

THE TWENTIETH APEC MINISTERIAL MEETING

Lima, Peru,

19-20 November 2008

Joint Statement

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

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

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

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Global Financial Crisis

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

investment in the region. We also noted the work done by relevant domestic authorities to increase transparency in, and cooperation between, commodity futures markets.

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

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Support for the WTO and the multilateral trading system

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

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

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

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The APEC Regional Economic Integration Agenda

We finalized and submitted a progress report to Leaders on steps taken this year to strengthen economic integration in the Asia-Pacific Region. We are pleased to report that a significant number of the 53 agreed actions contained in the 2007 Report endorsed by Leaders in Sydney have been completed, and progress has been made on a large portion of those items still pending. In order to continue to build upon the success that we

achieved in 2008, we have proposed a concrete agenda for regional economic integration for 2009 and beyond that will accelerate APEC's efforts in this important and rapidly evolving area.

Progress towards the Bogor Goals

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

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

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

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

Supporting Structural Reform

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

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

Strengthening financial markets

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

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APEC Trade and Investment Liberalisation and Facilitation

We welcomed APEC's work on Trade and Investment Liberalization and Facilitation (TILF), which moves us closer to achieving the Bogor Goals and strengthening regional

economic integration. We endorsed the 2008 CTI Annual Report to Ministers on APEC's TILF activities and noted below the progress made in these areas:

Supporting regional economic integration through RTAs/FTAs

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

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

Facilitating business activity through an expanded trade and investment facilitation agenda

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

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

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

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

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

Intellectual Property Rights and the Digital Economy

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

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

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

We welcomed progress on the APEC Cooperation Initiative on Patent Acquisition Procedures, including the agreement on the contents of the Survey on Examination Cooperation Practices among APEC economies. We welcomed the continued work in

APEC on enhancing education on IPR to assist Small and Medium-Sized Enterprises (SMEs) in better protecting their rights.

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

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

Environmental Goods and Services

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

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

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Private Sector Engagement

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

issues related to biofuel resources, fuel flexible vehicles and infrastructure, and biofuel economics and trade.

We commended the work of the Chemical Dialogue, including its continuing efforts to clarify aspects of the EU's REACH regulation, harmonize chemical labeling rules, and rationalize rules of origin. We also welcomed the Chemical Dialogue's efforts to inform other intergovernmental bodies that consider chemical regulation, including through the agreed guidelines for regulatory best practices in chemicals.

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

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

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Corporate Social Responsibility (CSR)

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

We welcomed the development of CSR initiatives to promote a greater level of awareness and application of CSR principles in the region according to company size and activity. We support these efforts (including through ABAC) in promoting CSR

awareness and capability in both the public and private sectors. We also noted the efforts of APEC Tourism Ministers in promoting the need for responsible tourism in the region and the work of SME Ministers in highlighting the importance of CSR in the SME business community. We recommended that Leaders highlight the importance of promoting CSR in the region.

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Sectoral Issues and APEC Ministerial Meetings

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

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

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

We welcomed the outcomes of the Small and Medium Enterprises Ministerial Meeting held in Peru in August which adopted the "Joint Ministerial Statement on Sustainable

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

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

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

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

We noted that gender discrimination has been estimated to cost economies in the Asia-Pacific region around US\$80 billion a year. We reaffirmed our commitment to strengthen the capacity of APEC's members so that gender considerations are integrated into trade and economic policies. We also reaffirmed our commitment to the goal of gender

integration into APEC processes, the increased involvement of women in APEC at all levels of decision making and the elimination of barriers to women's full participation in the global economy and society.

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Improving Food Security in the Asia-Pacific

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

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

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

We encouraged increased support to food aid programs and stressed the need to ensure that they are managed in a way that does not distort markets or reduce the incentives for local production, while ensuring that the neediest receive the assistance they require. We also supported examination of carefully targeted social safety nets that help those most vulnerable to high food prices, but do not block the transmission of price signals to agricultural producers. We recognized the active and long-standing role of the ABAC in

raising the importance of food and agriculture issues on the APEC agenda, including their 1998 proposal for an APEC Food System. We urge continued engagement and cooperation between the public and private sectors on food security.

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

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

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

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

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Anti-Corruption and Transparency

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

accountability and address the governance challenges related to officials who abuse their power.

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

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Enhancing Human Security

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

Counter Terrorism and Secure Trade

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

We applauded the Task Force's work on post-blast scene management, cyber-terrorism, public-private sector partnerships and protecting critical energy infrastructure, as well as

its annual stocktaking of capacity building needs in the region. We applaud the work of Transportation Ministers as they foster an environment for the secure transit of passengers and cargo.

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

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

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

Emergency Preparedness

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

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

Health

We agreed that there was a strong nexus between health, economic development and security. We welcomed the adoption of the Health Working Group's Terms of Reference and Medium Term Work plan, and endorsed aspirations and efforts to strengthen the region's capacity - particularly in developing economies - to plan, prepare for, and respond to public health emergencies and address public health challenges. We welcomed efforts to prevent and mitigate the potential impacts of avian and human influenza pandemics, vector-borne diseases and HIV/AIDS, and to share advances in health information technology. We supported work on the impact of animal and environmental health on human health and have agreed to continue to examine this area to build regional capacity to respond to infectious diseases. We reaffirmed our support for World Health Organization (WHO) processes and agreed that APEC's activities should support and complement WHO efforts.

Food and other Product Safety

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

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

Climate Change

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

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

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

We also recognized the role oceans play in regulating the earth's climate as well as the significant impact climate change is having on our oceans and their resources. We support additional and coordinated efforts to better understand vulnerabilities and develop adaptation strategies. Given this additional challenge, it is imperative that we take substantial and concrete actions, as outlined in the Bali Plan of Action, for the sustainable use of marine resources and for the protection of the marine environment. We called on Ocean-related Ministers to undertake work to advance these objectives in preparation for their meeting in Peru in 2010.

Energy Security and Sustainability

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

APEC Institutional Reform and Administrative Issues

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

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

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