

SIXTEENTH APEC MINISTERIAL MEETING

Santiago, Chile

17–18 November 2004

JOINT STATEMENT

Ministers from Australia; Brunei Darussalam; Canada; Chile; the People's Republic of China; Hong Kong, China; Indonesia; Japan; the Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Republic of the Philippines; the Russian Federation; Singapore; Chinese Taipei; Thailand; the United States of America; and Viet Nam, representing economies which collectively account for 47 percent of world trade and over 60 percent of global GDP, gathered in Santiago, Chile, on 17 – 18 November 2004, in order to participate in the Sixteenth Asia Pacific Economic Cooperation (APEC) Ministerial Meeting. The APEC Secretariat was also present. The Association of Southeast Asian Nations (ASEAN) Secretariat, the Pacific Economic Cooperation Council (PECC) and the Pacific Islands Forum (PIF) attended as observers.

The meeting was chaired by H.E. Ignacio Walker, Minister of Foreign Affairs and Trade of the Republic of Chile.

Ministers met and discussed issues under Chile's main theme, "One Community, Our Future". They agreed that collective responses are essential to meet common challenges facing the APEC Region in fundamental areas like trade, security, transparency, anti-corruption, human resource development, health, the knowledge-based economy, and sustainable development. They pledged their efforts towards achieving an open trading system aimed at creating new opportunities in a dynamic and inter-dependent Asia Pacific Region. They reaffirmed their commitment to achieve the Bogor Goals of free and open trade and investment by 2010/2020. APEC Foreign and Trade Ministers appreciated the opportunity to meet in APEC sessions and in meetings on the margins of APEC.

Ministers reviewed the key achievements of the APEC 2004 Year hosted by the Republic of Chile and agreed upon initiatives to be undertaken during the APEC 2005 Year, to be hosted by the Republic of Korea.

The key outcomes of the Sixteenth APEC Ministerial Meeting are organized in accordance with the theme "One Community, Our Future" and seven sub-themes of the APEC 2004 Year.

Ministers agreed to the following during their deliberations in Santiago:

A COMMITMENT TO DEVELOPMENT THROUGH TRADE AND INVESTMENT

World Trade Organization (WTO)

Ministers reaffirmed their commitment to the improvement of and liberalization within the multilateral trading system. They fully endorsed the July Package adopted by the WTO General Council, recognizing it as a breakthrough for the Doha Development Agenda (DDA) negotiations. In this regard, Ministers highlighted APEC member economies' contribution to reaching the July Package and their commitment to moving forward the DDA negotiations.

Ministers stressed that development is at the core of the DDA negotiations and, underlining the importance of achieving a balanced overall outcome, agreed to work together for a successful conclusion to these negotiations. They concurred that such an outcome will strengthen the multilateral trading system and promote economic growth and poverty reduction, particularly amongst developing economies.

Ministers reiterated that high levels of ambition and respect for flexibility must be maintained in all areas of the DDA negotiations, in accordance with the mandates approved in Doha. Consequently, Ministers:

- Stressed the importance of agricultural reform, including the abolition of all forms of agricultural export subsidies and unjustifiable export prohibitions and restrictions at an early date, substantial reduction of trade-distorting domestic support, as well as substantial improvements in market access;
- Confirmed the need for substantially improved market access for non-agricultural goods, through the reduction or, as appropriate, elimination of tariff and non-tariff barriers;
- Highlighted the growing importance of services trade and called on all members to submit improved revised offers by May 2005. Members, which have not done so, should table initial offers expeditiously;
- Reaffirmed the importance of the clarification, strengthening and improvement of WTO rules.

Ministers welcomed the launching of negotiations on trade facilitation and agreed to work together to advance these negotiations in the WTO. They agreed that these negotiations should take into account the principle of special and differential treatment for developing and least developed economies. They recognized that trade facilitation plays a critical role in ensuring that the benefits from greater market liberalization are fully reaped. Therefore, the introduction of clearer and transparent multilateral rules on trade facilitation will bring greater certainty, reduce costs and delays, and provide more competitive import and export conditions for industry and business. Ministers agreed that APEC's practical and vast experience in this area could be shared with other WTO members, so as to contribute towards the achievement of positive results. They endorsed the APEC Business Advisory Council's statement that transparency, efficiency, simplification, non-discrimination, procedural fairness, cooperation and capacity building should be core elements of this negotiation.

Ministers reaffirmed the importance of effective demand-driven WTO capacity building, and the effective implementation of special and differential treatment in promoting progress in WTO DDA negotiations. This would allow developing Members to fully participate in DDA negotiations. Ministers called on APEC economies to maintain and increase capacity building efforts, particularly in areas where APEC can best add value. Ministers noted with satisfaction plans to evaluate APEC's past capacity building activities using existing evaluation work by APEC economies and sub-fora, and to improve thereby the effectiveness of future activities. Ministers commended the APEC Seminar on WTO Trade Facilitation held in Bangkok in November and looked forward to the APEC/WTO Roundtable on Trade Facilitation to be held in Geneva in early 2005 and the trade facilitation capacity building in Kuala Lumpur in February 2005. They also welcomed the WTO Capacity Building Group's intention to devote more attention to policy-oriented discussions related to WTO capacity building.

Ministers reaffirmed that support for and consultation among APEC economies regarding the DDA negotiations must be maintained and reinforced. In this context, they welcomed the work undertaken by the APEC Geneva Caucus this year, and instructed it to continue its consultations, as well as to improve communication between APEC and Geneva Officials in order to share their experience and contribute to the WTO work program. Ministers committed to convening the APEC Geneva Caucus regularly between now and the WTO's Sixth Ministerial Conference, to be held in Hong Kong, China in December 2005.

Ministers welcomed the progress that has been made in the WTO accession negotiations of Viet Nam and the Russian Federation and called for a prompt conclusion of the accession negotiations, including through the provision of capacity building assistance.

Ministers noted that the particular concerns of recently acceded Members to the WTO should be given due consideration in the DDA negotiations.

Ministers reaffirmed the need to facilitate access by developing countries to medicines required to address public health problems such as HIV/AIDS, TB, malaria and other epidemics. In this context, they underlined the need for appropriate action, including those pursuant to the consensus reached by the WTO General Council on August 30, 2003 on TRIPS and Public Health.

Ministers agreed that at their next meeting, to be held in Korea in mid 2005, they should review progress in the DDA negotiations and provide clear guidance to negotiators regarding the preparations and objectives for the Sixth WTO Ministerial Conference.

Ministers stressed the importance of maintaining momentum in the DDA negotiations. APEC should continue to provide leadership in this regard. Ministers acknowledged that substantial technical work remains to be done in all areas of the negotiations. They instructed officials to intensify their efforts in this respect so that the anticipated WTO stock-taking in the first part of the year is positive, thus setting the scene for a productive 2005.

Regional Trading Arrangements / Free Trade Agreements

Ministers welcomed the substantial progress that has been achieved to maximize the contribution of RTAs/FTAs to achieving the Bogor Goals, including an APEC policy response, concrete measures to enhance transparency and targeted capacity building. Ministers noted that the need for greater transparency in RTAs/FTAs was an important issue raised by ABAC.

Ministers endorsed the “APEC Best Practices for RTAs/FTAs” which are a meaningful reference for APEC members in their RTAs/FTAs negotiations and highlighted their importance as a means to achieve high standard agreements in our region. These Best Practices will help to ensure that RTAs/FTAs contribute to the achievement of the Bogor Goals and are consistent with, and build upon, existing WTO commitments. Ministers recognized that these Best Practices are a timely policy response to the challenges arising from the growing number of RTAs/FTAs, as identified by the business community. Furthermore, they agreed that these Best Practices are a valuable reference for the current negotiations to clarify and improve existing WTO rules, and practices relating to regional trade agreements.

To enhance transparency, Ministers approved a new IAP reporting template to enable economies to share information on their RTAs/FTAs beginning in 2005. They instructed Senior Officials to take the template into account in the context of IAP Peer Reviews and as part of the Mid-term Stocktake. Ministers also welcomed the inclusion of links to official information on APEC economies’ RTAs/FTAs on the APEC Secretariat’s webpage, and instructed Senior Officials to study the feasibility of developing an APEC RTAs/FTAs database for the use of business, policy makers and other stakeholders.

Ministers supported demand-driven capacity building assistance to ensure that all economies can undertake the analytical and negotiating tasks involved in conducting FTA and RTA negotiations, and welcomed the workshops on negotiating free-trade agreements to be held in Viet Nam, Brunei Darussalam and China.

Ministers welcomed the results of the Second Policy Dialogue on RTAs/FTAs held in Chile, and endorsed the decision by Senior Officials to hold a Third SOM Policy Dialogue on RTAs/FTAs next year in Korea.

Interaction with the Business Community

Ministers noted with satisfaction that the partnership between APEC Officials and ABAC representatives has increased substantially during 2004. They also took note of ABAC’s active engagement in the DDA and expressed appreciation for their continued work to provide views, proposals and recommendations to both Ministers and Senior Officials to help ensure tangible benefits in the pursuit of APEC goals.

Ministers commended ABAC’s closer relationship with other APEC fora, including through the Second STAR Conference; the Expanded Dialogue on Trade Facilitation; the APEC Customs-Business Dialogue; and the Policy Dialogue on Standards and Conformance. Ministers expressed appreciation for the 2004 ABAC Report to APEC Economic Leaders.

In particular, Ministers took note of ABAC’s proposals to APEC Economic Leaders on a joint scoping study for a Trans Pacific Business Agenda and the examination of the

feasibility and the potential scope and features of a Free Trade Agreement of the Asia Pacific. In this regard, they agreed to recommend to Leaders to undertake action toward an enhanced trading environment in the Asia Pacific Region.

Trade and Investment Liberalization and Facilitation

Ministers commended and endorsed the 2004 Committee on Trade and Investment Annual Report on APEC's Trade and Investment Liberalization and Facilitation activities, including the Collective Action Plans developed by CTI sub-fora.

Ministers commended the Committee on Trade and Investment's work in advancing trade facilitation and the progress made by members in implementing the Trade Facilitation Action Plan (TFAP). Ministers welcomed the outcomes of the Expanded Dialogue on Trade Facilitation (EDTF) that was held on 1 October 2004, chaired by the ABAC Chair, and that involved the participation of other stakeholders. They endorsed a series of recommendations in three areas (as described in Appendix 1 of the CTI Annual Report to Ministers): deepening and better monitoring the implementation of the Trade Facilitation Action Plan; better interaction with business; and advancing trade facilitation negotiations in the WTO. Ministers asked Senior Officials to report progress on the implementation of these recommendations by the 2005 MRT.

Ministers noted a report prepared by an expert on the mid-term review of the TFAP implementation. Ministers were pleased with the review findings which showed APEC economies to be on track towards the objective of achieving 5% reduction in transaction costs by 2006. Ministers directed Senior Officials to intensify efforts to deepen the implementation of the TFAP.

Ministers took note of the various studies dealing with measuring the benefits of actions APEC members take to facilitate trade and reduce transaction costs, including the completion of the *Study on the Mutually Supportive Advancement of APEC's Trade Facilitation and Secure Trade Goals post September 11*, and the *Study on the Assessment of the Effectiveness in implementing APEC Trade Facilitation Actions*, which highlighted several areas where APEC could work to build capacity and enhance domestic and international cooperation. Ministers encouraged members to continue to identify suitable methodologies to measure these benefits. In this regard, Ministers welcomed steady progress on Time Release Surveys as one of the proxies for measurement.

Ministers recognized the relevance of standards, technical regulations and conformity assessment for trade facilitation, in particular for Small and Medium Enterprises (SMEs), and encouraged member economies to participate actively in the development of standards at the international level, including on product-related environmental standards. Ministers noted China's initiatives on food safety to promote cooperation among APEC economies in areas such as the application of Hazard Analysis and Critical Control Point principles. We encourage analysis of the food safety activities of relevant international organizations, such as the World Health Organization and the Food and Agriculture Organization of the United Nations, with the aim of determining how APEC, through work in the relevant APEC subfora, might complement the ongoing work of these organizations.

Ministers also endorsed the Transparency Standards on Government Procurement for incorporation into the Leaders Statement to Implement APEC Transparency Standards, thus completing the mandated Leaders' area-Specific Transparency Standards. In this

context, Ministers approved a new Transparency IAP template for reporting the Leaders' General Transparency Standards and revisions to the existing IAP templates for reporting the Leaders' area-Specific Transparency Standards for use beginning in 2005. Ministers emphasized the importance of well-targeted and demand-driven capacity building and instructed officials to develop concrete capacity building programs in 2005, which aim to assist member economies to implement the APEC Transparency Standards. Progress in this area should be reflected in relevant Collective Action Plans.

Ministers acknowledged that expeditious implementation of Pathfinder initiatives can invigorate progress towards the Bogor Goals. In this context, Ministers welcomed the adoption of new Guidelines on Pathfinders as approved by Senior Officials and noted that these guidelines will help ensure that pathfinders support the achievement of APEC's Bogor Goals and attract the widest possible participation of APEC's member economies.

Ministers welcomed the increasing participation of member economies in existing Pathfinders including the Advance Passenger Information (API) Pathfinder, with almost half of all economies having implemented or committed to implement an API system in 2005. They also welcomed Australia, Canada and China as new participants in the Pathfinder on the Digital Economy. They welcomed the work of economies in the CTI to update their digital economy templates to report their progress to implement Leaders' objectives on e-commerce, services critical to e-commerce, intellectual property, and tariffs. Ministers also welcomed Russia's support for this initiative as well as its decision to participate in the Pathfinder on the Revised Kyoto Convention on the Simplification and Harmonization of Customs Procedures.

In the context of the Pathfinder on Trade and the Digital Economy, and its attachments, Ministers agreed on a list of three IT products (multi-chip integrated circuits, digital multifunctional machines and modems) to forward to the WTO for consideration and possible tariff elimination as part of a balanced outcome of negotiations, including comparable liberalization of other products of interest to economies. Ministers welcomed Mexico's list of IT products for unilateral tariff elimination. Economies take this action without prejudice to the positions they may adopt in relevant WTO negotiations and accessions.

Ministers stressed the importance of effective intellectual property rights protection and enforcement regimes, and their contribution toward promoting investment, innovation and economic growth. They agreed on the need to build on the APEC Comprehensive Strategy on Intellectual Property Rights in 2005 including to reduce piracy, trade in counterfeit goods and online piracy, and increase cooperation and capacity building.

Ministers welcomed the work undertaken under the Pathfinder on Trade and the Digital Economy to survey economies' best practices for combating optical disc piracy and encouraged taking steps to implement the APEC Effective Practices for Regulation Related to Optical Disc Production.

Ministers welcomed the progress on the IPR Policy Progress Mapping and the follow-up report on the "*Comprehensive Strategy on IPR in APEC*" as measures to strengthen business confidence in the region. They also welcomed progress on the establishment of IPR Service Centers and encouraged their establishment in all member economies as soon as practicable.

Ministers encouraged economies to hold training seminars on intellectual property enforcement based on the guidelines set out in the Comprehensive Strategy. In this context, they welcomed China's initiative to host a high-level symposium on IPR in 2005.

e-APEC and the Information Society

Recognizing the importance of the development of effective privacy protections, that avoid barriers to information flows, to continued trade and economic growth in the APEC region, Ministers endorsed the APEC Privacy Framework and the Future Work Agenda on International Implementation of the APEC Privacy Framework. Ministers also endorsed APEC's Strategies and Actions Towards a Cross-Border Paperless Trading Environment and its recommendations.

Ministers welcomed the Telecommunications and Information Working Group's (TEL) work on "*Progress Towards Adopting and Implementing the WTO Reference Paper on Basic Telecommunications*" and "*Best Practices for Implementing the WTO Reference Paper*", and noted the value of this work in the context of WTO capacity building.

Ministers welcomed the report on the implementation of the e-APEC Strategy and instructed Senior Officials to study its findings and report back to the relevant APEC Ministerial meetings in 2005. Ministers noted the significant improvements in e-infrastructure through, for example, the benefits of increased competition and market-oriented policies. Ministers acknowledged that building skills and capacity in optimizing information technology is the most pressing need for APEC economies to reduce the digital divide and to facilitate trade. In this context, they welcomed the progress that has been made by the APEC Digital Opportunity Center (ADOC). Ministers restated their commitment to the Brunei Goals on tripling internet access by the end of 2005.

Ministers welcomed the report of the 2nd APEC High-Level Symposium on e-Government held in Mexico in October 2004 and the convening of the APEC E-commerce Fair and the First APEC E-commerce Business Alliance Forum held in China in June 2004.

Ministers recognized the importance of the second phase of the World Summit on the Information Society (WSIS), to be held in Tunisia in November of 2005, for continuous development of the global information society, and instructed Senior Officials, through the TEL, and other relevant fora, to formulate APEC's input to the WSIS.

Industry Dialogues

Ministers acknowledged the work carried out this year by the Chemical Dialogue and its steering group in APEC. Ministers encouraged additional capacity building efforts for the implementation of the United Nations Globally Harmonized System of Classification and Labeling (GHS).

While noting that standards and regulations can effectively address environmental objectives, Ministers expressed concern over the growing number of EU product-related environmental regulations, including the EU's proposed chemical regulations (REACH) because of the adverse implications of this complex regulatory system for industry. Ministers encouraged APEC economies to work together to ensure that the views of their respective stakeholders will be duly considered by the EU in the development of its regulations.

Ministers welcomed the results of the Sixth Automotive Dialogue hosted by the People's Republic of China and looked forward to the Seventh Dialogue to be hosted by the Philippines. Ministers noted the work to date undertaken by the Chemical and Automotive Dialogues on non-tariff measures and encouraged these groups to continue this work with a view to contributing to the DDA.

They encouraged other fora to use the Automotive and Chemical Dialogues as models for promoting harmonization of standards, transparency, trade facilitation, and the identification of non-tariff measures. Ministers welcomed the establishment of the new APEC Dialogue on Non-Ferrous Metals and endorsed convening its first full-fledged meeting in May 2005.

Life Sciences Innovation

Ministers commended the outcomes of the Second APEC Life Sciences Innovation Forum (LSIF) held in Malaysia in September 2004. They endorsed the Strategic Plan for Promoting Life Sciences Innovation which aims to help APEC economies reach their full potential in researching, developing and marketing effective diagnostics, medical devices and modern and traditional medicines, and to promote cooperation in developing effective health services.

They noted that implementation of the basic principles of the strategic plan should contribute to improving health, and achieving social and economic goals related to life sciences innovation in the region, contributing to a more coordinated approach to identifying and addressing health treatment priorities.

Ministers welcomed the APEC LSIF's participation in the Global Cooperation Group of the International Conference on Harmonization.

Individual and Collective Action Plans

Ministers reaffirmed their commitment to achieve the Bogor Goals through actions outlined in their respective Individual Action Plans (IAPs). They endorsed the 2004 IAPs and welcomed the measures undertaken by individual economies to liberalize and facilitate trade.

Ministers welcomed the successful conclusion of the 2004 IAP Peer Reviews of Chile, China, Peru, Singapore, Chinese Taipei and the United States. Ministers reaffirmed their commitment to complete all twenty-one IAP peer reviews by the First Senior Officials' Meeting (SOM I) in 2005 in order to support preparations for the mid-term stock-take to be conducted in 2005 on overall progress towards meeting the Bogor goals.

Ministers welcomed the progress made on the implementation of Collective Action Plans (CAPs) and instructed Senior Officials to keep reviewing and progressively improving the CAPs to ensure that they produce tangible benefits to the business community and meet the Bogor Goals. They noted that these actions will also contribute to the mid-term stock-take process next year.

Structural Reform

Recognizing that structural reform improves the functioning of markets so as to enhance living standards and realize the economic potential of the APEC region in a sustainable way, Ministers stressed the importance of promoting structural reform as a priority within the APEC agenda.

Ministers welcomed the work undertaken by Senior Officials in responding to Leaders' instructions to review the implementation of the Structural Reform Action Plan. In this context, they applauded the success of the APEC High Level Conference on Structural Reform held in Tokyo in September 2004, which provided positive momentum by identifying future steps to implement the APEC Structural Reform Action Plan.

Ministers also welcomed the achievements made in the area of strengthening economic legal infrastructure (SELI), capacity building and business outreach projects on competition policy, corporate governance and debt collection regimes. They also acknowledged progress on the SELI reporting mechanism, submitted voluntarily by member economies.

Ministers approved the "*Leaders' Agenda to Implement Structural Reform*" (LAISR) for adoption by Leaders as further clear guidance to promote structural reform in APEC in the following possible priority areas: regulatory reform, strengthening economic legal infrastructure, competition policy, corporate governance and public sector management, in 2005 and beyond. Ministers instructed Senior Officials to continue working, in close consultation with Finance Ministers, to identify an effective institutional mechanism to address structural reform in APEC.

Anti-Corruption and Transparency

Ministers recognized that corruption is one of the most serious threats to good governance and the proper development of economic systems in the APEC region, and globally. Ministers agreed that APEC's commitment and leadership to prevent and combat corruption, including through ensuring transparency, is indispensable in strengthening the integrity of enforcement and the core foundations of our collective values in society, in particular in the areas of economic development, growth, and prosperity.

Ministers commended the success of the APEC Anti-Corruption Experts Meeting, held during SOM III in Santiago. They approved, for endorsement by Leaders, its recommendations for the "*Santiago Commitment to Fight Corruption and Ensure Transparency*" and an "*APEC Course of Action on Fighting Corruption and Ensuring Transparency*" (COA).

Further, they recommended that Leaders agree to the implementation, beginning in 2005, of the concrete actions outlined in the COA, including that APEC economies: take all appropriate steps, consistent with their different status, towards ratification of, or accession to, and implementation of the United Nations Convention Against Corruption (UNCAC); strengthen effective measures to prevent and fight corruption and ensure transparency; deny safe haven to officials and individuals guilty of public corruption, those who corrupt them, and their assets; fight both public and private sector corruption; promote public-private partnerships; nurture cooperation to combat corruption in the region; and

implement, in accordance with the fundamental principles of each economy's legal system, the concrete actions contained under the item "*From Santiago to Seoul*".

Ministers endorsed the experts' recommendation to establish an Experts' Task Force in 2005 on implementation of such commitments, and instructed Senior Officials to develop its terms of reference by the first Senior Officials' Meeting (SOM I) in 2005.

Ministers also welcomed the experts' recommendation for effective and results-oriented synergies and partnerships with other multilateral and regional organizations, particularly on donor coordination on training, capacity building and exchanges of technical expertise.

Economic and Technical Cooperation and Capacity Building

Ministers welcomed the 2004 Senior Officials' Report on Economic and Technical Cooperation and endorsed its recommendations, in particular that working groups be assessed to ensure that they are responsive to APEC's current work priorities and contribute to the achievement of the Bogor Goals.

Ministers approved a new Quality Assessment Framework, which will replace the ECOTECH Weightings Matrix, as a tool to foster good quality project proposals and an efficient allocation of APEC resources. They recognized that strengthening assessment, monitoring and evaluation of APEC's ECOTECH activities has the potential to help attract external resources, such as from International Financial Institutions as well as from the private sector.

Ministers noted that APEC's growing work program is generating greater demand on its capacity-building resources. Accordingly, they instructed officials to consider ways to broaden APEC's funding base, and endorsed the establishment of an APEC Support Fund, which could attract funds from government as well as non-government sources.

Ministers recognized that English and other languages constitute critical operational tools for SMEs, micro enterprises, youth and women. They welcomed the results achieved to date by ABAC and other APEC Fora to foster capacities in language skills and looked forward to consolidating and developing specific actions aimed at achieving the full potential of this communication tool and promoting entrepreneurship, mutual understanding and increased opportunities in a digitalized region.

Ministers instructed Senior Officials, through the SOM Committee on ECOTECH, to oversee the work to be developed by the Education Network from the Human Resources Development Working Group, so as to establish a Strategic Action Plan for English and other Languages in the APEC Region, with the support of all relevant fora, aimed at creating competitive human capital, and to report progress in 2005.

Given the importance of expanding APEC's relationships with International Financial Institutions (IFIs), the private sector, and other relevant international organizations, Ministers welcomed the collaboration between the APEC Secretariat and the World Bank's Global Development Learning Network (GDLN). They looked forward to concrete outcomes from the Second APEC/IFIs Roundtable Dialogue on ECOTECH to be held in Korea in 2005, focusing on the areas of SMEs and education, and called for close consultation with the Finance Ministers process.

In the context of social safety nets and workforce retraining, Ministers commended the initiatives undertaken in APEC, aimed to empower vulnerable people, ensuring more equitable distribution of the benefits brought about by globalization. In this regard, they welcomed the outcomes of two meetings this year on these issues, co-hosted respectively by Thailand and Korea and the People's Republic of China and Korea. Ministers welcomed Korea's offer to hold a symposium in 2005, with a view to making the results of the Social Safety Nets – Capacity Building Network's (SSN-CBN) research projects widely known.

Ministers instructed Senior Officials to redouble their efforts on strengthening social safety nets and workforce retraining programs through the Human Resources Development Working Group (HRDWG) and the SSN-CBN. In this context, they noted the launching of a pilot project entitled "*Workforce Retraining through Digital English Instruction Media*".

Ministers noted the importance of capacity building activities addressing the social dimension of globalization, with regards to the poverty alleviation aspects of micro, small and medium size enterprises.

Ministers acknowledged the Science and Technology Ministerial Meeting's emphasis on the importance of interlinking activities of governments, researchers, entrepreneurs, and investors to ensure that each economy gains the maximum benefit from science, technology, and innovation.

Ministers urged further initiatives aimed at bringing together policy makers and the scientific community, to promote cooperation under the knowledge-based economies priority of fostering innovation, as discussed at the APEC Workshop on Development of Science and Technology Intermediary Mechanism hosted by China and Thailand in Beijing in February 2004.

SHARING BENEFITS THROUGH BETTER PRACTICES: ENHANCING HUMAN SECURITY

Counter-Terrorism and Secure Trade

Ministers reaffirmed that terrorism is a threat to human security, stability and growth in the region and the imperative need to combat terrorism - in all its forms and manifestations - in accordance with the purposes and principles of the Charter of the United Nations and international law, in particular humanitarian and human rights law, and bearing in mind United Nations Security Council anti terrorism resolutions, including Resolution 1566 (2004).

They valued APEC's on-going work to confront effectively the risks posed by transnational terrorism and to strengthen capacity building and technical assistance efforts in order to meet collectively the challenges posed by this threat.

Ministers condemned, in the strongest terms, all acts of terrorism, including the most recent barbarous acts in Russia and Indonesia, and expressed their condolences to their peoples and governments.

Ministers reiterated the commitment of each APEC member economy to fight terrorism and secure trade flows, and that these efforts should complement APEC's core business of trade and investment liberalization and facilitation and economic and technical cooperation. While noting work by relevant APEC fora on the economic impacts of terrorism, Ministers also noted the concerns flagged by the business community on the additional costs generated by security-related measures. Ministers therefore underscored the need to secure trade while removing obstacles to trade and minimizing costs on businesses.

Ministers continued their work to take action to eliminate the danger of proliferation of weapons of mass destruction and their means of delivery. They noted the important contribution of informal consultations in building consensus on these issues. They identified key elements of effective export control systems, and committed to continue work in APEC to unite economies and the private sector to facilitate the flow of goods to legitimate end users while preventing illicit trafficking in weapons of mass destruction, their delivery systems and related items. They established guidelines on the control of Man-Portable Air Defense Systems (MANPADS), and economies committed to work individually to develop measures consistent with these guidelines and, as appropriate, with efforts taken at the United Nations, its agencies and other relevant international organizations, to prevent terrorists from obtaining and using these weapons to attack civilian aviation. Ministers also recognized that all APEC economies are implementing, have concluded, or aim to conclude an Additional Protocol with the International Atomic Energy Agency by the end of 2005, reflecting their determination not to allow illicit nuclear activities in our region through their collective commitment to expanded transparency on nuclear-related activities.

Ministers noted the progress made by the Counter-terrorism Task Force (CTTF) in implementing the 2003 APEC Leader's Human Security commitments, especially those aimed at facilitating secure and efficient trade within the region, such as the implementation of the International Ship and Port Facility Security Code (ISPS Code). Endorsing the agreements reached within the CTTF, Ministers:

- Recognized the need for cooperation among member economies on the supervision of imported and exported food in order to prevent and better respond to possible bio-terrorist attacks, including attacks through toxic or hazardous material in food supplies;
- Called for increased commitments, including efforts through the Health Task Force (HTF), on strengthening the public health system and enhancing public awareness to help member economies respond to regional health threats;
- Called for cooperation to ensure that all APEC economies will begin issuing Machine Readable Travel Documents (MRTDs), if possible with biometrics, by 2008, and, on a best endeavours basis, to accelerate replacement of Non-MRTDs by MRTDS as well as implement ICAO travel document security standards;
- Agreed to continue to implement existing business mobility initiatives, and welcomed efforts to implement the Advance Passenger Information (API) system and the cooperative program of Immigration Liaison Officer in the region. Ministers noted the completion of a feasibility study for an automated Regional Movement Alert List (RMAL) System as an important counter-terrorism initiative. They agreed to pilot the RMAL in 2005 and agreed to work on an enhanced version of the

Customs Asia-Pacific Enforcement Reporting System (CAPERS) to address legal issues.

Ministers welcomed Senior Officials' decision to extend the mandate of the CTTF until the end of 2006. They welcomed the Philippines and Chile as CTTF Chair and Vice Chair, respectively, for the next two years.

Ministers committed their efforts to advance the ongoing work in adopting all necessary steps to control the cross-border movement of dual use equipment and materials, as well as people and financial resources, involved in terrorist activities while, at the same time, enhancing the free flow of legitimate travellers, trade and investment.

Ministers reaffirmed the willingness of all economies to cooperate -where appropriate and in accordance with APEC practices- with international organizations with common goals, such as the International Civil Aviation Organization (ICAO), the International Maritime Organization (IMO), the World Customs Organization (WCO), the Counter-Terrorism Action Group (CTAG) and the International Labour Organization (ILO) so as to develop concrete, result-oriented actions to neutralise threats to the security of our economies.

Ministers noted the Transportation Ministers' statement to focus on implementing an inter-modal supply chain security initiative in the next two years and to continue implementation of maritime and aviation security measures, consistent with international law, with emphasis on the implementation of the International Ship and Port Facility Security Code (ISPS Code) and working to support international efforts, including those by multilateral agencies, to control access to MANPADS and other potential threats to civil aviation. Ministers welcomed on-going technical and capacity building efforts to implement thorough baggage inspection for air and maritime passengers.

Ministers welcomed the Finance Ministers' statement to support actions to combat terrorism, including through increased compliance with accepted international standards to counter money laundering and terrorist financing, and fostering closer cooperation through the exchange of financial intelligence among financial intelligence units and customs. Meanwhile, Ministers urged the Financial Action Task Force to make progress, as appropriate, in the enlargement of its membership.

Ministers looked forward to an enhanced capability in the region to develop and implement regional counter terrorism capacity building initiatives as a result of the establishing the Asian Development Bank's Cooperation Fund for Regional Trade and Financial Security Initiative (FRTFSI).

Ministers welcomed the outcomes of the Second Secure Trade in the APEC Region (STAR) Conference Chile in March 2004 and looked forward to the Third STAR Conference, to be held in Korea in March 2005. They valued the capacity building and best practices sharing work that member economies, along with representatives from the private sector, are able to achieve through this on-going APEC initiative.

Ministers took note of work undertaken by the Telecommunications and Information Working Group (TEL) regarding Cyber Security and Cyber Crime within the scope of securing telecommunications through the exchange of experiences and good practices. They agreed to strengthen their respective economies' ability to combat cybercrime by enacting domestic legislation consistent with the provisions of international legal

instruments, including the Convention on Cybercrime (2001) and relevant United Nations General Assembly Resolutions; increasing cooperation among economies' Computer Emergency Response Teams (CERTs), law enforcement, and the public and private sectors; training SMEs in network security; and increasing law enforcement capacity-building.

Health Security

Ministers recognized that outbreaks of infectious diseases, such as SARS in 2003 and avian influenza in 2004, have a profound impact on both the peoples and the economies of the region. They encouraged continued vigilance and preparedness so as to detect, respond to, and mitigate the impact on the economy of public health threats.

Ministers welcomed the efforts of the HTF in enhancing preparedness and planning for pandemic influenza, and activities underway and planned at the Regional Emerging Disease Intervention Center. Ministers encouraged the HTF to enhance cross-sector cooperation with other relevant APEC fora in order to address avian influenza and to strengthen, in coordination with APEC members, the work on research and development of relevant vaccines and antiviral drugs. They underscored the importance of using information technology to better face threats to health in the region and, in this context, welcomed the HTF's project on e-Health Initiative. Ministers instructed Senior Officials, through the HTF, as well as other relevant fora, to include appropriate actions in the area of Health Security in their work plans, ensuring that such actions complement, without duplicating, work being conducted in other international fora.

Ministers noted with concern the economic and social impact that HIV/AIDS continues to have in the APEC region, and approved the initiative "*Fighting against AIDS in APEC*" for endorsement by Leaders, with the aim of encouraging greater cooperation in the region to prevent HIV/AIDS and promote access to safe and affordable medicines and treatment for people living with AIDS.

Ministers welcomed the outcomes of the XV International AIDS Conference held in Bangkok in July 2004. They underlined the need for APEC to work with relevant international organizations, such as UNAIDS, WHO and the Global Fund to fight AIDS, Tuberculosis and Malaria, in accordance with APEC practices, so as to collectively support actions to address the spread of HIV/AIDS in the region. They appreciated the leading role of Thailand and others on this issue. Ministers looked forward to the active participation of APEC economies in the next International AIDS Conference, which will be held in Canada in August 2006.

Ministers also noted the international effort to eradicate polio by 2005 through the WHO/UNICEF-led global Polio Eradication Initiative. They stressed the importance of all economies making efforts to close the financial gap that faces this effort.

Energy Security

Ministers noted the impact of current high oil prices on the economies of APEC and emphasized that access to adequate, reliable and affordable energy is fundamental to achieving the region's economic, social and environmental objectives.

Ministers acknowledged the achievements of the APEC Energy Security Initiative and supported the outcomes of the APEC Energy Ministers' meeting in June this year, including their call for adequate supply to help stabilize the oil market, and efforts to enhance energy security by preparing for energy supply disruptions, facilitating energy investment, using energy more efficiently, expanding energy choices and capitalising on technological innovation. They also noted the outcomes of the APEC Meeting of Ministers Responsible for Trade in June calling for closer cooperation between Energy Ministers and Trade Ministers. In this context, they instructed Senior Officials to work with the Energy Working Group to examine the impact of high energy prices on trade and economic activity in the region.

Further, Ministers endorse the "*Comprehensive Action Initiative recognizing the need for strengthening the APEC Energy Security Initiative – energy security, sustainable development and common prosperity*" (CAIRNS Initiative), which aims to improve data transparency, energy emergency responses, energy investment, energy efficiency, the development of renewable and alternative energy, and to promote energy for sustainable development and poverty reduction.

Invasive Alien Species

Ministers noted the difficulty and cost of dealing with problems caused by Invasive Alien Species (IAS). Ministers agreed that APEC should identify opportunities for cooperation and capacity building to detect, monitor, and manage invasive pests in the Asia-Pacific region, using science-based criteria in accordance with international standards. Ministers also agreed that a shared awareness and understanding of the risks that invasive marine pests pose to regional growth and sustainability is urgently needed, along with coordinated regional action to help prevent their spread. Ministers welcomed the progress on the development of the Regional Management Framework for Control and Prevention of Introduced Marine Pests by the Marine Resources Conservation Working Group. They noted that IAS problems cut across sectors and, therefore, called on Senior Officials to instruct relevant APEC fora to work together to evaluate how APEC can best contribute on this matter and to report the results in 2005. In this context, Ministers welcomed the APEC Symposium to prevent the spread of the Golden Apple Snail held in Chinese Taipei in September 2004 and the APEC Workshop on Introduced Marine Pests held in Chile in May 2004.

GROWTH AND STABILITY: KEYS FOR APEC INTEGRATION

Ministers welcomed the outcomes of the APEC Finance Ministers' Meeting, and supported its conclusions, in particular with regard to the importance of disciplined and sustainable fiscal policies for their contribution to long-term growth and macroeconomic stability; the need for policies and institutions that lead to sustainable, broad-based and equitable growth in the region; and the contribution that financial integration can make to growth and economic development. However, Ministers also recognized that freer capital flows can heighten vulnerabilities, especially in emerging market economies, increasing the importance of sound economic policies, strong institutions, and appropriately sequenced liberalization.

Macroeconomic Issues

Ministers endorsed the Economic Committee's Report for 2004; the 2004 APEC Economic Outlook; the KBE/New Economy project titled "*Realizing Innovation and Human Capital Potential in APEC*"; and the TILF project titled "*Trade Facilitation and Trade Liberalization: From Shanghai to Bogor*".

Ministers welcomed the 2004 APEC Economic Outlook, particularly its structural chapter on FTAs/RTAs. Ministers instructed the Economic Committee to further contribute to the understanding of FTAs and RTAs issues in the Asia-Pacific region as a catalyst for achieving the Bogor goals and advancing the WTO process. They also welcomed the initiative on "*Realizing Innovation and Human Capital Potential in APEC*", recognizing that these factors are two key drivers of growth in the new global economy. Ministers acknowledged the importance of the TILF project titled "*Trade Facilitation and Trade Liberalization: From Shanghai to Bogor*" that attempted to provide methodology to implement the Shanghai Accord. Ministers further instructed the Economic Committee to continue to work on TILF related and KBE/New Economy studies that will help to achieve the Bogor Goals.

Given the importance of the issue of terrorism and its direct impact on an economy's welfare, Ministers welcomed the Economic Committee's efforts to undertake a research project on this topic noting that the structural theme of the 2005 APEC Economic Outlook will be the Economic Impact of Counter-Terrorism in the APEC Region.

Ministers commended the Economic Committee's efforts to provide an analytical basis for increasing the economic benefits arising from structural reforms. Ministers agreed on the need to make the agenda of the Economic Committee more policy and action oriented in consultation with other APEC fora and Finance Ministers' process while maintaining its analytical functions.

SKILLS FOR THE COMING CHALLENGES

Ministers welcomed the outcomes of the Third APEC Education Ministerial Meeting (AEMM), with its theme of "Skills for the Coming Challenges". Ministers appreciated its emphasis on improving the learning of English and other foreign languages at the school level as well as among workers and small business entrepreneurs and the use of technology for teaching and learning. Ministers also commended EDNET for organizing a summit of researchers and policy-makers in Beijing in January 2004 in preparation for the Third AEMM.

Ministers expressed their appreciation to the APEC Education Foundation (AEF) for its initiatives in advancing cyber education and ICT capacity building of small and micro-enterprises. Ministers also recognized the Foundation's potential as a useful vehicle to enhance APEC education and human capacity building cooperation, and encouraged member economies, business, academia and other stakeholders to strengthen partnerships and cooperation with the AEF.

Ministers supported the outcomes of the Fourth APEC Science Ministers' meeting, with its theme "Enhancing the capacity of science, technology & innovation to deliver sustainable growth across the APEC region". They welcomed the mandate given to the Industrial Science and Technology Working Group to progress a range of important activities on

human capacity building (in conjunction with the Human Resources Development Working Group) connecting research and innovation, international science and technology networks and technological cooperation.

Ministers acknowledged the importance of promoting science and technology cooperation and noted that improved education and training in math, science and technology is of critical importance in order to ensure the long-term economic growth of APEC economies, and to support global efforts to address significant sustainability issues.

Ministers welcomed the work of the HRDWG to prepare people for the new skills required in the 21st century. These efforts include promoting improved curricula, teaching methods, policy and transparent governance methods for quality basic education, lifelong learning, and training and retraining opportunities to improve the quality of the labor force.

Ministers welcomed the concept of an APEC Business Schools' Network (ABSN) proposed by ABAC, which aims to build partnerships among regional tertiary training institutions, so as to encourage academic and educational exchanges; develop common standards; share resources and identify best practices. They encouraged economies to nominate business schools in the region to be part of ABSN.

OPPORTUNITIES FOR ENTREPRENEURIAL GROWTH

Small and Medium Enterprises

Ministers emphasized that Small and Medium Enterprises (SMEs) and Micro-Enterprises (MEs) are engines for innovation, wealth and employment among APEC economies and urged member economies to establish sound business environments that encourage the creation and growth of enterprises through policies that are consistent with APEC and WTO principles.

Ministers welcomed the "*Santiago Agenda on Entrepreneurship*" adopted at the Eleventh APEC Ministerial Meeting on SMEs, which identified best entrepreneurial practices and reinforced the need for their implementation.

Ministers considered SMEs to be a cross-cutting issue for APEC and welcomed the dialogues held with other relevant fora and the initiatives of economies to host events aimed at improving dialogue with SMEs. They encouraged the SMEWG to continue to improve its role in coordinating APEC's work to promote the growth and competitiveness of SMEs and to further promote the APEC SME Coordination Framework.

Ministers welcomed the SME Ministers' commitment to enhance regional support to advance the business environment of MEs and their commitment to strengthen the role of MEs in the APEC region, through the advancement of the micro-enterprise Development Action Plan as an integral part of the SME WG's Micro-enterprises Subgroup. Likewise, Ministers encouraged an open dialogue with regional International Financial Institutions (IFIs), in coordination with the SOM Committee on ECOTECH, to advance joint initiatives that specifically benefit MEs, including through microfinance.

Gender

Ministers noted that APEC needs to formulate and implement policies that promote the development of women-owned and -managed SMEs and MEs, including business development and export support services that target women's enterprises in the region.

They recognized the need for women-specific programs to develop technical and digital skills, as well as to strengthen women's business development at all levels, and welcomed the recommendation to support the APEC project "*Initiative for APEC Women's Participation in the Digital Economy*".

Ministers noted the important role of the Gender Focal Point Network for the implementation of the Framework for the Integration of Women in APEC. They recognized the need to reinforce and promote gender integration in APEC through studies, research and collaborative projects among APEC fora aimed at strengthening the participation of women in trade within the region. They welcomed the continued participation of the Women Leaders Network (WLN) in the APEC process and commended its commitment towards the advancement of women and gender issues throughout APEC, including through establishment of a gender advisory group within each economy's coordinating mechanism.

Ministers commended the valuable contribution of the CTI project "*Supporting Potential Women Exporters*" in identifying how APEC's trade liberalization and facilitation agenda can be inclusive of gender considerations. They looked forward to follow-up activities by CTI and other APEC fora that will increase trade and advance gender equality. Ministers asked Senior Officials to report on follow-up to the project's recommendations by the 2005 MRT.

Youth

Ministers welcomed the 2004 APEC International Youth Camp held in Chinese Taipei in August 2004. Ministers recognized the commitment of the participants to work towards an innovative and entrepreneurial society. They also recognized the need to enhance youth entrepreneurship through special education, and the creation of programs to facilitate the start up and operation of youth-owned and managed businesses.

Ministers encouraged more APEC youth activities so as to build mutual understanding and cooperation in the region. Ministers welcomed Korea's proposal to organize the 2005 International Youth Camp.

COMMITMENT TO SUSTAINABLE GROWTH

Sustainable Development

Ministers recognized the need to revitalize APEC's agenda on sustainable development and welcomed the work undertaken by various APEC fora on this issue. They recognized that these initiatives have shed light upon the relationship between economic, environmental and social issues from the widest range of perspectives and that they have contributed to a better understanding of what sustainable development implies for the APEC region.

Ministers highlighted the cross-cutting character of this theme and welcomed the work achieved this year in the First Meeting of APEC Ministers Responsible for Mining; SME Ministerial Meeting; the Third APEC Tourism Ministerial Meeting; and the Fourth APEC Ministers Meeting on Regional Science and Technology Cooperation. Ministers welcomed the recommendations on sustainable development, including the need for more cooperation with other international fora, and instructed the SOM Committee on ECOTECH (ESC) to take these into consideration in coordinating and developing future work in this area. Ministers looked forward to the results of a study on sustainable development that will be undertaken by SOM, as well as the preparations for an APEC High-Level Meeting on Sustainable Development in 2005-2006.

Noting the conclusions of the APEC workshop on environmental impact analysis of trade liberalization measures, and other activities undertaken this year, Ministers emphasized the value of environmental impact analysis as a means both to increase understanding of the implications of trade liberalization measures, and to strengthen public support for trade liberalization by reducing uncertainty.

Agricultural Biotechnology

Ministers welcomed the 2004-2006 Work Plan of the APEC High Level Policy Dialogue on Agricultural Biotechnology and acknowledged its importance in realizing the benefits of agricultural biotechnology through increased agricultural productivity, improved food security, and protection of environmental resources.

Ministers instructed Senior Officials to continue the Policy Dialogue to advance discussions in the areas of policy and information exchange, intellectual property rights and technology transfer, economic and human resource investment, and agricultural biotechnology public policy development. In this regard, Ministers welcomed the convening of a 4th APEC High Level Policy Dialogue on Agricultural Biotechnology in the margins of SOM I in Korea in 2005.

EXPERIENCING OUR DIVERSITY

Ministers welcomed the "*Patagonia Declaration on Tourism in the APEC Region*" and noted the achievements reached during the four years of the Tourism Charter.

Ministers underscored the importance of tourism to the well-being of the region. In addition to being a significant employer through many micro, small and medium enterprises, tourism is a key vehicle for promoting mutual understanding and respect for our natural resources.

Ministers acknowledged that the work on each policy goal of the Tourism Charter is underpinned by the importance of strengthening cultural, environmental and economic sustainability. They recognized that member economies must continue to work in partnership with other APEC fora and the private sector to address these issues.

Ministers instructed Senior Officials to continue to explore ways to broaden opportunities to experience diversity among member economies in areas beyond tourism such as cultural diversity.

FROM SANTIAGO TO BUSAN: PENDING TASKS

APEC Reform

Ministers welcomed the package of reforms agreed by Senior Officials for immediate implementation. They noted that these reforms contribute towards making APEC more focused and policy-oriented, ensuring that APEC's work responds directly to the instructions of Ministers and Leaders, streamlining meeting arrangements and other processes, improving coordination between fora, and improving dialogue with the business community and other stakeholders, including labour representatives.

Ministers also welcomed the efforts of individual fora to evaluate and reform their own processes under the leadership of Senior Officials. Ministers instructed Senior Officials that reform should be a continuous process to ensure APEC retains its accountability and the flexibility to respond to a rapidly changing environment and to the needs of all APEC's stakeholders. In this context, they welcomed the agreement by Senior Officials to work further next year on the additional issues identified during 2004 and to explore new areas for possible institutional reform.

Ministers welcomed decisions by Senior Officials to address immediate and emerging funding issues related to APEC operation. Ministers instructed Senior Officials to give high priority to developing a sustainable financial strategy for APEC and its Secretariat. This strategy should take into consideration the annual instructions of Leaders, Ministers and Senior Officials; improvements in efficiency of the assessment, monitoring and evaluation of projects; improvements in efficiencies on savings and management of the Secretariat; the possibility of new and additional funding sources; and an analysis of the affordable level of contributions from Member economies.

Mid-Term Stock-take

Ministers commended Senior Officials for their work on the preparation for the Mid-term Stocktake of overall progress towards the Bogor Goals, and endorsed the recommendation on the work program. Ministers instructed Senior Officials to provide a preliminary progress report to the APEC Meeting of Ministers Responsible for Trade in 2005 and bring the final results of the Mid-term Stocktake to the 17th APEC Ministerial Meeting so that Ministers may report to Leaders on the final outcomes. They underscored that the result should comprise an assessment of APEC's progress towards the Bogor Goals based on members' evaluation, IAP Peer Reviews process, inputs from fora, and stakeholders such as ABAC, the APEC Study Center Consortium, PECC, and include Senior Officials' policy recommendations for future activities that need to be taken to achieve the Bogor Goals.

Approval of SOM Report

Ministers approved the SOM Report, including the decision points therein, in particular, the proposed APEC budget and the assessment of members' contributions for 2005.

APEC Secretariat

Ministers noted with satisfaction the Report of the Executive Director of the APEC Secretariat and commended the Secretariat for its efforts throughout the year.

APEC 2005

Ministers thanked the Republic of Korea for its briefing on preparations for the 17th AMM and the 13th APEC Economic Leaders' Meeting in 2005 and Viet Nam for its presentation on the preparations for the 2006 APEC year.

Future Meetings

Ministers noted that future APEC Ministerial Meetings will be held in Viet Nam in 2006, Australia in 2007, Peru in 2008 and Singapore in 2009.