The 17th APEC Ministerial Meeting will be held from November 15 to 16 and the 13th APEC Leaders’ Meeting from November 18 to 19 in Busan, Republic of Korea. The outline of the Meetings is as follows:

**I. Focal Points of 2005 APEC**

1. **Theme of Korean Process**
   The Main Theme of 2005 APEC is “Towards One Community: Meet the Challenge, Make the Change”, and the Sub-Themes are:
   - “Advancing freer trade” including “Support for the WTO DDA”, “Mid-term Stocktake and future roadmap to the Bogor Goals” and “Enhancing APEC’s leading role: trade facilitation and capacity building”
   - “Fighting corruption”
   - “Sharing prosperity of the knowledge-based economy: protecting innovation and expanding digital opportunity”
   - “Human security: counter-terrorism (including non-proliferation issue), energy security, health and disaster response and preparedness”
   - “Small and medium enterprises and micro-enterprises, and gender integration”
   - “APEC reform”, and
   - “Promoting cross-cultural communication”.

2. **2005 APEC’s Feature**
   This year marks an important year for APEC to undertake a Mid-term Stocktake to assess its progress so far towards the Bogor Goals, aimed at free and open trade and investment in the Asia-Pacific by 2010 for industrialized economies (and 2020 for developing economies), and set issues to be emphasized in coming years for APEC to maintain its relevancy and credibility. From a stance of supporting the multilateral free trade system centered on WTO, with open regional cooperation in mind, attention is
focused on APEC this year as to how it will provide a momentum towards the WTO Ministerial Meeting to be held in December. Measures against avian influenza, energy security measures to respond to soaring crude oil prices, and disaster prevention measures, taking into account such disasters as earthquakes, tsunamis and hurricanes, are expected to be among the focal points of discussion.

3. Japan’s Priority Areas

3-1 Contribution to WTO/DDA

In view of the WTO Ministerial Meeting to be held in December, a positive message is expected to be announced in advancing the negotiations.

3-2 Mid-term Stocktake of Progress Towards the Bogor Goals: Behind the Border Issues

The Stocktake to be reported at this year’s Leaders’ Meeting is expected to specify, as the issues that should be focused in the future for maintaining APEC as a relevant cooperative regional forum, efforts for such behind the border issues as structural reforms and the protection of intellectual property rights as well as at-the-border issues such as tariff duties that directly influence trade liberalization.

3-3 RTAs/FTAs

APEC will reconfirm the importance of high-quality RTAs/FTAs which are consistent with the WTO and which correspond to the needs of the business people.

3-4 Security Issues

- **Infectious Diseases:** Countermeasures against the avian influenza pandemic is an urgent issue to ensure human security in the Asia Pacific region. Based on past cooperation in the measures against the bird flu pandemic in Asia, Japan will continue to cooperate for capacity-building within the region.

- **Counter-Terrorism and Non-Proliferation Issues:** APEC’s endeavors for counter-terrorism and non-proliferation issues are important for APEC to appropriately respond to the issues APEC faces within the region. Japan proposes the launch of providing information on lost or stolen passports for an ICPO database and enhancement of export control.

- **Energy Security:** While oil prices are rising, balancing economic growth and environmental protection is also a major issue facing the Asia Pacific region, together with the energy security efforts. Japan will also stress steady
implementation of the Cairns Initiatives (a joint proposal of Japan and Australia adopted at last year’s Ministerial Meeting in Chile).

3-5 Regional Cooperation Framework in the Asia Pacific Region

It is important that the regional cooperation in East Asia centering upon the East Asian Summit to be held in December will ensure openness and transparency and will develop in a manner consistent with the APEC’s principles and goals.

II. Basic Knowledge of APEC

1. Significance

- APEC is a forum of member economies mainly for facilitating economic growth, cooperation, trade and investment in the Asia-Pacific region. Since the attacks of 9/11, 2001, counter terrorism and non-proliferation have become major themes in APEC, with a view to assuring the trade security.
- The APEC Leaders’ Meeting is a valuable opportunity for the leaders of Asia Pacific regions to get together.

2. APEC as the Largest Regional Cooperation in the World

The economic scale of the APEC economies accounts for approximately 60% of world GDP (US$19,254 billion).
- The population of the APEC economies accounts for approximately 40% of the world's population (2.6 billion people).
- Of all trade in Japan, exports and imports in APEC nations account for approximately 70 percent.
- East Asia APEC members account for approximately 40 percent of trade outside the NAFTA region.
- The United States accounts for approximately 30 percent of trade outside of the East Asia APEC members.

3. Member Economies

- APEC’s 21 Member Economies are: Australia; Brunei Darussalam; Canada; Chile; People's Republic of China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; The Republic of the Philippines; The Russian Federation; Singapore; Chinese Taipei; Thailand; United States of America; Viet Nam.
4. Structure

5. Purpose and Goals

(1) The APEC aims at sustainable development of the Asia and Pacific region.
(2) The APEC implements the above purpose by means of “Trade and Investment Liberalization and Facilitation”, “Economic & Technical Cooperation (Ecotech)” and “Enhancing Secure Trade and Human Security.”

Note: APEC was established in 1989 to further enhance economic growth and prosperity for the region and to strengthen the Asia-Pacific community. Since its inception, APEC has worked to reduce tariffs and other trade barriers across the Asia-Pacific region, creating efficient domestic economies and dramatically increasing exports.

The Bogor Goals were adopted by Leaders at their 1994 meeting in Bogor, Indonesia. Free and open trade and investment helps economies to grow, creates jobs and provides greater opportunities for international trade and investment. In contrast, protectionism keeps prices high and fosters inefficiencies in certain industries. Free and open trade helps to lower the costs of production and thus reduces the prices of goods and services - a direct benefit to all.

APEC also works to create an environment for the safe and efficient movement of
goods, services and people across borders in the region through policy alignment and economic and technical cooperation.

6. APEC Features

The APEC features are (1) the world's biggest regional cooperation, (2) open regional cooperation, (3) coordinated and voluntary action, (4) management based on consensus, (5) diversity and (6) joint participation of China, Hong Kong and Chinese Taipei.

7. Key APEC Milestones

- In November 1989, the First Ministerial Meeting was held in Canberra, Australia.
  APEC came into being in response to the call of Australia and Japan. APEC began as an informal Ministerial-level dialogue group with 12 members.

- The Second Ministerial Meeting was held in July 1990 in Singapore; the Third Ministerial Meeting in November 1991 in Seoul; and the Fourth Ministerial Meeting in November 1992 in Bangkok.
  In the Third Ministerial Meeting, China, Hong Kong and Chinese Taipei joined APEC for the first time.

- In November 1993, the Fifth Ministerial Meeting and the First Leaders’ Meeting were held respectively in Seattle and in Blake Island, United States.
  In answer to U.S. President Clinton’s call, APEC Economic Leaders met for the first time. Mexico and Papua New Guinea participated in the Meeting. It was agreed that an Economic Leaders’ Meeting to discuss macro-economy and financial issues would be established.

- In November 1994, the Sixth Ministerial Meeting and the Second APEC Leader’s Meeting were held respectively in Jakarta and in Bogor, Indonesia.
  APEC sets the Bogor Goals of "free and open trade and investment in the Asia-Pacific by 2010 for industrialized economies and 2020 for developing economies." Chile participated in the Meeting.

- In November 1995, the Seventh Ministerial Meeting and the Third Leaders’ Meeting were held in Osaka, Japan.
  Japan was the chair. APEC adopted the Osaka Action Agenda (OAA) which
provided a framework for meeting the Bogor Goals, by defining general principals to be applied in liberalization and facilitation process and specifying the 15 issue areas where Individual Action Plan(IAP) is to be reported.

- **In November 1996, the Eighth Ministerial Meeting and the Fourth Leaders’ Meeting were held respectively in Manila and in Subic, the Philippines.**
  The Manila Action Plan (MAPA) was adopted, outlining the trade and investment liberalization and facilitation measures to reach the Bogor Goals and the first Collective and Individual Action Plans were compiled, outlining how the economies would achieve the free trade goals.
  An Individual Action Plan (IAP) and a Collective Action Plan (CAP) were formulated as mechanisms for achieving the Bogor Goals.

- **In November 1997, the Ninth Ministerial Meeting and the Fifth Leaders’ Meeting were held in Vancouver, Canada.**
  APEC endorsed a proposal for Early Voluntary Sectoral Liberalization (EVSL) in 15 sectors. There occurred a conflict around the EVSL and talks on trade liberalization stalled.

- **In November 1998, the Tenth Ministerial Meeting and the Sixth Leaders’ Meeting were held in Kuala Lumpur, Malaysia.**
  The conflict over EVSL continued and APEC agreed on the first nine sectors for EVSL and sought an EVSL agreement with non-APEC members at the World Trade Organization. Russia, Viet Nam and Peru took part in the Meeting.

- **In September 1999, the Eleventh Ministerial Meeting and the Seventh Leaders’ Meeting were held in Auckland, New Zealand.**
  Strengthening of market functions through the Importance of promotion of economic structural reform in the APEC region (improvement of economic legal systems, assistance to small- and medium-sized enterprises, strengthening of ties with the Financial Ministers’ process) was reconfirmed. A strong message to support the initiation of new round of WTO negotiations was issued.

- **In November 2000, the Twelfth Ministerial Meeting and the Eighth Leaders’s Meeting were held in Bandar Seri Begawan, Brunei Darussalam.**
  Measures to cope with globalization and IT revolution were discussed.
APEC established an electronic Individual Action Plan (e-IAP) system, providing IAPs online and commitment to the Action Plan for the New Economy, which, amongst other objectives, aimed to triple Internet access throughout the APEC region by 2005. It was agreed by the members to begin new round of WTO negotiations within 2001.

➢ **In October 2001, the Thirteenth Ministerial Meeting and the Ninth Leaders’ Meeting were held in Shanghai, People’s Republic of China.**

1. **Shanghai Accord formulated**

   APEC adopted the Shanghai Accord, which focuses on Broadening the APEC Vision, Clarifying the Roadmap to Bogor and Strengthening the Implementation Mechanism. The e-APEC Strategy was adopted, which set out an agenda to strengthen market structures and institutions, facilitate infrastructure investment and technology for on-line transactions and promote entrepreneurship and human capacity building.

   The Meetings proposed an APEC vision in the new century from the viewpoint of accommodating substantial changes of the economy in the development of globalization to the objectives of APEC activities including the Bogor Goals, and vitalizing the APEC activities.

2. **APEC's first “Counter-Terrorism Statement” adopted**

➢ **In October 2002, the 14th Ministerial Meeting and the Tenth Leaders’ Meeting were held in Los Cabos, Mexico.**

1. **Adoption of Trade Facilitation Action Plan**

   APEC adopted a Trade Facilitation Action Plan, Policies on Trade and the Digital Economy and Transparency Standards; and specific efforts for the reduction of trade transaction costs by 5% in the Asia Pacific region by 2006.

2. **Counter-Terrorism and Economic Growth**

   Counter-Terrorism Statement (Terrorist Attacks in Bali, Philippines, Moscow)

   APEC's second “Counter-Terrorism Statement” was delivered, along with the adoption of the “Secure Trade in the APEC Region (STAR) Initiative”.

   Counter-Terrorism measures including such policies as the transference of goods including container security and other measures and the mobility of people including a prior provision system of passengers’ information.
(3) APEC Leaders' Statement on North Korea issued

In October 2003, the 15th Ministerial Meeting and the 11th Leaders’ Meeting were held in Bangkok, Thailand.

(1) Development of APEC activities from “measures at the border” to “measures behind the border”

By Japan’s proposal, APEC leaders confirmed the resolution of each economy to work for structural reform to achieve economic growth in the APEC region. Ministers adopted the APEC Structural Reform Action Plan that Japan had proposed as a future operation policy of APEC. APEC dedicated itself not only to promoting the prosperity of member economies, but also to improving the security of the peoples of the Asia-Pacific region. APEC pledged to take specific actions to dismantle terrorist groups, eliminate the danger of weapons of mass destruction and confront other security threats. Members signed up to the APEC Action Plan on SARS and the Health Security Initiative to further protect personal security. APEC also strengthened its efforts to build knowledge-based economies, promote sound and efficient financial systems and accelerate regional structural reform.

(2) Positive Message for the Resumption of WTO Doha Development Agenda Negotiations issued

APEC agrees to re-energize the WTO Doha Development Agenda negotiations and stresses the complementary aims of bilateral and regional trade agreements.

(3) Counterterrorism and Security

The Leaders’ Meeting committed that APEC tackle such security issues as the eradication of terrorists and the prevention of proliferation of weapons of mass destruction. It agreed to strengthen domestic controls on Man-Portable Air Defense Systems (MANPADS). It also adopted APEC’s Leaders’ Statement on Health Security (Measures against SARS, bio-terrorism, etc.)

In November 2004, the 16th APEC Ministerial Meeting and the 12th APEC Economic Leaders’ Meeting were held in Santiago, Chile.

(1) Adoption of Leaders’ Agenda to Implement Structural Reform (LAISR)

Based on the results of the APEC High Level Conference on Structural Reform held in Japan in September 2004, the Leaders’ Agenda to Implement Structural Reform (LAISR), which clearly outlined the tasks APEC should prioritize in the
future, was adopted.

(2) Endorsement of “APEC Best Practices for Regional Trade Agreements and Free Trade Agreements”
“APEC Best Practices for Regional Trade Agreements and Free Trade Agreements”, a compilation of items and cases that will serve as reference in future FTA negotiations, was formulated and approved, based on the large number of FTAs which have been concluded in the APEC region.

(3) Agreement on Prioritized Security Agenda including Counter-terrorism and Non-Proliferation
Following nine items were agreed on as issues to be given priority:
(a) Strengthening of maritime and port security, (b) strengthening of capacity building for counter-terrorism, (c) strengthening of monitoring imported food, (d) strengthening of public health system, (e) strengthening immigration control, (f) early introduction of machine-readable passports, (g) promotion of conclusion of additional protocol of IAEA, (h) establishing guidelines on the control of MANPADS, (i) measures to strengthen export control.

(4) Approval of the “Comprehensive Action Initiative recognizing the need for strengthening the APEC Energy Security Initiative - energy security, sustainable development and common prosperity” (CAIRNS Initiative)
Based on Japan’s proposal, the CAIRNS Initiative, which includes expansion of energy supply, the effective use, stockpiling, and diversification of energy sources to cope with high crude oil prices, was approved.

➢ It was decided that the APEC will be held in the following economies:
Vietnam (2006), Australia (2007), Peru (2008), and Singapore (2009)

8 . Brief Description and Report of the APEC Business Advisory Council (ABAC)
8-1 The Ministerial Meeting and the Leaders’ Meeting in 1995 (Osaka, Japan) decided to establish the APEC Business Advisory Council (ABAC). The Council provided advice regarding specific business sector priorities. Dialogues between APEC leaders and ABAC members are held during the session of the APEC Leaders’ Meeting every year.
8-2 The Japanese ABAC members, who were appointed by the Prime Minister, are the following; Mr. Yasuo Kanzaki, Special Advisor, Nikko Citigroup Ltd.; Mr. Noriyuki Yonemura, Counselor, Fuji Xerox Co., Ltd.; and Mr. Yoshio Ishizaka, Senior Advisor, Toyota Motor Corporation.

8-3 ABAC holds a general assembly meeting four times a year, and submits every year an ABAC proposal to the Leaders’ Meeting.

8-4 This year’s ABAC proposal to the Leaders: “A path towards common prosperity”

(a) Exertion of leadership towards the conclusion of the Doha Round negotiations
Significant trade liberalization of agricultural products; total elimination or substantial reduction of trade barriers of non-agricultural products; promotion of trade facilitation including bringing transparency and simplification of procedures; improvement of service offers and so forth

(b) Path towards Achieving the Bogor Goals
A response to the Santiago Initiative; contribution to APEC reform, improvement of the investment environment (barriers against foreign investment in the financial field, intellectual property rights); implementation of APEC standard for transparency; implementation of the APEC framework for the protection of private information, etc.

(c) Public-private cooperation under the new international security environment
Impact of new international security environment on business transaction costs; APEC framework for security and trade facilitation

(d) Creation of an environment contributing to business
Promotion of business ethics; eradication of corruption within the APEC region

(e) Building of Asia-Pacific Community through cooperation and capacity building
Strengthening financial system; strengthening competition among small and medium enterprises in the field of service; emergency preparedness, energy security; strengthening of enforcement of intellectual property rights; prospect for information society in 2010, etc.

(END)