

# 2011 Meeting of APEC Ministers Responsible for Trade

## Statement of the Chair

We, the APEC Ministers Responsible for Trade, met in Big Sky, Montana, May 19-20, 2011 under the Chairmanship of Ambassador Ronald Kirk, United States Trade Representative.

We welcomed the participation in the meeting of Director-General of the World Trade Organization (WTO) Mr. Pascal Lamy, the APEC Business Advisory Council (ABAC), the Pacific Economic Cooperation Council, the Association of Southeast Asian Nations, and the APEC Secretariat.

We express our solidarity with the victims and those people affected by recent natural disasters in the region, including in Japan, New Zealand, Australia, China, and the United States. The Great East Japan Earthquake and Tsunami's impact on the supply chains of the entire region was a reminder of this region's deepened economic integration, and we are convinced the ongoing recovery of the affected areas will contribute to the economic well-being of all APEC economies. We agree to refrain from taking WTO-inconsistent measures in the aftermath of recent natural disasters in the region, recognizing the importance of securing the prompt return of the smooth flow of goods, services, and people in the Asia-Pacific region. We recall the APEC Leaders' 2010 Yokohama Vision, which recognized the need for APEC economies to further develop practical risk management mechanisms to handle emergencies and natural disasters. Taking into account the fact that our region is particularly prone to natural disasters, we instructed officials to strengthen APEC's agenda on disaster preparedness and recovery.

In 2010, APEC Leaders set forth a comprehensive, forward-looking framework for achieving growth and prosperity in the Asia-Pacific region in the 21st Century. The Yokohama Vision called on APEC to promote stronger and deeper regional economic integration, including by taking concrete steps towards achieving a Free Trade Area of the Asia-Pacific (FTAAP). It also stated that full achievement

of the Bogor Goals for all economies should continue to provide direction for APEC's work on trade and investment liberalization and facilitation. Finally, it outlined the APEC Leaders' Growth Strategy for achieving high-quality growth in the region that is balanced, inclusive, sustainable, innovative, and secure.

In 2011, APEC has the opportunity to take significant strides towards realizing the Yokohama Vision, in pursuit of APEC's central mission of promoting free and open trade and investment. Together we should build towards a seamless regional economy that results in economic growth, employment, and prosperity across the Asia-Pacific region.

With this goal in mind, our discussions focused on the following three priority areas.

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

We remain committed to APEC's core mission to strengthen and deepen regional economic integration and expand trade. As the best way to advance this goal, we discussed practical, concrete, and meaningful actions that we can take towards the achievement of a FTAAP. In 2010, Leaders instructed APEC to make an important and meaningful contribution as an incubator of an FTAAP by playing a critical role in defining, shaping, and addressing the 'next generation' trade and investment issues that an FTAAP should contain. To fulfill this mandate, we identified the following next generation trade and investment issues to be addressed in 2011 through substantive and specific outcomes: facilitating global supply chains; enhancing small and medium-sized enterprises participation in global production chains; and promoting effective, non-discriminatory, and market-driven innovation policy.

We emphasized our commitment to achieving the Bogor Goals of free and open trade and investment, and instructed officials to finalize by November 2011 a more robust process for reviewing APEC economies' progress towards meeting these goals and that is also more accessible to the business community and other stakeholders.

Enhancing supply chains to reduce the time, cost, and uncertainty of moving goods and services throughout the region continues to be a top priority for APEC given its importance to trade and economic growth. To respond to the APEC Leaders' commitment to achieving a 10 percent improvement in supply chain performance, taking into consideration individual economy circumstances, we instructed officials to continue to implement the APEC Supply-Chain Connectivity Framework Action Plan by 2015 and specifically to take the following actions by November 2011:

- Identify ways to simplify customs procedures, and reduce costs for importers and exporters, including by developing a plan by November 2011, building on best practices in effect in each of our economies, to ensure wider implementation of commercially useful de minimis values, which exempt low-value importations from revenue collection;
- Increase the efficiency of the customs clearance and release process, including by improving and expanding the use of advance rulings and pre-arrival processing for shipments in APEC economies;
- Complete the APEC Authorized Economic Operator (AEO) Best Practices Guidelines Document, and develop a capacity building plan to assist with the development of AEO programs, especially for those economies that have begun or are interested in beginning their AEO's implementation;
- Enhance the capacity of local and regional logistics sub-providers in the region by helping improve their competitiveness, in order to further raise the quality of APEC economies' logistics services and management; and
- Develop practical guidelines that assist customs authorities in APEC economies in combating infringement of intellectual property rights through the identification of effective practices for intellectual property rights enforcement at the border.

In 2010, Leaders endorsed the APEC New Strategy for Structural Reform (ANSSR) as a blueprint for promoting structural reform that can lead to more balanced, inclusive, and sustainable growth, as well as foster regional economic integration. We call on officials to continue to advance this work, through capacity building and technical assistance, and commend the early mover economies for serving as examples to help other APEC economies individually set forth robust plans for structural reform to be presented to Leaders by November 2011.

More than two-thirds of member economies' food trade is with other APEC members, most of whom are major food importers or exporters. As such, we recognized the important role that open and transparent markets for food trade play in ensuring global food security by increasing reliability of supply, mitigating price volatility, and providing farmers with accurate price signals to drive production and investment decisions for future seasons. We committed to fully implement the Niigata Declaration on APEC Food Security and its Action Plan, including efforts underway to enhance market transparency, and we reiterated our commitment to a standstill, first made by APEC Leaders in 2008 and extended until 2013, as it pertains to export restrictions or other WTO-inconsistent trade measures.

We agreed that APEC economies will 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 innovative agricultural technologies. In order to support food safety, animal and plant health; protect public health; and stimulate innovation, economic growth, and agricultural productivity, we instructed officials to identify by the APEC Leaders' Meeting concrete steps APEC can take to achieve this goal, including capacity-building activities.

By better aligning requirements relating to food with international standards and best practices, APEC economies can both enhance food safety and facilitate trade. To this end, we agreed to:

- Reduce unnecessary requirements in official export certificates for agricultural products and seeking, where appropriate, to eliminate requirements that are not based on science and essential to ensuring food safety;
- Consistent with WTO obligations, promote harmonization with international standards or the development and use of science-based standards on pesticide maximum residue limits in national programs to protect public health and reduce barriers to trade in the region;
- Develop and utilize risk-based incident management protocols to minimize the adverse impacts of food safety incidents on both public health and

trade; and in the event of a food safety incident, to liaise more closely to enable risks to be accurately and appropriately communicated;

- Emphasize the importance of and continue to enhance cooperation and coordination in the field of food safety in the region; and
- Improve laboratory testing capabilities and proficiency, and promote the development and use of internationally recognized measurement standards and reference materials, including through capacity-building and technical assistance, in order to improve overall food safety and facilitate the trade of food products among APEC economies.

## **Promoting Green Growth**

In advancing our green growth objectives, as outlined in the 2010 APEC Leaders' Growth Strategy, APEC should leverage the linkages between economic and environmental challenges facing the region in a way that creates new sources of economic growth, including the transition towards a global low carbon economy. We commit to integrate our priority of "free and open trade and investment in the Asia-Pacific" and economic development and common prosperity with our commitment to protect the environment. Free and open trade and investment and capacity-building in the region is critical to disseminating environmental goods and services that we need to meet environmental challenges, including access to clean water, clean air and clean energy. Our efforts to reduce unnecessary trade and investment barriers to these environmental goods and services will lower their cost and increase our citizens' access to these important green technologies. Achieving our goal of free and open trade and investment will also help create new green jobs across all of our economies. Realizing the importance of domestic regulatory environments and the market absorption capacity in facilitating trade and investment in environmental goods and services, we will continue to strengthen our dialogue and capacity-building activities under the EGS work program.

Recalling Leaders' previous commitments to reduce existing barriers and refrain from introducing new barriers to trade and investment in environmental goods and services, we commit to explore ways to promote greater liberalization of trade in environmental goods and services, and we instruct officials to develop a work plan by November 2011 in this regard. We believe that taking these actions

will contribute to the implementation of the 2009 APEC Environmental Goods and Services Work Program, attainment of the Bogor Goals, and to the growth of our economies, and the protection of our environment. We are mindful that pursuing liberalization of environmental goods and services is supportive of the ongoing WTO Doha negotiations to enhance the mutual supportiveness of trade and environment. We also instructed officials to take further steps to promote dissemination of environmental technologies by November 2011, and believe this work is mutually supportive of our trade and development agenda in this area.

We also discussed a number of other ways that we could advance our green growth objectives.

- Trade in green vehicles and technologies increases APEC economies' access to these energy-efficient vehicles and allows economies to reap their environmental benefits. We agreed to identify by November 2011 ways to streamline procedures and regulations related to the temporary importation of small numbers of non-salable advanced and alternative fueled demonstration motor vehicles.
- Illegal logging and associated trade is a significant problem facing the Asia-Pacific region with adverse economic, environmental, and social impacts. To address this issue, we instructed officials to establish an experts group in order to promote trade in legally harvested forest products, combat illegal logging and associated trade, and build capacity. We also instructed officials to identify by November 2011 measures for economies to consider taking to address this problem.
- Remanufacturing promotes green growth by restoring end-of-life goods to "like new" condition, while using less energy, materials, and water than manufacturing new goods and creating jobs. In recognition of this fact, we instructed officials to take further steps by November 2011 to facilitate trade in remanufactured products, and possible capacity-building in this area in order to improve understanding of issues associated with trade in these products, considering the development needs of economies.
- Advancing the Leaders' 2010 commitment to "rationalize and phase-out inefficient fossil fuel subsidies that encourage wasteful consumption, while recognizing the importance of providing those in need with essential energy

services,” will help mitigate climate change, enhance energy security and improve governments’ finances, thus making an important contribution to green growth. We instructed officials’ to establish a robust work program on this issue in APEC, including leveraging capacity-building and the development of a voluntary reporting mechanism, consistent with approaches in the G20.

## **Advancing Regulatory Convergence and Cooperation**

As addressing non-tariff barriers to trade, and improving the business environment, in the Asia-Pacific becomes an increasing focus of our work, it is critical that we take action to improve the quality of regulatory procedures and systems in the region. Open and transparent regulatory systems prevent the emergence of unnecessary technical barriers to trade by allowing stakeholders to engage appropriately in the process of policymaking, and by enabling governments to produce high-quality regulations. In 2011, we will focus on steps that both individual economies and APEC as an organization can take to further these goals.

- Good regulatory practices improve both the effectiveness and the efficiency of regulations in achieving their objectives, facilitate trade, and improve the investment environment. Taking into account the current state of regulatory systems and specific circumstances in individual APEC economies in the region, we instructed officials to identify by the Leaders’ Meeting this year concrete actions that may be taken by economies to strengthen implementation of good regulatory practices in the areas of internal coordination of rulemaking activity, regulatory impact assessment, and public consultation mechanisms.
- APEC’s extensive work on regulatory cooperation has produced many successes and some significant, ground-breaking policy achievements. However, different committees and sub-fora within APEC have taken diverse approaches to regulatory cooperation and have achieved varying degrees of success. To ensure that APEC’s regulatory cooperation efforts are effective and use resources efficiently, we instructed officials to develop a draft

APEC Regulatory Cooperation Plan for endorsement by Leaders in November 2011.

- Given the tremendous potential of emerging technologies in enhancing growth and strengthening environmental protection; it is important to ensure that standards, conformance systems, and new regulatory schemes do not create unnecessary barriers to trade in related products. We instructed officials to develop by November 2011 concrete recommendations for APEC economies' action in order to prevent or eliminate technical barriers to trade related to standards and conformance solutions related to emerging technologies.
- Achieving regulatory convergence in key sectors can facilitate trade and cut costs for business. To advance this goal, we look forward to receiving for our consideration a roadmap for realizing regulatory convergence for medical products. We welcome the continued active commitment to regulatory cooperation for chemicals through a strategic framework that contributes to regional economic integration and regulatory convergence priorities, including progressing, the Globally Harmonized System of Classification and Labeling of Chemicals.

### **Strengthening Economic and Technical Cooperation**

We reaffirmed the Leaders' commitment to continue demand-driven economic and technical cooperation (ECOTECH) activities to bridge the development gap, assist developing economies in achieving the Bogor Goals by 2020, increase economies' ability to address next generation trade and investment issues, and produce economic growth, employment, and prosperity for all.