

APEC ECONOMIC LEADERS' DECLARATION

Connecting the APEC Community

Vancouver, Canada
25 November 1997

1. We, APEC's Economic Leaders, met today in Vancouver, Canada, to reaffirm our commitment to work together to meet the challenge of sustaining regional prosperity and stability. Certain of the dynamism and resilience of the region, we underline our resolve to achieve sustainable growth and equitable development and to unlock the full potential of the people who live here. We agree that the prospects for economic growth in the region are strong, and that the Asia-Pacific will continue to play a leading role in the global economy. The goals we have set, including the achievement of free and open trade and investment in the region by the dates set out in the Bogor Declaration, are ambitious and unequivocal.

2. We take note of the rapid expansion of APEC's activities in recent years, and the increasing leadership role it plays in global economic affairs. Flowing from commitments embodied in the Osaka Action Agenda and the Manila Action Plan for APEC, we welcome the designation of 1997 as *APEC's Year of Action*. We have reflected on the concrete *results* that APEC cooperation has generated throughout the year, and set out a *vision* of how we may build upon these achievements in the years ahead. As the year draws to a close, we note with satisfaction that we have met and surpassed all the tasks we set for ourselves at our last meeting in Subic.

3. APEC – Addressing shared challenges: We have had a thorough discussion of recent financial developments in the region. Our economies and the international community as a whole have a strong interest in seeing a quick and enduring restoration of financial stability and healthy and sustainable growth. These events reflect new challenges in the international financial system that require new responses. The global dimensions of these problems suggest the need for a global response, with regional initiatives to complement and support these efforts. We are resolved to work together to address these shared challenges.

There is no doubt that the fundamentals for long-term growth and prospects for the region are exceptionally strong. We remain convinced that open markets bring significant benefits and we will continue to pursue trade and investment liberalization that fosters further growth. Prudent and transparent policies, particularly sound macroeconomic and structural policies, human resource development strategies, and effective financial sector regulation are key to restoring financial stability and realizing this growth potential.

But we need to go further. We believe it is critically important that we move quickly to enhance the capacity of the international system to prevent or, if necessary, to respond to financial crises of this kind. On a global level, the role of the International Monetary Fund (IMF) remains central. Therefore, we welcome and strongly endorse the framework agreed to in Manila as a constructive step to enhance cooperation to promote financial stability: enhanced regional surveillance; intensified economic and technical cooperation to improve domestic financial systems and regulatory capacities; adoption of new IMF mechanisms on appropriate terms in support of strong adjustment programs; and a cooperative financing arrangement to supplement, when necessary, IMF resources. We urge rapid implementation of the Manila Framework. We also look forward to the conclusions of the IMF study already underway on the role of market participants in the recent crises.

We recognize that as the region's most comprehensive economic forum, APEC is particularly well suited to play a pivotal role in fostering this kind of dialogue and cooperation on a range of policies and develop initiatives to support and supplement these efforts. We ask our Finance Ministers, working closely with their Central Bank colleagues, to accelerate their work launched in Cebu in April on the collaborative initiatives to promote the development of our financial and capital markets, and to support freer and stable capital flows in the region. APEC can play a particularly valuable role in exploring ways, in cooperation with the World Bank, the IMF, and the Asian Development Bank, of intensifying its economic and technical cooperation, giving priority to upgrading financial systems, enhancing cooperation among market regulators and supervisors and other measures to help improve the integrity and functioning of financial markets. A good example of private-public partnership in

these areas is the recently-announced Toronto Centre for Executive Development of Financial Sector Supervisors.

We look to our Finance Ministers to report on progress on all of these initiatives early in the new year and to concrete outcomes at their next meeting.

4. APEC must play an increasing role in addressing such challenges. We are resolved to work together to achieve concrete results through dialogue and problem-solving. Recognizing the diverse interests and circumstances of its membership, APEC has given rise to entirely new approaches to international economic cooperation. Based on three mutually supportive pillars – trade and investment liberalization, business facilitation, and economic and technical cooperation – the APEC approach addresses regional challenges and opportunities in an integrated fashion so that all members develop the capacity to participate fully in and benefit from this cooperation. By connecting the community APEC has helped us to build relationships and share knowledge to improve the well-being of our citizens. These partnerships enhance our prosperity and progress, enrich our lives and foster the spirit of the APEC community.

A Year of Action – Key Results

5. We welcome the concrete results achieved this year in implementing the trade and investment liberalization commitments we set out at Subic Bay. We recognize efforts made by members to improve the commitments in their Individual Action Plans. APEC's collective achievement in enhancing the comparability and transparency of these plans is important in ensuring that our undertakings are well understood in the marketplace. The views of the private sector are critical to ensuring that APEC's efforts remain focused and on target. In this regard, we welcome the review of the Manila Action Plan for APEC which was carried out by the APEC Business Advisory Council (ABAC), and instruct our ministers to take ABAC's views into consideration in the preparation of future plans. As Individual Action Plans remain the core mechanism for APEC's trade and investment liberalization activity, we reaffirm our commitment to their annual improvement.

6. APEC's liberalization proceeds on a voluntary basis, propelled by commitments taken at the highest level. In this regard, we welcome the action taken to accelerate by two years the timetable for the identification of sectors for early voluntary liberalization, a decision that underlines our determination to advance the pace of liberalization in the region and globally. We endorse the agreement of our Ministers that action should be taken with respect to early voluntary liberalization in 15 sectors, with nine to be advanced throughout 1998 with a view to implementation beginning in 1999. We find this package to be mutually beneficial and to represent a balance of interests. We instruct Ministers responsible for trade to finalize detailed targets and timelines by their next meeting in June 1998. To sustain this momentum, we further instruct that the additional sectors nominated by members this year be brought forward for consideration of additional action next year. We underline our commitment to comprehensive liberalization, as stated in the Osaka Action Agenda.

7. Among multilateral and regional fora, APEC is a pioneer in the area of trade and investment facilitation. Our business community tells us that this is the area of APEC activity of most immediate relevance to them. Lowering costs, eliminating red-tape and delay, promoting regulatory reform, developing mutual recognition arrangements on standards and conformance, and increasing predictability are clear benefits, especially to operators of small and medium-sized enterprises (SMEs). *The Blueprint for APEC Customs Modernization*, which puts forward a comprehensive program to harmonize and simplify customs clearances by the year 2000, provides a model. We urge the acceleration of trade and investment facilitation through APEC's Collective Action Plans and direct Ministers to use APEC's economic and technical cooperation activities to build capacity, adapt procedures and incorporate new technologies.

8. On the eve of the 50th anniversary of the General Agreement on Tariffs and Trade (GATT) we reflected on the rich legacy it has conferred through the encouragement of open trade regimes. We reaffirm the primacy of the open, rules-based multilateral trading system under the World Trade Organization (WTO) and reiterate our commitment to APEC's activity proceeding on the basis of open regionalism. We invite trading partners outside APEC to follow suit.

Full and active participation in and support of the WTO by all APEC economies is key to our ability to continue to strengthen the global trading system. We encourage the acceleration of substantive negotiations on protocol issues and market access with a view to achieving universality of WTO membership. We reaffirm our undertaking to implement fully all existing WTO commitments and the built-in agenda of the WTO according to agreed timetables. We also challenge the WTO to build on APEC's efforts towards further broad-based multilateral liberalization. We note with pleasure the leadership that APEC has demonstrated in advancing in the WTO the conclusion of Agreements on Information Technology and Basic Telecommunications. We undertake to work in a determined fashion to achieve a successful conclusion to WTO negotiations on financial services by the agreed deadline of 12 December 1997. As agreed by our finance and trade Ministers, a successful conclusion would include a Most Favoured Nation (MFN) agreement based on significantly improved commitments. This result will enhance competition within our financial systems, foster development of regional capital markets, promote financial integration, improve the regional capacity for intermediate savings and strengthen our economies' resilience in the face of external shocks.

9. We are pleased with the progress that has been made in implementing the 1996 Framework for Strengthening Economic Cooperation and Development in APEC, and call on Ministers and officials to focus on addressing the key challenges identified therein. We direct Ministers to give all elements of the Framework equal weight and attention, and to be mindful of its indivisibility as an integrated set of objectives requiring coordination and communication across the APEC agenda. We applaud the effort in 1997 to apply this Framework approach to APEC's work on two key challenges in the region – infrastructure and sustainable development. We direct Ministers to focus further efforts on capacity-building in 1998 through work on developing human resources and harnessing technologies of the future to enable all members of the APEC community to benefit more fully from trade liberalization.

10. Meetings of Ministers responsible for finance and trade provided early impetus for APEC's work in 1997. We commend their activities as a direct contribution to our goal for sustainable growth and equitable development. We are also gratified by the substantial contributions that Ministers responsible for environment, transportation, energy, small and medium-sized enterprises, and human resources development have made in 1997 to APEC's work. We welcome the progress of APEC fora in involving business, academics and other experts, women and youth in 1997 activities, and encourage them to continue these efforts.

11. APEC members share a belief in the contribution of free markets to achieving our growth and employment objectives. While they have a clear role in managing the impacts of economic transition, governments alone cannot solve the complex questions posed by our interconnected world. We are pleased to note a leap in business involvement in all levels of APEC activity this year. As Leaders, we have profited from our dialogue with the APEC Business Advisory Council. We commend their initiative in increasing their exchanges with Ministers and Senior Officials. We will reflect on recommendations set out in ABAC's 1997 *Call to Action*. We also welcome ABAC's intention to establish a Partnership for Equitable Growth, and express appreciation for recommendations on diverse and important issues such as standards, business mobility and capital market development. We stress the need for APEC to broaden its outreach to a wider segment of the business community.

Noteworthy in 1997 has been the wealth of APEC activities and initiatives in support of SMEs. Although ours is a region of traders, many SMEs encounter obstacles to their full participation. We stress the importance of strengthening our SME sectors, to allow them to take advantage of linkages into regional trade and investment opportunities by promoting a business environment that stimulates creation of new enterprises. We commend the fact that many specialized APEC fora have developed programs to address the needs of SMEs. We take note of the priorities and approaches set out in APEC's 1997 *Framework for SMEs*, and instruct Ministers to ensure they are applied.

A Vision for the 21st Century

12. **Connecting APEC's instruments** – Intense growth in the economies of the Asia-Pacific over the past decade has had far reaching impacts on our societies. Growth and employment, as well as improved incomes and quality of life, are welcome benefits. In all of our societies these positive outcomes have been accompanied by structural and environmental pressures. Globalization has emerged as a reality. Rapid urbanization and advances in information technology are transforming our

cityscapes, as well as the way in which we interact. Our ability to adapt to new developments will determine our success in achieving sustainable and equitable development among and within societies in the region. We applaud the efforts made this year to integrate APEC's instruments – liberalization, facilitation and economic and technical cooperation – in addressing emerging challenges.

13. Connecting with our constituents: We stress our common belief that ongoing and ambitious trade and investment liberalization remains indispensable to the health of our economies. To underpin our efforts, support among the people of the region for continuing trade and investment liberalization is essential. We welcome the decision by Ministers to develop an APEC-wide work program to assess the full impact of trade liberalization, including its positive effects on growth and employment, and to assist members in managing associated adjustments.

14. Connecting our economies: Our discussions today have focused on regional infrastructure requirements in support of economic and social development. We endorse the work that has been carried out this year on infrastructure applications to make city life more sustainable, in particular the *Sustainable Cities Program of Action*. The rapid growth of urban centres poses daunting challenges such as bottlenecks, supply constraints, as well as health and environmental concerns. Governments must strive to ensure adequate access to infrastructure for people in all walks of life, urban or rural. Capacity-building through economic and technical cooperation is essential to ensure the ability of all economies to address these critical challenges.

Infrastructure is inextricably linked to the questions of financial stability that we have addressed. In addressing regional infrastructure decisions, governments and business must work together to ensure that long-term financial sustainability is adequately considered. Cooperation with business and international financial institutions and development banks can be critical to achieving optimal project planning. We endorse the attached *Vancouver Framework for Enhanced Public-Private Partnerships for Infrastructure Development*. We also are pleased by the agreement to enhance cooperation among Export Credit Agencies and Export Financing Institutions in support of regional infrastructure development, as well as agreement to undertake a feasibility study on a Network of Infrastructure Facilitation Centres to encourage information sharing and transparency. Recognizing the importance of telecommunications and information technology for building an Asia-Pacific information society, we agree that the Asia-Pacific Information Infrastructure is an essential basis for ensuring the competitiveness of the region in the 21st century.

15. Connecting electronically: We agree that electronic commerce is one of the most important technological breakthroughs of this decade. We direct Ministers to undertake a work program on electronic commerce in the region, taking into account relevant activities of other international fora, and to report to us in Kuala Lumpur. This initiative should recognize the leading role of the business sector and promote a predictable and consistent legal and regulatory environment that enables all APEC economies to reap the benefits of electronic commerce.

16. Connecting science and technology: In view of the growing role of science and technology in promoting economic growth and its close linkages to trade and investment flows, we direct Ministers to formulate an APEC Agenda for Science and Technology Industry Cooperation into the 21st Century, and present it to us in Kuala Lumpur. We also welcome other regional networks to strengthen science and technology linkages, including the Association of Pacific Rim Universities (APRU).

17. Connecting the issues: Achieving sustainable development remains at the heart of APEC's mandate. Equity, poverty alleviation and quality of life are central considerations, and must be addressed as an integral part of sustainable development. We have made a commitment to advance sustainable development across the entire scope of our workplan. We welcome the results of the multi-sectoral symposium on relationships among food and energy and the environment under the pressures of rapid economic and population growth, as well as the interim report we have received. We look forward to presentation of a more detailed and action-oriented report in 1998.

18. Connecting efforts on climate change: We recognize the importance of accelerating action on a global level to deal with emissions of greenhouse gases. We affirm that this issue is of vital significance, and that it requires cooperative efforts by the international community, in accordance with the principle of common but differentiated responsibilities. We emphasize our strong support for a

successful outcome to the Third Conference of the Parties in furthering the objectives of the UN Framework Convention on Climate Change (UN-FCCC). We note that all APEC members can make important contributions to this effort. We also agree that the enhancement of energy efficiency plays an important role in addressing climate change. We affirm the importance of flexible and cost-effective cooperative approaches to reducing greenhouse gas emissions, including by promoting the development and diffusion of beneficial technologies. We recognize the legitimate needs of developing economies to promote their sustainable development in furthering the objectives of the UN-FCCC and, in this respect, the importance of enhancing the availability of beneficial technologies.

19. Connecting emergency response: We recognize that unexpected disasters which affect one of us can affect all of us, and that we can benefit from sharing expertise and collaborating on emergency preparedness and response. We welcome the initiative of Ministers in this regard.

20. Connecting the people of the Asia-Pacific: Continued prosperity in the region will depend heavily on our willingness and our ability to vest the next generation of leaders of the region with the skills and knowledge they require. We applaud the initiative to involve youth throughout APEC's 1997 activities. Education and skill-building remain key objectives for long-term employment of our youth, and we call on Ministers to work with young people, academics, workers and business to share approaches on successful transitions from the learning environment to the work force. We welcome the Electronic Source Book on work, study and exchange opportunities in the region, the establishment and development of the APEC Education Foundation, and the APEC Youth Skills Camp and the APEC Youth Science and Technology Festival, both to be held in 1998 in Seoul. We appreciate the offer by Singapore to establish an APEC Education Hub, which includes the granting of scholarships to APEC students. We welcome the holding of a Ministerial Conference on Education in 1999 in Singapore to explore the possibility of expanding this initiative, offering quality programmes to students in the region.

We believe APEC should take specific steps to reinforce the important role of women in economic development. We welcome the offer of the Philippines to host a Ministerial Meeting on Women in 1998 in Manila, to take stock of progress to date in involving women in APEC's agenda and to determine next steps to integrate women into the mainstream of APEC's activities.

21. Spanning twelve time zones from St. John's to Sumatra, APEC bridges both distance and diversity. Through a combination of concrete results and renewed vision, the spirit of community which unites us has been strengthened and broadened this year. The people of the region remain its greatest asset. As Leaders, we are accountable for safeguarding and improving their economic and social well-being. Our people are the foundation on which the APEC community is built. We commit ourselves to ensuring that APEC remains responsive to their concerns.