

November 11, 2011

## **The 23<sup>rd</sup> APEC MINISTERS MEETING**

**Honolulu, Hawaii  
November 11, 2011**

### **Statement**

We, the APEC Ministers, met in Honolulu, Hawaii, November 11, 2011 under the Chairmanship of Secretary of State Hillary Clinton and Ambassador Ronald Kirk, United States Trade Representative.

We welcomed the participation in the meeting of the APEC Business Advisory Council (ABAC), and the Pacific Economic Cooperation Council.

In 2010 in Yokohama, APEC Leaders set out a vision for APEC to strengthen regional economic integration and achieve balanced, inclusive, sustainable, innovative, and secure growth. In 2011, our focus is on achieving concrete and meaningful results to translate this vision into reality. With this goal in mind, we discussed the following outcomes under APEC's three priority areas for 2011.

#### **Strengthening Regional Economic Integration and Expanding Trade**

We endorsed the 2011 APEC Committee on Trade and Investment (CTI) Annual Report to Ministers.

#### *Addressing Next Generation Trade and Investment Issues*

In 2010, Leaders instructed APEC to establish an agenda to define, shape, and address next generation trade and investment issues that a Free Trade Area of the Asia-Pacific (FTAAP) should contain, as a key way to advance APEC's core mission to strengthen and deepen regional economic integration and expand trade, and make meaningful progress towards the achievement of an FTAAP. In 2011, to fulfill this instruction, we agreed on specific and substantive ways to enhance small and medium-sized enterprises' (SMEs) participation in global production chains and submitted them for consideration to APEC Leaders. We also advanced work to promote effective, non-discriminatory, and market-driven innovation policy and submitted it for APEC Leaders' consideration. We instructed officials to build on work in 2011 on next generation trade and investment issues by: (1) sharing progress achieved towards implementation of each of these outcomes by November 2013; and (2) identifying additional next generation trade and investment issues to be addressed by next year's Leaders' meeting.

#### *Reporting on Progress Towards Achievement of the Bogor Goals*

We reaffirmed our commitment to achieving the Bogor Goals of free and open trade and investment, and endorsed the Bogor Goals Progress Report Guidelines to give direction to the process of reviewing APEC economies' progress towards achievement of the Bogor Goals by 2020. As part of this, we encourage economies to provide in their 2012 Individual Action Plans complete information, including related to transparency, about their progress towards achieving the Bogor Goals. To better inform the business community and other stakeholders of this work, we instructed officials to continue developing a "dashboard" of easy-to-understand figures to summarize advances in areas critical to promoting greater regional economic integration.

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### *Reducing Trade Transaction Costs*

We welcomed the results of the Second Trade Facilitation Action Plan (TFAP II) assessment that APEC has achieved the Leaders' goal of a 5 percent further reduction in trade transaction costs over the TFAP II period of 2007 through 2010.

### *Improving Supply Chain Performance*

Enhancing supply chains to reduce the time, cost, and uncertainty of moving goods and services throughout the region continues to be a priority given its importance to trade and economic growth. To respond to the APEC Leaders' commitment to achieving an APEC-wide 10 percent improvement in supply chain performance by 2015, taking into consideration individual economy circumstances, we agreed on the following actions:

- To establish commercially useful de minimis values that under normal circumstances exempt express and postal shipments from customs duties or taxes and from certain entry documentation requirements, recognizing that economies may choose not to apply such exemptions on restricted goods or exempt shipments from taxes that are also applied to domestic goods. We recognized the importance of establishing de minimis values that maximize the trade facilitative and economic benefits for our economies and for trade in the region. We endorsed the APEC Pathfinder to Enhance Supply Chain Connectivity by Establishing a Baseline De Minimis Value (see Annex A), and instructed officials to develop a capacity-building program with the goal of increasing the participation of economies in the Pathfinder.
- We endorsed the APEC Authorized Economic Operator (AEO) Capacity Building Plan to assist interested APEC economies in developing and implementing AEO programs, in cooperation with other relevant frameworks such as the World Customs Organization. We also endorsed the Pathfinder on the Mutual Recognition of AEO Programs, which will encourage participating economies to pursue mutual recognition arrangements with fellow economies in the APEC region, as well as share experiences and practices to assist with the development of capacity-building tools.
- We endorsed the APEC Guidelines for Customs Border Enforcement of Counterfeiting and Piracy to assist customs authorities in APEC economies in identifying effective practices for intellectual property enforcement at the border. We also welcomed the successful outcomes of the Operation on Counterfeit Pharmaceuticals conducted by customs authorities around the region in 2011, including the resulting enforcement actions against more than 1,000 shipments of suspected counterfeit pharmaceuticals and the development of a set of model practices that may be useful for future capacity-building programs in this area.
- We welcomed the work undertaken this year to enhance the capacity of APEC local/regional logistics sub-providers, and instructed officials to take concrete actions in 2012 to further advance work in this area.

### *Addressing Barriers to SMEs Trading in the Region*

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We reaffirmed the importance of SMEs in promoting economic growth and job creation, and the critical role APEC can play in enhancing the business environment for SME exporters. In Big Sky, Montana, in their first ever joint meeting, Trade and SME Ministers identified top barriers facing SMEs in trading in the region. To address these barriers, we agreed on a set of specific actions that will provide direct and practical benefits to SMEs (see Annex B). We instruct officials to continue work in 2012 to address these and other barriers SMEs face in trading in the region.

#### *Establishing Cross-Border Privacy Rules*

Regional economic integration, regulatory cooperation, and cross-border trade can be enhanced through improved trust and predictability in electronic commerce. We endorsed the principal documents of the APEC Privacy Pathfinder that support these important objectives. Implementing the APEC Privacy Framework through Cross Border Privacy Rules enables greater information flows that support innovation and promote interoperability across global data privacy regimes, while enhancing data privacy practices; facilitating regulatory cooperation; and enabling greater accountability through the use of common principles, coordinated legal approaches, and accountability agents.

#### *Addressing Unauthorized Camcording*

We endorsed the APEC Effective Practices for Addressing Unauthorized Camcording to assist affected economies implement public awareness efforts, engage in cooperation with the private sector on capacity building, and adopt effective legal frameworks, when necessary, to address the challenges of unauthorized camcording in cinemas. With the development of improved technologies and the increasing sophistication of pirates, unauthorized camcording has become a significant issue affecting the region.

#### *Facilitating Investment*

We endorsed specific plans to establish a long-term framework for advancing work under APEC's Investment Facilitation Action Plan (IFAP) and to credibly demonstrate progress achieved in IFAP implementation. We also noted the IFAP's continuing value as a capacity-building and planning tool for APEC's work on investment facilitation. We endorsed the 2011 APEC Non-Binding Investment Principles. The successful revision of these Principles, 17 years after they were first established, demonstrates APEC's commitment to promoting investment and addressing challenges posed by a rapidly evolving business environment.

#### *Strengthening Food Security*

Securing our regional food supply from shortages and price shocks requires open markets, increased transparency, and information sharing on stocks and production, as well as deepening of our commitment to long-term investments in agricultural development, including agricultural productivity. We noted the progress on implementation of the Niigata Declaration on APEC Food Security, which supports our shared goals of sustainable development of the agricultural sector and trade and investment facilitation. We welcomed the establishment of the APEC Policy Partnership on Food Security, which will further integrate the private sector into our food security work.

#### *Implementing the APEC New Strategy for Structural Reform*

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We welcomed APEC's activities to facilitate structural reform, in particular, the identification of the specific reform priorities each member economy plans to implement under the APEC New Strategy for Structural Reform (ANSSR). We called on all relevant APEC fora to contribute to capacity-building activities based on these priorities through 2015. We instructed officials to actively promote, monitor, and review implementation of ANSSR.

#### *Improving Ease of Doing Business*

Mindful of our commitment to make it cheaper, faster, and easier to do business in the APEC region, we noted the progress economies are making toward APEC's interim target of a five percent improvement in the ease of doing business (EoDB) by the end of 2011. We reaffirmed our commitment to achieving our aspirational goal of a 25 percent improvement in EoDB by 2015, and instructed officials to continue to carry out capacity building to assist economies in meeting this target.

#### *Facilitating Regional Travel*

International travel is increasingly important to regional economic growth, and the APEC region represents the world's biggest passenger aviation market. We endorsed the launch of the APEC Travel Facilitation Initiative to work over the long-term towards expediting the flow of growing numbers of travelers in the Asia-Pacific region and facilitating departures and arrivals for international passengers, while ensuring the security of the overall travel system. We also supported ongoing efforts to enhance the APEC Business Travel Card program.

We noted the potential of "trusted traveler" programs and other risk management systems to facilitate the flow of cross-border travel throughout the region in an efficient and secure fashion, and we welcomed and encouraged efforts by APEC economies to establish such programs and systems, and link them to others in the region to create a more seamless travel system.

#### *Facilitating Secure Trade*

We endorsed the APEC Consolidated Counter-Terrorism and Secure Trade Strategy to advance our Leaders' vision to make regional commerce and travel more secure, efficient, and resilient. We instructed officials to review progress each year on the implementation of the Strategy. We further instructed officials to continue work on the Trade Recovery Program in 2012 by undertaking a multi-year project in conjunction with the private sector to build an operational system for ensuring trade recovery and resilience across the region in the wake of natural disasters and other major disruptions, such as terrorist attacks. We also underscored the importance of cooperation on nuclear safety, including capacity-building and sharing of best practices in coordination with relevant technical and multilateral organizations.

### **Promoting Green Growth**

#### *Promoting Liberalization of Trade and Investment in Environmental Goods and Services*

We advanced work to promote liberalization in trade and investment in environmental goods and services, and submitted the issue to APEC Leaders' to consider how best to take this work forward.

#### *Streamlining Import Procedures for Energy-Efficient Demonstration Vehicles*

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We agreed to develop common elements of policies and regulations for the importation of non-salable, alternative-fueled demonstration vehicles by the end of 2012 that allow temporary access for a small number of imported demonstration vehicles; produce effective, targeted research outcomes; permit extended, public on-road demonstrations, while ensuring adequate safety; and, streamline import procedures by providing expedited approval processes and duty- and tax-exempt treatment during the demonstration period (see Annex C).

#### *Facilitating Trade in Remanufactured Products*

We agreed to facilitate trade in remanufactured goods by making existing and future tariff and non-tariff measures applied to goods that are not newly-manufactured publicly available, electronically, in their domestic languages, and, where possible, in English. When laws and regulations related to such measures are under development, we agreed to provide a meaningful process for stakeholders to comment and to take those comments into consideration in producing final rules. We also welcomed the APEC Pathfinder Initiative on Facilitating Trade in Remanufactured Goods, under which participating economies committed not to apply measures specifically concerning used goods to remanufactured goods (see Annex D). Finally, we instructed officials to undertake additional capacity-building activities on trade in remanufactured goods and remanufacturing, considering the development needs of economies and with a view to increasing the number of economies participating in the Pathfinder.

#### *Rationalizing and Phasing-Out Fossil Fuel Subsidies*

We agreed to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption, while recognizing the importance of maintaining essential energy services to those most in need. We instructed officials to review progress toward this goal and report to Leaders on an annual basis, using the voluntary reporting mechanism designed by the APEC Energy Working Group. We also instructed officials to build regional capacity for subsidy reform.

#### *Reducing Energy Intensity*

We highlighted the importance of improving energy efficiency, and in light of new data analyzed by the Energy Working Group indicating that we will significantly exceed our previous energy intensity goal, we aspired to meet a new APEC-wide regional goal of reducing energy intensity of our economies by at least 45 percent by 2035, using 2005 as a base year. This is an aggregate goal, which recognizes that economies' rates of improvement may vary for many reasons, including economic structure, level of development, energy security approaches, and past progress on improving energy efficiency.

#### *Developing Low-Emissions Strategies*

Recognizing the importance of low-emissions strategies as an integral part of sustainable economic growth in the Asia-Pacific region, we encouraged APEC economies to elaborate low-emission strategies as part of their broader economic growth plans and in line with the Cancun Agreements adopted in December 2010, in order to make full use of the potential for green growth in our economies and undertake bold actions to address climate change considering social, environmental and economic aspects. We instructed officials to focus this work on energy, transportation and land-use, where emission reduction efforts are most effective and where the resulting cost savings will help APEC economies continue to prosper as they transition to low-carbon, green economies, being mindful of the importance of other relevant sectors on an individual basis.

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### *Promoting SMEs Participation in Green Growth Sectors*

We welcomed work in 2011, including the Green Initiative to promote engagement of small and medium-sized enterprises in green growth sectors, and instructed officials to continue these efforts in 2012 by sharing best practices and undertaking additional related activities.

### **Advancing Regulatory Convergence and Cooperation**

#### *Strengthening Implementation of Good Regulatory Practices*

We agreed on specific actions we will take to develop, use, and strengthen implementation of good regulatory practices, including by ensuring internal coordination of rule-making, assessing the impact of regulations, and conducting public consultations, as a critical contribution to our work to advance regulatory convergence and cooperation in the region, and submitted it to Leaders for their consideration. We instructed officials to: (1) report on their economies' progress in implementing these actions at CSOM 2012; (2) conduct by SOM 3 2013 an assessment of economies' implementation of these actions by updating the "Baseline Study of Good Regulatory Practices in APEC Member Economies" summary report; and (3) undertake capacity-building activities, including exchanging views and experiences on best practices for implementing good regulatory practices, to assist economies in implementing these specific actions.

#### *Advancing Regulatory Cooperation on Emerging Standards and Regulatory Issues*

We welcomed work to prevent unnecessary technical barriers to trade related to emerging standards and regulatory issues in the areas of smart grid, green buildings, and solar technologies. To that end, we agreed on specific recommendations to promote interoperable standards for smart grid, to facilitate trade in solar technologies through collaboration on standards and conformance, and to enable greater consistency and transparency in measures to support green buildings, and submitted them for consideration to APEC Leaders (see Annex E). We welcomed the contribution of the APEC Regulatory Cooperation Advancement Mechanism on Trade-Related Standards and Technical Regulations (ARCAM) in launching important new collaborative work among APEC economies on interoperability standards for smart grid technologies, and instructed officials to continue the ARCAM process in 2012.

#### *Establishing an APEC Regulatory Cooperation Action Plan*

We noted that APEC plays a critical role in advancing regional regulatory cooperation to improve the efficiency and effectiveness of regulations, build public trust in regulations, and improve consumer confidence in globally traded products. In order to ensure that APEC's regulatory cooperation efforts support and advance the multilateral trading system; focus on tangible and practical outcomes; encourage implementation of the APEC-OECD Integrated Checklist on Regulatory Reform; promote better alignment to international standards and conformance systems, where appropriate; and, engage key stakeholders, we endorsed the APEC Regulatory Cooperation Plan (see Annex F). We instructed officials to report to us in 2012 on ways that the principles contained in this Plan will be applied by relevant APEC fora and sub-fora; incorporated into the APEC budget management process; and promote cross-fora collaboration in APEC.

#### *Achieving Regulatory Convergence on Medical Products Procedures*

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We agreed on a plan under a strategic framework to achieve convergence on regulatory approval procedures for medical products by 2020, which will allow patients more timely access to innovations. Furthermore, as we work to put into practice actions to reduce the social and economic burden of disease, we agreed to adopt measures to ensure transparency and stakeholder consultation in the process of regulatory and policy reform in the health and life sciences sectors.

#### *Promoting Regulatory Cooperation on Chemicals*

We endorsed the guidance document on the application of the Globally Harmonized System (GHS) principles to the classification and labeling of consumer products – a major step forward in the implementation of GHS and a critical contribution to advancing regulatory cooperation. We also welcomed the launch of work in APEC to increase awareness of the challenges posed by different regulatory approaches to chemicals in articles, an issue that has a potentially significant economic impact on our major downstream industries.

#### *Promoting Regulatory Cooperation on Services*

We welcomed the launch of the APEC Services Trade Access Requirements (STAR) Database, a valuable business tool, cataloguing regulatory requirements in a range of services sectors across select APEC economies. We commended the STAR Database's usefulness as a consolidated, single-window resource for market entry information critical to facilitating services trade in the region, and welcomed the ongoing initiative to expand coverage of the Database to more sectors in more APEC economies. We instructed officials to continue exploring avenues for increased transparency and cooperation on regulatory issues affecting services trade, mindful that services account for a majority of economic activity and employment in our economies, yet continue to account for a relatively small portion of regional and global trade.

#### *Promoting Regulatory Cooperation on Wine*

We commended work to promote cooperation on wine regulation, including by reducing unnecessary testing and streamlining paperwork associated with official certificate requirements related to wine trade, and instructed officials to make further progress to reduce needless technical barriers to wine trade in 2012.

#### *Strengthening Food Safety in the Region*

We commended the work of the Food Safety Cooperation Forum and its Partnership Training Institute Network to strengthen food safety systems, better align domestic regulations to international standards, and expand the use of preventive controls in food supply chains in APEC. We recognized that improving food safety systems prevents costly food safety incidents, protects public health, and leads to greater confidence in trade, thereby creating a more prosperous and secure region. We welcomed the steps taken towards the creation of the Global Food Safety Fund at the World Bank that will implement the ground-breaking APEC-World Bank collaboration on food safety capacity-building. We instructed officials to work closely with all stakeholders to mobilize these resources, in order to improve access to safe food, consistent with APEC's overall food security goals.

#### *Facilitating Trade in Products Derived from Innovative Agriculture Technologies*

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We reaffirmed our commitment to promote and adopt regulatory approaches that are transparent, science-based, consistent with international obligations, and take into account, where appropriate, existing international standards, in order to facilitate trade in products derived from innovative agricultural technologies. To achieve this goal, we encouraged economies to publicize existing regulatory approaches for these technologies by 2012, conduct periodic self-reviews of these regulatory approaches, provide for meaningful and transparent public consultation and stakeholder input into the development of these regulatory approaches, and conduct capacity-building activities supporting the above stated goals by the end of 2012.

### **Addressing Key Cross-Cutting Issues**

#### *Addressing Women and the Economy*

We stressed the importance of the inclusion of women in the full range of economic activities as a proven growth strategy. In this regard, we welcomed the establishment of the Policy Partnership on Women and the Economy, which draws upon APEC's strong tradition of public-private cooperation to advance women's economic empowerment. We commended the APEC Women and the Economy Summit held in September in San Francisco, California.

We committed to implementing the San Francisco Declaration on Women and the Economy and overcoming the four major challenges referenced therein that inhibit women's full participation in commerce: (1) access to capital, (2) access to markets, (3) capacity and skills building, and (4) women's leadership. We dedicated ourselves to continue our cooperation to overcome these obstacles.

#### *Strengthening Health Systems*

We welcomed the joint Life Science Innovation Forum-Health Working Group APEC Action Plan to reduce the economic burden of disease in the region through sharing best practices and the establishment of innovative public-private partnerships for the prevention and control of non-communicable diseases. We instructed officials to report on progress towards implementation of this Action Plan by AMM 2012.

We recognized that the rise in chronic, non-communicable disease due to aging populations and lifestyle changes in the region is constraining our economic growth potential. We welcomed APEC's cooperation with the World Health Organization to develop an APEC Strategy on Aging. We will encourage efforts to develop Age Friendly Economies using innovative policy, practices, and technologies to support healthy lives.

#### *Advancing Sustainable Development of Oceans*

We reaffirmed our commitment in 2010 to ensure the sustainable development of oceans and fisheries. We welcomed the establishment of the Oceans and Fisheries Working Group by merging two pre-existing groups, and instructed officials to ensure that discussions regarding oceans and fisheries reflect their crucial role in climate change and food security.

### **Promoting Economic and Technical Cooperation**

We remain committed to the Manila Framework on ECOTECH, and will continue to leverage ECOTECH activities to help developing economies achieve the Bogor Goals by 2020. We welcomed the decision to approach capacity-building activities with strategic foresight by

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undertaking multi-year projects, including to support APEC's work to strengthen and deepen regional economic integration and to facilitate the realization of an FTAAP. We also welcomed contributions by members to the APEC Support Fund.

### **Strengthening APEC as an Institution**

We welcomed officials continued efforts to strengthen the operational and institutional capabilities of the APEC Secretariat.

We recognized that the Policy Support Unit continues to be a valuable and integral part of APEC this year, advancing key initiatives like Ease of Doing Business, the TFAP II assessment, the Bogor Goals reviews and Supply Chain Connectivity, as well as promoting our achievements outside of APEC. We will continue to explore the functional integration of the Policy Support Unit into the APEC Secretariat, recognizing that it must maintain a degree of autonomy in its governance to maintain its professional integrity.

Keeping in mind the benefits of APEC membership, as well as the need for efficiency to achieve results, we will continue to review the question of APEC new membership going forward.

Recognizing the increase in the number of APEC sub-fora, we welcomed actions taken by Senior Officials to streamline and right-size APEC groupings, improve accountability and communications on the part of sub-fora leaders, link project funding more closely with top APEC priorities, and enhance participation by the private sector. All of these steps have made APEC more relevant, effective, and accountable.

We welcomed the support of the United States-APEC Technical Assistance and Training Facility (TATF) in strengthening the APEC Secretariat.

We endorsed the 2011 Senior Officials' Report on APEC's work program, including the recommendations contained therein, noted the 2011 Annual Report of the APEC Secretariat Executive Director, and approved the 2012 APEC budget and member contributions. We welcomed preparations for APEC 2012 in the Russian Federation.