



**Asia-Pacific  
Economic Cooperation**

# **Key APEC Documents 2011**

**Advancing Free Trade for Asia-Pacific Prosperity**



**Asia-Pacific  
Economic Cooperation**

**APEC Secretariat**

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# Introduction

*Key APEC Documents 2011* is the 18th 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 2011 together with the APEC Economic Leaders' Declaration from their recent meeting in Honolulu, Hawaii.

The APEC website, [www.apec.org](http://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 2011

## **19th APEC Economic Leaders' Meeting**

**Honolulu, Hawaii, United States  
12-13 November 2011**

### **“THE HONOLULU DECLARATION – TOWARD A SEAMLESS REGIONAL ECONOMY”**

In 1993, when the United States hosted the first Leaders' Meeting on Blake Island near Seattle, APEC Leaders hailed the rise of the Asia-Pacific's voice in the global economy. Today, as we gather in Honolulu, in the heart of the Pacific, APEC Leaders look out on a region that is performing beyond even the most optimistic expectations. Our region is now the vanguard for global growth, a status that we have achieved through a steady commitment to the APEC mission of regional economic integration and to the Bogor Goals of free and open trade and investment.

We meet at a time of uncertainty for the global economy. Growth and job creation have weakened in many economies, and significant downside risks remain, including those arising from the financial challenges in Europe and a succession of natural disasters in our region.

These challenges have only strengthened our commitment to cooperation as the way forward. Building on the Yokohama Vision, we firmly resolve to support the strong, sustained, and balanced growth of the regional and global economy.

We recognize that further trade liberalization is essential to achieving a sustainable global recovery in the aftermath of the global recession of 2008-2009. We have deep concerns regarding the impasse confronting the Doha Development Agenda (DDA), and the reality is that a conclusion of all elements of the Doha agenda is unlikely in the near future. We will not complete the DDA if we continue to conduct negotiations as we have in the past, but none of us intends to abandon efforts that would allow for better progress toward the ultimate conclusion of the DDA. We instruct officials to approach the upcoming WTO Ministerial Conference and negotiations beyond it with a view to fresh thinking and a determination to begin exploring fresh and credible approaches. These include possibilities that involve advancing specific parts of the Doha agenda where consensus might be reached on a provisional or definitive basis.

As our economies and others continue to address evolving challenges and opportunities, it will be important for the WTO to contribute, with development as a continuing priority.

We reaffirm our pledge against protectionism through a standstill and extend this commitment through the end of 2015. We urge WTO Members meeting at the Eighth Ministerial Conference in December 2011 to build on the commitment made at APEC through agreement on an anti-protectionist pledge. We direct APEC Ministers Responsible for Trade to use the 2012 meeting in Kazan to assess ways to promote progress on the DDA in the WTO. We look forward to the conclusion of Russia's WTO accession process at the upcoming WTO Ministerial Conference.

In APEC this year, we have committed to taking concrete steps toward a seamless regional economy, in order to link our economies and markets ever closer together, to the benefit of all.

#### **Strengthening Regional Economic Integration and Expanding Trade**

APEC's core mission continues to be further integration of our economies and expansion of trade among us. We come together in APEC to pursue these goals, recognizing that trade and investment are critical to job creation and greater economic prosperity for all our economies. We further

recognize that strengthening regional economic integration also plays a key role in promoting regional peace and stability.

We have pursued these objectives in 2011 by addressing next-generation trade and investment issues, including through our trade agreements and a Free Trade Area of the Asia-Pacific, which is a major instrument to further APEC's regional economic integration agenda. Specifically, we will advance a set of policies to promote effective, non-discriminatory, and market-driven innovation policy to set a model for innovation in the region as the best path toward fostering innovations that will increase productivity and ensure economic growth (see Annex A). We also decided on areas of cooperation that could be included in our trade agreements to enhance the participation of small and medium-sized enterprises (SMEs) in global production chains (see Annex B).

In addition, we will take the following steps to further open markets and facilitate regional trade:

- Establish commercially useful *de minimis* values in our economies that will exempt low-value shipments from customs duties and streamline entry documentation requirements, as a key contribution to our goal of an APEC-wide 10 percent improvement in supply-chain performance by 2015;
- Undertake specific actions to address the top barriers that SMEs face in trading in the region to boost the capacity of these companies to contribute to economic growth and job creation in our economies;
- Play a leadership role in launching negotiations to expand the product coverage and membership of the WTO Information Technology Agreement, in order to build on the contribution this Agreement has made to promoting trade and investment and driving innovation in APEC economies;
- Launch the APEC Travel Facilitation Initiative to explore ways to make travel in the region faster, easier, and more secure;
- Implement our APEC New Strategy for Structural Reform plans by 2015 in order to reduce behind-the-border barriers and promote balanced, inclusive, and sustainable growth;
- Implement the APEC Cross Border Privacy Rules System to reduce barriers to information flows, enhance consumer privacy, and promote interoperability across regional data privacy regimes;
- Implement the Niigata Declaration on Food Security, and reaffirm our commitment to a standstill, first made by APEC Leaders in 2008, as it pertains to export restrictions and other WTO-inconsistent trade measures; and
- Facilitate commerce and promote economic growth by pursuing liberalization of air cargo services.

### **Promoting Green Growth**

We are committed to advancing our shared green growth objectives. We can and must address both the region's economic and environmental challenges by speeding the transition toward a global low-carbon economy in a way that enhances energy security and creates new sources of economic growth and employment.

We have advanced these objectives significantly in 2011. In 2012, economies will work to develop an APEC list of environmental goods that directly and positively contribute to our green growth and sustainable development objectives, on which we are resolved to reduce by the end of 2015 our applied tariff rates to 5% or less, taking into account economies' economic circumstances, without prejudice to APEC economies' positions in the WTO. Economies will also eliminate non-

tariff barriers, including local content requirements that distort environmental goods and services trade (see Annex C). Taking these concrete actions will help our businesses and citizens access important environmental technologies at lower costs, which in turn will facilitate their use, contributing significantly to APEC's sustainable development goals.

We will also take the following steps to promote our green growth goals:

- Rationalize and phase out inefficient fossil-fuel subsidies that encourage wasteful consumption, while recognizing the importance of providing those in need with essential energy services, and set up a voluntary reporting mechanism on progress, which we will review annually;
- Aspire to reduce APEC's aggregate energy intensity by 45 percent by 2035;
- Promote energy efficiency by taking specific steps related to transport, buildings, power grids, jobs, knowledge sharing, and education in support of energy-smart low-carbon communities;
- Incorporate low-emissions development strategies into our economic growth plans and leverage APEC to push forward this agenda, including through the Low-Carbon Model Town and other projects; and
- Work to implement appropriate measures to prohibit trade in illegally harvested forest products and undertake additional activities in APEC to combat illegal logging and associated trade.

### **Regulatory Convergence and Cooperation**

Regulatory reform, including eliminating unjustifiably burdensome and outdated regulations, can boost productivity and promote job creation, while also protecting the environment and public health, safety, and security. In addition, as trade and investment flows become more globalized, greater alignment in regulatory approaches, including to international standards, is necessary to prevent needless barriers to trade from stifling economic growth and employment.

This year, we have advanced these objectives by committing to take specific steps by 2013 to implement good regulatory practices in our economies, including by ensuring internal coordination of regulatory work; assessing regulatory impacts; and conducting public consultation (see Annex D).

We will also take the following steps to increase convergence and cooperation in our regulatory systems:

- Pursue common objectives to prevent technical barriers to trade related to emerging green technologies, including smart grid interoperability standards, green buildings, and solar technologies;
- Strengthen food safety systems and facilitate trade, including by supporting the Global Food Safety Fund – an innovative capacity-building partnership with the World Bank; and
- Ensure implementation of our APEC anti-corruption and open government commitments by 2014 through deeper cooperation in APEC.

### **Looking Forward**

To promote strong, inclusive regional growth, we commit to take concrete actions to expand economic opportunities for women in APEC economies. We welcome the San Francisco Declaration on Women and the Economy and pledge to monitor its implementation.

We applaud the contributions of the APEC Business Advisory Council (ABAC) to our work. Recognizing that private enterprise is the engine of trade, investment, and innovation, we have committed ourselves to enhancing the role of the private sector in APEC, through greater input into APEC's working groups and the establishment of new public-private Policy Partnerships. Expressing solidarity with the people affected by tragic natural disasters, we pledge to incorporate the private sector and civil society more substantively into our emergency preparedness efforts, as a critical piece of our efforts to build more resilient communities and businesses.

Recognizing the range of experiences and systems across APEC economies, we reaffirm the importance of supporting our ambitious vision for a seamless regional economy through our abiding commitment to delivering effective economic and technical cooperation.

Enormous progress has been made. But our work toward a truly seamless regional economy is only in the beginning stages. We instruct our ministers and officials to carry forward this work and to strengthen the economic foundation of our shared Asia-Pacific community. We look forward to reviewing further progress when we convene again during Russia's hosting of APEC in 2012.

## 19th APEC Economic Leaders' Meeting

Honolulu, Hawaii, United States  
12-13 November 2011

### ANNEX A

#### PROMOTING EFFECTIVE, NON-DISCRIMINATORY, AND MARKET-DRIVEN INNOVATION POLICY

Encouraging innovation – the process by which individuals and businesses generate and commercialize new ideas – is critical to the current and future prosperity of APEC economies. Our collective economic growth and competitiveness depend on all our peoples' and economies' capacity to innovate. Open and non-discriminatory trade and investment policies that foster competition, promote access to technology, and encourage the creation of innovations and capacity to innovate necessary for growth are critical aspects of any successful innovation strategy. Therefore, we as APEC Leaders agree to:

1. Develop and maintain an open economy that allows the flow of capital, people, ideas, goods, and services across borders in ways that ensure competition, enhance productivity, and foster growth across the Asia-Pacific region;
2. Enable the development and adoption of new and innovative business models by maintaining regulatory systems, including licensing regimes, that support competitive markets;
3. Maintain regulatory systems that are transparent and non-discriminatory, provide due process, and include opportunities for early and meaningful stakeholder engagement, consistent with the APEC Leaders' Transparency Standards;
4. Promote open investment, including by working to remove restrictions on foreign direct investment, consistent with the APEC Non-Binding Investment Principles and the APEC Investment Facilitation Action Plan;
5. Encourage the use and participation in the development of voluntary, market-led, and global standards that promote innovation, competition, and create global markets for products and services;
6. Ensure that technical regulations and requirements serve legitimate public policy objectives (e.g., health, security, safety, and environment), and do not serve to stifle innovation, limit access to technologies, reduce competition, or create unnecessary trade barriers;
7. Develop and implement technical regulations and requirements, taking into consideration the APEC-OECD Integrated Checklist on Regulatory Reform;
8. Provide effective protection and enforcement of intellectual property rights to create a climate in which innovators, including small and medium-sized businesses, are encouraged to invest in the research, development, and commercialization of leading-edge technologies and promote the dissemination of technologies and services throughout APEC economies;
9. Refrain from adopting or maintaining measures that make the location of the development or ownership of intellectual property a condition for eligibility for government procurement preferences, without prejudice to economies' positions in the WTO;

10. Ensure that the terms and conditions of transfer of technology, production processes, and other proprietary information are left to the agreement between individual enterprises, consistent with WTO rules;
11. Promote government procurement policies that are transparent, non-discriminatory, openly pro-competitive, and performance-based, consistent with the APEC Non-Binding Principles on Government Procurement;
12. Implement information and communication technology policies, including those related to data privacy and security, in such a way as to minimize the trade-distorting impact of and promote greater global alignment in those policies;
13. Effectively and efficiently manage spectrum so as to enable innovative use of this resource, avoiding undue limitations on applications and technologies that utilize spectrum, other than as necessary to mitigate harmful interference; and
14. Encourage cooperation and interaction among researchers and laboratories, including through joint research and development, in order to accelerate innovations that can be applied to address the common economic and other challenges APEC economies face.

We instruct officials to develop capacity-building activities that will further assist economies to promote effective, non-discriminatory, and market-driven innovation policy.

## 19th APEC Economic Leaders' Meeting

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### ANNEX B

#### ENHANCING SMALL AND MEDIUM-SIZED ENTERPRISES PARTICIPATION IN GLOBAL PRODUCTION CHAINS

Recent Free Trade Agreements (FTAs) have begun to include chapters or provisions on cooperation and addressing the development of SMEs, and their results have enabled SMEs to strengthen capacity in their productive processes. However, further efforts could be made to foster the participation of SMEs in global production chains through addressing the issue in next generation trade agreements. This will facilitate the development of SMEs as supporting industries<sup>1</sup>.

Therefore, we agreed that APEC could promote the inclusion of language in FTAs, setting out areas in which parties will cooperate to enhance SMEs' participation in global production chains in order to foster trade and investment in the region. These areas of cooperation could include:

- Enhancing SMEs' ability to take advantage of opportunities throughout the production chain
  - a) Enhancing SMEs' ability to identify commercial partners and direct investment and joint venture opportunities in foreign markets.
  - b) Sharing information on assistance programs the parties have in place to foster SMEs participation as supporting industries.
  - c) Enhancing SMEs' understanding of how to become reliable supporting industries and to establish business ties with other supporting industries, final goods suppliers, and exporting industries.
- Enhancing SMEs' ability to take advantage of trade opportunities
  - d) Enhancing SMEs' human resources development through training programs on international trade, and entrepreneurial and technical education.
  - e) Making publicly available trade-related regulations and other policies relevant to SMEs and their participation in global production chains.
- Promote enhanced use of information and communication technologies (ICTs) and intellectual property protection
  - f) Enhancing SMEs' understanding of how to utilize ICT networks and other innovative technologies to participate in global production chains.
  - g) Enhancing SMEs' understanding of how to acquire and protect their intellectual property rights.

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<sup>1</sup> Supporting industries may be defined as suppliers of inputs and/or services to be incorporated into the production chain of other enterprises which participate in international trade.

- Facilitate SMEs' access to trade and investment-related information
  - h) Enhancing Parties understanding of how to develop and promote seminars, workshops, trade opportunities and other activities, including establishing and maintaining a publicly available online tool kit to convey information, including text, tariff schedules, and references that can be useful for trading, investing, or doing business, to make it easier for SMEs to take advantage of the benefits of Free Trade Agreements.

## 19th APEC Economic Leaders' Meeting

Honolulu, Hawaii, United States  
12-13 November 2011

### ANNEX C

#### TRADE AND INVESTMENT IN ENVIRONMENTAL GOODS AND SERVICES

In 2007, in Sydney, we made a commitment to avoid barriers to trade and investment in pursuit of clean and sustainable development, and additionally launched an action agenda including promotion of environmental goods and services as a way to reduce trade barriers in this area. In 2009, we further enhanced this work by endorsing the APEC Work Programme on Environmental Goods and Services designed to help APEC reach agreement on actions to support sustainable growth in the region, advance work to increase utilization and dissemination of EGS, reduce existing barriers and refrain from introducing new barriers to trade and investment in EGS, and enhance capabilities of economies to develop their EGS sectors.

In 2011, we are now ready to take the concrete steps necessary to achieve these past commitments, and to make green growth a reality in all of our economies. Current estimates suggest that tens of trillions of dollars of investment will be required in the coming years to meet our clean energy, clean air, sanitation and other environmental goals. Ensuring that we can meet these goals at the lowest cost, utilizing the latest technologies, while also creating new, green jobs will be a significant challenge. In order to meet this challenge, we will benefit from open markets and enhanced environmental technology dissemination. Therefore, we agree to undertake the following actions to promote trade and investment in environmental goods and services:

- In 2012, economies will work to develop an APEC list of environmental goods that directly and positively contribute to our green growth and sustainable development objectives, on which we are resolved to reduce by the end of 2015 our applied tariff rates to 5% or less, taking into account economies' economic circumstances, without prejudice to APEC economies' positions in the WTO.
- Eliminate, consistent with our WTO obligations, existing local content requirements that distort environmental goods and services trade in the region by the end of 2012, and refrain from adopting new ones, including as part of any future domestic clean energy policy.
- Ensure that all government support and incentive programs aimed at promoting environmental goods and services are transparent and consistent with economies' WTO obligations.
- Ensure that all government procurement policies pertaining to environmental goods and services are transparent, consistent with the 1999 APEC Non-Binding Principles on Government Procurement.
- Promote regulatory coherence and cooperation in areas affecting environmental goods, including by better aligning approaches to standards and conformance in the environmental goods sector.
- Affirm our commitment to pursue liberalization of environmental goods and services in the World Trade Organization (WTO), including by exploring creative and innovative solutions to advance the Doha mandate to reduce and, as appropriate, eliminate tariff and non-tariff barriers to these goods and services.

- Pursue progressive liberalization of trade in environmental goods and services in our Free Trade Agreements.

We instruct officials to undertake capacity-building activities relevant to implementing these actions, including exchanging views, experiences, and best practices to promote EGS trade and investment.

## 19th APEC Economic Leaders' Meeting

Honolulu, Hawaii, United States  
12-13 November 2011

### ANNEX D

#### STRENGTHENING IMPLEMENTATION OF GOOD REGULATORY PRACTICES

Building high quality regulatory environments in APEC economies is a key component of APEC's work to promote free and open trade and investment in the region. Since its inception, APEC has promoted the use of good regulatory practices and worked to reduce the negative impact of regulatory divergences on trade and investment. APEC work in this area seeks to embed the concepts of non-discrimination, transparency, and accountability into the regulatory cultures of APEC economies, which will help create jobs and promote economic growth.

Therefore, we as APEC Leaders agree to undertake the following actions by November 2013 to strengthen the implementation of Good Regulatory Practices across APEC economies:

1. Develop, use, or strengthen processes, mechanisms, or bodies to enable a whole of government approach in the development of regulations, including coordination across regulatory, standards, and trade agencies.

The functions of this process, mechanism or body may include, but are not limited to, the following:

- Development of an economy-wide, cost-sensitive, and forward-looking regulatory agenda;
  - Establishment of overarching and publicly available principles to guide good regulatory governance; and
  - Review of existing regulations on a periodic basis to improve their effectiveness and address burdensome requirements contained within.
2. Develop, use, or strengthen mechanisms for assessing the impact of regulations, which involves effective and consistent use of the tools and best practices for developing new regulations and reviewing existing regulations.

Such tools and best practices may include, but are not limited to, the following:

- When deciding to regulate, clearly identify the need for a regulatory proposal, describing the nature and significance of the problem;
- Examine feasible alternatives, including less burdensome alternatives involving market-based or voluntary solutions, for addressing the problem;
- Assess both the costs and benefits of each available alternative for addressing the problem and identify the reasons why the alternative selected best achieves the policy objective. Given that some costs and benefits are difficult to quantify, qualitative assessments are more feasible in some cases; and
- Examine the incentives and mechanisms in place to review and streamline existing regulations.

3. Implement the principles related to public consultation of the 2005 APEC-OECD Integrated Checklist on Regulatory Reform section on regulatory policy and the 2004 Leaders' Statement to Implement the APEC Transparency Standards.

Implementation of these principles may include, but are not limited to, the following:

- Establish procedures that provide stakeholders with a meaningful opportunity to comment on regulatory proposals;
- Provide plainly written, clear, and concise draft measures for public comment with adequate time for review, so that stakeholders and government can have a genuine dialogue that leads to improved regulatory outcomes; and
- Ensure that regulators consider public comments.

## The 23<sup>rd</sup> APEC Ministers Meeting

Honolulu, Hawaii, United States  
11 November 2011

### STATEMENT

We, the APEC Ministers, met in Honolulu, Hawaii, November 11, 2011 under the Chairmanship of Secretary of State Hillary Clinton and Ambassador Ronald Kirk, United States Trade Representative.

We welcomed the participation in the meeting of the APEC Business Advisory Council (ABAC), and the Pacific Economic Cooperation Council.

In 2010 in Yokohama, APEC Leaders set out a vision for APEC to strengthen regional economic integration and achieve balanced, inclusive, sustainable, innovative, and secure growth. In 2011, our focus is on achieving concrete and meaningful results to translate this vision into reality. With this goal in mind, we discussed the following outcomes under APEC's three priority areas for 2011.

#### **Strengthening Regional Economic Integration and Expanding Trade**

We endorsed the 2011 APEC Committee on Trade and Investment (CTI) Annual Report to Ministers.

#### *Addressing Next Generation Trade and Investment Issues*

In 2010, Leaders instructed APEC to establish an agenda to define, shape, and address next generation trade and investment issues that a Free Trade Area of the Asia-Pacific (FTAAP) should contain, as a key way to advance APEC's core mission to strengthen and deepen regional economic integration and expand trade, and make meaningful progress towards the achievement of an FTAAP. In 2011, to fulfill this instruction, we agreed on specific and substantive ways to enhance small and medium-sized enterprises' (SMEs) participation in global production chains and submitted them for consideration to APEC Leaders. We also advanced work to promote effective, non-discriminatory, and market-driven innovation policy and submitted it for APEC Leaders' consideration. We instructed officials to build on work in 2011 on next generation trade and investment issues by: (1) sharing progress achieved towards implementation of each of these outcomes by November 2013; and (2) identifying additional next generation trade and investment issues to be addressed by next year's Leaders' meeting.

#### *Reporting on Progress Towards Achievement of the Bogor Goals*

We reaffirmed our commitment to achieving the Bogor Goals of free and open trade and investment, and endorsed the Bogor Goals Progress Report Guidelines to give direction to the process of reviewing APEC economies' progress towards achievement of the Bogor Goals by 2020. As part of this, we encourage economies to provide in their 2012 Individual Action Plans complete information, including related to transparency, about their progress towards achieving the Bogor Goals. To better inform the business community and other stakeholders of this work, we instructed officials to continue developing a "dashboard" of easy-to-understand figures to summarize advances in areas critical to promoting greater regional economic integration.

### *Reducing Trade Transaction Costs*

We welcomed the results of the Second Trade Facilitation Action Plan (TFAP II) assessment that APEC has achieved the Leaders' goal of a 5 percent further reduction in trade transaction costs over the TFAP II period of 2007 through 2010.

### *Improving Supply Chain Performance*

Enhancing supply chains to reduce the time, cost, and uncertainty of moving goods and services throughout the region continues to be a priority given its importance to trade and economic growth. To respond to the APEC Leaders' commitment to achieving an APEC-wide 10 percent improvement in supply chain performance by 2015, taking into consideration individual economy circumstances, we agreed on the following actions:

- To establish commercially useful de minimis values that under normal circumstances exempt express and postal shipments from customs duties or taxes and from certain entry documentation requirements, recognizing that economies may choose not to apply such exemptions on restricted goods or exempt shipments from taxes that are also applied to domestic goods. We recognized the importance of establishing de minimis values that maximize the trade facilitative and economic benefits for our economies and for trade in the region. We endorsed the APEC Pathfinder to Enhance Supply Chain Connectivity by Establishing a Baseline De Minimis Value (see Annex A), and instructed officials to develop a capacity-building program with the goal of increasing the participation of economies in the Pathfinder.
- We endorsed the APEC Authorized Economic Operator (AEO) Capacity Building Plan to assist interested APEC economies in developing and implementing AEO programs, in cooperation with other relevant frameworks such as the World Customs Organization. We also endorsed the Pathfinder on the Mutual Recognition of AEO Programs, which will encourage participating economies to pursue mutual recognition arrangements with fellow economies in the APEC region, as well as share experiences and practices to assist with the development of capacity-building tools.
- We endorsed the APEC Guidelines for Customs Border Enforcement of Counterfeiting and Piracy to assist customs authorities in APEC economies in identifying effective practices for intellectual property enforcement at the border. We also welcomed the successful outcomes of the Operation on Counterfeit Pharmaceuticals conducted by customs authorities around the region in 2011, including the resulting enforcement actions against more than 1,000 shipments of suspected counterfeit pharmaceuticals and the development of a set of model practices that may be useful for future capacity-building programs in this area.
- We welcomed the work undertaken this year to enhance the capacity of APEC local/regional logistics sub-providers, and instructed officials to take concrete actions in 2012 to further advance work in this area.

### *Addressing Barriers to SMEs Trading in the Region*

We reaffirmed the importance of SMEs in promoting economic growth and job creation, and the critical role APEC can play in enhancing the business environment for SME exporters. In Big Sky, Montana, in their first ever joint meeting, Trade and SME Ministers identified top barriers facing SMEs in trading in the region. To address these barriers, we agreed on a set of specific actions that will provide direct and practical benefits to SMEs (see Annex B). We instruct officials to continue work in 2012 to address these and other barriers SMEs face in trading in the region.

### *Establishing Cross-Border Privacy Rules*

Regional economic integration, regulatory cooperation, and cross-border trade can be enhanced through improved trust and predictability in electronic commerce. We endorsed the principal

documents of the APEC Privacy Pathfinder that support these important objectives. Implementing the APEC Privacy Framework through Cross Border Privacy Rules enables greater information flows that support innovation and promote interoperability across global data privacy regimes, while enhancing data privacy practices; facilitating regulatory cooperation; and enabling greater accountability through the use of common principles, coordinated legal approaches, and accountability agents.

#### *Addressing Unauthorized Camcording*

We endorsed the APEC Effective Practices for Addressing Unauthorized Camcording to assist affected economies implement public awareness efforts, engage in cooperation with the private sector on capacity building, and adopt effective legal frameworks, when necessary, to address the challenges of unauthorized camcording in cinemas. With the development of improved technologies and the increasing sophistication of pirates, unauthorized camcording has become a significant issue affecting the region.

#### *Facilitating Investment*

We endorsed specific plans to establish a long-term framework for advancing work under APEC's Investment Facilitation Action Plan (IFAP) and to credibly demonstrate progress achieved in IFAP implementation. We also noted the IFAP's continuing value as a capacity-building and planning tool for APEC's work on investment facilitation. We endorsed the 2011 APEC Non-Binding Investment Principles. The successful revision of these Principles, 17 years after they were first established, demonstrates APEC's commitment to promoting investment and addressing challenges posed by a rapidly evolving business environment.

#### *Strengthening Food Security*

Securing our regional food supply from shortages and price shocks requires open markets, increased transparency, and information sharing on stocks and production, as well as deepening of our commitment to long-term investments in agricultural development, including agricultural productivity. We noted the progress on implementation of the Niigata Declaration on APEC Food Security, which supports our shared goals of sustainable development of the agricultural sector and trade and investment facilitation. We welcomed the establishment of the APEC Policy Partnership on Food Security, which will further integrate the private sector into our food security work.

#### *Implementing the APEC New Strategy for Structural Reform*

We welcomed APEC's activities to facilitate structural reform, in particular, the identification of the specific reform priorities each member economy plans to implement under the APEC New Strategy for Structural Reform (ANSSR). We called on all relevant APEC fora to contribute to capacity-building activities based on these priorities through 2015. We instructed officials to actively promote, monitor, and review implementation of ANSSR.

#### *Improving Ease of Doing Business*

Mindful of our commitment to make it cheaper, faster, and easier to do business in the APEC region, we noted the progress economies are making toward APEC's interim target of a five percent improvement in the ease of doing business (EoDB) by the end of 2011. We reaffirmed our commitment to achieving our aspirational goal of a 25 percent improvement in EoDB by 2015, and instructed officials to continue to carry out capacity building to assist economies in meeting this target.

#### *Facilitating Regional Travel*

International travel is increasingly important to regional economic growth, and the APEC region represents the world's biggest passenger aviation market. We endorsed the launch of the APEC Travel Facilitation Initiative to work over the long-term towards expediting the flow of growing numbers of travelers in the Asia-Pacific region and facilitating departures and arrivals for

international passengers, while ensuring the security of the overall travel system. We also supported ongoing efforts to enhance the APEC Business Travel Card program.

We noted the potential of “trusted traveler” programs and other risk management systems to facilitate the flow of cross-border travel throughout the region in an efficient and secure fashion, and we welcomed and encouraged efforts by APEC economies to establish such programs and systems, and link them to others in the region to create a more seamless travel system.

#### *Facilitating Secure Trade*

We endorsed the APEC Consolidated Counter-Terrorism and Secure Trade Strategy to advance our Leaders’ vision to make regional commerce and travel more secure, efficient, and resilient. We instructed officials to review progress each year on the implementation of the Strategy. We further instructed officials to continue work on the Trade Recovery Program in 2012 by undertaking a multi-year project in conjunction with the private sector to build an operational system for ensuring trade recovery and resilience across the region in the wake of natural disasters and other major disruptions, such as terrorist attacks. We also underscored the importance of cooperation on nuclear safety, including capacity-building and sharing of best practices in coordination with relevant technical and multilateral organizations.

### **Promoting Green Growth**

#### *Promoting Liberalization of Trade and Investment in Environmental Goods and Services*

We advanced work to promote liberalization in trade and investment in environmental goods and services, and submitted the issue to APEC Leaders’ to consider how best to take this work forward.

#### *Streamlining Import Procedures for Energy-Efficient Demonstration Vehicles*

We agreed to develop common elements of policies and regulations for the importation of non-salable, alternative-fueled demonstration vehicles by the end of 2012 that allow temporary access for a small number of imported demonstration vehicles; produce effective, targeted research outcomes; permit extended, public on-road demonstrations, while ensuring adequate safety; and, streamline import procedures by providing expedited approval processes and duty- and tax-exempt treatment during the demonstration period (see Annex C).

#### *Facilitating Trade in Remanufactured Products*

We agreed to facilitate trade in remanufactured goods by making existing and future tariff and non-tariff measures applied to goods that are not newly-manufactured publicly available, electronically, in their domestic languages, and, where possible, in English. When laws and regulations related to such measures are under development, we agreed to provide a meaningful process for stakeholders to comment and to take those comments into consideration in producing final rules. We also welcomed the APEC Pathfinder Initiative on Facilitating Trade in Remanufactured Goods, under which participating economies committed not to apply measures specifically concerning used goods to remanufactured goods (see Annex D). Finally, we instructed officials to undertake additional capacity-building activities on trade in remanufactured goods and remanufacturing, considering the development needs of economies and with a view to increasing the number of economies participating in the Pathfinder.

#### *Rationalizing and Phasing-Out Fossil Fuel Subsidies*

We agreed to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption, while recognizing the importance of maintaining essential energy services to those most in need. We instructed officials to review progress toward this goal and report to Leaders on an annual basis, using the voluntary reporting mechanism designed by the APEC Energy Working Group. We also instructed officials to build regional capacity for subsidy reform.

### *Reducing Energy Intensity*

We highlighted the importance of improving energy efficiency, and in light of new data analyzed by the Energy Working Group indicating that we will significantly exceed our previous energy intensity goal, we aspired to meet a new APEC-wide regional goal of reducing energy intensity of our economies by at least 45 percent by 2035, using 2005 as a base year. This is an aggregate goal, which recognizes that economies' rates of improvement may vary for many reasons, including economic structure, level of development, energy security approaches, and past progress on improving energy efficiency.

### *Developing Low-Emissions Strategies*

Recognizing the importance of low-emissions strategies as an integral part of sustainable economic growth in the Asia-Pacific region, we encouraged APEC economies to elaborate low-emission strategies as part of their broader economic growth plans and in line with the Cancun Agreements adopted in December 2010, in order to make full use of the potential for green growth in our economies and undertake bold actions to address climate change considering social, environmental and economic aspects. We instructed officials to focus this work on energy, transportation and land-use, where emission reduction efforts are most effective and where the resulting cost savings will help APEC economies continue to prosper as they transition to low-carbon, green economies, being mindful of the importance of other relevant sectors on an individual basis.

### *Promoting SMEs Participation in Green Growth Sectors*

We welcomed work in 2011, including the Green Initiative to promote engagement of small and medium-sized enterprises in green growth sectors, and instructed officials to continue these efforts in 2012 by sharing best practices and undertaking additional related activities.

## **Advancing Regulatory Convergence and Cooperation**

### *Strengthening Implementation of Good Regulatory Practices*

We agreed on specific actions we will take to develop, use, and strengthen implementation of good regulatory practices, including by ensuring internal coordination of rule-making, assessing the impact of regulations, and conducting public consultations, as a critical contribution to our work to advance regulatory convergence and cooperation in the region, and submitted it to Leaders for their consideration. We instructed officials to: (1) report on their economies' progress in implementing these actions at CSOM 2012; (2) conduct by SOM 3 2013 an assessment of economies' implementation of these actions by updating the "Baseline Study of Good Regulatory Practices in APEC Member Economies" summary report; and (3) undertake capacity-building activities, including exchanging views and experiences on best practices for implementing good regulatory practices, to assist economies in implementing these specific actions.

### *Advancing Regulatory Cooperation on Emerging Standards and Regulatory Issues*

We welcomed work to prevent unnecessary technical barriers to trade related to emerging standards and regulatory issues in the areas of smart grid, green buildings, and solar technologies. To that end, we agreed on specific recommendations to promote interoperable standards for smart grid, to facilitate trade in solar technologies through collaboration on standards and conformance, and to enable greater consistency and transparency in measures to support green buildings, and submitted them for consideration to APEC Leaders (see Annex E). We welcomed the contribution of the APEC Regulatory Cooperation Advancement Mechanism on Trade-Related Standards and Technical Regulations (ARCAM) in launching important new collaborative work among APEC economies on interoperability standards for smart grid technologies, and instructed officials to continue the ARCAM process in 2012.

### *Establishing an APEC Regulatory Cooperation Action Plan*

We noted that APEC plays a critical role in advancing regional regulatory cooperation to improve the efficiency and effectiveness of regulations, build public trust in regulations, and improve consumer confidence in globally traded products. In order to ensure that APEC's regulatory cooperation efforts support and advance the multilateral trading system; focus on tangible and practical outcomes; encourage implementation of the APEC-OECD Integrated Checklist on Regulatory Reform; promote better alignment to international standards and conformance systems, where appropriate; and, engage key stakeholders, we endorsed the APEC Regulatory Cooperation Plan (see Annex F). We instructed officials to report to us in 2012 on ways that the principles contained in this Plan will be applied by relevant APEC fora and sub-fora; incorporated into the APEC budget management process; and promote cross-fora collaboration in APEC.

### *Achieving Regulatory Convergence on Medical Products Procedures*

We agreed on a plan under a strategic framework to achieve convergence on regulatory approval procedures for medical products by 2020, which will allow patients more timely access to innovations. Furthermore, as we work to put into practice actions to reduce the social and economic burden of disease, we agreed to adopt measures to ensure transparency and stakeholder consultation in the process of regulatory and policy reform in the health and life sciences sectors.

### *Promoting Regulatory Cooperation on Chemicals*

We endorsed the guidance document on the application of the Globally Harmonized System (GHS) principles to the classification and labeling of consumer products – a major step forward in the implementation of GHS and a critical contribution to advancing regulatory cooperation. We also welcomed the launch of work in APEC to increase awareness of the challenges posed by different regulatory approaches to chemicals in articles, an issue that has a potentially significant economic impact on our major downstream industries.

### *Promoting Regulatory Cooperation on Services*

We welcomed the launch of the APEC Services Trade Access Requirements (STAR) Database, a valuable business tool, cataloguing regulatory requirements in a range of services sectors across select APEC economies. We commended the STAR Database's usefulness as a consolidated, single-window resource for market entry information critical to facilitating services trade in the region, and welcomed the ongoing initiative to expand coverage of the Database to more sectors in more APEC economies. We instructed officials to continue exploring avenues for increased transparency and cooperation on regulatory issues affecting services trade, mindful that services account for a majority of economic activity and employment in our economies, yet continue to account for a relatively small portion of regional and global trade.

### *Promoting Regulatory Cooperation on Wine*

We commended work to promote cooperation on wine regulation, including by reducing unnecessary testing and streamlining paperwork associated with official certificate requirements related to wine trade, and instructed officials to make further progress to reduce needless technical barriers to wine trade in 2012.

### *Strengthening Food Safety in the Region*

We commended the work of the Food Safety Cooperation Forum and its Partnership Training Institute Network to strengthen food safety systems, better align domestic regulations to international standards, and expand the use of preventive controls in food supply chains in APEC. We recognized that improving food safety systems prevents costly food safety incidents, protects public health, and leads to greater confidence in trade, thereby creating a more prosperous and secure region. We welcomed the steps taken towards the creation of the Global Food Safety Fund at the World Bank that will implement the ground-breaking APEC-World Bank collaboration on

food safety capacity-building. We instructed officials to work closely with all stakeholders to mobilize these resources, in order to improve access to safe food, consistent with APEC's overall food security goals.

#### *Facilitating Trade in Products Derived from Innovative Agriculture Technologies*

We reaffirmed our commitment to promote and adopt regulatory approaches that are transparent, science-based, consistent with international obligations, and take into account, where appropriate, existing international standards, in order to facilitate trade in products derived from innovative agricultural technologies. To achieve this goal, we encouraged economies to publicize existing regulatory approaches for these technologies by 2012, conduct periodic self-reviews of these regulatory approaches, provide for meaningful and transparent public consultation and stakeholder input into the development of these regulatory approaches, and conduct capacity-building activities supporting the above stated goals by the end of 2012.

### **Addressing Key Cross-Cutting Issues**

#### *Addressing Women and the Economy*

We stressed the importance of the inclusion of women in the full range of economic activities as a proven growth strategy. In this regard, we welcomed the establishment of the Policy Partnership on Women and the Economy, which draws upon APEC's strong tradition of public-private cooperation to advance women's economic empowerment. We commended the APEC Women and the Economy Summit held in September in San Francisco, California.

We committed to implementing the San Francisco Declaration on Women and the Economy and overcoming the four major challenges referenced therein that inhibit women's full participation in commerce: (1) access to capital, (2) access to markets, (3) capacity and skills building, and (4) women's leadership. We dedicated ourselves to continue our cooperation to overcome these obstacles.

#### *Strengthening Health Systems*

We welcomed the joint Life Science Innovation Forum-Health Working Group APEC Action Plan to reduce the economic burden of disease in the region through sharing best practices and the establishment of innovative public-private partnerships for the prevention and control of non-communicable diseases. We instructed officials to report on progress towards implementation of this Action Plan by AMM 2012.

We recognized that the rise in chronic, non-communicable disease due to aging populations and lifestyle changes in the region is constraining our economic growth potential. We welcomed APEC's cooperation with the World Health Organization to develop an APEC Strategy on Aging. We will encourage efforts to develop Age Friendly Economies using innovative policy, practices, and technologies to support healthy lives.

#### *Advancing Sustainable Development of Oceans*

We reaffirmed our commitment in 2010 to ensure the sustainable development of oceans and fisheries. We welcomed the establishment of the Oceans and Fisheries Working Group by merging two pre-existing groups, and instructed officials to ensure that discussions regarding oceans and fisheries reflect their crucial role in climate change and food security.

### **Promoting Economic and Technical Cooperation**

We remain committed to the Manila Framework on ECOTECH, and will continue to leverage ECOTECH activities to help developing economies achieve the Bogor Goals by 2020. We welcomed the decision to approach capacity-building activities with strategic foresight by undertaking multi-year projects, including to support APEC's work to strengthen and deepen

regional economic integration and to facilitate the realization of an FTAAP. We also welcomed contributions by members to the APEC Support Fund.

### **Strengthening APEC as an Institution**

We welcomed officials continued efforts to strengthen the operational and institutional capabilities of the APEC Secretariat.

We recognized that the Policy Support Unit continues to be a valuable and integral part of APEC this year, advancing key initiatives like Ease of Doing Business, the TFAP II assessment, the Bogor Goals reviews and Supply Chain Connectivity, as well as promoting our achievements outside of APEC. We will continue to explore the functional integration of the Policy Support Unit into the APEC Secretariat, recognizing that it must maintain a degree of autonomy in its governance to maintain its professional integrity.

Keeping in mind the benefits of APEC membership, as well as the need for efficiency to achieve results, we will continue to review the question of APEC new membership going forward.

Recognizing the increase in the number of APEC sub-fora, we welcomed actions taken by Senior Officials to streamline and right-size APEC groupings, improve accountability and communications on the part of sub-fora leaders, link project funding more closely with top APEC priorities, and enhance participation by the private sector. All of these steps have made APEC more relevant, effective, and accountable.

We welcomed the support of the United States-APEC Technical Assistance and Training Facility (TATF) in strengthening the APEC Secretariat.

We endorsed the 2011 Senior Officials' Report on APEC's work program, including the recommendations contained therein, noted the 2011 Annual Report of the APEC Secretariat Executive Director, and approved the 2012 APEC budget and member contributions. We welcomed preparations for APEC 2012 in the Russian Federation.

## The 23<sup>rd</sup> APEC Ministers Meeting

Honolulu, Hawaii, United States  
11 November 2011

### ANNEX A

#### PATHFINDER TO ENHANCE SUPPLY CHAIN CONNECTIVITY BY ESTABLISHING A BASELINE DE MINIMIS VALUE

Providing a higher, commercially useful, baseline de minimis value is a significant and measurable contribution to APEC Leaders' commitment to achieve "an APEC-wide target of a ten percent improvement in supply-chain performance by 2015, in terms of reducing the time, cost, and uncertainty of moving goods and services through the Asia-Pacific region, taking into consideration individual economy's circumstances". Recent studies have demonstrated that higher de minimis values provide considerable economic benefits to customs administrations, the private sector, and consumers through costs savings and reductions in trade transaction costs, in particular by facilitating the immediate release of shipments thereby improving the movement of goods through regional supply chains.

In 2011, the below economies agree to the following:

- Exempt express and postal shipments from customs duties or taxes and from certain entry documentation requirements for shipments valued at or less than \$100 USD recognizing, however, that economies may choose not to apply such exemptions for restricted goods or from taxes that are also applied to domestic goods. Economies can also commit to implementing a de minimis value of \$100 USD or higher by the end of 2012.
- Work towards broader application of de minimis treatment in the region.

A capacity building program will be developed to enhance the understanding of the economic and trade facilitative benefits of higher de minimis values, with the goal of assisting economies in joining the pathfinder.

#### List of Participating Economies in the Pathfinder<sup>2</sup>

Brunei Darussalam (\$ 400 BND)  
Hong Kong, China (no tariff on imports)  
Japan (¥10,000)  
Korea (150,000 KRW)  
Malaysia (\$500 MYR)  
New Zealand (\$400 NZD)  
Russian Federation (€200)  
Singapore (\$400 SGD)  
Chinese Taipei (\$3,000 TWD)  
United States (\$200 USD)

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<sup>2</sup> Eligibility is based on the exchange rate at the time an economy joins the pathfinder.

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### ANNEX B

#### ACTIONS TO ADDRESS BARRIERS FACING SMES IN TRADING IN THE REGION

Small and medium-sized enterprises (SMEs) are integral to economic growth and development in our region, accounting for around 90 percent of all businesses and as much as 60 percent of the workforce in the Asia-Pacific. These businesses are an important source of the innovative and forward-thinking ideas that are often the starting point of new approaches to doing business that can engender tremendous economic growth. Making it easier for SMEs to export is an important step that APEC can take to encourage the growth and development of SMEs in the region. Therefore, economies have committed to undertaking the following actions.

- Share information between economies on top export financing approaches for SMEs and identify best practices for export credit agencies to improve SMEs' access to financing;
- Develop best practices to assist SMEs in internationalizing operations and identifying foreign business opportunities;
- Endorse principles for voluntary codes of business ethics in the construction and engineering, medical devices, and biopharmaceutical sectors to ensure open and transparent business environments;
- Promote the use of new technologies to increase operational efficiencies to lower the impact of high transportation costs and make information about logistics market dynamics more accessible;
- Develop an APEC Website containing links to economies' customs websites with basic customs information in domestic languages and English, and promote the use of SME-relevant resources on economies' customs Websites to assist in the navigation of customs procedures and documentation requirements;
- Expand the APEC Services Trade Access Requirements (STAR) Database to improve access to differing legal, regulatory, and technical requirements for SME services exporters;
- Ease access to basic information on how to register intellectual property (IP), including relevant websites, for each economy on an APEC Website in domestic languages and English where possible, promote the use of single windows to facilitate IP registration in economies, and improve access to related educational materials to make it easier to register IP;
- Update the *1998 Blueprint for Action on Electronic Commerce* to keep pace with developments in technology and innovations in business models in a way that accounts for the significant role that electronic commerce plays in expanding SME access to global markets; and
- Enhance access to information on the benefits of FTAs through summaries of relevant chapters on the APEC Website on Tariffs and Rules of Origin in domestic languages and English in the future, identify economies' best practices to promote FTA utilization, and prepare a guidebook to assist SMEs in using FTAs to expand their export opportunities.

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### ANNEX C

#### FACILITATING THE DIFFUSION OF ADVANCED TECHNOLOGY AND ALTERNATIVE-FUELED DEMONSTRATION MOTOR VEHICLES

Advanced green automotive technologies designed to lower or eliminate emissions and increase fuel efficiency are being introduced into the marketplace by numerous automotive manufacturing companies around the world. An important part of the process of introducing and expanding access to these energy-saving technologies is through the ability of manufacturers to test demonstration prototypes or early versions of these vehicles in individual economies, while ensuring an adequate level of safety. Fully understanding how consumers in individual markets react to and incorporate these technologies into their daily routines will be critical to designing advanced green technology vehicles for broad public acceptance. APEC member economies can assist by ensuring that streamlined and common import procedures exist for demonstration vehicles.

While each economy's policies and regulations need not be uniform, they should include common elements so manufacturers can quickly and easily work with economies to test these demonstration vehicles in markets across the APEC region. Ministers agree to develop policies and regulations which include common elements that:

- **Allow Temporary Access for a Small Number of Imported Demonstration Vehicles:** Vehicles would be allowed to be demonstrated in markets initially for six months with the goal of extension to one year or more in order to produce effective, targeted research outcomes. The timeframe for demonstration could vary, and may be extended in order to achieve the full test plan objectives for a particular vehicle considering the economy's climactic conditions and real-world use patterns. The number of vehicles entering each economy would vary, and economies may set reasonable limits to the number of imported vehicles.
- **Produce Effective, Targeted Research Outcomes:** These vehicles are not-for-sale, and for purposes such as research, testing, and training purposes in order to more clearly understand customer preferences. Manufacturers could share information gathered during the test plan with the importing economy in order to help facilitate the development of supportive infrastructure for advanced technology vehicles.
- **Permit Extended, Public On-road Demonstrations while Ensuring Adequate Safety:** Accommodations should be made for demonstrations in real-world driving conditions on public roads in order to produce the most targeted research outcomes for manufacturers. Economies have a clear and legitimate interest in ensuring an adequate level of safety on their roadways and for their citizens through reasonable requirements specific to these vehicles. Manufacturers should also ensure that demonstration vehicles incorporate current safety technologies. Demonstrations in restricted conditions such as a test track produce limited research value as to what type of advanced technology works best in a specific economy.
- **Streamline Import Procedures by Providing Duty-and Tax-Exempt Treatment during the Demonstration Period and Expedited Approval Processes:** Heavy charges at the border or once in use in economies can represent a significant hindrance to the entry of these vehicles in APEC economies, especially by smaller auto manufacturers. Vehicles may be exempted from duties and taxes to the extent they comply with the importing economies' requirements specific to these vehicles. Policies and regulations should also avoid unnecessary and lengthy licensing and certification requirements that preclude adequate, timely research data for research and production.

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### ANNEX D

#### PATHFINDER ON FACILITATING TRADE IN REMANUFACTURED GOODS

Frequently, exports of remanufactured goods face trade-restrictive non-tariff measures due to a lack of understanding about trade in these goods or concerns over public safety. Examples of these measures are documentation or import licensing requirements, and prohibitions against the importation of used goods. In this context, barriers can arise when economies apply measures concerning the importation of used goods to remanufactured goods or classify remanufactured goods as used goods for customs purposes. The treatment of these high-quality, lower-cost goods as used goods can impede their trade, limit the opportunities for remanufacturing industries to grow in developing and developed economies, and cause the APEC region to miss out on the significant environmental benefits from more robust trade in remanufactured goods. Moreover, the fact that remanufactured goods meet the same technical and safety specifications as newly manufactured goods is what truly distinguishes them from used goods. Information on best practices and focused capacity building efforts (among all APEC economies or on a bilateral basis) will help economies identify remanufactured goods at the border and distinguish them from used goods. The MAG will continue to be a forum for customs and trade policy officials to gain knowledge and experience on these issues in 2011 and beyond.

In 2011, the below economies agree to reflect the following in implementing their current tariff and non-tariff measures or developing future tariff and non-tariff measures:

- *Apply import-related measures specifically concerning used goods only to used goods and refrain from applying them to remanufactured goods.* Remanufactured goods are not used goods. Therefore economies should not be prohibiting or limiting their importation based on reasoning that they use to restrict trade of used goods.
- *Refrain from applying import prohibitions against all remanufactured goods or against remanufactured goods in specific sectors.* If economies do not prohibit the importation of new goods, they should not be prohibiting the importation of remanufactured goods.
- *Treat remanufactured goods like corresponding new goods when applying tariffs or other border charges.* Treatment of remanufactured goods as new goods for customs purposes can further facilitate trade in these products by avoiding the application of higher duties or other charges to remanufactured goods that economies sometimes apply to imports of used goods. For example, an economy would no longer apply the same tariffs to a remanufactured engine or printer cartridge that they might apply to a used engine or printer cartridge. Instead, they would apply the same tariffs to remanufactured printer cartridges that they normally apply to new ones. Economies usually apply lower duties or other charges to new goods than they apply to used goods.
- *Generally apply technical regulations, conformity assessment procedures, and documentation and import licensing requirements concerning new goods to remanufactured goods.* If a remanufactured good meets the technical specifications of the importing economy and can be easily distinguished from used goods by labeling or invoicing, then the importing economy should not require importers to provide additional information. Remanufactured goods should only be subject to import licensing requirements that an economy applies to the importation of new goods.

Future discussions among technical experts and senior-level officials, as well as focused capacity-building activities, such as the September 2011 MAG workshop on managing trade in remanufactured goods at the border, will be conducted to meet the goal of increasing APEC economies' participation in this pathfinder.

List of Participating Economies in the Pathfinder

Australia

Canada

Chile

Japan

Korea

Mexico

New Zealand

Papua New Guinea

Chinese Taipei

Singapore

United States

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### ANNEX E

#### EMERGING GREEN TECHNOLOGIES

#### **APEC Regulatory Cooperation Advancement Mechanism: Revised Recommendations On Smart Grid Interoperability Standards**

##### **Background**

As called for by the APEC Regulatory Cooperation Advancement Mechanism on Trade-Related Standards and Technical Regulations (ARCAM)<sup>3</sup>, this paper puts forth a set of recommendations on Smart Grid interoperability standards for consideration and discussion at CTI 3. These proposed recommendations are based on the report of the ARCAM Dialogue<sup>4</sup> held at CTI 2 in Big Sky, Montana and the US paper presented at CTI 1 in Washington, DC that outlined Smart Grid interoperability standards<sup>5</sup> as an emerging regulatory issue with significant potential to impact trade and investment in the APEC region.

##### **Outcomes of the ARCAM Dialogue**

The ARCAM Dialogue confirmed that many APEC economies are actively promoting, or considering promoting, Smart Grid as a central means to achieve critical objectives related to environmental sustainability, energy security and economic growth. Information presented at the Dialogue indicated that such promotion efforts in several APEC economies are well along. Indeed, several economies have established overarching frameworks to guide rapid development and deployment of standards for Smart Grid. ARCAM Dialogue participants engaged actively to produce a set of consensus outcomes, including on actions for APEC economies to advance the deployment of Smart Grid and to prevent the emergence barriers to trade and investment in Smart Grid technologies. The proposed recommendations below build on the consensus outcomes from the ARCAM Dialogue in Big Sky.

##### **Proposed Recommendations**

APEC economies commit to prevent unnecessary obstacles to trade and investment related to Smart Grid interoperability standards. Such obstacles will hinder achieving the broader economic and societal benefits that will accrue through the deployment of Smart Grid technologies across the region. To enable greater collaboration on technical solutions in this fast-moving area; to foster coherence in architectural approaches to interoperability; and, to promote standards and conformance solutions that facilitate trade and investment across the APEC region and globally; APEC economies put forward the following recommendations for consideration:

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<sup>3</sup> See 2010/SOM2/012anx5.

<sup>4</sup> See 2011/SOM2/CTI/043rev2.

<sup>5</sup> See 2011/SOM1/CTI/015.

### **Promote Transparency, Collaboration and Global Solutions in the Development of Smart Grid Interoperability Standards**

- Promote interoperability of Smart Grid standards as a core objective in economy-wide programs to develop and deploy Smart Grid technologies. Implement mechanisms for internal coordination within APEC member economies among regulatory authorities, standards developing bodies and trade officials to advance interoperability of Smart Grid requirements.
- Encourage the development of economy-wide frameworks for standardization that reflect domestic market needs and are consistent with established reference architectures; promote coordination across domains; and enable interoperability at the interfaces critical to plug and play technologies (such as those relating to advanced metering infrastructure, consumer demand response, electric vehicle infrastructure, integration of renewable energy sources and distributed generation and storage devices).
- Use international standards wherever possible as the basis for standards adopted and deployed in Smart Grid operations. Where an international standard does not exist, participate in the development of international standards to the maximum extent possible. Encourage twinning arrangements and other innovative strategies to foster leadership and contributions in standards development by experts from developing economies.
- To enable continuing collaboration on standards development and to promote greater alignment, publish appropriate information on frameworks and work plans for standards development and reuse existing standards wherever relevant and effective in meeting current technical requirements.

### **Enable Competition and Innovation in Specific Markets for Smart Grid Technologies**

- Develop shared objectives for electric vehicle charging infrastructure (e.g., minimize financial risks for local investments, enable product market competition, and facilitate upgrade paths) that lay out the case for interoperability. Encourage participation in a mapping exercise and gap analysis of interoperability standards under development against those shared objectives.
- Promote the development of the consumer demand response sector that supports plug-and-play technologies by reusing existing communications standards wherever relevant and effective in meeting current technical requirements and by collaborating on the migration of newer standards into international standards bodies.
- On regulatory aspects of consumer demand response -- such as those relating to dynamic pricing schemes, direct load control activities and mechanisms, privacy, security and control signals -- standards solutions need to be flexible to accommodate different market structures and regulatory schemes. Promoting greater communication and information sharing with stakeholders can enable standards setting organizations to create broadly-applicable, interoperable standards solutions.
- Enhance participation, coordination and cooperation in international standards developers to ensure global solutions in standards for interconnection of renewable energy sources and distributed generation and storage devices into the grid. Press for sustained cooperation across standards developers active in areas related to Smart Grid, such as ISO, IEC, ITU-T, and IEEE.
- Adopt approaches to conformity assessment consistent with international standards and best practices, such as those contained in the IEC-ISO CASCO Toolbox. Collaborate on the development of methods to facilitate reuse of conformity assessment results based on international standards, and facilitate recognition of third party certifiers to reduce the potential for redundant or costly conformity assessment activities.

### **Integrate ARCAM Outcomes into Cooperative Work on Smart Grid Interoperability Standards in APEC and Other Fora**

- Establish the concept of interoperability of Smart Grid standards as a core principle of APEC work on Smart Grid issues, and utilize mechanisms for coordination among APEC fora to advance cooperative work within APEC on Smart Grid technologies, such as the Energy Smart Communities Initiative (ESCI) and the APEC Smart Grid Initiative (ASGI).

- Consider ways in which APEC fora can provide vehicles for ongoing information exchange on the development of interoperability standards and on collaborative efforts on conformity assessment programs related to equipment, devices and systems relevant to trade and investment flows in the region, as well as on the latest trends, policies, and regulatory developments related to Smart Grid deployment among APEC economies.
- Direct the APEC Subcommittee on Standards and Conformance to undertake a work program in 2012, in consultation with key stakeholders including other APEC relevant fora, to consider how to increase transparency and improve alignment of Smart Grid interoperability standards by way of a multi-year mapping/reporting exercise of requirements against international best practice built on the model of the SCSC's Voluntary Action Plan (VAP) Alignment Work.
- Advance international cooperation by increasing participation by organizations and agencies within APEC economies working on reference architecture, such as the Smart Grid Interoperability Panel and IEC Strategic Group 3.
- Represent ARCAM outcomes in other bilateral, regional and international fora, notably the World Forum on Energy Regulation in Quebec City, Canada, May 13-16, 2012 and collaborate with the International Smart Grid Action Network (ISGAN) on the development and deployment of Smart Grid interoperability standards.

**Green Buildings and Green Growth:  
Approaches to Encouraging a Positive Green Building Climate  
Joint APEC-ASEAN Workshop  
September 12-13, 2011, Singapore**

**Outcomes**

Building on the direction from Leaders and Ministers to support the transition towards low carbon economies in the Asia Pacific region, and recognizing that buildings constitute 15-20 percent of global GHG emissions and that rapid urbanization will continue, the Asia Pacific Economic Cooperation (APEC) and the Association of Southeast Asia Nations (ASEAN) held a joint workshop, “Green Buildings and Green Growth: Approaches to Encouraging a Positive Green Building Climate,” hosted by Singapore’s Building Construction Authority in Singapore, September 12-13, 2011. Participants of the workshop gathered to review the standards, codes, regulations and conformance practices in place and under development in the region, in order to enable a greater understanding of how these tools fit into the broader policy landscape of promoting sustainability and conservation in commercial buildings, enabling sustainable economic growth and facilitating trade and investment across the Asia-Pacific region.

Specifically, participants in the workshop exchanged information and discussed issues in support of the the goals of:

- Increasing awareness of, and participation in the development of, codes and standards to support more efficient, better aligned policies and to facilitate trade and investment;
- Enabling greater consistency in evaluation of products and costs by sharing information, including on methods of measuring claims; and
- Building communication networks across key stakeholders and relevant experts in the region.

Over the two-day conference, participants discussed issues relating to the need for a common understanding of terms and definitions in support of green building characteristics; reviewed research on the diversity of rating systems and codes and life cycle methodologies used across the region and globally; looked at specific initiatives and partnerships in the region to promote sustainability in the built environment; heard reports from economies on the status of their domestic green building policies and programs; discussed issues and trends relating to the use and verification of green claims in the market; and heard concerns from industry and other stakeholders on issues affecting trade in green products.

**Key Themes of the Workshop Discussions**

- Advancing work on green buildings serves to address our shared goals on climate change, sustainable growth and energy security. Buildings have a significant impact on global GHG emissions through several avenues, including energy and material use. Efforts to improve the sustainability of the buildings, therefore, are critically important to our shared goal of addressing the threat of climate change.
- There is a diversity of efforts currently underway to improve the sustainability of buildings, both in the region and globally. Voluntary initiatives, market-driven programs and government-led efforts all have important roles in promoting greater sustainability in the built environment. The business case to focus on green buildings is strong, as many of the low-cost options for GHG reductions relate specifically to elements of the built environment.
- Voluntary efforts such as ratings systems can provide incentives to “pull” the top-end of the market for green buildings, while building codes can “push” greater sustainability by setting minimums on selected elements, such as energy and water efficiency. Greater cooperation and collaboration across stakeholders can strengthen the coherence and effectiveness of these efforts, while allowing competitive and innovative forces in the market to strengthen our collective ability to green the built environment.
- The effectiveness of the efforts that economies in the region have undertaken, or are considering undertaking, to “green” the domestic built environment rests on many factors –

including the quality and robustness of the processes and methodologies upon which they are built, stakeholder awareness, and utilization of public-private partnerships; as well as how well the attributes of these programs respond to the climatic and economic needs, and social and environmental priorities.

- Whether the approach is a “carrot, stick or tambourine”, standards and conformity assessment practices can play a critical role in providing consensus technical solutions that enable greater effectiveness and coherence of both government-led approaches such as mandatory codes, regulations and incentive programs, as well as in voluntary codes and rating systems.
- To this end, maximizing use of the relevant international standards, and referencing existing standards, where effective in meeting objectives in codes and regulations, as well as greater participation in the development of international standards by a broad range of stakeholders can promote greater harmonization and transparency of approaches, and reduce unnecessary obstacles to trade.

### **Recommendations on Future Collaboration in Support of Green Building and Green Growth**

During the two-day workshop, participants identified several areas for potential forward work at the domestic, regional and international levels:

- Engage policy makers to promote understanding that the standards and conformance infrastructure -- standards, codes and conformity assessment organizations -- provide the essential tools to enable achievement of green growth related to green buildings in the region. Ensure that the policy implications of standards and conformance issues are broadly understood at all levels of responsibility.
- In the development and adoption of mandatory codes and regulations, use transparent, evidenced-based analysis and involve stakeholder consultations as the basis for decision making. This will ensure efficient and effective green building programs that achieve real benefits.
- Information sharing, participation in standards development and engagement of key stakeholders are essential to developing the standards and conformance infrastructure and building capacity and understanding on how these tools can be used to advance green buildings.
- Greater consistency and precision in the use of existing terms and definitions in green building schemes and programs is needed. International consensus definitions are also needed on new concepts. Focused collaboration among a broad range of stakeholders is needed to advance harmonization in this area.
- Redundant or conflicting standards can cause manufacturers to need to reengineer products to enter different markets. Collaboration on common tools for assessing and benchmarking green buildings, including through models for life cycle analysis, can help to avoid unnecessary costs, and increase the availability of green products in support of green building needs.
- Cooperation, including through reference to international systems of conformity assessment, on methods and best practices related to conformity assessment – on requirements related to product assessment and certification to enforcement of codes and ratings systems – can result in more consistent assessment and enforcement of building ratings.
- APEC, ASEAN and other international organizations should consider the need to promote greater understanding on life cycle analysis techniques, to encourage the development of comparable carbon metrics, to expand the availability of life cycle inventory data, and to collaborate on work to refine indoor air quality attributes of buildings as possible areas of focus.
- Continued collaboration across interested groups in APEC, ASEAN and international organizations, including through workshops, to develop tools and best practices on standards, codes and conformity assessment practices in support of advancing green buildings.

**Conference on  
Facilitating Trade of Solar Technologies  
Through Standards and Conformity Assessment  
September 15-16, 2011, San Francisco, California**

**Outcomes**

The APEC Subcommittee on Standards and Conformance (SCSC) convened a conference of 85 public and private sector experts from 20 of the 21 APEC economies to advance issues relating to standards and conformity assessment procedures in the solar industry in support of trade and investment in solar technologies. This conference aimed to build on the direction of APEC Leaders and Ministers to support the transition towards low-carbon economies in the Asia Pacific, to leverage the linkages between economic and environmental challenges in a way that creates sources of new economic growth and to ensure that standards, conformity assessment and regulatory systems do not create unnecessary barriers to trade.

**Proposed Outcomes**

The successful, wide scale deployment of solar technologies throughout the APEC region is essential to meeting our green growth priorities, and in advancing our shared commitment to address climate change. Participants in this conference on solar technology sought to contribute to that success by identifying concrete areas for collaboration on standards and conformity assessment that will facilitate trade and investment in solar technologies. The proposed outcomes focus on practical ways to reduce costs, increase safety, and improve reliability of three major technologies of the solar industry – photovoltaic modules, concentrated solar power and solar water heating and cooling. These proposed outcomes will increase the performance of solar technologies and speed their adoption, advancing significant environmental and societal benefits in the APEC region and globally. The outcomes are a contribution towards the 2010 APEC Leaders' instruction in Yokohama, Japan for officials to work to address non-tariff measures on environmental goods, as well as towards the broader 2009 APEC EGS Work Program.

**Photovoltaic (PV) Technologies**

PV modules are being installed in growing numbers throughout the region and globally. In 2011, APEC has the opportunity to address the global community's growing need enable greater assurance of the quality and durability of PV modules through greater collaboration and alignment on standards and conformity assessment.

Specifically, APEC economies should encourage and support:

- The use of international standards, recognizing that local conditions such as building construction and installation codes and grid design may require limited national differences. A possible area of future study is identification of these economy standard deviations.
- Greater participation of experts from APEC economies in the development of international quality assurance standards for PV so that performance standards will reflect the collective wisdom of the APEC community.
- Cooperation on the development of a strong technical basis for all test procedures for PV technologies, including those used as the basis for product certification, labeling and product safety standards.
- Greater use of conformity assessment tools, such as laboratory accreditation and the Asia Pacific Laboratory Accreditation Cooperation's Mutual Recognition Arrangement (APLAC MRA) to decrease the need for retesting of products in each APEC economy.
- Greater recognition of certification bodies' audits of production facilities to decrease the needs for multiple audits of one facility, including through the International Accreditation Forum (IAF) and its regional affiliate, the Pacific Accreditation Cooperation (PAC).

- Training and education programs for PV customers, such as government procurement programs, including through the APEC Specialized Regional Bodies, public and private sector resources, in order to increase the effective use of international standards for quality assurance and quality management.
- Training and certification of solar technology professionals, specifically installers, is important to ensure codes and standards are properly applied throughout the APEC economies.
- The establishment of standardized monitoring methods and surveillance requirements for solar resource measurement and evaluation to assure project investors of accurate site resource prediction.
- Collaboration on standards and certification programs that clearly communicate product specifications to consumer and regulators.
- Collaborative work among stakeholders on the identification of specific needs for recycling programs of decommissioned PV systems, to provide a baseline for future development of recycling standards.
- Cooperation on the development of interoperable interconnection standards to speed the adoption of solar PV technologies and scalable to both utility and residential users.

### **Concentrated Solar Power (CSP)**

APEC has the opportunity to join others around the world to address the industry's need to establish performance standards for CSP technology components and systems.

Specifically, the relevant stakeholders in APEC economies should encourage and support:

- Greater participation in, and alignment to, standards being developed in the International Electrotechnical Commission (IEC), particularly those evaluating and rating CSP component performance.
- Proactive and transparent communication among CSP stakeholders (including government, industry, standards developers, and conformity assessment bodies) to enable efficient development of standards and conformity assessment practices and avoid duplication of efforts.
- Industry-wide participation in the development of CSP system performance testing standards, such as those being developed by American Society of Mechanical Engineers (ASME). These standards will increase the accuracy of instrumentation, measurement techniques, and procedures to determine CSP system performance.
- The work of national research organizations, where appropriate, in the development of measurement methods and evaluation criteria for accelerated aging and durability testing.

### **Solar Water Heating (SWH) Technologies**

Solar water heating (SWH) technologies are used extensively in many APEC economies. APEC members should work with the international community to further the development of quality and performance standards for SWH technologies. It should be noted that solar water heating has a great potential to reduce GHG Emissions.

Specifically, the relevant stakeholders in APEC economies should promote and work towards:

- Uniform adoption of manufacturing quality control standards that enables SWH systems to function effectively for their maximum operating life.
- Agreement within the SWH community on uniform performance testing standards allowing for inter-comparison of SWH systems in all regions across the globe.
- Adoption of SWH system design standards that allow for dependable use in a variety of climatic conditions, and collaboration on work to develop flexible SWH system configurations that allow for widespread deployment regardless of the status of the local energy infrastructure.
- Training and education of government officials, stakeholders from NGO, and customers on performance assessment of applications of SWH technologies.
- Trade tensions related to solar technologies are at an all time high, and collaboration on standards and conformance can help to reduce potential barriers.

The participants forward these outcomes for consideration and endorsement by the Subcommittee on Standards and Conformance. In addition, the conference participants encourage the SCSC to share the information from this project with international organizations working to advance the global agenda on Environmental Goods and Services (EGS).

## **The 23<sup>rd</sup> APEC Ministers Meeting**

**Honolulu, Hawaii, United States  
11 November 2011**

### **ANNEX F**

#### **APEC REGULATORY COOPERATION PLAN**

APEC's agenda in recent years has increasingly encompassed cooperative activities among regulatory authorities working towards common objectives, such as safer food and consumer products, greater energy efficiency, and improved review practices for medical devices. The APEC Secretariat documented the diversity of these activities across APEC subfora in an inventory (2011/SOM2/020b) for consideration by Senior Officials in Big Sky. Clearly, APEC's unique structure has enabled a bottom-up approach to collaboration on regulatory issues in which the key stakeholders come together to address technical issues, improve alignment or promote good practices.

The importance of regulatory issues to trade and investment in the region, however, is likely to grow exponentially in the coming years, and greater political engagement is needed to ensure that regulatory cooperation activities within APEC are both efficient and effective. As trade and investment flows become more globalized, factors relating to environmental, public health and safety, and other regulatory challenges also become more global in nature. Cooperation among regulatory authorities can build institutional and technical know-how on approaches and solutions to common challenges. Indeed, greater political engagement can be an important factor in supporting cooperative efforts to improve regulatory efficiency and effectiveness, build public trust in governmental regulations, and improve consumer confidence in globally traded products.

Successful cooperative activities should also serve as an effective vehicle for reducing the negative impact of regulatory divergences on trade and investment. For cooperation to be successful, building greater understanding of the trends in domestic regulation, as well as the economic impact of that domestic regulation, is needed. Successful cooperation requires that regulatory authorities acquire an understanding of the rules and practices of the global trading system, the established set of good regulatory practices, and the fundamental elements of the international standards and conformance infrastructure. Cooperation that is not based on these core concepts can result in practices that are ineffective, inefficient, or that hinder competition and innovation, and create unnecessary barriers to international trade and investment.

As there is no "one size fits all" approach to regulatory cooperation, APEC should agree on broad, overarching principles that can help guide cooperative activities within APEC towards successful, productive outcomes. Cooperative activities within APEC should focus on priority areas where the tangible economic benefits are achievable. These principles on regulatory cooperation should promote the best outcomes for jobs, innovation, and sustainable growth both in the region and globally. Further, APEC should establish an implementation plan to ensure that these overarching principles are integrated into the regulatory activities conducted across APEC Committees, Working Groups, and other fora in order to ensure that they consistently produce successful results in areas identified as APEC priorities.

Putting these principles and plans into action can ensure that APEC remains an international leader on policies that foster open trade and investment while meeting compelling current regulatory challenges.

## **Principles for Regulatory Cooperation in APEC as a Path to Jobs, Innovation and Sustainable Growth**

In order to enhance the ability of economies to achieve mutual regulatory objectives, cooperative activities on regulatory matters in APEC fora and subfora should aim to:

- ***Support and Advance the Multilateral Trading System***
  - Strengthen implementation of WTO principles such as non-discrimination, transparency, and promoting the use of the international standards and conformance infrastructure in regulatory approaches;
  - Inform international discussions on ways to strengthen implementation of existing WTO rights and obligations and provide APEC perspectives on pending proposals to advance and build on WTO disciplines, including in the Doha Round; and
  - Seek to prevent regulatory approaches that create unnecessary obstacles to trade and investment among economies in the APEC region, as well as with other global trading partners.
- ***Focus on Tangible and Practical Outcomes that Matter***
  - Contribute to tangible outcomes, for example, where problems are transnational in nature or have significant implications for trade and investment;
  - Generate methodologically sound concrete surveys, studies, pilot projects, etc. in APEC that will produce greater coherence in problem solving, and increase transparency in and foster mutual understanding of regulatory approaches in APEC economies;
  - Publish studies and other products whose content promotes better decision making on the choice of regulatory approaches and which have significant support from all relevant subfora;
  - Target work to topics and sectors where regulatory cooperation can have the greatest impact on regional trade liberalization, present opportunities for public private partnerships, and lead to increased trade and investment flows; and
  - Consider the sustainability of the engagement by regulatory authorities in cooperative activities. Accordingly, tailor the goals to enable the engagement of regulators to result in meaningful outcomes.
- ***Strengthen Implementation of the APEC-OECD Checklist in APEC Economies***
  - Identify and encourage the use of approaches, including voluntary approaches, that take account of the distorting effects of regulatory measures on trade and competition and that eliminate or minimize unnecessary divergences in regulatory measures;
  - Promote regulatory approaches and decision making processes that are transparent, consistent, comprehensible, and accessible to users inside and outside of government, to enable the public to ascertain and understand the intent and implications of regulations; and
  - Avoid conducting activities in isolation from the broader APEC community by seeking, as appropriate, input on initiatives from relevant APEC committees, working groups, subfora, and APEC senior officials.
- ***Promote Alignment to International Standards and Conformance Systems***
  - Promote alignment to relevant international standards and test methods wherever possible consistent with WTO obligations, and foster the role of the private sector in developing voluntary consensus standards at the international level;
  - Encourage standards and conformance solutions that are based on relevant elements from international systems, that encourage significant private sector buy-in, minimize duplicative or redundant testing and promote mutual recognition of testing and certification results to facilitate trade in goods; and
  - Refrain from making proposals to develop regional standards in APEC. Focus on practical efforts to increase transparency of standards, and strengthen collaboration in and across standards bodies of different economies.

- ***Engage Key Stakeholders***
  - Involve key stakeholders wherever possible, and in all cases ensure that proceedings and outcomes are transparent and accountable to stakeholders interests;
  - Promote two-way exchanges of information with key stakeholders on technical requirements that may have an effect on trade, including how they may meet a legitimate objective and their potential trade implications; and
  - Promote activities and outcomes that are as inclusive as possible.

#### **Next Steps to Foster Results-Oriented Regulatory Cooperation**

1. In order to ensure implementation of these principles, we instruct APEC fora and subfora with regulatory activities to incorporate these principles as they advance their 2012 work programs.
2. Instruct APEC fora and subfora with regulatory activities to report to SOM 2 in 2012 on how they have adopted or are adopting these principles effectively and efficiently into their work programs in addition to sharing other results of other work to promote trade and innovation consistent with regulatory objectives. Additional guidance on the format for this reporting will be provided by SOM 1 2012.
3. Senior Officials will then consider these reports, and develop guidance at SOM 3 2012 on how to apply these principles to relevant APEC fora and subfora. This guidance will include suggestions on how to incorporate these ideas into the budget management process and how to better promote cross-fora collaboration.

## The 23<sup>rd</sup> APEC Ministers Meeting

Honolulu, Hawaii, United States  
11 November 2011

### APEC HIGH LEVEL POLICY DIALOGUE ON DISASTER RESILIENCY

We, APEC ministers and senior government officials, along with private sector leaders, met in Honolulu, Hawaii for the High Level Policy Dialogue on Disaster Resiliency, under the chairmanship of US Secretary of State Hillary Rodham Clinton.

The earthquake and tsunami that struck Japan on March 11 along with additional earthquakes, floods, wildfires, typhoons and tornadoes among other events in the region, as well as the recent floods impacting Thailand, all remind us that the Asia-Pacific region is highly prone to the impacts of natural disasters. They also underscore the importance of reducing disaster risk and strengthening the resiliency of our communities. APEC, through its strong networks with the business sector, has a comparative advantage in encouraging greater private sector participation in disaster preparedness and resiliency efforts. *With these challenges and strengths in mind, and recalling the commitments made under the Hyogo Framework for Action as well as the APEC Trade Recovery Guidelines, we call on officials to adopt and implement the following objectives:*

#### **Provide businesses with tools to help them prepare**

- Promote voluntary standards for private sector preparedness to help businesses evaluate their own readiness and provide incentives for taking steps to prevent and mitigate the risks they face;
- Promote standards and indicators for measuring the effectiveness of disaster risk reduction at both the economy-wide and regional levels to guide public and private sector investments and improve quality and consistency in implementation;
- Promote and facilitate the use of Business Continuity Plans (BCPs), especially for SMEs, by appropriate means, including legal, market-oriented and social measures;
- Promote financial instruments that help to respond and recover from disasters, as well as to transfer risk;

#### **Facilitate the movement of goods and services during disasters**

- Recognize the importance of the supply chain and related infrastructure in the delivery of goods and services following a disaster;
- Work through APEC fora to enhance customs procedures, and reduce tariff and non-tariff barriers, including domestic regulations and licensing issues that affect logistics and supply chain movements responding to a natural disaster;
- Explore the use of customs and tariff waivers when host governments request humanitarian-related donations from the international community, taking into account existing guidelines and best practices;
- Educate the public, business and government leaders on best practices for effective and appropriate donations to minimize the disruptions unsolicited donations can have on disaster response efforts;
- Develop mechanisms for tracking private sector resources and capabilities;

### **Promote community based approaches**

- Recognize that communities are the first responders in disasters, and solicit participation and input from civil society, private sector, and local government stakeholders;
- Promote early and frequent engagement of community groups and leaders in developing Disaster Risk Reduction (DRR) processes and policies, and assist communities in identifying practical steps to improve community resilience;
- Encourage technical assistance, research of best practices, innovation and training for decision makers at all levels, taking into account community-based and gender-based DRR approaches and incorporating traditional, local, and scientific knowledge;
- Promote community-centered education on disaster risks and risk reduction through existing community groups;
- Provide early warning assistance through technical monitoring of incipient disasters and timely early warning dissemination through to the community-level, and build early warning capacities within economies to evaluate rapidly-evolving threats such as tsunamis;
- Encourage an enabling environment for community-centered DRR activities through local governance and economy-wide policy engagement;

### **Support research and education**

- Promote increased disaster resiliency by sustaining and improving early warning systems through increased data exchange networks, improved forecasting skills and training, and reliable dissemination strategies;
- Emphasize the relationship of training, education, and outreach to decreasing community vulnerability to hazards;
- Actively engage and support scientific and technical communities to inform decision making;
- Support efforts to improve executive education to develop a new generation of disaster management leaders and promote interdisciplinary research as well as platforms for prototyping tools arising from that research;
- Recognize APEC's efforts to make schools safer in response to seismic and tsunami threats; and
- Advocate for the inclusion of natural hazard disaster preparedness as part of school curricula starting in primary schools.

### **Promote public-private partnerships**

Partnership between the public and private sectors is essential as the private sector owns and operates a great deal of an economy's critical infrastructure and has experience and knowledge regarding resilient construction techniques, the development of sustainable urban areas, energy safety, and the protection of critical resources. *Recognizing the need to incorporate the private sector more substantively in our emergency preparedness efforts, APEC economies will develop public-private partnerships within their own economies and report on their progress next year.* In developing these partnerships, APEC economies will be guided by the following broad principles:

1. Adopt a "Whole of Society" approach to developing and strengthening public-private partnerships that support business and community resilience to disasters. This includes involving all levels of government, non-government, and the private sector;
2. Through public-private partnership programs, encourage a greater role for women in supporting disaster resilient businesses and communities;

3. Strengthen public-private partnerships by sharing information, drawing on best practices, and learning from experiences;
4. Leverage existing programs and resources, and strengthen partnerships that develop during disasters to sustain long-term public-private collaboration and avoid duplication of effort;
5. Establish partnerships based on shared responsibilities and resources, with mutually agreed upon roles and tasks;
6. Cultivate public private partnerships that are open to flexible and innovative ways of working together to build business and community resilience to disasters.

## The 23<sup>rd</sup> APEC Ministers Meeting

Honolulu, Hawaii, United States  
11 November 2011

### APEC HIGH LEVEL POLICY DIALOGUE ON OPEN GOVERNANCE AND ECONOMIC GROWTH

We, the APEC Ministers, under the chairmanship of U.S. Secretary of State Hillary Rodham Clinton, held a High Level Policy Dialogue on Open Governance and Economic Growth in Honolulu, Hawaii, on November 11, 2011. We welcomed participation in the Dialogue by representatives from business, academia, and non-governmental and labor organizations.

Transparency and open governance are a critical element of long-term economic competitiveness, leading to sustainable economic growth and prosperity. We welcome the efforts of APEC members so far to enhance public trust by combating corruption and by committing to transparent, fair, and accountable governance. APEC should continue to actively address good governance issues as a key priority. Good governance will in turn spur high-quality economic growth by fostering and sustaining the entrepreneurial spirit that nurtures innovation, enhances competitiveness, reduces market distortions and promotes trade and long-term investment.

**Promoting Open Governance:** We appreciate the ongoing work of the Organisation for Economic Cooperation and Development (OECD) to introduce recommendations to its membership regarding key measures to improve regulatory policy and governance. Those measures draw upon the APEC-OECD Integrated Checklist on Regulatory Reform and its recommendations regarding regulatory quality, competition policy, and market openness. We instruct the Economic Committee to continue its work to promote more open and effective governance across the APEC region by addressing best practices in public sector governance, regulatory reform, corporate law and governance and competition policy.

We recall our commitment to APEC's Transparency Standards agreed to in 2002, as well as the nine sectoral standards agreed to in 2003 and 2004. The ability for businesses, especially small and medium-sized exporters, to have access to laws, regulations, procedures and administrative rulings, and also to meaningfully participate in their development, is critical to strengthening regional economic integration, expanding trade and investment flows, and creating jobs in the region.

We welcome the recent launch of the Open Government Partnership and encourage eligible APEC economies that are not yet members to take the necessary steps to enable membership in this important initiative to promote transparency, empower citizens, fight corruption, and harness new technologies to strengthen governance.

**Encouraging Ethical Business Practices:** We applaud the decision of the APEC SME Ministers at Big Sky, Montana in May 2011 to endorse the Kuala Lumpur Principles for Medical Device Sector Codes of Business Ethics. This set of principles for the region's medical devices industry is the first of its kind, and will improve the quality of patient care, encourage innovation, and promote the growth of SMEs that produce medical devices. We also congratulate the work of the APEC SME Working Group in establishing voluntary sets of ethics principles for the biopharmaceutical sector (the Mexico City Principles) and the construction and engineering sector (the Hanoi Principles). We endorse these three sets of principles and look forward to further APEC efforts to ensure that these principles have a practical impact for small and medium-sized companies.

**Fighting Corruption:** We applaud the efforts of the Anti-Corruption and Transparency Experts' Working Group (ACTWG) to uphold public integrity by developing principles related to financial asset disclosure for officials, and to launch an APEC partnership with the private sector to combat corruption and illicit trade, including dismantling cross-border illicit networks. We ask that the ACTWG report to Ministers on progress on these initiatives in 2012.

We recall the instruction of the APEC Leaders in Yokohama in 2010 calling on all APEC economies to report on their implementation of previously-agreed APEC anti-corruption and transparency policies. We look forward to each economy presenting a full and comprehensive report on its progress by the end of 2014, to be preceded by interim reports by economies in 2012 and 2013 covering the full range of their APEC anti-corruption commitments and associated actions taken. We also call upon APEC member economies to implement the UN Convention against Corruption, including by reinforcing transparency and inclusiveness in the conduct of their respective reviews.

**Conclusion:** This Dialogue has reaffirmed and reinforced our commitment to combating corruption and operating transparent, fair, and accountable governments. We instruct our officials to match this commitment with further actions, including capacity-building activities for developing economies, in support of this work. We expect to review progress toward realizing these objectives under Russia's chairmanship in 2012.

## The 23<sup>rd</sup> APEC Ministers Meeting

Honolulu, Hawaii, United States  
11 November 2011

### **APEC MINISTERS' STATEMENT ON THE WTO, THE DOHA DEVELOPMENT AGENDA NEGOTIATIONS, AND RESISTING PROTECTIONISM**

1. We, the APEC Ministers responsible for Trade, gathering for our 23rd meeting in Honolulu, United States, reiterated our profound confidence in the underlying institutional strength and value of the rules-based multilateral trading system embodied in the WTO.
2. Mindful of this, and as we look ahead to the 8<sup>th</sup> Ministerial Conference of the WTO, we emphasized our collective deep concern regarding the impasse that now clearly confronts the Doha Development Agenda (DDA), and the reality that a conclusion of all elements of the Doha agenda is unlikely in the near future. We recognized that this situation reflects deep substantive divergences that are proving more difficult to resolve than any of us would wish. It is clear that we will not complete the DDA if we continue to conduct negotiations as we have in the past, but none of us intends to abandon efforts that would allow for better progress toward the ultimate conclusion of the DDA.
3. Indeed, we are committed to approaching the upcoming WTO Ministerial Conference and negotiations beyond it with a view to fresh thinking and a determination to begin exploring fresh and credible approaches. Such approaches should include the possibility of advancing pragmatically in specific areas under the Doha work program where progress can be achieved, and where consensus agreements might be reached on a provisional or definitive basis in accordance with the Doha mandate, including the provision to reflect such agreements in assessing the overall balance. We must continue to recognize the strong development dimension of the DDA as we move forward to further liberalize trade and to strengthen the rules-based trading system. In so doing, we will build on progress achieved to date, including on issues of concern for Least Developed Countries.
4. We reaffirmed that the multilateral trading system is an essential source of sustainable economic growth, development, and stability, and take considerable satisfaction in the success of the WTO in contributing to the beginnings of global economic recovery. The WTO has amply proven its worth as a bulwark against protectionism during a highly challenging period, and this role, including in particular its monitoring role, will remain essential. As our economies and others continue to address evolving challenges and opportunities, it will be important for the WTO to contribute, with development as a continuing priority. We reaffirmed that "Aid for Trade" (AfT) is an important element in helping developing Members increase their participation in, and realize the benefits of, the multilateral trading system. We welcomed the output of the 3rd AfT Global Review Meeting held in July 2011 and look forward to the upcoming discussion on Aid for Trade at the Fourth High Level Forum on Aid Effectiveness to be held in Busan, Korea later this month. We will continue to seek means of ensuring the effectiveness of AfT.
5. Open markets are vital for growth and job creation, enabling strong and sustainable growth in the Asia-Pacific region. The uncertain global trading environment, including signs of increased protectionist pressures, therefore continues to be a matter of serious concern. We are determined to keep protectionism at bay. The upcoming WTO Ministerial Conference will provide an important opportunity to respond to the situation. In this light, we reaffirmed and extended our commitment through the end of 2015 to refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or

implementing WTO-inconsistent measures in all areas, including those that stimulate exports. We also reaffirmed our undertaking to comply with WTO agreements, as well as to continue to ensure transparency and predictability in implementing measures that affect trade and investment. We remain committed to taking steps to roll back protectionist or trade distorting measures introduced during the crisis. Furthermore, we will continue to exercise maximum restraint in implementing measures that may be considered to be consistent with WTO provisions if they have a significant protectionist effect and promptly rectify such measures where implemented.

6. Looking ahead to APEC 2012 under the leadership of the Russian Federation, we look forward to the conclusion of Russia's WTO accession process at the upcoming WTO Ministerial Conference.

## 18<sup>th</sup> APEC Finance Ministers' Meeting

Honolulu, Hawaii, United States  
10 November 2011

### JOINT MINISTERIAL STATEMENT

1. We, the finance ministers of the APEC economies, convened our 18<sup>th</sup> annual meeting in Honolulu, Hawai'i on 10 November 2011 under the chairmanship of Mr. Timothy F. Geithner, Secretary of the Treasury of the United States. The meeting was also attended by the President of the Asian Development Bank, the President of the Inter-American Development Bank, the Managing Director of the World Bank Group, the Deputy Managing Director of the International Monetary Fund, and the APEC Business Advisory Council (ABAC).
2. We noted that a number of our economies have suffered major disasters in the last year with significant impacts on the economies of the region and beyond. We also met at a time of heightened downside risks for the global economy. Such risks need to be addressed decisively to restore confidence, financial stability, and sustainable growth. Growth and job creation has weakened in the region, particularly in advanced economies. Meanwhile, inflation remains elevated in many of our economies. Capital flow volatility has intensified in response to heightened risk aversion.
3. We reviewed the conclusions of the recent G-20 Leaders Summit meeting in Cannes on November 3-4, and pledged to take coordinated actions to strengthen the global recovery, reinforce financial sector stability, maintain open markets, and build a foundation for strong, sustainable, and balanced growth. We agreed that:

Advanced economies commit to adopt policies to build confidence and support growth and implement clear, credible, and specific measures to achieve fiscal consolidation.

Taking into account economies' circumstances, economies where public finances remain strong commit to let automatic stabilizers work and take discretionary measures to support domestic demand should economic conditions materially worsen. Economies with large current account surpluses commit to reforms to increase domestic demand, coupled with greater exchange rate flexibility.

We affirm our commitment to move more rapidly toward more market-determined exchange rate systems and enhance exchange rate flexibility to reflect underlying economic fundamentals, avoid persistent exchange rate misalignments, and refrain from competitive devaluation of currencies. We reiterate that excess volatility and disorderly movements in exchange rates have adverse implications for economic and financial stability.

We agree to continue our efforts to further strengthen global financial safety nets in which economies' governments, central banks, regional financial arrangements, and international financial institutions will each play a role according to and within their respective mandate.

We remain committed to promoting open trade and investment, rejecting protectionism in all its forms. We also affirm our determination to take actions to promote development.

4. We reaffirmed our shared interest in reforming the financial sector to better meet the needs of our economies. In order to increase the resiliency of the global banking system, we will implement the new Basel Committee on Banking Supervision framework, which raises the quantity, quality, and international consistency of capital and liquidity. To reduce moral hazard

and risks to taxpayers, we agree to implement effective resolution regimes for systemically important financial institutions. In line with international efforts, we agree to undertake regulatory reforms so that all standardized OTC derivative contracts are traded on exchanges or electronic trading platforms, where appropriate, and cleared through central counterparties. We will also enact reforms to see that OTC derivatives contracts are reported to trade repositories and non-centrally cleared contracts are subject to higher capital requirements.

5. APEC economies remain committed to further structural reforms to raise output in our economies, foster job creation, and promote social inclusion. As follow-up to our Kyoto Report on Growth Strategy and Finance adopted at our last meeting, we took stock of work this year in two areas where APEC has contributed valuably towards these objectives:
  - *Infrastructure Financing:* Accelerating infrastructure investment and improving service delivery would contribute to boosting the recovery and is critical for sustaining economic growth in the Asia-Pacific region. In addition to public financing, private financing can play an important role in supporting infrastructure investment. There is scope to enhance the investment environment, access to capital, and economies' capability to encourage further private financing. For some economies, increased private financing of municipal-level projects shows promise; efforts are also underway in some economies to improve the environment for investment through public-private partnerships (PPP) and minimizing regulatory risk. We recognize that dialogue with market participants on infrastructure financing is critical to achieving the full benefit of private sector resources. We appreciated the work of ABAC and the World Bank to discuss related policy issues with our deputies, and took note of policy recommendations. We welcomed the creation of Asia-Pacific Infrastructure Partnership Dialogues to foster candid discussion between market participants, individual APEC member economies, and multilateral development banks. We also welcomed the establishment of the ASEAN Infrastructure Fund by ASEAN economies and the ADB, and look forward to its contribution to regional infrastructure improvement.
  - *Financial Empowerment:* We recognized that a significant number of our residents still lack effective access to safe and reliable financial services, including in some advanced economies. Increasing usage of, and access to, formal financial products and services contributes to alleviating poverty and reducing vulnerabilities of low income and disadvantaged groups. We, therefore, affirm our commitment to support financial empowerment as a growth driver in APEC economies to provide the unserved and underserved sectors greater access to safe and reliable financial services. We reviewed the work of the APEC Financial Inclusion Initiative, which delivered concrete guidance in the areas of government-to-person (G2P) payments and public-private strategies to effectively reach the underserved, and prepared the ground for making accurate measurements of the reach of financial services in APEC economies. We welcome the emphasis on increasing women's access to finance in the San Francisco Declaration adopted during the High-Level Policy Dialogue on Women and the Economy.
6. As we work to put in place policies to promote growth and employment, we also recognize that economic growth must be environmentally sustainable. We took note of a joint study, *Green Finance for Green Growth*, which recommends further exploration of policy tools for green growth. We agree on the importance of rationalizing and phasing out inefficient fossil fuel subsidies over the medium-term that encourage wasteful consumption, while providing targeted support for the poorest. We took note of the voluntary reporting mechanism to help implement this commitment that will be presented to Leaders by the APEC Energy Working Group, and will contribute to this work as warranted.
7. Close cooperation with the business community remains a valuable feature of APEC. We welcomed inputs from ABAC, which put forward recommendations on (1) improving collaboration among financial market regulators in view of increasing regional financial integration; (2) developing policies and initiatives that support capacity-building for financial

empowerment and financing of SMMEs; (3) supporting policy frameworks to channel private financing into infrastructure; and (4) enhancing the efficiency of capital markets. We also recognized the role of ABAC and the private sector in supporting finance officials' exploration of the concept of an Asia Region Funds Passport (ARFP) in order to develop the sound funds industry and better integrate financial markets with due regard for investor protection. We expect further development of this work, in consideration of economies' level of market development, which could help explore the establishment of a pilot ARFP.

8. We thanked the United States for hosting the APEC Finance Ministers' Process this year. We will meet again for our 19<sup>th</sup> meeting in Moscow, the Russian Federation, in August 2012.

## 7<sup>th</sup> APEC Transportation Ministerial Meeting

San Francisco, California, United States  
14 September 2011

### MINISTERIAL JOINT STATEMENT

As Ministers responsible for transportation in the APEC region, we met in San Francisco, United States of America, on September 14, 2011, to continue our work towards a safe, secure, seamless, and sustainable transportation system in support of the Bogor Goals of free and open trade and investment in our region.

The dynamism of the Asia-Pacific region has made it a driving force for growth in the world economy. As a significant economic enabler, transportation has been instrumental in our region's recovery and resurgence following the recent economic and financial crisis. It has also been key to our preparedness, resilience and response to the tragic natural disasters which the Asia-Pacific region has suffered since we last met, including the Great East Japan Earthquake and the other extraordinary events in Australia, Chile, China, New Zealand and the United States, among others. These unpredictable events can occur anywhere at any time and have the capacity to affect us all.

We highlighted the importance of learning from past experiences, committing to ongoing improvement, and formulating a common understanding of requirements for the development of respective optimal transportation systems in order to better respond to future natural disasters in the region. In this effort, we support the important work of the APEC Emergency Preparedness Working Group and others to help enable the region to better prepare for and recover from emergencies and disasters by helping to reduce the risk of disasters and building business and community resilience.

We note that at the November 2010 Ministerial Meeting in Yokohama, Japan, APEC Leaders recognized that the full potential of women to contribute to the regional economy remains unrealized. This is particularly true in transportation, a key driver of economic growth. The transportation field offers women an opportunity to combine policy and law with science, engineering and innovation. We recognize that while some women have achieved prominence in this field, stronger outreach and other measures need to be developed and implemented to ensure that APEC economies take full advantage of the abilities of current and future generations of potential women leaders. We welcome the establishment of a regular dialogue on Women in Transportation as part of the TPTWG meetings and direct the TPTWG to exchange information regarding initiatives, outreach and measures that are taken within each economy to increase the role of women in transportation; develop a compendium of best practices that member economies can adapt to their particular circumstances as they develop their own initiatives and programs; and integrate these efforts into the larger APEC dialogue and efforts on this issue.

In the fulfillment of our directives and those of our Leaders, we recognize the progress that has been achieved since our last meeting in 2009 by the Transportation Working Group (TPTWG), which this year marks its twentieth anniversary.

#### **Promoting Green Growth and Innovation in Transportation**

We emphasize the contribution of safe, secure, seamless, and sustainable transportation to the implementation of all five attributes of the APEC Leaders' Growth Strategy: Balanced, Inclusive, Sustainable, Innovative, and Secure Growth. In this context, we recognize the contribution of "Green Growth" to the sustainable development of the APEC region.

We welcome the role of the APEC Port Services Network (APSN) in promoting greener ports, including through the Workshop on Green Ports, *Collaborating for Environmental Leadership*, to be held in San Francisco on September 19, 2011. We support the continuing work of the APSN and encourage all APEC member economies to participate in this important initiative in facilitating co-operation and communication amongst ports and related sectors in the region.

We also note the opportunities afforded by innovation and advanced technologies and behavior change initiatives which aid the development of more environmentally friendly transportation systems. We encourage the TPTWG to assess ways in which better use can be made of advanced and emerging technologies to reduce emissions from transport whilst continuing to maintain the sustainable growth of transportation systems.

In responding to APEC Leaders directions at Yokohama, Japan, in November 2010, to promote energy efficient transport, we direct the TPTWG to give priority to developing and promoting fuel efficient transport practices, including the use of alternative fuels as well as the development of corresponding energy efficient transport infrastructure.

We reiterate our commitment to the *Action Agenda To Move APEC Toward An Energy Efficient, Sustainable, Low-Carbon Transport Future*, as agreed with our APEC energy colleagues at our joint Transportation and Energy Ministerial Conference in San Francisco, California, on September 13, 2011. In this regard, we direct the TPTWG, in collaboration with the Energy Working Group, to implement the Action Agenda in order to protect the environment and ensure sustainable, long-term growth in the region.

We encourage stronger cross-sectoral collaboration of TPTWG with other Working Groups to consolidate efforts for energy efficiency in APEC economies.

### **Enhancing Regulatory Cooperation**

We recognize the importance to trade facilitation of aligning domestic standards to relevant international standards where possible, and collaboration in other international fora in this regard. We direct the TPTWG to enhance its cooperative efforts by focusing on concrete results to improve regulatory outcomes consistent with international obligations and with good regulatory practice.

We recognize the need for targeted transport regulatory reform and investment in transport infrastructure to improve supply chain connectivity as a key means of achieving free and open trade.

We acknowledge the importance of transportation safety and security while ensuring the facilitation of trade and movement of people and goods across the region and the world.

We instruct the TPTWG to continue its efforts to enhance transportation safety and security measures in all modes of transport, including the use of technology, human resources development and training, and sharing of best practices.

We urge economies to comply with the standards and recommended practices of the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO), and we instruct the TPTWG to collaborate with these organizations in the areas of security, safety and the environment where appropriate.

We also urge the TPTWG to intensify activities in the field of rail and road transport security, which is regarded as an integral part of the seamless transportation of passengers and cargo by international routes

We recognize and underscore the importance of ongoing collaboration between the TPTWG and the APEC Counter-Terrorism Task Force.

We recognize that global supply chains are strategically and inherently intermodal and encompass goods, conveyances, facilities, communication services, and hubs within the entire transportation environment. This necessitates better integration among all stakeholders to ensure seamless security and enhanced facilitation across all modes. We instruct the TPTWG to collaborate with other APEC fora, the World Customs Organization (WCO), the International Organization for Standardization (ISO), ICAO and IMO as they continue to work toward strengthening the global supply chain.

More specifically, we instruct the TPTWG to give high priority to enhancing economies' abilities to identify, assess, and share information on threats to transportation facilities, vehicles, people and cargo, to prevent and combat acts of unlawful interference while respecting national laws and privacy; to work toward alignment of international standards to facilitate trade and minimize vulnerabilities; and to work together and with partners on trade recovery and facilitation.

We wish to highlight the importance of the *United Nations Decade of Action for Road Safety, 2011-2020*. We agree to assess opportunities to launch road safety initiatives and increase road safety efforts in our respective economies and direct the TPTWG to give high priority to address such efforts.

We also strongly encourage economies to participate in the World Forum for Harmonization of Vehicle Standards (WP 29) of the United Nations Economic Commission for Europe (UNECE).

### **Strengthening Regional Economic Integration**

In support of APEC's work to strengthen regional economic integration towards the promotion of free and open trade and investment, we reaffirm our commitment to promote greater liberalization within all modes of the transportation sector in the APEC region while removing barriers to trade and investment, where possible.

We note the importance of a continued commitment to the development of human capacity and other resources to support and operate a safe and efficient global supply chain system to enhance and facilitate trade.

We encourage capacity building efforts in support of the Bogor Goals through the ongoing implementation of the APEC Common Principles for Shipping Policy. We acknowledge, in particular, recent significant achievements, including the development of Guidelines Related to Liner Shipping, which are intended for voluntary adoption by economies to enhance free and open trade in the APEC region.

We also express our support for enhancing seamless interconnectivity among the modes and direct the TPTWG to continue its work to ensure the safe, secure and efficient movement of people and goods, while improving the conservation of natural resources and mitigating environmental impacts.

We particularly stress the importance of enhancing physical connectivity through reducing choke points and integrating markets through the implementation of the APEC Supply-Chain Connectivity Framework Action Plan, to which the transportation sector is a key contributor. We instruct the TPTWG to give high priority to implementing the transport-related elements of the Action Plan with a view to achieving the goal of a ten percent improvement in supply chain performance by 2015 in terms of reducing the time, cost, and uncertainty of moving goods and services through the Asia-Pacific region as committed to by APEC Leaders in 2010.

We also encourage member economies to assess ways in which transport infrastructure investments can be prioritized and further increased, including through the wider utilization of well-functioning Public-Private Partnerships (PPPs).

We want to maximize the potential of air services to be an enabler of commerce and economic growth. An open and liberal international aviation regime is a critical underpinning for the

development of air services networks across the region. We recommend APEC Economies to evaluate the desirability of eliminating restrictions on the ability of air service providers to respond to market demands. We note the availability to explore the Multilateral Agreement on the Liberalization of International Air Transportation, to which Economies can accede or agree to be bound on a full or all-cargo basis, and which will allow Economies to institute a liberal aviation operating environment quickly with multiple partners.

We recognize the potential that exists for the business aviation industry to have a significant positive economic impact in the APEC region. APEC economies, however, are only beginning to consider the importance of developing a network of compatible regulatory frameworks, which is essential for the operational flexibility that is the core benefit of business aviation. Major Asian centers of trade could be connected for business travelers in an unprecedented, time-saving manner. Business aviation can also serve to open the door to global commerce for smaller communities and rural populations that need access to major cities and manufacturing centers. We welcome the initiative in the TPTWG to promote and support the growth of business aviation operations, as a positive contribution to economic activity and trade in the region. We urge the TPTWG to focus expeditiously on identifying the benefits of business aviation and then working to develop and implement an APEC-wide set of agreed core principles that will apply to business aviation operations.

Finally, we reiterate our appreciation for the work of the TPTWG which is made possible through the active and sustained cooperation of APEC member economies. We remain committed, as a community, to continuing to assist each other through the TPTWG other APEC fora and international organizations on issues of mutual concern. We agree to meet again in 2013 to continue to work towards the achievement of our goals.

## 2011 High Level Policy Dialogue on Women and the Economy

**San Francisco, California, United States  
16 September 2011**

### DECLARATION

We, APEC ministers and senior government officials, along with private sector leaders, met in San Francisco, California, September 16, 2011 for the High Level Policy Dialogue on Women and the Economy, under the Chairmanship of U.S. Secretary of State Hillary Rodham Clinton.

In November 2010 in Yokohama, the APEC Leaders recognized that the full potential of women to contribute to the Asia-Pacific regional economy remains untapped. Gender equality is central to economic and social development. Equal opportunity for women and men supports economic growth and helps to reduce poverty. The APEC Leaders therefore expressed their will to work together to improve women's access to finance, education, training, employment, technology, and health systems by promoting entrepreneurship and greater leadership for women in business and government.

In 2011 and beyond, APEC economies will take concrete actions to realize the full potential of women, integrate them more fully into APEC economies, harness their talents, remove barriers that restrict women's full economic participation, and maximize their contributions towards economic growth. Evidence from both developed and developing economies has shown that increased participation of women will generate faster and more equitable income growth, create greater business opportunities, and enhance competitiveness for firms and economies by facilitating innovative thinking and fuller use of a significant resource. Moreover, higher incomes for women have proven to have significant positive impact on health and education outcomes for households, improving overall welfare and bolstering future gains in productivity and inclusive growth. We recognize the benefits healthcare and education services provide to women's engagement in the economy. Actions to support women's economic empowerment should be a core component in implementing the APEC Leaders' Growth Strategy.

Greater inclusion of women will expand prosperity in the region and is an investment for the future. Women's active participation in the economy at all levels, including in decision-making and governance in business and government, will also result in favorable social and environmental benefits, which are essential in addressing inclusive and sustainable growth objectives. We are determined to take concrete actions, implement gender responsive policies and programs, and improve laws and regulations to expand economic opportunities for women in APEC economies.

We welcome the establishment of the APEC Policy Partnership on Women and the Economy (PPWE), which streamlines and elevates the influence of women's contributions towards economic growth and fosters women's economic empowerment across the region. Also, recognizing the outcomes and efforts regarding gender equality issues on which APEC has worked, we have tasked the PPWE, including by working with other APEC entities, to provide effective policy recommendations on women and the economy to APEC member economies.

We declare our determination for APEC economies to mainstream gender to address the most significant barriers hindering women's full economic participation. APEC's work will initially focus on the following four priority areas: improving access to capital, access to markets, capacity and skills building, and women's leadership. In pursuing these priority areas it will be critical for APEC to collaborate with and support the work of networks of women business associations and international organizations such as the Commission on the Status of Women and UN Women, as appropriate. The APEC Secretariat will provide support to implement this Declaration.

### **Access to Capital**

Discriminatory legal and regulatory systems and banking practices can pose specific hurdles for women's access to capital and assets. Evidence has shown that women-owned businesses tend to be smaller, newly established, and less profitable than male-owned businesses and generally have greater difficulty in accessing capital. A lack of information and knowledge about lending requirements and practices hinders women business owners' ability to obtain capital. The challenges in accessing capital remain a concern for women entrepreneurs and business owners among APEC member economies. With these challenges in mind, we call on officials to:

- Review and report to APEC Senior Officials the status of laws regarding inheritance, spouse joint property ownership, and the rights to ownership of moveable and immoveable property, as well as head of household benefits for married, divorced and widowed women;
- Promote more inclusive access to financial services for women entrepreneurs and business owners;
- Conduct an inventory of existing effective SME lending programs, including micro-lending, offered at the central government level and in the private sector, making special note of the usage and metrics around these programs and their effectiveness in serving women-owned businesses to establish a baseline of current lending programs;
- Conduct a survey and workshop to identify and share best practices of government measures at the central and local level with a view to improving the capacity of women-owned SMEs in accessing capital, in collaboration with the G-20 Global Partnership for Financial Inclusion (GPIFI) sub-group to leverage the work they have undertaken on this issue; and
- Collaborate with the GPIFI sub-group and the Organization for Economic Cooperation and Development (OECD) in their commitment to improve the collection of sex-disaggregated data on small and medium enterprises and SME finance.

### **Access to Markets**

A lack of access to markets impedes the growth of women-owned businesses and restricts the number of jobs created. The ability of women active in the marketplace to expand their markets (domestically and internationally) can be improved by realizing women's business acumen (including through mentoring and technical assistance programs); making information on regulatory environments in APEC economies and market opportunities (including through match-making and technical assistance programs); and promoting greater opportunities to obtain government and corporate contracts (including through supplier diversity initiatives). To address these challenges, we call on officials to:

- Identify and report to APEC Senior Officials, programs, including supplier diversity and technical assistance initiatives, that represent best practices of multi-national enterprises, governments, and SMEs that remove the barriers for women business owners and entrepreneurs, including rural and indigenous women, to obtain up-to-date information on the regulatory environments in APEC economies, and identify and take advantage of domestic or international market opportunities; and
- Identify networks and associations that can assist women to access business connections and distribution channels.

### **Capacity and Skills Building**

Capacity and skills building is an essential way to develop an economy's human capital—a key driver of economic competitiveness. However, in many APEC economies only half of the human

capital is fully utilized. Women face barriers to full access to and participation in education and training that can prepare them for success in the workforce and in business. Multiple empirical studies show that after training, women have access to better jobs and are increasingly able to grow their businesses and create employment. Access to information is critically important to expanding women's economic roles and requires the attention of APEC economies. Women tend to have smaller social and professional networks, which limit their awareness of and equal access to labor markets, employment and business opportunities and information on how to handle challenges in operating their businesses. To address these circumstances, we call on officials to:

- Encourage the empowerment of women and remove discriminatory practices which inhibit women's capacity and ability to build their skills;
- Conduct a survey and workshop to identify and share best practices that support entrepreneurial counseling and training opportunities that are offered at the economy level that target women, including entrepreneurs and business owners as well as rural and indigenous women;
- Incorporate a gender analysis, as appropriate, into existing capacity and skills building and SME assistance programs, and train the people who deliver programs on how to conduct gender equality analysis, so they can be more sensitive to and understand the different challenges faced by men and women;
- Conduct a survey and workshop to share best practices on how economies use technology (such as internet communications or mobile technologies) to train women businesses owners; and
- Conduct and share an inventory of good business models for women in small and micro enterprises.

### **Women's Leadership**

Globally, in economic sectors, there is a lack of representation of women in leadership roles in both the private and public sectors. Whether on corporate boards, in senior-level management positions, or other important economic decision-making roles, women represent a much smaller percentage of leadership positions than their economic contribution, education levels, and business successes would indicate. Studies have identified four major barriers preventing women from rising to leadership positions: organizational obstacles, including a lack of role models and exclusion from informal networks; work-life balance challenges, including travel requirements and long work schedules; institutional mindsets, meaning women are evaluated differently for positions from men; and finally, individual mindsets, due to a lack of positive reinforcement, and peer and senior-level support. We agree that these barriers are problematic not only for women looking to take on more responsibility, but also to the growth and success of the business or organization. It is also important to consider that many of these obstacles come from gender stereotypes related to the heavier load of domestic work and care-giving done by women. Society still sees women as mainly responsible for taking care of the children and maintaining the household, and this can become a restraint for women to enter the labor market and for women-owned SMEs to achieve a better performance. Therefore we call on officials to:

- Encourage the upcoming generation of women leaders;
- Raise awareness within APEC economies about the favorable effects of gender diversity initiatives on economic growth and corporate competitiveness by identifying and disseminating best practices from the private and public sector;
- Publicize the economic benefits gained from promoting work-life balance, implementing gender equality standards in private and public organizations, diversified leadership teams, and

other measures for women's empowerment, through APEC outreach and workshop activities, involving leaders from the public and private sectors;

- Foster an equitable participation of rural and indigenous women, and social enterprises, increasing their access to opportunities;
- Identify model measures to raise women entrepreneurs and business leaders' profiles to promote women's leadership;
- Make a concerted effort to include at least one woman in their ABAC membership; and
- Take a proactive approach and work together as necessary to increase the representation of women in senior management positions, including on corporate boards and equivalent public sector organizations.

### **Beyond 2011**

Future APEC host economies are encouraged to host additional high-level sessions to discuss new growth strategies that harness women's talents, innovation, and leadership.

## The First APEC Meeting of Ministers Responsible for Forestry

**Beijing, China  
7 September 2011**

### **BEIJING STATEMENT ON FORESTS AND FORESTRY BEIJING STATEMENT**

We, the Ministers and senior officials attending the First APEC Meeting of Ministers Responsible for Forestry, held in Beijing, China on 6-7 September 2011,

Realizing that the world economy is recovering from the global financial crisis while still facing such challenges as resource and energy constraints, climate change, loss of biological diversity, poverty and food insecurity; and that improved management, conservation and rehabilitation of forests can make a significant contribution to the economic, environmental and social priorities and goals of the APEC economies and that enhanced international cooperation is needed to address these challenges;

Recalling the 2007 Sydney APEC Leaders' Declaration commitments to increase forest cover in the region by at least 20 million hectares of all types of forests by 2020 and to establish the Asia-Pacific Network for Sustainable Forest Management and Rehabilitation;

Recalling also the 2010 Yokohama APEC Leaders' Declaration to "enhance work on meeting the aspirational goal in the Sydney Declaration and instruct our officials to take concrete steps toward this goal, and to enhance our cooperation to address concerns with illegal logging and associated trade and to promote sustainable forest management and rehabilitation";

Reaffirming the United Nations Conference on Environment and Development Forest Principles and the United Nations Non-Legally Binding Instrument on All Types of Forests, and noting that they have raised awareness of the important roles and contribution of forests in socio-economic development, ecological, sustainability, poverty eradication, climate change, and green growth which is one of the priorities to be discussed at the 19th APEC Economic Leaders' Meeting;

Recognizing that forestry, with its unique roles and contribution to sustainable development, has the potential to be a leading sector in achieving green growth;

Welcoming the Cancun agreements which include policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing economies and also include the role of conservation and sustainable forest management as well as the enhancement of forest carbon stocks in developing economies;

Bearing in mind the natural and socio-economic diversity of the APEC economies, their different development needs and objectives, and the great challenges related to the conservation, sustainable management and rehabilitation of the region's forests in support of green growth and sustainable development, we aspire to:

1. Maintain and further strengthen the political commitment in support of sustainable forest management, forest conservation and forest rehabilitation;
2. Facilitate implementation of forest-related agreements and foster a common understanding on sustainable forest management, through existing international processes such as the United Nations Forum on Forests, the International Tropical Timber Organization, and the Montréal Process on Criteria and Indicators for the Conservation and Sustainable Management of Temperate and Boreal Forests;

3. Strengthen international cooperation on sustainable forest management including consideration of innovative financial mechanisms, as a component of green growth.
4. Strengthen coordination and cooperation among APEC economies on forest policies and management, inter alia, to promote investment and trade in sustainable forest products, deepen economic and technical cooperation in the forestry sector; promote the multiple uses of forests in terms of products and services; and combat illegal logging, promote trade in legally harvested forest products, and build capacity in this area through the APEC expert group on this topic;
5. Enhance practical cooperation to conserve, rehabilitate and sustainably utilize forest resources through, inter alia, active participation of stakeholders, including indigenous and rural communities, in regional forestry initiatives, technical cooperation, and other measures that strengthen sustainable forest management in the region;
6. Promote better coordination among and effective action by established regional forestry organizations and processes, inter alia, the Asia-Pacific Forestry Commission of the Food and Agriculture Organization of the United Nations, the Asia Forest Partnership and the Asia-Pacific Network for Sustainable Forest Management and Rehabilitation, to exchange information and experiences, foster greater cooperation among economies and promote sustainable forest management;
7. Encourage APEC economies to enhance afforestation, reforestation and tree planting programmes and avoid further deforestation and forest degradation to increase forest cover so as to achieve the aspirational goal set in the 2007 Sydney APEC Leaders' Declaration and improve forest quality, taking into account the best socially, environmentally and economically sustainable options;
8. Encourage the exchange of information on how forests can mitigate the effects of natural disasters and on measures needed for their recovery from such hazards, and strengthen exchange of information on monitoring and prevention of cross border forest pests, diseases and alien invasive species to prevent forest degradation;
9. Further strengthen forestry institutions, enhance forest management capability and mobilize financial resources for the forestry sector, to better manage emerging and growing demands on forests from increasing economic, social and environmental pressures;
10. Develop and improve forests and forestry legislation and policies in order to, inter alia, strengthen forest governance, protect forest lands, establish secure forest tenure systems, and improve forest law enforcement;
11. Encourage conservation, sustainable use and rehabilitation of forest resources, improve forest quality and enhance the capacity of forests to store carbon to address climate change; conserve and wisely use wildlife and wetland resources, combat land degradation and desertification, and protect biological diversity;
12. Promote the development of forest-related industries, create employment, build the capacity of indigenous and rural communities to manage forests sustainably and to participate in trade and the processing of forest products, facilitate development of forest dependent communities and improve their livelihoods so as to achieve green growth;
13. Strengthen cross-sectoral collaboration, establish cross-sectoral policy coordination mechanisms and encourage participatory forest management to minimize potential conflicts and negative impacts on forestry;
14. Encourage technical innovation, accelerate the integration of forest technology with economic development and strengthen capacity building, research and development in the forestry sector, including through technology transfer, technical information sharing, scientific-

practical conferences and the consideration of innovative financial mechanisms; and strengthen the application of new technologies and technical achievements to promote green growth; and

15. Strengthen outreach programs that raise public awareness regarding, inter alia, forestry-related regulations, the importance of ecological protection, and sustainable forestry practices.

# 18<sup>th</sup> APEC Small and Medium Enterprises Ministerial Meeting

Big Sky, Montana, United States  
21 May 2011

## JOINT MINISTERIAL STATEMENT

### Leveraging Partnerships with APEC Small Businesses to Foster Innovation and Create an Entrepreneurial Society

#### Introduction

1. We, the APEC Ministers and representatives responsible for Small and Medium Enterprises (SMEs), met in Big Sky, Montana on 21 May 2011 under the chairmanship of Mr. Francisco J. Sánchez, Under Secretary for International Trade, U.S. Department of Commerce. The U.S. Senior Official for APEC, the Executive Director of the APEC Secretariat, the APEC Business Advisory Council (ABAC), the Pacific Economic Cooperation Council (PECC), and the ASEAN Secretariat also attended.
2. We appreciated the active participation by SMEs from across the APEC region at the meetings held from 13-20 May 2011 in advance of our Ministerial Plenary Session. We agreed that incorporating the views of small business owners and managers enriched and enhanced our discussion of the sub-themes for the SME Ministerial meeting and are reflected in this Joint Ministerial Statement.

#### Shared Recognition of the Importance of SMEs and Entrepreneurs to the Asia-Pacific Region

3. We recognize that SMEs and entrepreneurs account for approximately 90 percent of all global businesses and employ nearly 60 percent of the global workforce and therefore warrant special attention by SME policy makers in the dynamic Asia-Pacific region.
4. We reaffirm the importance of implementing the Gifu Initiative. In addition, as discussed in Japan in 2010, we will continue to work towards SMEs participation in high-growth sectors and SMEs' access to global markets.
5. We also recognize that SMEs and entrepreneurs are particularly vulnerable to natural disasters, as shown in Australia, Japan, New Zealand, and the United States this year. Ministers affirmed the need to share practices that will help SMEs prepare for and recover from natural disasters. Ministers welcomed Chinese Taipei's proposal to explore collaboration on natural disaster preparedness between the SMEWG and the Emergency Preparedness Working Group.
6. Ministers support Malaysia's proposal to organize the APEC Young Entrepreneurship Summit in October 2011. The Summit's goal is to encourage the development and promotion of new business establishments among APEC economies.
7. The work being done by APEC on SME policy issues is critical to accelerating economic growth and creating jobs in all of our member economies.
8. Economic growth and job creation in APEC's member markets can be bolstered by embracing business ethics to enhance the competitiveness of SMEs, promoting the use of new technologies by SMEs to reduce the cost of doing business, and identifying policies that support green SMEs to thrive in a green growth economy.

### **Discussion on Embracing Business Ethics to Enhance SMEs' Competitiveness**

9. We agreed that corruption is a significant market access barrier for SMEs that disproportionately impacts their ability to prosper and grow. Ministers agreed that all APEC economies must address corruption, as it undermines innovation, job growth, economic stability and trade among APEC members. Ministers strongly support the APEC Business Ethics for SMEs Initiative to eliminate the high cost of corruption in sectors of export interest to SMEs.
10. The Ministers endorsed the adoption and implementation of the Kuala Lumpur Principles Medical Device Sector Codes of Ethics (the "KL Principles"), which were developed by an Expert Working Group in Kuala Lumpur, Malaysia. Ministers called on the medical device sector industry associations and their member companies to adopt and implement codes of business ethics consistent with the KL Principles and encouraged capacity building initiatives so that these measures are fully implemented.
11. Finally, Ministers fully support and look forward to the development of additional sets of voluntary ethical principles or codes of ethics in sectors where SMEs are important stakeholders, beginning with the construction and bio-pharmaceutical sectors.

### **Promoting SMEs' Use of New Technologies to Reduce the Costs of Doing Business**

12. At a time when the global economy is still recovering from the financial crisis and elevated levels of unemployment, SMEs are increasingly seeking ways to cut costs, increase efficiency and mitigate the risk of doing business.
13. Ministers agreed that governments can take the lead by developing initiatives and policies that leverage Information and Communications Technology (ICT) to improve SMEs' interface with the government and initiatives to help SMEs use ICT to generate new and improved products, services and processes. This includes encouraging SMEs to take advantage of cloud computing, which will improve productivity, efficiency and in turn reduce business costs.
14. Ministers encouraged APEC member economies to participate in a series of capacity building workshop, beginning with two workshops to be held later this year in Indonesia.

### **Identifying Policies to Support Green SMEs**

15. We acknowledged that in order to promote green growth and to identify policies that support green SMEs, it is important to convene SMEs, policymakers, and innovators to discuss these issues.
16. At green growth seminars held in Big Sky (How to Grow Your Green Small Business, Improving SME Competitiveness through Sustainable Business Practices, and the SME Green Growth Competitiveness Forum), speakers discussed a variety of topics to help SMEs increase their business internationally. These seminars looked at issues such as financing, regulation, trade promotion (from the perspective of what is required to facilitate the business environment), and public-private partnerships that support SME sustainability, innovation, and the development of green technology.
17. Ministers agreed that continuing the dialogue on green growth in Bangkok in November 2011 will help APEC economies structure green growth policies to meet the needs of the SME community and contribute to job growth and sustainable development regionally. We encourage APEC policymakers, businesses, and innovators to make progress on developing green action plans to resolve barriers to green growth in the Asia-Pacific region. We also encourage APEC economies to develop their own sustainable business practices to support SMEs achieve green growth.

18. Ministers acknowledged that green international trade has become a new driver of economic growth. SMEs' involvement in green international trade will bring many benefits to SMEs. At the same time, it will also expose them to greater risks, such as varying regulations and standards. Ministers were pleased to note that the "Symposium on Enhancing SME Capacity of Managing the Risks Associated with Trade Liberalization" to be held in Chinese Taipei this August will help address this issue.
19. We recognized that Korea's Green Initiative promotes sharing policy experiences and identifying collaborative measures, thus facilitating green growth in the APEC region. We encourage APEC economies to participate in and support the Initiative.

#### **APEC 2011 Joint MRT-SME Ministerial Meeting**

20. We acknowledged the initiative of the first Joint MRT-SME Ministerial Meeting and welcome similar collaboration in the future.

#### **APEC 2012 SME Meetings**

21. We thanked Russia for hosting the next APEC SME Ministerial and related meetings in Vladivostok, Russia next year and previewing the topics for these meetings.

#### **Toward APEC USA 2011 Economic Leaders' Meeting in Honolulu**

22. We agreed to present this Joint Ministerial Statement as the contribution to the APEC Economic Leaders' Meeting in November 2011 in Honolulu, United States.

# Joint Meeting of APEC Ministers Responsible for Trade and Ministers Responsible for Small and Medium Enterprises

Big Sky, Montana, United States  
20 May 2011

## JOINT STATEMENT

We, the APEC Ministers Responsible for Trade, the APEC Ministers Responsible for Small and Medium Enterprises (SMEs), and their representatives responsible for SMEs, met in Big Sky, Montana, United States on 20 May 2011 to address barriers to trade confronting small business owners and exporters in the region.

### Importance of SMEs to Our Economies

Recognizing the vital role SMEs play in economic growth and job creation in our economies, we met jointly for the first time to agree on an inventive way to address the issues that are critical to SME exporters in the region. Our goal is to take a holistic approach to make a significant impact in enhancing the business environment for SMEs trading in the region. SMEs account for 90 percent of the businesses operating in our economies and employ well over half of the workforce for the majority of our economies. Because of their entrepreneurial nature, SMEs are an important source of innovative business models and new technologies that contribute to economic growth and job creation in our economies.

### Identifying Top Barriers to SMEs Trading in the Region

We noted that there are a variety of barriers that limit the ability of SMEs to trade in the region. These include:

- ***Lack of access to financing:*** Access to financing is critical for SME exporters since purchasers often look for vendors that can extend credit. SMEs' ability to access financing can also be hindered by unique borrowing requirements, like the need for longer repayment periods.
- ***Lack of capacity to internationalize and difficulty in identifying foreign business opportunities:*** Providing effective resources to educate SMEs about how to access global markets and actively identify business opportunities in other markets is fundamental to encouraging SMEs to export.
- ***Need for open and transparent business environments:*** An open and transparent business environment lowers the cost of doing business and increases predictability, which is critical for SMEs that lack the resources to address issues related to corruption.
- ***High transportation and related costs:*** High transportation and related costs have a greater impact on SMEs because they have difficulty taking advantage of economies of scale and have difficulty identifying less costly alternatives.
- ***Customs clearance delays caused by difficulties in navigating overly complex customs requirements and documentation:*** Customs clearance delays can more significantly affect

SMEs because of their lower inventory volumes, their role as a provider of goods or services in larger supply chains, and other factors common to SMEs.

- ***Problems navigating differing legal, regulatory, and technical requirements:*** These varying requirements can be particularly challenging for SMEs to meet given challenges they may face in obtaining information and demonstrating conformance in a reliable and accurate manner.
- ***Difficulty with intellectual property acquisition, protection, and enforcement:*** The lack of knowledge and resources to acquire, protect, and enforce intellectual property rights in foreign markets are major obstacles to small business owners who are deciding whether to export. Increasing the awareness of SME exporters on issues associated with emerging technologies is also an important goal.
- ***Inadequate policy and regulatory frameworks to support cross-border electronic commerce:*** Electronic commerce is a powerful enabler for the internationalization of SMEs. Critical to the ability of SMEs to conduct this type of trade are enabling policy and regulatory frameworks in APEC economies.
- ***Difficulty in taking advantage of preferential tariff rates and other aspects of trade agreements:*** Improving the understanding of how to utilize regional free trade agreements will make it easier for SMEs to benefit from these agreements, which will lower their overall cost when exporting and, in turn, increase their competitiveness.

#### **Taking Actions to Address Top Barriers to SMEs Trading in the Region**

We agreed that APEC should focus its work on addressing these barriers in a way that provides a direct and practical benefit to SMEs. APEC is well positioned to take on this challenge with its broad expertise in addressing barriers to trade and investment, and in providing assistance to SMEs in engaging in international trade. To take this work forward, we instructed officials to identify and undertake specific and concrete actions to address each of these barriers by the APEC Economic Leaders' Meeting in November 2011.

## Meeting of APEC Ministers Responsible for Trade

Big Sky, Montana, United States  
19-20 May 2011

### STATEMENT

We, the APEC Ministers Responsible for Trade, met in Big Sky, Montana, May 19-20, 2011 under the Chairmanship of Ambassador Ronald Kirk, United States Trade Representative.

We welcomed the participation in the meeting of Director-General of the World Trade Organization (WTO) Mr. Pascal Lamy, the APEC Business Advisory Council (ABAC), the Pacific Economic Cooperation Council, the Association of Southeast Asian Nations, and the APEC Secretariat.

We express our solidarity with the victims and those people affected by recent natural disasters in the region, including in Japan, New Zealand, Australia, China, and the United States. The Great East Japan Earthquake and Tsunami's impact on the supply chains of the entire region was a reminder of this region's deepened economic integration, and we are convinced the ongoing recovery of the affected areas will contribute to the economic well-being of all APEC economies. We agree to refrain from taking WTO-inconsistent measures in the aftermath of recent natural disasters in the region, recognizing the importance of securing the prompt return of the smooth flow of goods, services, and people in the Asia-Pacific region. We recall the APEC Leaders' 2010 Yokohama Vision, which recognized the need for APEC economies to further develop practical risk management mechanisms to handle emergencies and natural disasters. Taking into account the fact that our region is particularly prone to natural disasters, we instructed officials to strengthen APEC's agenda on disaster preparedness and recovery.

In 2010, APEC Leaders set forth a comprehensive, forward-looking framework for achieving growth and prosperity in the Asia-Pacific region in the 21<sup>st</sup> Century. The Yokohama Vision called on APEC to promote stronger and deeper regional economic integration, including by taking concrete steps towards achieving a Free Trade Area of the Asia-Pacific (FTAAP). It also stated that full achievement of the Bogor Goals for all economies should continue to provide direction for APEC's work on trade and investment liberalization and facilitation. Finally, it outlined the APEC Leaders' Growth Strategy for achieving high-quality growth in the region that is balanced, inclusive, sustainable, innovative, and secure.

In 2011, APEC has the opportunity to take significant strides towards realizing the Yokohama Vision, in pursuit of APEC's central mission of promoting free and open trade and investment. Together we should build towards a seamless regional economy that results in economic growth, employment, and prosperity across the Asia-Pacific region.

With this goal in mind, our discussions focused on the following three priority areas.

#### **Strengthening Regional Economic Integration and Expanding Trade**

We remain committed to APEC's core mission to strengthen and deepen regional economic integration and expand trade. As the best way to advance this goal, we discussed practical, concrete, and meaningful actions that we can take towards the achievement of a FTAAP. In 2010, Leaders instructed APEC to make an important and meaningful contribution as an incubator of an FTAAP by playing a critical role in defining, shaping, and addressing the 'next generation' trade and investment issues that an FTAAP should contain. To fulfill this mandate, we identified the following next generation trade and investment issues to be addressed in 2011 through substantive and specific outcomes: facilitating global supply chains; enhancing small and medium-sized

enterprises participation in global production chains; and promoting effective, non-discriminatory, and market-driven innovation policy.

We emphasized our commitment to achieving the Bogor Goals of free and open trade and investment, and instructed officials to finalize by November 2011 a more robust process for reviewing APEC economies' progress towards meeting these goals and that is also more accessible to the business community and other stakeholders.

Enhancing supply chains to reduce the time, cost, and uncertainty of moving goods and services throughout the region continues to be a top priority for APEC given its importance to trade and economic growth. To respond to the APEC Leaders' commitment to achieving a 10 percent improvement in supply chain performance, taking into consideration individual economy circumstances, we instructed officials to continue to implement the APEC Supply-Chain Connectivity Framework Action Plan by 2015 and specifically to take the following actions by November 2011:

- Identify ways to simplify customs procedures, and reduce costs for importers and exporters, including by developing a plan by November 2011, building on best practices in effect in each of our economies, to ensure wider implementation of commercially useful de minimis values, which exempt low-value importations from revenue collection;
- Increase the efficiency of the customs clearance and release process, including by improving and expanding the use of advance rulings and pre-arrival processing for shipments in APEC economies;
- Complete the APEC Authorized Economic Operator (AEO) Best Practices Guidelines Document, and develop a capacity building plan to assist with the development of AEO programs, especially for those economies that have begun or are interested in beginning their AEO's implementation;
- Enhance the capacity of local and regional logistics sub-providers in the region by helping improve their competitiveness, in order to further raise the quality of APEC economies' logistics services and management; and
- Develop practical guidelines that assist customs authorities in APEC economies in combating infringement of intellectual property rights through the identification of effective practices for intellectual property rights enforcement at the border.

In 2010, Leaders endorsed the APEC New Strategy for Structural Reform (ANSSR) as a blueprint for promoting structural reform that can lead to more balanced, inclusive, and sustainable growth, as well as foster regional economic integration. We call on officials to continue to advance this work, through capacity building and technical assistance, and commend the early mover economies for serving as examples to help other APEC economies individually set forth robust plans for structural reform to be presented to Leaders by November 2011.

More than two-thirds of member economies' food trade is with other APEC members, most of whom are major food importers or exporters. As such, we recognized the important role that open and transparent markets for food trade play in ensuring global food security by increasing reliability of supply, mitigating price volatility, and providing farmers with accurate price signals to drive production and investment decisions for future seasons. We committed to fully implement the Niigata Declaration on APEC Food Security and its Action Plan, including efforts underway to enhance market transparency, and we reiterated our commitment to a standstill, first made by APEC Leaders in 2008 and extended until 2013, as it pertains to export restrictions or other WTO-inconsistent trade measures.

We agreed that APEC economies will promote and adopt regulatory approaches that are transparent, science-based, consistent with international obligations, and take into account, where

appropriate, existing international standards in order to facilitate trade in innovative agricultural technologies. In order to support food safety, animal and plant health; protect public health; and stimulate innovation, economic growth, and agricultural productivity, we instructed officials to identify by the APEC Leaders' Meeting concrete steps APEC can take to achieve this goal, including capacity-building activities.

By better aligning requirements relating to food with international standards and best practices, APEC economies can both enhance food safety and facilitate trade. To this end, we agreed to:

- Reduce unnecessary requirements in official export certificates for agricultural products and seeking, where appropriate, to eliminate requirements that are not based on science and essential to ensuring food safety;
- Consistent with WTO obligations, promote harmonization with international standards or the development and use of science-based standards on pesticide maximum residue limits in national programs to protect public health and reduce barriers to trade in the region;
- Develop and utilize risk-based incident management protocols to minimize the adverse impacts of food safety incidents on both public health and trade; and in the event of a food safety incident, to liaise more closely to enable risks to be accurately and appropriately communicated;
- Emphasize the importance of and continue to enhance cooperation and coordination in the field of food safety in the region; and
- Improve laboratory testing capabilities and proficiency, and promote the development and use of internationally recognized measurement standards and reference materials, including through capacity-building and technical assistance, in order to improve overall food safety and facilitate the trade of food products among APEC economies.

### **Promoting Green Growth**

In advancing our green growth objectives, as outlined in the 2010 APEC Leaders' Growth Strategy, APEC should leverage the linkages between economic and environmental challenges facing the region in a way that creates new sources of economic growth, including the transition towards a global low carbon economy. We commit to integrate our priority of "free and open trade and investment in the Asia-Pacific" and economic development and common prosperity with our commitment to protect the environment. Free and open trade and investment and capacity-building in the region is critical to disseminating environmental goods and services that we need to meet environmental challenges, including access to clean water, clean air and clean energy. Our efforts to reduce unnecessary trade and investment barriers to these environmental goods and services will lower their cost and increase our citizens' access to these important green technologies. Achieving our goal of free and open trade and investment will also help create new green jobs across all of our economies. Realizing the importance of domestic regulatory environments and the market absorption capacity in facilitating trade and investment in environmental goods and services, we will continue to strengthen our dialogue and capacity-building activities under the EGS work program.

Recalling Leaders' previous commitments to reduce existing barriers and refrain from introducing new barriers to trade and investment in environmental goods and services, we commit to explore ways to promote greater liberalization of trade in environmental goods and services, and we instruct officials to develop a work plan by November 2011 in this regard. We believe that taking these actions will contribute to the implementation of the 2009 APEC Environmental Goods and Services Work Program, attainment of the Bogor Goals, and to the growth of our economies, and the protection of our environment. We are mindful that pursuing liberalization of environmental goods and services is supportive of the ongoing WTO Doha negotiations to enhance the mutual supportiveness of trade and environment. We also instructed officials to take further steps to

promote dissemination of environmental technologies by November 2011, and believe this work is mutually supportive of our trade and development agenda in this area.

We also discussed a number of other ways that we could advance our green growth objectives.

- Trade in green vehicles and technologies increases APEC economies' access to these energy-efficient vehicles and allows economies to reap their environmental benefits. We agreed to identify by November 2011 ways to streamline procedures and regulations related to the temporary importation of small numbers of non-salable advanced and alternative fueled demonstration motor vehicles.
- Illegal logging and associated trade is a significant problem facing the Asia-Pacific region with adverse economic, environmental, and social impacts. To address this issue, we instructed officials to establish an experts group in order to promote trade in legally harvested forest products, combat illegal logging and associated trade, and build capacity. We also instructed officials to identify by November 2011 measures for economies to consider taking to address this problem.
- Remanufacturing promotes green growth by restoring end-of-life goods to "like new" condition, while using less energy, materials, and water than manufacturing new goods and creating jobs. In recognition of this fact, we instructed officials to take further steps by November 2011 to facilitate trade in remanufactured products, and possible capacity-building in this area in order to improve understanding of issues associated with trade in these products, considering the development needs of economies.
- Advancing the Leaders' 2010 commitment to "rationalize and phase-out inefficient fossil fuel subsidies that encourage wasteful consumption, while recognizing the importance of providing those in need with essential energy services," will help mitigate climate change, enhance energy security and improve governments' finances, thus making an important contribution to green growth. We instructed officials' to establish a robust work program on this issue in APEC, including leveraging capacity-building and the development of a voluntary reporting mechanism, consistent with approaches in the G20.

### **Advancing Regulatory Convergence and Cooperation**

As addressing non-tariff barriers to trade, and improving the business environment, in the Asia-Pacific becomes an increasing focus of our work, it is critical that we take action to improve the quality of regulatory procedures and systems in the region. Open and transparent regulatory systems prevent the emergence of unnecessary technical barriers to trade by allowing stakeholders to engage appropriately in the process of policymaking, and by enabling governments to produce high-quality regulations. In 2011, we will focus on steps that both individual economies and APEC as an organization can take to further these goals.

- Good regulatory practices improve both the effectiveness and the efficiency of regulations in achieving their objectives, facilitate trade, and improve the investment environment. Taking into account the current state of regulatory systems and specific circumstances in individual APEC economies in the region, we instructed officials to identify by the Leaders' Meeting this year concrete actions that may be taken by economies to strengthen implementation of good regulatory practices in the areas of internal coordination of rulemaking activity, regulatory impact assessment, and public consultation mechanisms.
- APEC's extensive work on regulatory cooperation has produced many successes and some significant, ground-breaking policy achievements. However, different committees and sub-fora within APEC have taken diverse approaches to regulatory cooperation and have achieved varying degrees of success. To ensure that APEC's regulatory cooperation efforts are effective and use resources efficiently, we instructed officials to develop a draft APEC Regulatory Cooperation Plan for endorsement by Leaders in November 2011.

- Given the tremendous potential of emerging technologies in enhancing growth and strengthening environmental protection; it is important to ensure that standards, conformance systems, and new regulatory schemes do not create unnecessary barriers to trade in related products. We instructed officials to develop by November 2011 concrete recommendations for APEC economies' action in order to prevent or eliminate technical barriers to trade related to standards and conformance solutions related to emerging technologies.
- Achieving regulatory convergence in key sectors can facilitate trade and cut costs for business. To advance this goal, we look forward to receiving for our consideration a roadmap for realizing regulatory convergence for medical products. We welcome the continued active commitment to regulatory cooperation for chemicals through a strategic framework that contributes to regional economic integration and regulatory convergence priorities, including progressing, the Globally Harmonized System of Classification and Labeling of Chemicals.

### **Strengthening Economic and Technical Cooperation**

We reaffirmed the Leaders' commitment to continue demand-driven economic and technical cooperation (ECOTECH) activities to bridge the development gap, assist developing economies in achieving the Bogor Goals by 2020, increase economies' ability to address next generation trade and investment issues, and produce economic growth, employment, and prosperity for all.

## Meeting of APEC Ministers Responsible for Trade

**Big Sky, Montana  
May 19-20, 2011**

### **STATEMENT ON THE WTO DOHA DEVELOPMENT AGENDA NEGOTIATIONS AND RESISTING PROTECTIONISM**

1. We, the APEC Ministers responsible for Trade, gathering for our XVII meeting in Big Sky, United States, reiterate our profound confidence in the underlying institutional strength and value of the rules based multilateral trade system embodied in the WTO.
2. Mindful of this, we express our collective deep concern regarding the difficulties confronting the Doha Development Agenda (DDA).
3. Since our meeting in Yokohama, work towards a DDA end-game has not progressed in keeping with our Leaders' aspirations. Only a major substantive breakthrough in the negotiation will lead to a successful outcome in the window of opportunity provided by 2011. Despite intensive engagement by officials in Geneva, the gaps remain unbridgeable, as of now, in many key areas. We share a strong concern about this state of affairs, and we must work together to develop a clear and realistic path forward that is consistent with our continuing aspiration for the successful conclusion of the Round.
4. Our commitment to the success of the DDA compels us to explore urgently with other WTO Members the next steps we can take to sustain and advance the process of reform and liberalization of trade policies, and to ensure the global trading system continues to play its irreplaceable role in promoting growth and development, in accordance with the Doha mandate. We direct our negotiators to review urgently all options, in light of the development dimension as mandated, and to work with all WTO Members to find a path forward. In doing so we must keep in mind that we should build on the progress already achieved over the past decade in the DDA negotiations, and that we are setting the terms of global trade for decades to come. These steps are pressing and cannot be deferred.
5. We uphold the primacy of the multilateral trading system and reaffirm that this strong, rules-based system is an essential source of sustainable economic growth, development, and stability. We take considerable satisfaction in the success of the WTO, its existing framework of rules, and its consultative mechanisms in contributing to the beginnings of global economic recovery. The WTO has amply proven its worth as a bulwark against protectionism during a highly challenging period. We take note with interest that the volume of world exports surged by 14.5% in 2010, reversing the 12% decline in 2009. We reaffirm that "Aid for Trade" (AfT) is an important element in helping developing Members increase their participation in and realize the benefits of the multilateral trading system and look forward to the 3rd AfT Global Review Meeting to be held in July 2011.
6. Open markets are vital for growth and job creation, enabling strong and sustainable growth in this region. While the world economy is on its way to recovery, however, there still remains a possibility of increasing protectionist pressures in the future. We reaffirm the commitment made by our Leaders in November 2010 in Yokohama to extend their commitment on standstill to the end of 2013 to refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing WTO-inconsistent measures in all areas, including those that stimulate exports. We also reaffirm our undertaking to comply with WTO agreements as well as to continue to ensure transparency and predictability in implementing measures that impact on trade and investment. We remain committed to taking steps to rollback protectionist or trade distorting measures introduced during the crisis. Furthermore, we will

continue to exercise maximum restraint in implementing measures that may be considered to be consistent with WTO provisions if they have a significant protectionist effect and promptly rectify such measures where implemented.

7. Looking ahead to APEC 2012 under the leadership of the Russian Federation, we welcome the considerable progress of that economy to complete its accession to the WTO. We reaffirm our commitment to working closely with Russia, addressing the intention to finalize this process in 2011.

# Abbreviations and Acronyms

ABAC	APEC Business Advisory Council
ACTWG	Anti-Corruption and Transparency Working Group
AEO	Authorized Economic Operator
AfT	Aid for Trade
AMM	APEC Ministerial Meeting
ANSSR	APEC New Strategy for Structural Reform
APEC	Asia-Pacific Economic Cooperation
APLAC MRA	Asia Pacific Laboratory Accreditation Cooperation's Mutual Recognition Arrangement
APSN	APEC Port Services Network
ARCAM	APEC Regulatory Cooperation Advancement Mechanism on Trade-Related Standards and Technical Regulations
ARFP	Asia Region Funds Passport
ASEAN	Association of Southeast Asia Nations
ASGI	APEC Smart Grid Initiative
ASME	American Society of Mechanical Engineers
BCP	Business Continuity Plans
CSP	Concentrated Solar Power
CTI	Committee on Trade and Investment
DDA	Doha Development Agenda
DRR	Disaster Risk Reduction
ECOTECH	economic and technical cooperation
EGS	Environmental Goods and Services
EoDB	ease of doing business
ESCI	Energy Smart Communities Initiative
FTAAP	Free Trade Area of the Asia-Pacific
FTAs	Recent Free Trade Agreements
GHG	Greenhouse Gas
GPII	Global Partnership for Financial Inclusion (G-20)
IAF	International Accreditation Forum
ICAO	International Civil Aviation Organization
ICTs	information and communication technologies
IEC	International Electrotechnical Commission
IFAP	Investment Facilitation Action Plan
IMO	International Maritime Organization
ISGAN	International Smart Grid Action Network
ISO	International Organization for Standardization
OECD	Organisation for Economic Cooperation and Development
OFWG	Oceans and Fisheries Working Group
PAC	Pacific Accreditation Cooperation
PECC	Pacific Economic Cooperation Council
PPPs	Public-Private Partnerships
PPWE	APEC Policy Partnership on Women and the Economy
PV	Photovoltaic
SCSC	Sub-committee on Standards and Conformance
SMEs	small and medium-sized enterprises

SOM	Senior Officials' Meeting
STAR	Services Trade Access Requirements
SWH	Solar water heating
TATF	Technical Assistance and Training Facility
TFAP II	Second Trade Facilitation Action Plan
TPTWG	Transportation Working Group
UNECE	United Nations Economic Commission for Europe
VAP	Voluntary Action Plan
WCO	World Customs Organization
WTO	World Trade Organisation