

MEETING OF APEC MINISTERS RESPONSIBLE FOR TRADE

**Sapporo, Japan
5-6 June 2010**

Statement of the Chair

Introduction

1. We, the APEC Ministers Responsible for Trade, met in Sapporo, Japan from 5 to 6 June, 2010 under the chairmanship of H.E. Katsuya Okada, Minister for Foreign Affairs, Japan and H.E. Masayuki Naoshima, Minister of Economy, Trade and Industry, Japan.

2. We welcomed the participation in the meeting of the 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.

3. APEC has worked actively on the trade and investment liberalization and facilitation agenda, even amid the recent economic crisis. This year marks a significant milestone for APEC as it is the target year for the industrialized economies to achieve the Bogor Goals of free and open trade and investment. It is important to set the appropriate course for the region to ensure its further prosperity. The theme for APEC 2010 is "Change and Action." This theme stems from the idea that, amid changing global circumstances, APEC should conceptualize necessary "changes" and translate them into concrete "actions" so that it continues to play an important and relevant role. With this in mind, our discussions centered on the following priorities:
 - 1) Assessing the achievement of the Bogor Goals;
 - 2) Setting the future direction for APEC's work to strengthen regional economic integration (REI);
 - 3) Formulating a regional growth strategy; and
 - 4) Promoting human security to ensure more secure and resilient economies.

The Global Economy

4. Despite the economic and financial crisis in 2008, the global economy is recovering as a result of robust policy responses in each economy and the joint efforts by the international community. Nonetheless, it still faces challenges, in particular with regard to stabilizing prices, creating employment, further facilitating labor adjustment, and boosting demand. The Asia-Pacific region has come to occupy an increasingly important position in the global economy. Through trade and investment the established production networks of the region allow economies to capture the benefits of their comparative advantages. We resolved to look beyond our region and share responsibility for the development of the global economy. We need to reestablish a solid foundation in the region for further prosperity and well-being through long-term, sustainable economic growth. We therefore need to further accelerate our work to strengthen REI. Furthermore, it is also necessary and timely for APEC to develop a Growth Strategy as instructed by Leaders last year. As the basis of our discussions here in Sapporo, we shared the understanding of the current state of the global economy and considered the following specific efforts:

The Bogor Goals

5. In 1994, in Bogor, Indonesia, APEC Leaders set their vision for the Asia-Pacific region that APEC economies achieve the goals of free and open trade and investment in the Asia-Pacific by 2010 for industrialized economies and 2020 for developing economies. Since then, APEC economies have taken numerous concrete measures individually and collectively including the implementation of the Osaka Action Agenda, the Manila Action Plan for APEC, the Shanghai Accord, the Busan Roadmap, and the Ha Noi Action Plan toward achieving the Bogor Goals. These measures have made an important contribution to the significant economic growth in the region.
6. We are conducting an intensive review to assess the achievement of the Bogor Goals by 13 APEC economies (the "2010 economies"). This group includes the five industrialized economies (Australia, Canada, Japan, New Zealand, and the United States) and the eight developing economies which volunteered to be assessed in 2010 (Chile; Hong Kong, China; Korea; Malaysia; Mexico; Peru; Singapore; and Chinese Taipei). We welcomed the voluntary participation of these developing economies in this assessment. We welcomed the progress made by officials on the report to assess trade and investment liberalization and facilitation in the APEC region. As a result of our discussions this time, we reached a common understanding on the main thrust of the assessment. We look forward to a strong and credible report that will show the significant progress that has been made toward the Bogor Goals and identify the remaining work to be done to confirm APEC's status as the world's leading region for trade and investment liberalization and facilitation. We instructed senior officials to finalize

the assessment report for submission to Ministers and Leaders in Yokohama for their review and endorsement.

Regional Economic Integration

Exploring Possible Pathways to Achieve a Free Trade Area of the Asia-Pacific (FTAAP)

7. We welcomed the progress made to explore possible pathways to achieve an FTAAP, including discussion on recent developments related to the economic architecture in the Asia-Pacific region, such as those related to Regional Trade Agreements (RTAs) and Free Trade Agreements (FTAs). We instructed senior officials to report by November 2010 on the outcomes of their exploration of a range of possible pathways to achieve an FTAAP that is being undertaken in accordance with APEC Leaders' instructions in 2009. These undertakings could draw useful contributions from the efforts being made to strengthen REI in the Asia-Pacific region.

Key Areas of Regional Economic Integration

8. We commended the work that had been undertaken in key areas of REI such as investment, standards and technical regulations, trade facilitation, rules of origin (ROOs), intellectual property rights (IPR), environmental goods and services (EGS), and Ease of Doing Business. We instructed officials to produce concrete outcomes in each of these areas by November 2010.

(Investment)

9. We welcomed the progress in the area of investment to promote convergence through the development of "a Road Map for Investment". We instructed senior officials to develop the Road Map, as a 2010 deliverable.

(Standards and Technical Regulations)

10. In order to strengthen REI in the Asia-Pacific, it is essential to ensure that standards, technical regulations, and conformity assessment procedures do not create unnecessary obstacles to international trade. In order to prevent unnecessary technical barriers to trade, we instructed officials to establish an APEC regulatory cooperation process by November 2010. We also instructed officials to agree on steps APEC economies can take to promote business engagement in the standards development process by November 2010. We encouraged APEC to advance work to improve conformity assessment, promote

cooperation on international standardization and build capacity of economies in addressing issues related to standards and technical regulations.

(Simplifying Rules of Origin Documentation and Procedures)

11. We welcomed the participation of Brunei Darussalam and Malaysia in the APEC Self-Certification of Origin Pathfinder, and adopted a capacity-building programme which aims to assist members in successfully implementing self-certification mechanisms. We also welcomed cooperation with the World Customs Organization (WCO) in the area of ROOs. We instructed senior officials to strengthen their efforts to make ROOs more business-friendly to help businesses including small and medium enterprises further utilize RTAs and FTAs.

(Supply-Chain Connectivity)

12. We emphasized the importance of facilitating the smooth flow of goods, services, and business travelers through regional supply-chains. In this regard, we welcomed the development of the APEC Supply-Chain Connectivity Framework Action Plan that identifies concrete actions APEC will take to address each of the eight priority chokepoints to further reduce the time, cost, and uncertainty concerned by improving the connectivity of logistics and transport networks. We also welcomed the start of specific work to eliminate priority chokepoints. We instructed officials to finalize the Action Plan in close cooperation with relevant APEC fora and ABAC, and to develop APEC's measurable performance targets by November 2010.

(Authorized Economic Operator (AEO) Programmes and Trade Recovery)

13. Leaders last year endorsed the recommendation of the APEC Trade Recovery Programme Pilot Exercise, and reaffirmed the importance of establishing AEO Programmes. We welcomed the development of an AEO Action Plan to assist APEC economies to establish AEO programmes, as advocated by the WCO, which facilitate trade while ensuring trade security. We also appreciated the work of the APEC Customs Administrations to develop coordinated communication mechanisms for trade recovery purposes.

(Improving Transparency to Facilitate Trade)

14. We commended the significant progress made in the APEC Transparency Initiative on Tariff and ROOs in accordance with our instructions of last year in order to help businesses find access to the information and take full advantage of the benefits of the RTAs and FTAs in the region. We welcomed the establishment of the APEC Website on Tariff and ROOs (WebTR) and commended the significant efforts made by officials to bring the portal online. We look forward to its full completion by November this year. We instructed senior officials to identify additional ways that APEC can improve transparency to facilitate trade, including in customs-related information. We commended the launch of the APEC Logistics Website to improve transparency by making information pertinent to logistics businesses more readily available.

(Strengthening Intellectual Property Rights)

15. We reaffirmed our commitment to strengthen the protection and enforcement of IPR and reiterated the importance of comprehensive and balanced intellectual property systems that provide for and protect the incentives that encourage creation and innovation and provide the tools for successful management and exploitation of IPR. We will strengthen our efforts on the initiatives concerning human resource development and cooperation on patent examination launched this year with a view to building a global intellectual property infrastructure for promoting innovation. We welcomed the implementation of the APEC Cooperation Initiative on Patent Acquisition Procedures. We noted the work done on exploring ways to combat satellite and cable signal theft as well as on stopping the proliferation of counterfeit and pirated goods through cooperative efforts such as the APEC Anti-Counterfeiting and Piracy Initiative and related capacity-building activities and information sharing between IPR authorities and stakeholders.

(Environmental Goods and Services (EGS))

16. We welcomed the efforts made by APEC to implement the EGS Work Programme, and instructed senior officials to take further specific actions, including activities to enhance the capabilities of members to develop their EGS sectors through economic and technical cooperation (ECOTECH) and closer cooperation among relevant fora in order to report progress at the APEC Ministerial Meeting (AMM) this year. Reaffirming the importance of furthering the dissemination and utilization of EGS to address environmental challenges, including climate change as well as to promote sustainable economic growth, we will support progress on the EGS negotiations in the WTO DDA.

(Ease of Doing Business)

17. With a view to making it 25 percent cheaper, faster, and easier to do business by 2015, and to achieve the 5 percent interim improvement by 2011, capacity-building activities are underway. By the Leaders' Meeting in November, we will complete seminars/workshops in the five priority areas - "Starting a Business", "Getting Credit", "Enforcing Contracts", "Dealing with Permits", and "Trading Across Borders" as the initial phase of the multi-year programme. As the next phase of the programme, we will undertake additional capacity-building activities to help achieve the APEC-wide interim and final goals.

(Capacity Building Needs for Strengthening REI)

18. With rapid expansion of comprehensive, high quality and larger-scale FTAs in the Asia-Pacific region, we recognized the importance of bridging the gap between developed and developing economies through capacity-building as part of APEC's work to strengthen REI. In this respect, we took note of a proposal to identify capacity building needs for strengthening REI.

The Growth Strategy

19. The Growth Strategy is to aim to achieve economic growth that is balanced, inclusive, sustainable, innovative, and secure. These attributes are not mutually exclusive; they are each deeply interconnected. We reaffirmed that the Strategy should comprise a multi-year Action Plan, which focuses on APEC's strengths in areas where it can add value, including in ECOTECH and capacity-building. We encouraged senior officials to finalize the Strategy in Yokohama. The APEC Growth Strategy High-Level Policy Round Table, to be held in August in Beppu, Japan, aims to develop a shared understanding on the direction of the Strategy based on discussions among participants from industry and academia, as well as government. The Ministerial Meetings on Energy, Human Resource Development, SMEs, Telecommunications and Information Industry, Finance, and other relevant sectoral Ministerial Meetings could provide valuable inputs to the formulation of the Strategy.

Structural Reform

20. Structural Reform will play an integral role in the Growth Strategy, as it is essential in achieving sustained economic growth and advancing REI. We welcomed the progress in the five designated areas under the Leaders' Agenda to

Implement Structural Reform (LAISR). As this year is the final year of LAISR, we encouraged senior officials to review the progress to date and develop a new structural reform agenda that is ambitious yet practical and supports the Strategy.

Human Security

21. We noted the efforts made by APEC this year in the area of human security, including emergency preparedness, counter-terrorism, anti-corruption, health, and food security. We instructed senior officials to intensify efforts to reduce and prepare for potential threats and disruptions to commerce and trade, and to strengthen the region's capacity to achieve a secure and resilient economic and social environment. Although the Asia-Pacific region is facing a wide range of challenges, we must build our future through concerted efforts in this area. Regarding the food security agenda, given its importance in the Asia-Pacific region, we expect that the Ministerial Meeting on Food Security to be held in October in Niigata, Japan, will deliver concrete actions to strengthen food security in the region.

Addressing Digital Divide

22. Noting the importance of enabling the people of urban, provincial and rural communities in APEC to have access to information and services offered via the Internet, we welcomed the progress of the APEC Digital Opportunity Center Project to contribute toward the reduction of digital divide in the region.

Strengthening Economic and Technical Cooperation

23. Reaffirming the Leaders' commitment to the Manila Framework, we recognized that ECOTECH would continue to play a vital role beyond 2010. We welcomed the strengthening of ECOTECH activities through a strategic, goal-oriented, multi-year approach across the priority areas identified.

Engaging Stakeholders in APEC

24. We supported continued public-private interactions with ABAC and other stakeholders. We welcomed the constructive involvement of the private sector in the chemical dialogue, the life sciences innovation forum and the auto dialogue in driving forward significant outcomes related to APEC's growth and economic integration priorities, and instructed officials to continue pursuing initiatives to assure the integrity of the life sciences supply chain, developing a strategic framework for the sound management of chemicals and growth of this sector, and taking measures to stimulate green growth in the automotive sector.

Strengthening the Functions of the APEC Secretariat

25. Supporting the activities of APEC beyond 2010 necessitates the strengthening of the functions of the APEC Secretariat. Therefore, we agreed that the mandate of the Policy Support Unit (PSU) be extended. Moreover, we instructed senior officials to continue to consider modalities for extending financial assistance to the PSU and the specific period of the extension. We also commended efforts to improve accountability and transparency of the Secretariat and APEC fora.

Toward Yokohama

26. APEC must steer its way under the new circumstances surrounding the region and move toward its new phase. Building upon our discussion in Sapporo, we will make the AMM in Yokohama an occasion to explore the future of the Asia-Pacific and a vision for APEC and submit recommendations to Leaders. We instructed senior officials to accelerate their work to this end.