

**TENTH APEC MINISTERIAL MEETING
JOINT STATEMENT**

**KUALA LUMPUR, MALAYSIA
14 - 15 NOVEMBER 1998**

The Tenth Asia-Pacific Economic Cooperation (APEC) Ministerial Meeting was attended by 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; Republic of the Philippines; Russia; Singapore; Chinese Taipei; Thailand; United States of America; and Vietnam.

Members of the APEC Secretariat were also present. The Association of South-East Asian Nations (ASEAN) Secretariat, the Pacific Economic Cooperation Council (PECC) and the South Pacific Forum attended as observers.

The meeting was chaired by the Honourable Dato' Seri Rafidah Aziz, Minister of International Trade and Industry, Malaysia. On behalf of the meeting, she welcomed the new members - Peru, Russia and Vietnam.

Financial Stability

2. Ministers reviewed recent developments in the world economy. They welcomed the 1998 APEC Economic Outlook, with its particular focus and comprehensive review of the current economic developments and prospects of the region. Ministers expressed concern that the financial crisis with its associated contagion effects has had serious socio-economic implications for growth, employment and poverty levels in member economies. Ministers tasked Senior Officials to intensify APEC's efforts to address the social impacts of the crisis as a high priority.

3. Ministers agreed that the major challenge before APEC is to advance policies and collaborative efforts directed at early recovery and sustainable growth in the region. Each economy, both industrialised and developing, has an important stake in this objective and a role in achieving it by implementing appropriate growth-oriented macro-economic policies and structural reforms. Ministers welcomed the efforts of affected economies to overcome the crisis. They also stressed the critical role of open markets in underpinning economic recovery.

4. Ministers supported the work programme of APEC Finance Ministers in strengthening the international and domestic financial systems, developing capital markets, liberalising capital accounts and formulating measures to build social safety nets in affected economies.

5. Ministers concurred that capacity building initiatives were integral in enhancing the resilience of domestic economies and their ability to withstand future economic turbulence. In this context, Ministers endorsed the ***Economic Governance Capacity Building Initiative*** and welcomed the work on corporate governance in the Finance Ministers' process. Ministers looked forward to progress on these initiatives.

Trade and Investment Liberalisation and Facilitation (TILF)

6. Ministers reaffirmed their commitment to achieve APEC's trade and investment liberalisation goals through the process of individual and collective actions. Ministers viewed trade and investment liberalisation as an important element in restoring confidence in the region and in stimulating economic growth.

7. ***Individual Action Plans***: Ministers endorsed the submission of improved 1998 Individual Action Plans (IAPs) and welcomed IAPs of the three new members. Ministers were encouraged by the continued implementation and improvements to the Plans, particularly by economies affected by the financial turmoil. Ministers commended the commitment to specific action and timelines, adherence to the 1997 revised format guidelines and consideration given to the APEC Business

Advisory Council's (ABAC) recommendations. Ministers also welcomed the voluntary inclusion in a number of IAPs of financial sector reforms and other measures taken in response to the situation of financial instability. Ministers noted the usefulness of the current process of bilateral consultations and voluntary peer review in providing feedback for further improvements. In this regard, Ministers welcomed Korea's and Malaysia's submission of their IAPs for voluntary peer review and the offer from Australia, Brunei, Japan, Philippines, and United States to do so in 1999. Ministers agreed that Senior Officials should undertake a review, in 1999, to assess overall progress in IAPs in accordance with the principles, objectives and guidelines of the Osaka Action Agenda. Ministers reaffirmed the role of the IAPs as the primary mechanism for progressing APEC's trade and investment liberalization and facilitation towards the Bogor goals.

Trade and Investment Facilitation:

8. Ministers welcomed and endorsed the 1998 Committee on Trade and Investment (CTI) Annual Report to Ministers. They commended the CTI's work in facilitating a more open environment for trade and investment as well as in implementing activities to improve the flow of goods, services, capital, and technology that will be relevant to business. Ministers agreed that emphasis be given to action-oriented and focussed outcomes that will provide tangible benefits to members.

Ministers welcomed the 1998 achievements of the CTI and the Working Groups and their work on:

- alignment of member economies standards with international standards on electrical and electronic equipment in respect of safety and electromagnetic compatibility by 2004/2008;
- agreement on the part of exchange of information of MRA for electrical and electronic equipment;
- development of a menu of options for investment liberalisation and facilitation;
- development of non-binding principles pertaining to value for money, open and effective competition, and fair dealing in government procurement;
- implementation of phase 2 of the APEC Business Travel Card trial and collective commitment to expand the availability of multiple entry visas or permits for business purposes;
- set of policy recommendations on the development of natural gas and promotion of energy efficiency;
- development of a comprehensive customs work programme on common data elements, risk management and express consignment clearance;
- launch of the APECNet for business search and opportunities;
- enhancement of information exchange and policy dialogue through the publications on APEC Energy Supply and Demand, IPR administration systems and the Business Residency Handbook;
- comprehensive range of training and technical cooperation programmes undertaken in 1998; and
- the development of an APEC Directory of Professional Services that facilitates the provision of trade in services.

9. Ministers called for further development of Collective Action Plans (CAPs) and their implementation in 1999. In particular, Ministers called for intensified work on trade facilitation which encourages the use of technologies and techniques that will help members to build up expertise, reduce costs and lead to better movement of goods and services. They agreed that officials should examine how competition and regulatory reforms can contribute towards facilitating trade and investment. Ministers stressed the importance of the completion of TRIPs implementation by APEC WTO member economies in 2000. In addition, they directed that priority be given in 1999 to the

implementation of the multiyear training and technical cooperation programmes, including on standards and conformance, customs procedures, intellectual property, competition policy and business mobility as a means of enhancing members capacity in the TILF area and in implementing CAPs.

10. Ministers welcomed the actions taken by CTI and its sub-fora to invite, as appropriate, business/private sector contributions, including from ABAC in accordance with the agreed guidelines. Ministers encouraged actions by APEC fora that will increase benefits to SMEs. They further directed APEC fora to consider ways to enhance business/private sector support and contributions for APEC activities.

11. **Early Voluntary Sectoral Liberalisation (EVSL)**: Ministers recognised the Early Voluntary Sectoral Liberalisation (EVSL) initiative as a significant step to advance the pace of liberalisation in APEC. The EVSL initiative, undertaken through the APEC principle of voluntarism, is an integrated approach to liberalisation through the incorporation of facilitation and economic and technical cooperation measures.

12. Ministers noted the progress made in 1998 in finalizing the EVSL package:

- i. Participation by 16 economies in the EVSL process;*
- ii. Results of the Kuching meeting on a framework for addressing EVSL, encompassing tariffs, facilitation and ECOTECH, and with respect to tariffs, end-rates, end-dates and product coverage (including subsequent work) as well as guidelines on flexibility provisions;
- iii. Conformity with the end-rates and end-dates, as reflected in Table 1 in SOM Chair's report; and
- iv. Flexibility requests for end-rates and end-dates as reflected in Table 2 of the SOM Chair's report.

13. Ministers agreed that APEC economies may implement immediately the tariff commitments on a voluntary basis.

14. Ministers agreed to commence implementation of facilitation, ECOTECH and other initiatives according to the agreed schedule in all 9 sectors. Additional facilitation and ECOTECH initiatives will be developed and implemented on a continuous basis.

15. Ministers of the 16 participating economies also agreed to improve and build on this progress in 1999:

- i. by broadening the participation in the tariff element beyond APEC, to maximize the benefit of liberalisation. In this regard, the WTO process would be initiated immediately on the basis of the framework established in Kuching and subsequent information provided by economies, having regard to the flexibility approaches as contained in the status reports with a view towards further improving their participation and endeavouring to conclude agreement in the WTO in 1999; and
- ii. by working constructively to achieve critical mass in the WTO necessary for concluding agreement in all 9 sectors.

16. This process of expanding participation beyond APEC will not prejudice the position of APEC members with respect to the agenda and modalities to be agreed at the Third WTO Ministerial Conference.

17. Ministers agreed to review progress at the Trade Ministerial Meeting in June 1999.

*Australia; Brunei; Canada; People's Republic of China; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; New Zealand; Papua New Guinea; Philippines; Singapore; Chinese Taipei; Thailand and USA.

18. Elements in the other six sectors shall be further developed for review by Ministers Responsible for Trade in June 1999. Implementation of NTMs, facilitation and ECOTECH and other initiatives that have been agreed shall commence in accordance with the work programmes in each sector.

19. **Impact of Liberalisation:** Ministers acknowledged the importance of promoting a broad-based and balanced understanding within APEC communities of the rationale for APEC's trade and investment liberalisation goals. Ministers noted that the case studies provide useful overview of the adjustment costs and benefits as well as the broader impact of liberalisation. Ministers tasked officials to develop effective communication strategies to build community understanding for liberalization, including through the holding of a keynote seminar on communicating the impact of trade liberalisation in Auckland in June 1999.

20. **Multilateral Trading System:** Ministers reiterated their commitment to strengthen the multilateral trading system through further trade liberalisation and by ensuring the adequacy of trade rules, at a time of globalisation and rapid technological advancement, in a manner which will enhance the capacity of developing economies to integrate into the global economy and achieve the benefits of liberalisation.

Ministers pledged their support for WTO's work on trade and investment liberalisation and rule making. In this regard, APEC member economies would actively participate and contribute to the WTO preparatory process to develop a substantive agenda for the Third WTO Ministerial Conference, with a view to pursuing further broad-based multilateral market access and other liberalisation, to respond to the range of interests and concerns of all members.

Ministers also stressed the importance of full implementation of existing WTO commitments. Ministers also reaffirmed their commitment to maintain the momentum of multilateral trade liberalization. Ministers encouraged acceleration of accession negotiations in accordance with WTO rules and based on effective market access commitments with a view to achieving universality of WTO membership.

Ministers commended the on-going contribution by APEC to support work undertaken by the WTO in areas such as the interaction between trade and competition policy, transparency in government procurement and investment. In this respect, APEC work in such areas as competition policy, deregulation, government procurement and investment was of particular relevance. Ministers encouraged such work be continued. Ministers also directed that technical cooperation activities be enhanced to assist member economies to implement WTO Agreements.

Economic and Technical Cooperation (ECOTECH)

21. Ministers commended the efforts to further strengthen economic and technical cooperation in APEC under the Manila Framework for Strengthening Economic Cooperation and Development. Capacity building initiatives which contribute towards reinforcing foundations for sustainable growth have become a priority in the light of the economic crisis. Ministers welcomed the SOM 1998 Report on ECOTECH Activities and called for the report to be submitted annually.

Ministers expressed satisfaction with progress on the broad spectrum of ECOTECH activities in pursuit of the six priority themes, particularly the focus on capacity-building, and commended the efforts of the SOM Sub-committee on Economic and Technical Cooperation to improve coordination and management and ensure focussed outcomes. Ministers called for intensified work to further improve the effectiveness of economic and technical cooperation activities.

22. **Developing Human Capital:** Human resources development is a key factor for sustained economic growth and investments in human resources now will assist in economic recovery. Skills upgrading of the region's workforce will enhance the flexibility of economies to cope with the challenges in the new millennium. Ministers approved the ***Kuala Lumpur Action Programme on Skills Development*** to further intensify efforts towards upgrading the skills of the region's human capital and instructed APEC fora, particularly the HRD Working Group, to implement the Action Programme. Ministers welcomed the members' efforts to expand or initiate programmes for skills development following the Action Programme. Ministers recognised the importance of private sector

contributions in skills development and welcomed the proposed seminar to share experiences on public-private/business sector partnership in skills development be held in 1999. Ministers encouraged greater contribution from the private sector in progressing the relevant projects of the HRD Working Group.

Ministers recognised the importance of fully harnessing the vast potential of the human capital in the region, especially among youth and women, and reiterated their support for continued efforts to integrate them into APEC activities. Ministers endorsed all the recommendations of the Ministerial Meeting on Women in Economic Development and Cooperation in APEC, particularly the development of a ***Framework for the Integration of Women in APEC***. Ministers noted the success of the ***APEC Youth Science Festival*** in Seoul in generating the involvement of youth in science and communication.

23. **Stable, Safe and Efficient Capital Markets:** Ministers noted the efforts to promote the development and resilience of APEC's financial and capital markets undertaken by APEC Finance Ministers. In tandem with this, efforts are being undertaken by member economies to reform and strengthen their domestic financial systems. Ministers agreed that APEC's approach towards accelerating an early recovery and restoring confidence in the region involved positive linkages and cooperation with the on-going efforts of the international financial institutions and other international fora to alleviate the crisis.

Ministers noted that APEC fora have during the course of the year considered the impact of the financial crisis on labour markets, infrastructure development, SME, trade, investment, women, tourism and the energy sector. Members welcomed the report of the task force on human resources and the social impact of the financial crisis.

24. **Economic Infrastructure:** Ministers welcomed the APEC Infrastructure 1998 Report on activities to implement the 1997 Vancouver Framework for Enhanced Public-Private Partnerships in Infrastructure Development. Ministers recognised that investment in infrastructure development can contribute to economic recovery in the region and called for further progress in the five areas of:

- creating an Asia-Pacific Information Society ;
- creating an Integrated Asia-Pacific Transportation System;
- economically viable and environmentally sustainable energy infrastructure which includes the Natural Gas Initiative endorsed by Energy Ministers;
- infrastructure for Sustainable Cities; and
- infrastructure to Support Rural Integration and Diversification, including innovative ideas for financing rural infrastructure development.

25. **Harnessing Technologies of the Future:** In recognizing the potential of scientific and technological advancements in promoting economic growth, Ministers endorsed the ***APEC Agenda for Science and Technology Industry Cooperation into the 21st Century*** approved by the Ministers Conference on Regional Science and Technology Cooperation. The 'Agenda' encourages enhanced collaboration and cooperation through the creation of strong open innovation systems and development of sustainable regional science and technology networks and partnerships. Ministers called for an annual progress report on implementation of the Agenda. Ministers also welcomed progress in the APEC cleaner production initiative and encouraged member economies to actively participate in cleaner production projects.

26. **Environmentally Sound Growth:** Pursuant to the call by Leaders for an action-oriented report on the impact of population and economic growth on food, energy and the environment, Ministers welcomed and endorsed the **1998 FEEEP Report** which outlines joint actions in the areas of food, energy and the environment, including the establishment of an interdisciplinary network of research institutions. Ministers instructed that work be progressed in 1999. Ministers endorsed the ***APEC Framework For Capacity Building Initiatives On Emergency Preparedness***, which aims to strengthen joint cooperative efforts to enhance capacities of APEC member economies to respond to natural disasters and emergencies, and look forward to initiatives to improve preventive and responsive measures through information-sharing and capacity building. Ministers welcomed the decision of Energy Ministers to improve the efficiency of energy use, in particular through implementation of a voluntary pledge and review program. Ministers reiterated the importance of

APEC's work on sustainable development in following up on the initiatives of Environment Ministers in respect of clean oceans, cleaner production and sustainable cities, and directed the appropriate APEC fora to progress work in these areas.

27. **Strengthening the dynamism of Small and Medium Enterprises**: Ministers recognised the crucial role of small and medium enterprises (SMEs) in enhancing the resilience of economies in a rapidly evolving competitive business environment. Ministers welcomed the ***Integrated Plan of Action for SME (SPAN)*** approved by the SME Ministerial Meeting. The SPAN provides guidelines for the development of SMEs through action at the domestic level and collaboration efforts at the regional level.

28. Ministers also noted the work of the APEC Working Groups and other APEC fora in furthering APEC's objectives of promoting economic growth and cooperation. Ministers directed these fora to continue the implementation of the Framework for Strengthening Economic Cooperation and Development through coordinated activities.

Electronic Commerce

29. Ministers endorsed the work of the APEC Electronic Commerce Task Force in promoting greater understanding of electronic commerce issues through exchanging and sharing of information and developing substantive recommendations to ensure that APEC as a region benefits from this new technology. This work programme covers Y2K, "Paperless Trading", authentication issues such as cross certification, collection of case studies, survey of impediments, "Virtual" Electronic Commerce/Multimedia Resource Network and ECOTECH activities. Ministers recognised that whilst the business sector has a leading role in the development of electronic commerce technology and applications, the government has an important role in providing a favourable environment for electronic commerce to flourish and to create confidence from using it.

In order to increase the uptake of electronic commerce in APEC, Ministers endorsed the ***APEC Blueprint for Action on Electronic Commerce*** setting out the broad themes relating to cooperation on electronic commerce within APEC and specific future activities for the APEC-wide electronic commerce work programme and agreed that it be transmitted to APEC Economic Leaders for endorsement. They recognised that technical cooperation would enhance the capacity of member economies for the uptake of electronic commerce within APEC. To ensure continued coordination in pursuit of the Blueprint for Action, Ministers agreed that a Steering Group, comprising representatives from member economies would be established involving relevant working groups and sub-fora as well as business sector experts, in accordance with APEC guidelines on business/private sector participation. Ministers recognised the urgency to deal with the Y2K and welcomed the proposed Y2K Regional Contingency Planning Experts Meeting in early 1999. Ministers tasked officials to collaborate to intensify regional preparations to deal with the Y2K problem. Ministers expressed appreciation to PECC for its contribution to APEC's work on electronic commerce.

Analytical Work

30. Ministers welcomed and endorsed the Economic Committee's Annual Report, including the attached report of the Task Force on Food and the Infrastructure Workshop's Year-end Report. Ministers commended the Committee for its work in preparing the 1998 APEC Economic Outlook and the extensive progress made in finalising its initial research agenda. Ministers noted and endorsed the Economic Committee's revised terms of reference that focus the Committee's future endeavours on demand-driven analytical work in support of the Ministers and Leaders meetings as well the policy-oriented work of other APEC fora.

Ministers also commended the Committee and its Task Force on Food for the work in developing the FEEEP Report to Leaders, the supporting analytical work on food and the Proceedings of the FEEEP Symposium, which addressed the crosscutting aspects of this issue.

Ministers also commended the Infrastructure Workshop for advancing the work in this priority area, including the results of the 1998 Public/Private-Sector Dialogue, which afforded the business sector an important opportunity to discuss the role of infrastructure investment in supporting recovery in growth.

Management Process

31. Ministers welcomed the interim report on the three-year review of APEC's management process with a view to streamlining its work and making it coherent and lean so as to respond better to current challenges. The review collaboratively led by Malaysia, New Zealand and Brunei Darussalam is built upon the work done by the Task Force on Management Issues in 1997.

Ministers endorsed a set of common guidelines to be used in reviewing the mandates of APEC fora and directed Senior Officials to forward their recommendations to Ministers in September 1999. In order to demonstrate their resolve to reform APEC's management process, Ministers agreed on the following initial actions:

- dissolution of the Trade and Investment Data and Review Working Group (TIDWG) and Small Group on Information Gathering and Analysis;
- adoption of common review guidelines for self-review by APEC fora;
- moratorium on the creation of new fora during the review period. If necessary, only ad hoc task forces with a definite life span would be created; and
- redesignating the Budget and Administrative Committee (BAC) as the Budget and Management Committee (BMC).

Private Sector/Business Participation

32. Ministers held a dialogue with representatives of ABAC and encouraged greater interaction with the business/private sector in APEC activities. Ministers noted the positive response to ABAC's 1997 recommendations in APEC's Individual and Collective Action Plans.

Organisational and Budget Issues

33. Ministers noted:

- Outcomes of the Sectoral Ministerial Meetings on Finance; Trade; SMEs; Telecommunications and Information Industry; Energy; and Science and Technology;
- Report of the APEC Study Centres; and
- Statements of ASEAN Secretariat, PECC and South Pacific Forum.

34. Ministers endorsed the SOM Chair Report on Budget Issues and approved the 1999 budget of US\$6,811,559 and contribution of member economies amounting to US\$3,338,000

35. Ministers took note of the Report of the APEC Secretariat and expressed appreciation for the work done by the Executive-Director, Ambassador Dato' Noor Adlan Yahaya Uddin and staff of the APEC Secretariat, as well as for the high level of professionalism and support provided to the APEC Committees and Working Groups and the APEC process as a whole.

Future Meetings

36. Ministers thanked New Zealand for the briefing on the preparations for the 11th APEC Ministerial Meeting and looked forward to their next meeting in Auckland in 1999. Ministers also thanked Brunei Darussalam for its update on plans for the 12th Ministerial Meeting. The 13th Meeting will be hosted by People's Republic of China. Ministers welcomed Mexico's offer to host the 14th Ministerial Meeting in 2002.