve them. This conference serves to illuminate best practices in teachers' approaches, theories, projects and activities which have yielded the desired results in improving quality education		
Korea	APEC Learning Community for Shared Prosperity	Ongoing	This project aims To construct and operate APEC Learning Community Builders (ALCoB) in order to bridge knowledge divide, enhance knowledge capacity and to promote human exchange - to organize the learning community that enables the exchange of the educational culture and information through Human Network among teachers, learners, supporters.	Conference Training	2003/08/01-2005/12/01 (still ongoing)
STANDARDS AND ASSESSMENTS					
POLICIES AND RESEARCH					
	Sharing best practices on the development of self-sustaining	Recommended			

	mechanisms for ICT implementation, (e.g. hardware maintenance & avoiding obsolescence).				
	Expanding ICT-enabled learning for students and teachers through APEC activities that support open access approaches (e.g. creative commons) for resource sharing to address intellectual property rights issues.	Recommended			
Korea	APEC Consortium for Future Education: Focusing on APEC Network of ICT Model Schools for Future Education	Ongoing	This project aims to: Create a network of ICT model schools in APEC region to share best practices and know-hows with other APEC members to reduce the digital divide. - Provide opportunities and means to exchange ideas, students, teachers, public administrators, and researchers among APEC member economies on the use of ICT in classrooms. - Disseminate information on best ICT practices, implementation policies, and research results through on-line, off-line, annual reports, and other formats of media.		2004/08/01-2006/12/01 (still ongoing)
Australia	Mapping of	Ongoing	The project will identify	Survey	2008/01/01-

	qualifications frameworks across APEC economies		formal and informal qualifications frameworks systems, associated descriptors and quality assurance frameworks, and recognition agencies across APEC economies.	Research	2008/09/30
Australia	Measures Affecting Cross Border Exchange and Investment in Higher Education in the APEC Region	Ongoing	This project will accord with the key objective of seeking to facilitate economic growth, cooperation, trade and investment in the region by identifying measures affecting cross border exchange and investment in higher education services across four modes of supply.	Research	2008/03/01-2008/10/31
China, Peru, USA	Education to Achieve 21st Century Skills for All	Completed on June 10 th , 2008	EDNET project to organize a 3-day pre-Ministerial policy and research Symposium to prepare content and an agenda for the 4th APEC Education Ministerial Meeting (AEMM) to be held in Lima. The results of this symposium were distilled in a one-day seminar preceding the AEMM.	Conference Research	2007/06/01-2008/06/10
Malaysia	APEC Conference on Evaluation as a Tool in Educational Planning: Best Practices in Evaluation of Educational Programs	Completed	This conference is designed to promote evaluation as an indispensable tool in the planning and implementation of projects and programs.	Conference Research	2007/01/01-2007/12/30

			The conference would also disseminate key evaluation findings pertinent to educational planners and practitioners as valuable lessons learned and explore options relevant to their own economies.		
Australia	Share successful approaches to social inclusiveness in education: overcoming educational disadvantage, including through the use of early childhood education and ICT.	Proposed			
RESOURCES AND TOOLS					
Philippines	APEC Information and Communication Technology for Education Expo	Proposed	The expo aims to (1) widen dissemination and involvement in APEC ICT4E initiatives, (2) facilitate sharing of experiences and best practices, (3) gain support for upcoming ICT4E projects of developing economies and (4) provide a venue to reconvene the APEC Cyber Education Network.	Expo Research	2009/01/01-2009/06/30
USA	Knowledge Bank of Education Policy and the APEC EDNET	Ongoing	The APEC Knowledge Bank is a web-based repository of education	Identification of promising practices and evidence based	

	forum website.		policy and practical resources from the Asia-Pacific Region, created to provide research-based information. The EDNET forum's business site with resources, project descriptions, and other EDNET information.	resources Dissemination of APEC resources	
Vietnam	APEC Symposium on Open Source and Open Course for E-Learning	Completed	This project proposes the planning and implementation of an international symposium on Open Source and Open Course for E-learning with the aim of giving an overview on the advantages and possibilities in that area and thus fostering the principles of good governance and the development of an Open Source and Open Course community.	Conference Research	2006/07/01- 2007/07/01
TEACHER QUALITY AND INSTRUCTION					
Chinese Taipei	Encouraging the use of the lesson-study approach/method through on-line demonstrations and videos. Lessons should illustrate well-researched teacher practices and provide insight into how the	Proposed	Investigating the applications of the Lesson Study approach in the learning and teaching of languages. This project aims to: 1) Share the concept and examples of Lesson Study, through a DVD Workshop, as a realistic and effective	<ul style="list-style-type: none"> • Conference • Research 	2009/01/01- 2010/07/31

	lesson study process can further improve teacher practice.		approach for in-service teachers' professional development in the area of language teaching in and 2) Collaboratively apply and evaluate the Lesson Study approach for the pragmatic teaching of languages. Attention will be paid to how teachers change as a result and the corresponding effect on learning outcomes.		
STANDARDS AND ASSESSMENTS					
	Conducting a suitability study of how existing standards and assessments can best be used as an APEC language model, particularly expanding the lower levels to meet the needs of the learners in this region.	Recommended	(NOTE: To address the lack of relevant models for learning and using other languages in environments where they are not native (dominant) languages)	<ul style="list-style-type: none"> • Research 	
Chile Chinese Taipei	APEC Learning Standards for English and Other Languages	Completed	This project aims at analyzing and comparing the language learning standards being used in APEC economies towards reaching an agreement of common standards and the best practices to promote them. This will facilitate increased mutual	<ul style="list-style-type: none"> • Conference • Research 	2006/01/01- 2006/08/01

			support and sharing of resources. Avoiding duplication of efforts and expenses will be beneficial to all economies involved in wide-scale teaching of English and other languages as foreign languages.		
POLICIES AND RESEARCH					
	Conducting a survey of Member Economies' policies regarding multilingualism and multiculturalism.	Recommended	(NOTE: To address optimal stage for introducing L2 to avoid interference with L1 literacy formation and communication skills.)	• Research	
RESOURCES AND TOOLS					
	Contributing to and helping publicize a consumer checklist for APEC language learners to use to evaluate language learning programs				
	Contributing to and publicizing an inventory of existing teacher and student exchange programs by APEC members				
	Publicizing APEC e-learning programs including Chengo, OLLI, and the APEC				

	Business English program				
CROSS-CUTTING					
USA	<p>Strategic Plan for English and Other Languages, which includes⁹:</p> <ul style="list-style-type: none"> • Contributing to and helping publicize a consumer checklist for APEC language learners to use to evaluate language learning programs • Contributing to and publicizing an inventory of existing teacher and student exchange programs by APEC members • Publicizing APEC e-learning programs including Chengo, OLLI, and the APEC Business English program 	Ongoing	<p>This project responds to the 2004 Ministers directive to develop a Strategic Plan for English and Other Languages for the APEC region. Strengthening instruction in English and other languages through economy policies; synthesizing evidenced-based practices in the delivery of language instruction; identifying needed cooperative efforts to develop policy agreements, language research, and instruction and training packages; and emphasizing the integration of cultural studies into language instruction.</p>	<ul style="list-style-type: none"> • Conference • Research • Outreach • Inventory of standards, assessments, programs, vocabulary lists, etc. • Material development • Creation of a consumer checklist for language teaching products 	2007/12/01-2009/12/01

ECONOMY LEAD (Project Sponsor)	NAME OF THE PROJECT	PROJECT STATUS ¹⁰	DESCRIPTION OF THE PROJECT	PROJECT METHODOLOGY	PROJECT TIMELINE
TEACHER QUALITY AND INSTRUCTION: Encourage teachers training and use of new teaching methodologies to help students achieve 21 st Century Competencies and Skills.					

⁹ For a complete list of activities under the Strategic Plan for English and Other Languages see Annex A.

	Evaluating different mathematics and science instructional approaches	Recommended			
	Launching multiyear collaborative online professional development	Recommended			
	Examining how to improve math-science connections	Recommended			
Thailand, Japan	Expanding and Generalizing Lesson Study for Improvement of the Quality of Teaching among APEC Members Economies: Collaborative Studies on Innovations for Teaching and Learning Mathematics in Different Cultures (IV)	Proposed	This project aims to encourage an expansion of lesson study workshops in various languages with live internet streaming video; share the editorial methods of good practices on Lesson Study with online lesson videos in description format; and develop good visible lessons among APEC member economies.	<ul style="list-style-type: none"> • Conference • Research • Video development for online dissemination 	2009/01/01-2010/12/31
Philippines	Best Practices in Human Resource Capacity Building in Science and Mathematics	Proposed	This project has the objective of developing capacity for teacher education in science and mathematics through the sharing of best practices among APEC economies.	<ul style="list-style-type: none"> • Conference • Research 	
Thailand, Japan	Collaborative Studies on Innovations for Teaching and Learning	Ongoing	This project builds on a previous project and shares the approaches of	<ul style="list-style-type: none"> • Conference • Research • Video development 	2008/01/01-2008/12/31

¹⁰ Projects marked as “Recommended” are recommendations resulting from discussions and/or presentations from the Xi’an pre-Ministerial Symposium held in January of 2008. Projects marked as “Proposed” were proposed during the 30th HRDWG Meeting in Bohol, Philippines for the 2009 APEC Funding Cycle

	Mathematics in Different Cultures (III)- Lesson Study focusing on Mathematical Communication		Lesson Study for the method of the improving quality of education in general. APEC HRDWG meeting in Vietnam accepted following plans: Mathematical Thinking (2007), Mathematical Communication (2008), Evaluation (2009), and Generalization (2010).		
Thailand, Japan	Collaborative Studies on Innovations for Teaching and Learning Mathematics in Different Cultures (II) - Lesson Study focusing on Mathematical Thinking -	Completed	Project aims to: 1) collaboratively develop innovations on teaching and learning maths in different cultures of the APEC member economies. 2) develop collaborative framework involving maths education among the APEC member economies.	<ul style="list-style-type: none"> • Conference • Research 	2005/10/01-2006/10/01
Japan	International Seminar on Best Practices in Science and Mathematics Teaching	Completed	The seminar brought together key educators and teacher trainers of science and mathematics from selected APEC member countries to share/demonstrate their innovative practices in the training of science and mathematics teachers either at pre-service or in-service level, to formulate plans of action for the establishment of networks/ partnerships to exchange best practices,	<ul style="list-style-type: none"> • Conference • Research 	Completed 2006

			and to propose recommendations for follow-up actions.		
STANDARDS AND ASSESSMENTS: (drafting our goal)					
	Continuing to translate and analyze mathematics and science standards	Recommended			
	Developing a bank of mathematics and science test items	Recommended			
USA	APEC 21st Century Mathematics and Science Standards and Assessments: A Focus on Middle and Secondary Schools	Proposed	This project to builds on the existing standards comparative analysis from the Xi'an Symposium. This project makes standards and assessments from APEC available in English and provides comparative analysis. Results will be shared in a 2010 Conference focusing on Secondary Schools.	<ul style="list-style-type: none"> • Conference • Research • Case Study 	2009-2010
POLICIES AND RESEARCH: (drafting our goal)					
	Conducting case studies into lessons learned about how and why APEC economies change policy directions	Recommended			
	Evaluating course requirements and assessments required for upper secondary	Recommended			

	school graduation or college admissions				
USA	APEC Encouraging Girls in Mathematics and Science	Proposed	This project on encouraging girls in math has activities including soliciting case studies from researchers APEC Member Economies to share at a 2010 conference and developing of an APEC-wide Practice Guide summarizing the research.	<ul style="list-style-type: none"> • Conference • Research • Case Study 	
Malaysia	Best Practices in Math and Science Seminars Elementary and Secondary School Levels	Completed	The broad aim of this seminar is to enable experts and specialists in science and mathematics education from APEC member economies to present their thoughts and ideas which have brought about an improvement in educational practices at the secondary school level. This responds to globalisation and challenges brought about by technological advancement in ICT, which necessitate change in the education paradigm.	<ul style="list-style-type: none"> • Conference • Research 	2004/01/01-2004/12/01
RESOURCES AND TOOLS: (drafting our goal)					

	Using the HRDWG wiki as a tool for on-going APEC international collaboration	Ongoing	Translated math and science standards and comparative analysis are now available on the wiki as well as lesson study videos	APEC nominated experts contribute to the HRDWG wiki site.	2008/01/01-
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Meeting of APEC Ministers Responsible for Trade

Arequipa, Peru
31 May – 1 June 2008

Statement of the Chair

We, APEC Ministers Responsible for Trade (MRT), met on 31 May–1 June in Arequipa, Peru under the chairmanship of H.E. Ms. Mercedes Araoz, Minister of Foreign Trade and Tourism of Peru.

We welcomed the participation in the meeting of the Director General of the World Trade Organisation (WTO), the APEC Business Advisory Council (ABAC) and the APEC Secretariat.

Our discussions for advancing APEC's work this year were guided by the APEC 2008 theme: "A New Commitment to the Development of the Asia-Pacific". We took this opportunity to encourage initiatives that would make a substantial contribution to advancing APEC's goals of trade and investment liberalisation and facilitation in the region, as well as strengthening the focus on the social dimension of the APEC agenda.

We welcomed the report of the Chair of the APEC Senior Officials' Meeting (SOM) on the progress of APEC work and encouraged officials to continue their efforts in order to bring forward meaningful deliverables by the time we meet again for the APEC Ministerial Meeting (AMM) in November.

Continuing support for the multilateral trading system

We exchanged our views on supporting the multilateral trading system, for which we highly valued the report and comments of WTO Director General, Mr. Pascal Lamy, on the current situation of the Doha Development Agenda (DDA).

We stressed the crucial importance of the WTO rules-based multilateral trading system and agreed on the urgency of bringing the DDA negotiations to a prompt and successful conclusion this year. We reaffirmed our high level of ambition in agriculture, non-agricultural market access (NAMA) and all other areas of negotiations, in order to get a balanced and meaningful outcome which adequately addresses the developmental aspect of this Round. We issued a separate statement on the DDA, noting it had entered a new and crucial phase with the release of revised negotiating texts on agriculture and non-agricultural market access, and other Chair's reports on services and rules. We called for all WTO members to engage constructively and work with a sense of urgency to reach an ambitious and successful conclusion of the Round.

We are pleased at the progress made on the Russian Federation's accession to the WTO and reaffirmed our strong support for a rapid conclusion to the negotiations.

Promoting Regional Economic Integration

We emphasised the importance of APEC's work to strengthen economic integration in the Asia Pacific region. In this regard, we reaffirmed our commitment to the Bogor Goals as a key organising principle and driving force for APEC, and discussed various ways to achieve APEC's objective of promoting economic growth and prosperity through free

and open trade and investment, and increased regional economic integration (REI), including the long-term prospect of a Free Trade Area of the Asia-Pacific (FTAAP).

The 2007 Leaders Report on Strengthening Regional Economic Integration constitutes a comprehensive and ambitious work plan for APEC's agenda. We are committed to implementing the agreed actions as a way to achieve the Bogor Goals by all APEC economies. We welcomed the report of the Chair of the APEC Senior Official's Meeting on the Regional Economic Integration Priorities for 2008 and endorsed the list of deliverables for 2008 as key to advancing the REI agenda in a systematic manner under particular themes.

We reiterated the importance of further analysing the prospect of an FTAAP, including its implications, and instructed officials to continue the intensive work program being carried out in this regard. We welcomed the report from the SOM Policy Dialogue on the Study on Identifying Convergences and Divergences in APEC's RTAs/FTAs. This analytical study is a helpful tool for promoting better understanding of the similarities and differences among the provisions within the existing RTAs/FTAs in the region, enabling APEC economies to identify concrete ways to further examine the concept of an FTAAP.

We instructed officials to complete the deliverables for 2008 and develop the progress report requested by Leaders in 2007, by November's APEC Ministerial Meeting (AMM). Finally, we urged officials to identify proposals for concrete future steps that should be taken to achieve meaningful progress in the REI agenda in 2009 and beyond.

Furthering Trade and Investment Liberalisation and Facilitation (TILF)

We welcomed APEC's work plan on trade and investment liberalisation and facilitation, which contributes to the development of the Asia-Pacific region.

We acknowledged the progress made in the following areas:

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

We agreed that high-quality and comprehensive RTAs/FTAs are key to strengthening regional economic integration and achieving APEC's Bogor Goals by increasing trade and investment liberalisation in the region, while serving as building blocks for the further development of the multilateral trading system.

We reaffirmed that APEC should maintain an active role in promoting high quality RTAs/FTAs. A key aspect of this effort is the development of model measures for RTA/FTA chapters as capacity-building tools and non-binding references to assist APEC economies in achieving such comprehensive and high-quality agreements, and to promote greater consistency and coherence among the RTAs/FTAs within the region. We endorsed model measures for the chapters on Competition Policy, Environment and Temporary Entry for Business Persons, and instructed our officials to accelerate efforts to complete the work on all remaining model measures in time for the AMM in November.

We welcomed the work on addressing the concerns of the business community regarding possible complexities caused by the proliferation of RTAs/FTAs in the region and the possibility of trade diversion, particularly in the area of preferential rules of origin. We encouraged officials to continue the interaction with the private sector and other stakeholders to ensure that APEC's work on RTAs/FTAs is responsive and relevant to their interests.

- *Trade Facilitation*

We reaffirmed our commitment to APEC's work on Trade Facilitation, recognising its growing importance for our business community, particularly in the key areas of customs procedures, standards and conformance, e-commerce and mobility of business people.

We welcomed the progress made on the implementation of the second Trade Facilitation Action Plan (TFAP II), with the objective of reducing trade transaction costs by an additional 5 per cent by 2010. In this regard, we endorsed the Key Performance Indicators (KPIs) and the reporting methodologies developed by sub-fora to measure progress of collective actions/pathfinders for the implementation of TFAP II and encouraged to further enhancement to the reporting methodologies.

We also welcomed the effort to foster closer relationships between APEC, the business community and other stakeholders, including the APEC Specialist Regional Bodies with responsibility for trade facilitation related issues, in order to develop a range of activities with emphasis on communication and outreach, and capacity-building.

- *Intellectual Property Rights*

We acknowledged IPR as a tool for technological, economic and social development. In this regard, we acknowledged the importance of comprehensive and balanced intellectual property systems, as well as an environment that encourages creation and innovation and provides the tools for successful management and exploitation of IPR. We also recognised the importance of enhancing capacity building and encouraged further implementation of the IPR Guidelines on Capacity Building.

We reaffirmed our commitment to continue efforts to strengthen the protection and enforcement of IPR in the region. We encouraged work on satellite and cable signal theft in the region as outlined in the 2007 AMM Statement, and welcomed the continued work on enhancing education on IPR in order to assist SMEs in better protecting their rights, and welcomed work to meet the objectives of the APEC Cooperation Initiative on Patent Acquisition Procedures.

We recognised the importance of taking further steps to stop the proliferation of counterfeit and pirated goods through international cooperation and information sharing among IPR agencies, right-owners, enforcement authorities, and the private sector. In this regard, we called on economies to continue implementing the APEC Anti-Counterfeiting and Piracy Initiative. We also welcomed the first Intellectual Property Experts Group (IPEG) - Sub-Committee on Customs Procedures (SCCP) joint session and encouraged economies to intensify their own efforts, increase cooperation, and expand training and capacity building programs in this area.

We reaffirmed the importance of ongoing international discussions, especially in the WTO, including the relationship between the TRIPS Agreement and the UN Convention on Biological Diversity, regarding genetic resources, and the protection of traditional knowledge and folklore. We will continue to promote work on awareness raising and advancing shared objectives regarding these issues.

- *Digital Economy*

We welcomed APEC's work on trade and the digital economy, and recognised the ongoing efforts in APEC to ensure that economies benefit from the digital economy. In this regard, we instructed officials to further efforts to assist economies in promoting the use and development of information and communication technologies (ICTs) through the completion of a policy/regulatory checklist to advance digital prosperity in APEC

economies. We encouraged further participation in the Pathfinder on Technology Choice Principles, as well as capacity building to bridge the digital divide in the region.

We reaffirmed the importance of the free flow of information across the Asia-Pacific region. In furtherance of this goal, we welcome the Electronic Commerce Steering Group's (ECSG) continued work on the Data Privacy Pathfinder, which promotes responsible and accountable cross-border information flows and effective privacy protection without creating unnecessary barriers to such flows; and encourage economies to join this initiative.

We reaffirmed the importance of the role that the Information Technology Agreement (ITA) has played in promoting trade, investment, and economic growth in APEC economies over the last ten years. We expressed concern about products covered by the ITA that may no longer be receiving duty free treatment because of their technological innovations. We expressed further concerns that these recent developments will undermine the ITA, and agreed to work together to ensure that the integrity of the ITA is maintained.

- *Investment*

We reaffirmed the central role of investment liberalisation and facilitation in fostering economic growth in the region, and their important contribution to the improvement of the investment climate in our economies; thereby, ensuring sustainable development, accelerating regional economic integration, and reducing barriers to investment.

We welcomed the continued work by officials on a study of bilateral investment agreements and core investment-related elements of existing FTAs in the region, which is being undertaken with a view to developing core principles for investment agreements.

We endorsed the Investment Facilitation Action Plan (IFAP) for 2008-2010 which constitutes a significant achievement for APEC this year. It aims to strengthen regional economic integration, competitiveness, and sustainable economic growth; and therefore, it will contribute to expanding prosperity and employment opportunities in the Asia Pacific region and to achieving the Bogor Goals.

We instructed officials to continue the work on IFAP by developing a work program on implementation of the actions agreed in the IFAP, including the development of methodologies for reporting progress.

We reaffirmed the importance of implementing capacity building and conducting public-private sector dialogues under IFAP in order to improve the investment environment of APEC economies.

- *Environmental Goods and Services*

Recalling our earlier direction to APEC officials to "continue their work on environmental goods and services", we welcomed the progress made in APEC in this area. We now instruct officials to elaborate a work program to advance APEC work on environmental goods and services.

These efforts would contribute to climate change and international trade policies reinforcing each other, including in the WTO.

- *Individual Action Plans (IAPs)*

As Ministers Responsible for Trade, we recognised the important role of Individual Action Plans (IAPs) and the IAP Peer Review process for economies to learn from the experiences of one another and track their progress towards the Bogor Goals. We welcomed the successful conclusion of the IAP Peer Reviews of Canada, Peru and the United States in March, and look forward to the conclusion of the IAP Peer Reviews of Chile, Mexico and Singapore later this year.

We emphasised the importance of providing complete and transparent information on the economies' trade and investment regimes in order to make APEC's work as accountable as possible in monitoring the progress of member economies towards trade and investment liberalisation and facilitation.

Improving the Business Environment and Structural Reform

We re-emphasised the importance of structural reform in promoting sustainable growth in the region and increasing Asia-Pacific prosperity by improving market efficiency. We noted that reducing behind-the-border barriers by implementing structural reforms strongly complements APEC's work on trade and investment liberalisation and facilitation. In this sense, we welcomed the Economic Committee's efforts to intensify the on-going work on the five priority areas of the Leaders' Agenda to Implement Structural Reform (LAISR) towards 2010.

We noted APEC's important role in promoting and supporting structural reform in member economies, through information and experience sharing, targeted research and analysis and capacity building activities.

We recognised the importance of providing high level support to maintain the momentum for the structural reform agenda, and welcomed the successful SOM Policy Dialogue. We reviewed preparations for the Ministerial Meeting on Structural Reform to be held in Melbourne, Australia 3-5 August 2008, which will provide further impetus to APEC's structural reform agenda, including through addressing the political challenges of successfully implementing structural economic reform, a focus on how regulatory reform policy can drive structural reform, and identification of future structural reform priorities for APEC's work and capacity building.

We welcomed the revised work plan to accelerate activities conducted under the Private Sector Development Agenda, which aim to further improve the business environment in the region through, inter alia, enhanced regulatory practices, transparency, and access to financing. We agreed that APEC should continue its efforts to create an enabling environment for small and medium-sized enterprises, as well as to enhance their competitiveness.

Economic and Technical Cooperation (ECOTECH): Building capacity and sharing technical expertise and assistance

Strengthening regional economic integration aids economic development through the creation of a better business environment and increased levels of trade and investment. We strongly supported the development of a more focused and long-term approach to APEC's capacity-building efforts. We instructed officials to develop a concrete proposal to apply this new approach in order to deliver more meaningful and effective results that directly benefit our communities.

We welcomed work underway to examine possibilities for twinning arrangements between APEC economies to help developing economies secure access to and increase their public sector technical expertise. We were confident that the program will help establish and reinforce inter-agency relationships within APEC. We also look forward to strengthening APEC's engagement with other multilateral organisations and ABAC to make effective and appropriate use of available expertise and resources for the long-term benefit of economies in the region.

Food Price Escalation

We discussed the crisis caused by recent dramatic increases in prices of many food products which are undermining our fight against poverty and exacerbating economic and social problems in the region.

The price increases of many important commodities, including wheat, rice and maize are having a deeply damaging effect especially on the poorest families in our region. We agreed that APEC economies can play an important role in the global response to this crisis by maintaining our commitment to open markets and trade and investment liberalisation.

The current food price escalation has increased the urgency to achieve substantial improvements in market access and reductions in market-distorting measures in global agricultural trade. We agreed that a rapid completion of the WTO Doha Round, with an ambitious and balanced outcome, will be one of the important factors in overcoming this serious international situation.

Export restrictions on food products may prolong and deepen the severity of the crisis by putting further pressure on global food prices and discouraging the agricultural investment needed now to increase future production.

We agreed that increasing the productivity of agriculture worldwide is critical to global welfare, particularly of developing economies, and to ensuring long-term and adequate world food supplies. In this regard, we reaffirmed the importance of sufficient levels of investment in agricultural technologies, as well as economic and technical cooperation to increase agricultural productivity. We also agreed on the importance of increased support to food aid programs and to ensure that they are managed in a way that does not distort markets.

The FAO High-Level Conference provides an opportunity for serious discussions on this issue in order to develop a deeper understanding of the causes, effects and possible solutions.

We welcomed ABAC's proposal to review the APEC Food System and update it in the light of the food challenges we now face.

Addressing human security challenges and ensuring the sustainability of business facilitation and trade liberalisation

We affirmed human security is essential to the sustainable economic growth and prosperity of APEC economies.

We understand the risks posed by terrorist activity and natural disasters on APEC economies and the threat to our shared prosperity. We welcomed work on trade recovery, food defense, and on combating terrorist financing, specifically on the misuse of non-profit organisations by terrorists, bulk cash smuggling and illicit cash couriers. We

also recognised the need to enhance security, through cybersecurity, transportation security, food safety, energy security, enhancement of public-private partnerships to fight terrorism, and other crucial issues of collaboration among APEC economies.

We expressed our deepest sympathies to the People's Republic of China for the terrible damage and loss of life caused by the recent earthquake in Sichuan Province. APEC continues to play an important role in regional efforts to prepare for and respond to such natural disasters. In this regard, we were pleased at APEC's efforts to develop and implement a program of capacity-building projects designed to strengthen community resilience to natural disasters and other emergencies and encouraged ongoing engagement with the private sector to help mitigate disruption to business. We looked forward to the outcomes from the Emergency Management CEO Seminar to be held in Peru in August.

We welcomed initiatives to strengthen food and consumer product safety standards and practices in the region through enhanced coordination and programs to ensure the health and safety of our populations, without creating unnecessary impediments to trade. In particular, we noted the importance of the new multi-year capacity building projects on developing technical infrastructure and increasing food and product safety. We encouraged continued work to strengthen product safety and to facilitate trade, including through sector-specific product safety efforts, as well as work in promoting good regulatory practices.

We reiterated our continuing support for the Secure Trade in the APEC Region (STAR) Initiative. We looked forward to a successful Sixth STAR Conference to be held in Lima in August this year. STAR VI will reinforce APEC's secure trade agenda by working in partnership with the private sector to identify ways of mitigating security risks, without compromising the flow of trade.

Promoting Transparency and Fighting Corruption

We were pleased that APEC continues to make a valuable contribution to fighting corruption and ensuring transparency in the region. We supported the implementation by all economies of the APEC Code of Conduct for Business, the Code of Conduct Principles for Public Officials and complementary Anti-Corruption Principles for the Private and Public Sectors, within the fundamental principles of each economy's legal system. We also supported the implementation of APEC 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 agreed to further strengthen international cooperation to combat money-laundering and to raise awareness of illicit finance challenges posed to our economies by transnational organised crime and corrupt entities. We reiterated our strong support for those member economies yet to ratify and implement the United Nations Convention against Corruption to do so.

Gender

We welcomed the reports from the Gender Focal Point Network (GFPN) and Women Leaders' Network (WLN), and recognised the importance of integrating gender considerations into the development of trade policy, and the need to strengthen APEC's capacity in this regard.

We welcomed initiatives for the promotion of women exporters in the APEC region, particularly in developing economies, and reinforced the importance of continued cooperation between APEC and the business community to ensure that women entrepreneurs are able to both contribute to and benefit from free trade in the Asia-Pacific region.

Developing Corporate Social Responsibility in the Asia-Pacific

We discussed the role that APEC can play in developing Corporate Social Responsibility (CSR) in the Asia-Pacific. CSR has been developing at different speeds and in different directions within all APEC economies over recent years with each approach reflecting local factors, distinct business cultures and economic structures. It is an issue that complements and supports APEC's agenda of promoting economic development and improving the business environment in the region. Robust companies' CSR policies are increasingly important for their successful international trade and investment. The integration of economic, social and environmental considerations into everyday business practice is essential for promoting sustainable development in the region.

CSR is most effective when it is led by the private sector and takes into account different development approaches for different levels of development. Many member economies, companies, and international organisations have developed effective CSR practices and guidelines that could serve as useful models for other companies in our region. We agreed that APEC, especially through ABAC, could play a promoting and facilitating role in CSR awareness and best practices in both the public and private sectors. We encouraged officials to work closely with ABAC to develop an APEC CSR agenda for consideration by APEC Leaders in 2008.

Interaction with the Business Community

- Dialogue with the APEC Business Advisory Council (ABAC)

We reiterated the valuable role of ABAC in providing advice on how to improve the business environment in the Asia-Pacific region. We emphasised the need to continue strengthening the linkages between public and private sectors.

We welcomed the closer engagement achieved with ABAC to progress the work across the APEC agenda, including on support for the Doha negotiations, regional economic integration and trade and investment liberalisation and facilitation.

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 these into account in our future work. We committed ourselves to take ABAC's recommendations into account, where appropriate, as we pursue an ambitious agenda and concrete outcomes.

- Industry Dialogues

We welcomed the work done by the industry dialogues to raise awareness of initiatives outside APEC that may affect trade and competitiveness of the industries within the region.

We recognised the importance of the cooperative work undertaken by the public and private sectors in the industry dialogues, as an effort to enhance trade facilitation, transparency and the reduction of barriers to trade and investment.

We welcomed the progress in the implementation of the Life Sciences Strategic Plan, including the development of the study on the benefits of investment in health innovations and checklists on enablers of investment in this important area, and the broad range of the capacity building projects, including anti-counterfeiting, regulatory harmonisation and the promotion of Public Private Partnerships in life sciences innovation.

We also emphasised our concerns over the potential negative impact of the EU's Chemical Policy (REACH) and reiterated our position that these measures should not constitute unnecessary obstacles to trade in chemicals and downstream products. We endorsed the Report on Best Practices for Chemical Regulations and the report of the Globally Harmonized System (GHS) Virtual Group as APEC contributions to Strategic Approach to International Chemicals Management (SAICM), and welcomed the initiation in the Chemical Dialogue of the Chemical Regulators Forum.

APEC Reform: Keeping APEC at the forefront of regional economic integration

We remain committed to ensuring that APEC is the pre-eminent forum for economic cooperation and integration in the Asia-Pacific. We are therefore pleased that the process to establish a Policy Support Unit attached to the APEC Secretariat is now underway. The unit will provide analytical capacity, policy support and assist in guiding related capacity building for APEC's trade, investment and economic reform agenda and related ECOTECH activities. We also noted the work currently underway to develop proposed conditions, responsibilities and accountability mechanisms related to the appointment of an APEC Executive Director for a fixed-term.

Seventh APEC Ministerial Meeting on the Telecommunications and Information Industry (TELMIN7)

Bangkok, Thailand
23–25 April 2008

Bangkok Declaration "Digital Prosperity: Turning Challenges into Achievement"

1. We, APEC Ministers responsible for the Telecommunications and Information Industry, gathered in Bangkok, Thailand from 23-25 April 2008. We reflected on the challenges for APEC economies and expressed our strong determination and reaffirmed our continued efforts to turn such challenges into opportunities and achievements with a view to making contributions to digital prosperity for the wider economic and social development of our economies. We also noted with satisfaction that the Leaders' Brunei Goal of Tripling Internet Access within the Asia-Pacific region set in 2000 had been achieved.
2. We welcomed the APEC Economic Leaders' Declaration entitled "Strengthening Our Community, Building a Sustainable Future" in Sydney, Australia, 2007, in which APEC Economic Leaders indicated their collective commitment to regional economic integration, to free and open markets, to the security of our people, and to address the challenges of climate change. We agreed that APEC Telecommunications and Information Working Group (TEL) continues to respond appropriately to our Leaders' directions, as well as work towards achieving the Bogor Goals of free and open trade and investment in the Asia Pacific region by 2010 for developed economies and 2020 for developing economies and also noted that our Leaders agreed to accelerate efforts toward regional economic integration in a variety of sectors including telecommunications.
3. Similarly, as Leaders stressed the crucial importance of the World Trade Organization (WTO)'s rules-based, global trading system and their determination to bring Doha Round to an early and successful conclusion, we reaffirmed our support for that objective and encouraged TEL to further promote liberalization within APEC economies.
4. We noted that a key foundation for the Asia Pacific Information Society (APIS) is the on-going development of Asia Pacific Information Infrastructure (APII). We reaffirmed our commitment to strengthen the APII and to promote the APIS to be able to respond effectively to the rapid pace of convergence and to overcome the digital divide.
5. We also noted the APEC Ministers' Statement of 2007 that APEC economies should continue our efforts to strengthen protection and enforcement of Intellectual Property Rights (IPR) in the region in order to foster the development of knowledge-based economies, expand investment opportunities, and promote economic growth.
6. We welcomed the APEC TEL Chair's report and commended the work of the TEL in pursuing the priorities set at our last meeting in Lima, which focused on next generation networks and technologies, mutual recognition arrangements, regulatory reform, capacity building, protecting electronic information systems of essential infrastructure and services, and enhancing cyber security.

Looking forward, we requested the Working Group to advance its work with an emphasis on the following areas:

Challenges and Strategies to Promote Universal Services

7. Ensuring universally accessible ICT infrastructure and services to bridge the digital divide is crucial to our future social and economic prosperity. We applauded the remarkable progress made in the APEC region by individual member economies towards achieving the Brunei Goal of universal Internet access by 2010. We further asked the TEL to encourage economies to continue their efforts to expand the reach of networks with the ambitious goal of achieving universal access to broadband by 2015.

8. To achieve our common goals, we encouraged intensified efforts to support effective universal service strategies that are appropriate to each economy. These efforts should include innovative policies, regulatory frameworks and programs to meet the needs of unserved or underserved communities using ICT in a sustainable manner.

Changing Market Profiles and Flexible Regulatory Frameworks

9. Digital prosperity and ICT development require a regulatory environment that encourages competition, technology neutrality, investment and innovation in markets driven by rapid changes in technology, business models and services. A sustainable ICT industry should be responsive to the needs of consumers. We therefore encouraged active and open consultation on policy and regulatory developments to enhance the policy process and to ensure that competition is encouraged and that consumers and market participants are fully informed, especially as we have seen technologies converging in a 'next generation' environment.

10. We encouraged the TEL to examine appropriate policy and regulatory responses in order to maximize the economic and social benefits of these developments. Capacity building activities should be a priority to equip regulators for their task, to support competition and domestic regulatory reform, and to ensure that consumers are adequately informed and equipped to deal with the opportunities and challenges that face them.

11. Consistent with the wider APEC agenda, we also stressed the importance of trade and investment liberalization and facilitation in the telecommunications and information sector to support regional economic integration, noting that our Leaders have called for a report on this topic at their next meeting. We asked the TEL to develop a full response that will facilitate the wider APEC agenda with particular attention to measures to support innovative and secure cross-border business services, and to provide users with seamless cross-border telecommunications and value-added services at competitive prices.

12. Recognizing the rapid convergence of communications technologies or services, we encouraged continued sharing of information and experiences in order to enhance our common understanding of the implications for policy and regulatory frameworks.

13. We recognized the improved market access for telecom products offered through participation in a Mutual Recognition Arrangement (MRA) for Conformity Assessment, and encouraged those economies that have not yet implemented the MRA to take the necessary steps do so. We also noted that the MRA on equivalence of technical requirements is being developed to allow economies with similar technical requirements to recognize them as equivalent and reduce the number of tests needed for a product to be marketed in multiple economies and encouraged all economies to participate actively

in finalizing this MRA. In combination, these two MRAs represent a substantial streamlining of regulatory processes and access to global markets.

Promoting a Safe and Trusted ICT Environment for Digital Prosperity

14. The use of information and communications networks and services exposes all of us to a broad range of risks, which affects the integrity of our information systems and our safety and security as well as our confidence in their use.

15. An environment that offers protection for users, especially for minors and other vulnerable groups and supports the security of personal and business information is essential for promoting and maintaining the trust and confidence of consumers and businesses in online communications. We encouraged continued collaboration and sharing of information and experience between member economies to support a safe and trusted ICT environment.

16. A key priority is the development of effective responses to ensure security against cyber threats, malicious attacks and spam. We therefore called for ongoing efforts to provide users including SMEs within APEC economies with the knowledge and skills they need to deal effectively with these threats and to cultivate a culture of security. We also encouraged continued sharing of information, experiences and practices on the protection of electronic information systems of essential infrastructure and services. We noted that in this context, a trusted and secure on-line environment is fundamental to facilitate electronic transactions.

Enhancing Outreach Activities on Cyber Security

17. Cyber security is a global and cross-jurisdictional problem which requires governments, law enforcement agencies, industries, business and consumers to work together across borders to develop multilateral approaches. We therefore recognized the need not only to develop and implement domestic cyber security strategies but also to build cross-border collaboration between economies and cooperative work between APEC and other organizations on security initiatives to counter threats to networks, in particular electronic information systems of essential infrastructure and services.

18. We commended the TEL for its outreach activities to facilitate the work of key stakeholders including Computer Emergency Response Teams (CERTs), Computer Security Incident Response Teams (CSIRTs), law enforcement officials, legislators and others to combat malicious attacks and enhance cyber security.

19. We also commended the collaboration with other international organizations such as ASEAN, ITU and OECD to share experiences and develop best practice approaches to cyber security and to enhance our collective security.

20. We stressed the need for ongoing efforts that will assist governments and the private sector to work together to combine innovation with security, and to protect electronic information systems of essential infrastructure and services. In particular, we encouraged APEC economies to undertake training and exercises designed to enhance response capabilities and to test continuity and contingency plans in the event of a cyber attack.

21. We recalled our previous Ministerial statement from 2005 in Lima, Peru, that urged the enactment of comprehensive domestic legislation relating to cyber security and cybercrime that is consistent with international legal instruments including the

Convention on Cybercrime (2001) and relevant United Nations General Assembly Resolutions, and recommended that each economy review its progress in this area.

ICT Capacity Building for a Prosperous Future

22. We noted the on-going capacity building activities on the use of ICT for empowering rural and remote communities and acknowledged the benefits of cooperation with other APEC fora. We encouraged member economies to further develop sustainable community-based programs including public-private partnerships to build capacities and to meet their socio-economic development needs.

23. We encouraged further work to ensure that all APEC economies benefit from innovative technologies and services, recognizing the potential transformative nature of advanced and emerging technologies. We also encourage continued sharing of information and demonstration of new and advanced technologies, including cooperative projects such as grid computing and testbeds that could benefit all economies.

24. We recognized the vital role played by ICT in all phases of emergency preparedness, early warning and disaster mitigation, rescue and relief operations, delivery of humanitarian assistance and recovery efforts. We called upon TEL to collaborate, as appropriate, with other organizations with a view to contributing to broader APEC efforts in this area.

25. We commended the progress made in the area of MRAs and urged TEL to continue its capacity building initiatives in order to assist economies to better implement the MRAs with appropriate levels of conformity assessment infrastructure and capability.

Way Forward

Recognizing the critical enabling role of ICT for sustained economic development and prosperity of APEC economies, we therefore:

26. Encouraged TEL to further explore areas of work in which the use of ICT can improve public services, raise business efficiencies, enhance our quality of life, and assist in addressing global issues such as climate change and natural disasters;

27. Encouraged TEL to work within its mandate, as appropriate, to enhance and strengthen collaboration with other APEC fora, and other organizations particularly in the areas of capacity building and human resource development;

28. Acknowledged the importance of convergence for digital prosperity and called upon the TEL to discuss regulatory and policy approaches that correspond to a continuously changing market environment;

29. Commended and encouraged the continued openness of TEL to the important contributions of international and regional organizations, the private sector, user groups and academia in driving technological innovation, information dissemination and broader economic development and prosperity;

30. Encouraged wider cooperation with other APEC fora dealing with such issues as the application of telecommunications and information services, electronic commerce, intellectual property rights and facilitating regional trade and investment to ensure that best value is obtained from the contribution that the telecommunications and information sector could make to the wider work of developing the security and prosperity of the APEC region;

We agreed to present this Declaration to the Economic Leaders' Meeting and Ministerial Meeting in Lima, Peru in November 2008.

We requested TEL to report on the implementation of this Declaration to the next APEC TELMIN.

Fifth APEC Tourism Ministerial Meeting

Lima, Peru
9–11 April 2008

Pachacamac Declaration on Responsible Tourism in the Asia-Pacific Region

1. We, the APEC Tourism Ministers from Australia; Brunei Darussalam; Canada; Chile; the People's Republic of China; the Republic of Indonesia; Japan; the Republic of Korea; Malaysia; Mexico; New Zealand; Peru; the Russian Federation; Republic of Singapore; Chinese Taipei; Kingdom of Thailand; the United States of America; and the Socialist Republic of Viet Nam, met in our Fifth Ministerial Meeting in Lima, Peru, in April 9–11, 2008, under the Chairmanship of HE. Mercedes Araoz, Minister of Foreign Trade and Tourism of Peru.
2. We gather under the theme of PERU APEC 2008 "*A new commitment to the development of the Asia-Pacific*" knowing that tourism has become one of the major players in international services and a recognized contributor to poverty reduction, representing at the same time one of the main sources of income for many member economies.
3. We strengthen our participation under the theme "*Towards responsible tourism in the Asia-Pacific region*" to ensure continuous sustainable growth in the tourism industry in order to contribute and generate income and employment to local communities, as well as to promote the conservation and preservation of our environment, including social and cultural aspects.
4. We reaffirm that the four key policy goals adopted in the Seoul Declaration on the **APEC Tourism Charter** are consistent with the goals for free and open trade and investment established in the Bogor Declaration and the general principles for trade liberalization, facilitation and economic and technical cooperation established in the Osaka Action Agenda.
5. We recognize that the key roles and functions of the Tourism Working Group (TWG) are to facilitate and increase cooperation and learning between TWG members; increase awareness of tourism and its role as an economic driver within the APEC region, throughout the broader APEC forum and in member economies; and influence policy developers and decision makers on issues relating to and impacting on tourism and focus APEC Leaders on tourism.
6. We note the TWG's efforts to be more strategic in its approach to important issues affecting tourism in the region, as well as its valuable structural reform for encouraging the current and future TWG Lead Shepherds to continue the strong leadership and direction of the group.
7. We commend the TWG on its greater efforts to collaborate with other APEC Working Groups such as the Small and Medium Enterprises Working Group (SMEWG), Transportation Working Group (TPTWG) and Human Resources Development Working Group (HRDWG) in order to enhance effective collaboration and participation to reach our main objectives in APEC.

8. We recognize the importance of APEC tourism projects developed and implemented by APEC member economies, encouraging sustainable economic growth of tourism in the Asia-Pacific region and encouraging a greater number of APEC member economies to participate in the presentation and formulation of new projects.
9. We recognize that Responsible Tourism is a vehicle for making environmentally friendly, sustainable and respectful choices when traveling and reducing negative impacts on tourism through the total commitment and participation of stakeholders involved in the tourism industry.
10. We encourage Tourism Organizations of APEC member economies to promote Responsible Tourism through the development of mechanisms to:
 - minimize negative environmental, social and cultural impacts;
 - generate greater economic benefits for local people and enhance the well-being of host communities, by improving working conditions and access to the industry;
 - involve residents as stewards in preserving, developing, promoting and managing cultural and heritage tourism resources as a source of community pride, economic empowerment and well being;
 - make positive contributions to the conservation of natural and cultural heritage and the maintenance of the world's diversity;
 - provide more enjoyable experiences for tourists through more meaningful connections with local people and a greater understanding of social, cultural and environmental issues; and
 - develop a culture of sensitivity and respect between tourists and hosts.
11. We welcome the key discussion points on social inclusion and indigenous tourism, corporate social responsibility, environmental responsibility and climate change, cultural tourism and aviation connectivity as important issues to be developed on the theme "*Towards responsible tourism in the Asia-Pacific region*".
12. We intend to raise awareness of individuals and communities of the benefits of implementing socially responsible corporate practices.
13. We support the importance of embracing culture in the agenda of the TWG, encouraging APEC economies to develop tourism products which celebrate cultural diversity and provide economic progress for cultural groups; in addition, to entrench culture as an important cross-cutting issue facing APEC, developing practical approaches and solutions for cultural issues in the Asia-Pacific Region.
14. We note the importance of aviation and sufficient airline capacity and the need to ensure that new routes and frequencies are introduced to facilitate tourism and foreign trade.
15. We welcome Peru's support for APEC International Centre for Sustainable Tourism (AICST) ongoing role as TWG's dedicated research agency. Members will consider mechanisms to support AICST to provide continued research support to the TWG and to support its engagement with related organizations including the private sector.

16. We welcome Japan's kind offer to host the 6th Tourism Ministerial Meeting (TMM) in 2010.
17. We congratulate and extend our warm thanks to Peru for its professional and friendly hosting of the 32nd TWG and the 5th TMM. We offer our thanks to our invited guests AICST, World Tourism Organization (UNWTO), and World Travel and Tourism Council (WTTC) for their participation in the 5th TMM. We also thank the APEC Secretariat and the Lead Shepherd for their contribution to the success of the meeting.

Acronyms

ABAC	APEC Business Advisory Council
ADB	Asian Development Bank
ADC	Andean Development Corporation
ADOC	APEC Digital Opportunity Centre
AFDC	Asia-Pacific Finance and Development Center
AFDP	APEC Finance and Development Program
AICST	APEC International Centre for Sustainable Tourism
ALCoB	APEC Learning Community Builders
AMM	APEC Ministerial Meeting
APII	Asia Pacific Information Infrastructure
APIS	Asia Pacific Information Society
APSN	APEC Port Services Network
BMC	Budget and Management Committee
CEPI	Consumer Education Protection Initiative
CERTs	Computer Emergency Response Teams
CSIRTs	Computer Security Incident Response Teams
CSR	Corporate Social Responsibility
DDA	Doha Development Agenda
ECOTECH	Economic and Technical Cooperation
FAIR	Forum on Asian Insolvency Reform
FATF	Financial Action Task Force
FRTI	Financial Regulators Training Initiative
FSAP	Financial Sector Assessment Programs
FSCF	Food Safety Cooperation Forum
FSCF PTIN	FSCF's Partnership Training Institute Network
FSF	Financial Stability Forum
FTAAP	Free Trade Area of the Asia-Pacific
FWG	Fisheries Working Group
GFPN	Gender Focal Point Network
GHS	Globally Harmonized System
IADB	Inter American Development Bank
IAPs	Individual Action Plans
ICT	Information and Communication Technologies
IFAP	Investment Facilitation Action Plan
IFIs	international financial institutions
IMF	International Monetary Fund

IMFC	International Monetary and Financial Committee
IPEG	Intellectual Property Experts Group
IPR	Intellectual Property Rights
KPIs	Key Performance Indicators
LAISR	APEC Leaders' Agenda to Implement Structural Reform
MRA	Mutual Recognition Arrangement
MRCWG	Marine Resource Conservation Working Group
MRT	Ministers Responsible for Trade
NAMA	Non-Agricultural Market Access
PPPs	Public-Private Partnerships
RBB	Results-Based Budgeting
REI	Regional Economic Integration
RTAs/FTAs	Regional Trade Agreements/Free Trade Agreements
SAICM	Strategic Approach to International Chemicals Management
SCCP	Sub-Committee on Customs Procedures
SME	Small and Medium Enterprise
SOM	Senior Officials Meeting
SPAN	SME Integrated Plan of Action
STAR	Secure Trade in the Asia Pacific Region
SWFs	Sovereign Wealth Funds
TELMIN	Ministerial Meeting on the Telecommunications and Information Industry
TFAP II	second Trade Facilitation Action Plan
TILF	Trade and Investment Liberalisation and Facilitation
TMM	Tourism Ministerial Meeting
TPTWG	Transportation Working Group
TWG	Tourism Working Group
UNCAC	UN Convention Against Corruption
UNFCCC	UN Framework Convention on Climate Change
UNWTO	World Tourism Organization
VAP	Voluntary Action Plan
WLN	Women's Leaders Network
WTO	World Trade Organization
WTTC	World Travel and Tourism Council