

14th APEC ECONOMIC LEADERS' MEETING
HA NOI DECLARATION
Ha Noi, Viet Nam
18-19/11/2006

We, Economic Leaders of Member Economies of the Asia Pacific Economic Cooperation (APEC), gathered in Ha Noi, Viet Nam on 18-19 November 2006 for the 14th APEC Economic Leaders' Meeting under the APEC 2006 theme of "*Towards a Dynamic Community for Sustainable Development and Prosperity.*"

With a strong commitment to achieving the vision of stability, security and prosperity for the Asia-Pacific region, we agreed to make every effort for realizing APEC's goals of free and open trade and investment. We dedicated ourselves to preventing threats to sustainable development, to building a secure and favorable business environment and to enhancing human security. We pledged to continue our work towards a dynamic and harmonious Asia-Pacific community by building strong societies for the well-being of our peoples.

1. Advancing Free Trade and Investment

We reaffirmed that support for the Doha Development Agenda (DDA) remains a top priority of APEC. The consequences of the failure of the Doha Round would be too grave for our economies and for the global multilateral trading system. We should, therefore, spare no efforts to break the current deadlocks and achieve an ambitious and overall balanced outcome of the Round with the development dimension being at its core. Our will and resolve were stated in the 14th APEC Economic Leaders' Meeting Statement on the DDA of the WTO.

We acknowledged the role of high-quality, consistent, transparent and comprehensive Regional Trade Agreements/Free Trade Agreements (RTAs/FTAs) in advancing trade liberalization and the need to ensure that RTAs/FTAs lead to greater trade liberalization and genuine reductions in trade transaction costs. We commended the completion of model measures for six RTAs/FTAs chapters. We reaffirmed that the model measures would serve as the reference for APEC member economies negotiating high-quality FTAs. We also reiterated the non-binding and voluntary nature of the model measures, bearing in mind that they will not prejudice the positions of APEC members in their existing and future RTAs/FTAs negotiations. We instructed Officials to continue work on model measures in 2007, so model measures for as many commonly accepted RTAs/FTAs chapters as possible are developed by 2008, as we called for in 2005 in Busan.

We recognized that unprecedented economic developments in the Asia-Pacific region are drawing our economies closer together. We noted that our business communities have highlighted the implications of the growing number of diverse FTAs in the Asia-Pacific and that other regional arrangements are emerging. We reiterated our commitment to greater economic integration in the Asia-Pacific region and pledged to strengthen our efforts towards this end. We shared the APEC Business Advisory Council's (ABAC) views that while there are practical difficulties in negotiating a Free Trade Area of the Asia-Pacific at this time, it would nonetheless be timely for APEC to seriously consider more effective avenues towards trade and investment liberalization in the Asia-Pacific region. Therefore, while affirming our commitments to the Bogor Goals and the successful conclusion of the WTO/DDA negotiations, we instructed Officials to undertake further studies on ways and means to

promote regional economic integration, including a Free Trade Area of the Asia-Pacific as a long-term prospect, and report to the 2007 APEC Economic Leaders' Meeting in Australia.

We noted with satisfaction the progress made by member economies in implementing the Busan Roadmap towards the Bogor Goals, which demonstrates APEC's commitment to achieving free and open trade in the Asia-Pacific. We welcomed and endorsed the Hanoi Action Plan to implement the Busan Roadmap towards the Bogor Goals, which is comprised of specific measures, schedules, and capacity building initiatives. In this regard, we emphasized the importance of measures aimed at reducing business transaction costs and building a more secure and favorable business environment. We highlighted numerous steps taken this year to carry forward the Busan Business Agenda of the Busan Roadmap, including the following:

- Concluding that APEC has met the Shanghai target, set in 2001, of a five-percent reduction in trade transaction costs by 2006, we welcomed the framework for the next Trade Facilitation Action Plan, targeting a further reduction of trade transaction costs by five percent in the APEC region by 2010;
- We welcomed the expanded work program on investment liberalization and facilitation in collaboration with ABAC and other relevant international organizations;
- Affirming the importance of strong intellectual property rights (IPR) protection and enforcement to economic growth and trade in the Asia-Pacific region, we endorsed the two new Model Guidelines under the APEC Anti-Counterfeiting and Piracy Initiative to inform citizens about the importance of IPR protection and enforcement and to secure supply chains against counterfeit and pirated goods. We called on economies to continue their work to address IPR protection and enforcement challenges in the region in close consultation with the private sector; and
- We welcomed the multi-year Private Sector Development Workplan designed to cut red tape and lift the quality of business regulations, which would particularly benefit small and medium-sized enterprises. We instructed the SMEs Ministers to lead coordination efforts within APEC.

We instructed Ministers to ensure steady implementation of the Hanoi Action Plan in close collaboration with ABAC. We also appreciated relevant recommendations from ABAC and encouraged APEC fora to take them into consideration when developing their work programs.

We recognized the need to intensify work on structural reforms and took note of progress in carrying out the Leaders' Agenda to Implement Structural Reform toward 2010 (LAISR 2010). We welcomed the completion of the Report on Socio-Economic Disparity in the APEC region and stressed the importance of enhancing activities across APEC fora in order to combat socio-economic disparity issues in the APEC region.

We noted the importance of open and robust financial systems and the orderly adjustment of global imbalances through fiscal sustainability, price and exchange rate flexibility, reforms to promote investment, strengthened financial markets, more balanced domestic demand, and improved corporate governance and legal infrastructure across the Asia-Pacific region as identified by APEC Finance Ministers. We welcomed the progress made on IMF reform, including quota and voice reform, and called upon IMF members to work towards its timely

conclusion. Recognizing the importance of financial stability for the region's continuing economic growth and development, we noted the discussion at the IMF examining the possible creation of a new liquidity instrument that could help prevent financial crises in the region.

As part of our continued work to advance the 2002 Leaders' Pathfinder "Statement to Implement APEC Policies on Trade and the Digital Economy," we adopted the "APEC Technology Choice Principles" as a new pathfinder initiative to spur the cycle of innovation and opportunity and to promote economic development across the region. We also called on member economies to exercise appropriate oversight to achieve the objective that central government agencies use only legal software and other copyright materials; that such bodies implement effective policies intended to prevent copyright infringement on their computer systems and via the Internet, in accordance with relevant international conventions and domestic laws and regulations concerning copyright and related rights; and that central government funds are not used by contractors or recipient institutions to purchase illegal software or other illegal copyright materials. In addition, we recognized the need for continued efforts to increase capacity building to assist economies of different levels of development to strengthen IPR protection and enforcement.

2. Enhancing Human Security

We condemned terrorist acts, which are posing serious threats world-wide. In keeping with our commitment to advance regional prosperity and sustainable development and our complementary mission of ensuring security for our peoples, we are determined to continue efforts to combat terrorism in every form and manifestation. We reaffirmed that any measures taken to combat terrorism must comply with our international obligations.

We commended the progress in implementing the commitments adopted in Bangkok in 2003 to dismantle trans-boundary terrorist groups, to eliminate the danger posed by the proliferation of weapons of mass destruction and their means of delivery, and to confront other direct threats to the security of our region. Toward this end, we acknowledged the need to take appropriate individual and joint actions, consistent with each economy's circumstances, to further those commitments, including the need to protect legitimate financial and commercial systems from abuse.

We welcomed the APEC 2006 counter-terrorism initiatives endorsed by Ministers and encouraged member economies to take appropriate individual and joint actions, in accordance with international law and consistent with each economy's circumstances, to implement the existing commitments with a view to enhancing secure trade in the region.

Acknowledging the significance of counter-terrorism efforts to realizing APEC's core goals of free trade and investment, we reiterated the importance of counter-terrorism work in APEC. We emphasized total supply chain security as a priority for 2007 and welcomed a study by APEC economies to look at ways to facilitate the recovery of trade in the event of major disruptions to the global supply chain caused by terrorist attack or other calamities. We agreed to take forward in 2007 further cooperation and capacity building activities to counter the financing of terrorism. We welcomed measures to improve aviation security and encouraged member economies to further share strategies and develop best practices to defend the food supply from deliberate contamination. We welcomed the expansion of the

Regional Movement Alert System (RMAS) and noted that the system is open to additional member economies.

We endorsed the APEC Action Plan on Prevention and Response to Avian and Influenza Pandemics adopted in May 2006 and we affirmed our commitment to its implementation. We welcomed the Beijing consensus adopted at the APEC Symposium on Emerging Infectious Diseases. We commended the collaboration in APEC on health and emergency preparedness and urged continued multi-sectoral, regional and international cooperation on policies and infrastructure to mitigate pandemic influenza. We called on expanded capacity building and technical collaboration between economies, and urged deepened engagement of the private sector to help ensure continuity of business, trade and essential services in the event of a pandemic outbreak. We welcomed the Life Science Innovation Forum's plan to discuss ways to address these challenges in conjunction with other APEC fora.

We agreed to enhance cooperation within APEC on HIV/AIDS, and resolved to expand efforts towards combating the spread of HIV/AIDS, ensuring the protection of the rights of those living with the disease; and achieving the United Nations declared goal of universal access to comprehensive prevention programs, treatment, care and support by 2010.

We noted APEC's value-added role and cooperative efforts in dealing with emergency preparedness and disaster response. Recognizing that large-scale natural disasters that affect one economy can affect all of us, we urged member economies to further intensify cooperation, including with the private sector, to maximize regional available resources in order to better prepare the region for disasters and post-disaster rehabilitation and reconstruction. We also took note of the importance of cooperation in developing and sharing new technologies and adapting the existing ones, including in agriculture, to mitigate the damage caused by natural disasters.

We reiterated that energy security is critical for sustainable economic development. Noting the challenges of meeting rapidly growing energy demands while minimizing environmental effects, we urged member economies to continue to work to facilitate energy investments and cross-border energy trade, to develop new and renewable energy sources and technologies to ensure cleaner use of fossil fuels, to boost energy efficiency and conservation, to enhance emergency preparedness and to better protect critical energy infrastructure. We commended the launch of the APEC Biofuels Task Force. We instructed Ministers to report to us in 2007 on ways in which APEC might further contribute to responding to these challenges through pursuing policies and technologies that promote the development of cleaner energy and the improvement of energy efficiency, thereby enabling economies to meet increasing energy needs with a lower environmental impact and to address climate change objectives.

3. Building Stronger Societies and a More Dynamic and Harmonious Community

While we noted with satisfaction the important progress achieved this year, we understood many other tasks remain to be fulfilled in order to build stronger societies and a more dynamic and harmonious community.

We recognized the importance of economic and technical cooperation to ensure equitable growth and shared prosperity in the region and global competitiveness as a foundation to advance trade and investment liberalization and facilitation. We welcomed the outcomes and efforts to strengthen the prioritization and effective implementation of economic and

technical cooperation through APEC fora. These achievements will ensure more focused economic and technical cooperation and bring a more strategic perspective to APEC's capacity building and technical assistance. We reiterated that education and capacity building remain a priority within the APEC agenda.

We welcomed the contributions by the People's Republic of China, Republic of Korea and the United States to the APEC Support Fund to advance economic and technical cooperation to ensure equitable and shared prosperity. We welcomed earlier contributions by Australia and Chinese Taipei to the Fund. We also appreciated Japan's continuous contribution to the Trade and Investment Liberalization and Facilitation (TILF) Fund. We encouraged member economies' further contributions to the APEC TILF and APEC Support Fund with a view to providing more resources for facilitating trade and investment and implementing capacity building activities.

We also endorsed the APEC Port Service Network Initiative to facilitate cooperation and communication among ports and related sectors in APEC member economies.

We underlined the importance of small and medium sized enterprises and urged member economies to make every effort to develop and implement specific measures to improve their competitiveness, innovation and entrepreneurship in line with the "Hanoi Declaration on Strengthening SME Competitiveness for Trade and Investment" and "the Daegu Initiative on SME Innovation Action Plan".

We identified corruption as one of the greatest obstacles to economic and social development, agreed to fight corruption and usher in a community of integrity by effectively implementing APEC Anti-corruption and Transparency (ACT) Task Force's initiatives through enforcement of anti-bribery law, prosecution, law enforcement, and denial of safe haven. We endorsed the APEC 2006 Key Deliverables on Prosecuting Corruption, Strengthening Governance and Promoting Market Integrity, and encouraged APEC economies to strengthen APEC's work and to complete a progress report on the implementation of ACT commitments by 2007. We instructed Senior Officials to work with ABAC and other business leaders to strengthen corporate governance to assure greater economic opportunities and prosperity.

We affirmed the significance of Information and Communication Technology (ICT) for APEC's development. We acknowledged the efforts made in reaching the Brunei Goals on Internet access and instructed Ministers to further facilitate achievement of these goals. We reaffirmed the importance of realizing the Asia-Pacific Information Society. We recognized the significance of the cross-border privacy rules concept in ensuring responsible and accountable cross-border information flows without creating unnecessary barriers.

We attached great importance to the APEC priority on promoting community linkages with a view to generating better understanding and trust among APEC members. We endorsed the Hoi An Declaration on Promoting Tourism adopted by APEC Tourism Ministers and urged member economies to further explore opportunities for tourism cooperation and to identify the impediments to the travel and tourism industry. We welcomed the APEC Inter-Cultural and Faith Initiative endorsed by Ministers and acknowledged that in order to support economic growth and to promote a healthy multi-cultural environment, it is important to deepen mutual understanding and develop social interaction through inter-cultural and faith dialogue in the APEC region.

We emphasized the need to make APEC more efficient and results-oriented. We commended progress on APEC reform and endorsed the 2006 reform package. We reaffirmed that reform is a high priority and that APEC must continue to evolve to meet new challenges and opportunities in a rapidly changing environment. We instructed Ministers and APEC Senior Officials to continue their work on APEC reform in 2007 and beyond, including the allocation of greater resources, further measures to streamline the organization, to improve evaluation and coordination, to strengthen and professionalize the Secretariat and to develop more effective delivery mechanisms for policy initiatives.

We endorsed in full the Joint Statement agreed by Ministers at the 18th APEC Ministerial Meeting.