THE THIRTEENTH APEC MINISTERIAL MEETING

Shanghai, People's Republic of China
17-18 October 2001

JOINT STATEMENT

1. 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; the Republic of the Philippines; the Russian Federation; Singapore; Chinese Taipei; Thailand; the United States and Viet Nam participated in the Thirteenth Asia-Pacific Economic Cooperation (APEC) Ministerial Meeting in Shanghai on 17-18 October 2001. The APEC Secretariat was present. The Association of South-East Asia Nations (ASEAN) Secretariat, the Pacific Economic Cooperation Council (PECC), and the Pacific Island Forum (PIF) attended as observers.

2. The meeting was chaired by H.E. Mr. Tang Jiaxuan, Minister of Foreign Affairs and H.E. Mr. Shi Guangsheng, Minister of Foreign Trade and Economic Cooperation, of the People's Republic of China. The theme for APEC 2001 was: "Meeting New Challenges in the New Century: Achieving Common Prosperity through Participation and Cooperation". The agenda of the meeting was structured to reflect the three sub-themes of APEC 2001:
   a. Advancing Trade and Investment;
   b. Sharing the Benefits of Globalization and the New Economy; and
   c. Promoting Sustainable Economic Growth.

3. Since the end of last year, the slowdown in the United States, Japan and Europe has dampened the prospect of global and regional economy, with some members in the region affected considerably by the declining global demand. The recent terrorist attacks in the United States risk undermining some industries as well as consumer confidence. In the face of the less favorable global and regional economic environment, Ministers affirmed their confidence in the medium and long-term prospects of growth in the APEC region and agreed to strengthen cooperation to tackle the short-term economic difficulties. In this connection, Ministers reaffirmed the importance of promoting dialogue and cooperation with a view to achieving sustainable and common development. In addition, Ministers emphasized the importance of achieving the Bogor goals in accordance with the agreed timetables as a key element of APEC's response to current economic conditions, and stressed the importance of structural reform and sound domestic policies to create a more favorable macro-economic environment for growth in the region.

Advancing Trade and Investment

Strengthening the multilateral trading system

4. Ministers firmly underlined their commitment to open regionalism and strong support for an open, equitable, transparent and rules-based multilateral trading system, as represented by the WTO.

5. Ministers reaffirmed the strong commitment to launch the WTO new round of multilateral trade negotiations in 2001. Given the global economic slowdown, Ministers agreed on the critical importance and urgency of successfully launching the round at the Fourth WTO Ministerial Conference to reenergize the global trading system.

6. Ministers called on parties concerned to demonstrate strong political will and flexibility in agreeing on a balanced and sufficiently broad-based agenda to launch the new round, which should include further trade liberalization and the strengthening of WTO rules and reflect the interests and concerns of all members especially those of the developing ones, address the challenges in the 21st century and support the goal of sustainable
Ministers urged that the new round focus on trade-related issues, including existing WTO rules and not duplicate the work of other international organizations. They further agreed that internal transparency within WTO will facilitate the participation of all members.

7. Ministers reaffirmed that the concerns of developing economies should be addressed through the effective implementation of special and differential treatment and ongoing effort for capacity building and technical assistance so as to facilitate their full participation in the WTO.

8. Ministers reaffirmed APEC’s determination on expediting the full and effective implementation of the Uruguay Round agreements and commitments, and called on the WTO to give due consideration to the concerns of members, especially developing ones, on the implementation issues emanating from the Uruguay Round agreements and commitments when formulating the agenda for the new round.

9. Recalling previous Leaders’ Declarations and Ministerial Statements, Ministers reaffirmed that APEC would actively and constructively contribute to the mandated WTO negotiations on agriculture and services.

10. Ministers reiterated their commitment to continuing to contribute to the WTO work on industrial tariffs and other related areas, without prejudice to the overall agenda for negotiations.

11. Ministers agreed to continue mobilizing APEC’s expertise to maintain and enhance the momentum of the WTO negotiations on services. In this respect, they recognized the progress made in 2001 on the APEC Menu of Options for Voluntary Liberalization, Facilitation and Promotion of Economic and Technical Cooperation in Services Trade and Investment, which will continue in 2002. Ministers expected this work to make an important contribution to the on-going WTO negotiations.

12. Ministers undertook to refrain from using measures that increase levels of trade protectionism. To this end, they reaffirmed their commitment to the APEC-wide moratorium on the imposition of custom duties on electronic transmissions until the Fourth WTO Ministerial Conference, and agreed to extend the moratorium until the Fifth Ministerial Conference. Ministers also supported a vigorous continuation of the WTO’s work program on E-commerce.

13. Ministers reaffirmed the importance of the implementation of APEC WTO-related capacity building Strategic Plan, as an unique, substantial and value-adding contribution to strengthening the participation of developing economies in the multilateral trading system, improving the implementation of existing commitments, and building confidence for a WTO new round. They recognized the initiative as a concrete example of the way in which technical and economic cooperation in APEC and the policy commitment to trade liberalization can be mutually reinforcing. In this regard, Ministers commended progress made on a number of projects and noted that twelve TILF projects in support of the plan have received funding this year. They stressed the need for new projects to be accorded continued priority in allocating the APEC TILF fund in accordance with the established TILF approval process, decided that both developed and developing members would continue to prioritize as appropriate the plan in the developmental programs, and affirmed the importance of involving bilateral development agencies, relevant regional and international organizations including WTO, ADB and World Bank in implementing the plan.

14. Ministers congratulated China on the successful conclusion of negotiations on its accession to the WTO. They urged that China’s accession be finalized at the forthcoming WTO Ministerial Conference. Ministers also reiterated strong support for approval of accession to the WTO by Chinese Taipei at that Conference and the advancement of WTO accession by the Russian Federation and Viet Nam. Ministers supported the participation of all acceding economies in the new round of WTO negotiations.

Trade and Investment Liberalization and Facilitation (TILF)
Individual Action Plans

15. Reaffirming the central role of Individual Action Plans (IAPs) in achieving APEC's trade and investment liberalization and facilitation goals, Ministers commended the refinements and improvements made to the e-IAP system to enhance its functionality and user friendliness. They also welcomed the presentation of 2001 IAPs by member economies in the e-IAP system and recognized the usefulness of delivering further technical assistance in their preparation. Ministers encouraged member economies to publicize the new e-IAP system to their business communities and work with the private sector to ensure that the system meets its needs. They commended the Russian Federation for the submission of its IAP for peer review this year.

16. Acknowledging the need for the IAP peer review process to be further strengthened, Ministers endorsed the proposal for strengthening the IAP peer review process, including organizing the IAP Review Teams to conduct studies of economies under review. The new process is aimed at increasing the rigor of the peer review regime and encouraging member economies to make greater progress in achieving the Bogor Goals. They affirmed that the principle of voluntarism should be respected. For this purpose, they decided to use the APEC funding including the TILF special account through the funding approval process. Ministers welcomed the offer made by Mexico and Japan to submit their IAPs for review under the new peer review process in 2002. They also called on other member economies to actively participate in this process.

Review of OAA Part I

17. As a major roadmap providing the guidelines for achieving the Bogor Goals, the OAA must remain relevant for APEC to face the emerging global challenges and to seize new opportunities in the new century. Ministers thus endorsed the updated OAA Part I, which reflects the new changes and developments in the area of trade liberalization and facilitation since 1995. The major elements include a commitment to progressive reduction of tariffs until the Bogor goals are fully achieved, a commitment to progressively reducing NTMs to the maximum extent possible to minimize possible distortion to trade, and a commitment in the services area to provide for the fair and transparent development, adoption and application of regulations and regulatory procedures in regulated service sectors. Ministers further underlined the strategic significance of the updated of OAA Part I in providing a long-term framework for advancing to APEC TILF agenda. Ministers encouraged member economies to take the updated OAA Part I into account when updating their IAPs for 2002 and beyond.

Collective Action Plan

18. Ministers approved and endorsed the Annual Report of the Committee on Trade and Investment (CTI) and the revised/enhanced Collective Action Plans (CAPs) it contains. Emphasizing the importance of the CAPs in ensuring APEC is on track towards Bogor Goals, Ministers welcomed the commendable progress CTI made in implementing CAPs in 2001 and highlighted some key achievements, which included,

- the further expansion of the CAPs to intensify work on Non-Tariff Measures (NTMs);
- the completion of APEC Principles on Trade Facilitation;
- the completion of the new CAPs on Intellectual Property Rights;
- the completion of the review and revision of the Mid-term Technical Infrastructure Development Program; and
- the completion of an assessment/evaluation of the thirteen SCCP CAP items.

19. Ministers welcomed the progress report and its achievements from the APEC Automotive Dialogue and encouraged the Dialogue to continue its work. They took note of the ongoing reform and economic and technical cooperation activities in the automotive sector. Ministers also took note of the establishment of the Chemical Dialogue and welcomed Mexico’s offer
to host the first Chemical Dialogue in 2002.

20. Ministers welcomed the report *APEC Economies Breaking Down the Barriers: Case studies in regulatory and administrative reforms*, which indicated that the reforms undertaken by APEC members had generated significant economic benefits. Ministers also noted the importance of adopting the revised Kyoto Convention on the Simplification and Harmonization of Customs Procedures, and encouraged the adoption of the Convention at the earliest possible opportunity.

21. Ministers directed CTI to continue to give priority in its 2002 work program, to producing tangible deliverables in CAPs, as envisaged in the Osaka Action Agenda.

22. Ministers welcomed the success of the Second APEC Investment Mart held in Yantai, the People's Republic of China, during 9-15 June 2001. They reiterated the importance of ensuring stable investment flows into the APEC region. In this regard, Ministers welcomed the offer by the Russian Federation and Thailand to host the Third and the Fourth APEC Investment Marts in 2002 and in 2003 respectively. Ministers also welcomed the project to review current literature on cross-border mergers and acquisitions to enable better understanding of its development on investment flows.

23. Emphasizing the benefits of trade facilitation, Ministers instructed officials to identify concrete actions and measures to implement the APEC Trade Facilitation Principles in 2002 to promote the flow of goods and services in the region, and stressed that capacity-building should remain a central component of APEC's work on trade facilitation.

24. Recognizing the importance of enhancing the mobility of business people as a means to facilitate APEC trade and investment goals, Ministers noted the progress made in the APEC Business Travel Card Scheme and welcomed the participation of the People's Republic of China and Chinese Taipei in the scheme, leading to a majority of APEC members being part of the Scheme. Ministers also commended the progress of capacity building strategies towards implementing streamlined border processing of genuine travelers, and noted the multilateral Advance Passenger Processing (APP) trial as a new technology standard in regional travel facilitation system. Ministers supported the Informal Experts' Group on the Mobility of Business People (IEGBM) capacity building strategies, which uses agreed standards for economies to improve their immigration capacity and contributes to the APEC goals of facilitating trade and investment.

25. Ministers emphasized the importance of strengthening competition in the APEC region and welcomed the Mexican proposal to host a training program in 2002 on promoting competition in regulated sectors so as to enhance interaction among APEC economies in this field. Ministers also welcomed the proposal of Mexico to hold a workshop on regional and bilateral investment rules and agreements.

26. Ministers praised the work that the CTI has done over the past year and expressed appreciation to Mr. Joe Damond for his contribution as CTI Chair. Ministers also welcomed Ms. Ng Kim Neo to serve as the CTI Chair for the next two years commencing in 2002.

**Sharing the Benefits of Globalization and the New Economy**

*Human Capacity Building Initiatives*

27. Ministers recognized that human capacity building is a vital means to meet the challenges of Globalization and the New Economy, and affirmed its importance as one of the core priorities in APEC. Ministers applauded the various initiatives undertaken in this respect, particularly the Beijing Initiative adopted at the APEC High Level Meeting on Human Capacity Building and agreed to submit the Beijing Initiative to Leaders as a way to provide opportunities for further work on human capacity building in the context of the New Economy. Ministers also supported the engagement of all key stakeholders in the region and the development of tripartite partnerships between government, business, academic and training institutions for this purpose. Ministers welcomed the "Human Capacity Building Promotion Program" as a follow-up project to the Beijing initiative. Ministers instructed Senior Officials, working through APEC fora, to further develop and carry out initiatives for future work as appropriate to translate the shared vision into action. Ministers also noted
28. Ministers welcomed the significant progress in formulating an APEC Human Capacity Building Strategy on New Economy done by the Human Capacity Building Coordinating Group (HCBCG) as an effective response to the present and future need for transforming the "digital divide" into "digital opportunities", so that the opportunities of the New Economy can be widely shared in the APEC region and encouraged HCBCG to finish their work by SOM I 2002, with the active participation of all working fora and economies. Ministers urged implementation of the human capacity building projects, including Information Sharing and Best Practices on Teleworking and Preparing Human Resources for the New Economy. Ministers also welcomed Thailand's proposal to explore the possibility of networking schools in APEC economies and instructed SOM to examine the proposal.

29. Ministers welcomed the outcome of the Fourth APEC Human Resources Development Ministerial Meeting, held in Kumamoto, Japan and commended the significant progress in achieving human resources development goals. Ministers resolved to increase APEC's understanding of the forces that shape and drive the New Economy, inter alia, by increasing access to quality basic education, skills training-retraining and lifelong learning to address the challenges that it presents to the workforce of the 21st century, and to foster an environment which assures greater access to the opportunities generated. Ministers welcomed the meeting's focus on knowledge and skills development, formulation of proactive labor market policies, and involvement of stakeholders such as labor and business.

30. Ministers expressed their appreciation to the APEC Education Foundation for its leadership in launching the APEC Cyber Education Cooperation Consortium and recognized the Foundation's potential as a useful vehicle for HCB efforts, especially in the area of cyber education cooperation. Ministers encouraged further participation in the work of the Foundation and the Consortium by member economies, business, academia and other stakeholders with a view towards realizing an APEC cyber education community.

Ecotech Issues

31. Ministers endorsed the SOM Report on Ecotech and its recommendations. Ministers reaffirmed the role of Ecotech in contributing to sustainable growth and achieving common prosperity. Ministers commended the progress made this year in advancing the Ecotech agenda and reinforcing the complementarity of TILF and Ecotech. Ministers also recognized the need for APEC to interact with bilateral, regional, and international organizations and financial institutions with a view to fostering cooperation, broadening support and leveraging financial resources to boost Ecotech activities.

32. Since its inception, SOM Subcommittee on Ecotech (ESC) has played a significant role in managing and coordinating Ecotech activities to ensure a more effective and action-oriented agenda. Ministers endorsed the work that ESC has done over the past year and expressed appreciation to Dr. Medhi Krongkaew for his excellent contribution as the ESC Chair. Ministers also welcomed Ambassador Elard Escala from Peru to serve as the incoming ESC Chair and the Senior Official of the Philippines as the Vice Chair for the next two years commencing in 2002. Ministers also directed Senior Officials to review the function and mandate of the ESC with a view to making recommendations to the next Ministerial Meeting on any adjustments required to ensure the most effective possible leadership and coordination of APEC's Ecotech work.

33. Ministers welcomed the development of Ecotech Action Plans (EAPs) in the area of Human Resources Development as a pilot and affirmed its role in substantially enhancing the opportunity for cooperation in field of HRD, and facilitating a more focused and intensified agenda. Ministers welcomed the submission of EAPs by 16 economies and encouraged continued and broader participation.

34. Ministers commended the completion of updating Osaka Action Agenda (OAA) Part II and its Annex. Ministers reaffirmed the role of OAA in shaping the road map for APEC in the new century. The revised OAA Part II incorporates new initiatives and priorities since 1995, and will continue to function as a fundamental guide in future Ecotech activities. Ministers also...
instructed Working Groups to make sure their future activities are consistent with the updated OAA Part II and include in their annual report to the SOM information on the implementation of OAA Part II so that progress can be monitored.

35. Ministers commended the completion of the first APEC Science & Technology Policy Forum held in Penang, Malaysia, which was organized by the Industrial Science and Technology Working Group (ISTWG). The Forum identified numerous recommendations for building innovation capacity within APEC economies and fostering linkages among science, technology and innovation communities across APEC. Noting the contribution to the success of the Forum made by the participation of academic, business, and other non-governmental groups, Ministers urged the ISTWG to continue to involve these stakeholders in implementing these recommendations.

APEC Food System (AFS)

36. Reaffirming the importance of addressing the three areas of the AFS on rural infrastructure development, promotion of trade in food products, and dissemination of technological advances in food production and processing, Ministers welcomed and endorsed the SOM report on the implementation of the AFS. They also asked the Senior Officials to give further thought to ways to increase the momentum in AFS implementation, requested SOM to report annually on progress in implementation of the AFS recommendations, and instructed officials to examine how to respond to ABAC’s recommendations on the AFS in 2000 and 2001.

Biotechnology

37. Ministers reaffirmed the importance of transparent and science-based approaches to risk assessment and management in the introduction and use of biotechnology products, and of technical cooperation, and information exchange on new technology and capacity building in this area. They recognized the importance of economies’ efforts to enhance consumers’ awareness, confidence and understanding of biotechnology products to facilitate the realization of the potential benefits of this technology.

38. Ministers endorsed the SOM Report on Agricultural Biotechnology and asked Senior Officials to report on progress next year. They welcomed the initiative to hold a policy-level dialogue on agricultural biotechnology and requested Senior Officials to report on progress in 2002.

Infectious Disease

39. In recognition of the challenges posed by infectious diseases, Ministers endorsed the APEC Strategy to address HIV/AIDS and other infectious diseases and commended the efforts and contribution made by ISTWG in developing the strategy in less than a year. Ministers asked related APEC fora, notably the ISTWG to take actions as laid out in the Strategy in the six categories of electronic networking, surveillance, outbreak response, capacity building, partnering across sectors, and political and economic leadership. Ministers also noted that the APEC Healthcare Services Accreditation Project and a project to conduct training in infectious disease surveillance were approved at the 21st meeting of the ISTWG in Penang, Malaysia. Ministers welcomed these initiatives in response to the APEC Infectious Disease Strategy and requested ISTWG to report outcome to the SOM.

Strengthening the Functioning of Markets

40. Ministers commended the significant efforts made by member economies in strengthening the functioning of markets, which complement the APEC trade and investment liberalization and facilitation process. Acknowledging the importance of developing transparent, favorable and predictable policy as well as legal and regulatory environment for business, Ministers:

- Took note of the progress made regarding the APEC-OECD Cooperative Initiative on regulatory reform led by Peru, welcomed the outcomes arising from the Opening
Conference of the Initiative held in Singapore, the First APEC-OECD Workshop on Regulatory Reform held in Beijing on 19-20 September 2001 and commended Mexico's offer for hosting the Second Workshop;

- Took note of the work of the coordinating group on Strengthening Economic Legal Infrastructure led by Australia, Japan and Peru, particularly the completion of Menus of Options for Strengthening Economic Legal Infrastructure, called for early implementation and the development of cooperative projects in capacity and institutional building, corporate law and competition policy, based on the Cooperation Framework, and urged continuous efforts in building capacity and skills of individuals, institutions and agencies in developing and applying commercial, corporate and competition law;
- Took note of the progress made in the cooperation program in the area of SME and New Business Support, and welcomed the progress achieved in the Cooperation Programs, which consists of holding seminars, dispatching experts and related activities, based on the Evolving Cooperation Initiative by Japan;
- Endorsed the Guidelines for Good Corporate Governance Practice developed by PECC and encouraged APEC members to implement the Guidelines on a voluntary basis;
- Welcomed the Guidelines of Best Practices for Entrepreneurship and Start-up Companies, which was the principal outcome of a Symposium in this regard held on August 2-3 2001 in Chinese Taipei, and encouraged relevant APEC fora to apply the Guidelines to their future work; and
- Recognized the importance of capacity building for the implementation of APEC Principles to Enhance Competition and Regulatory Reform, and welcomed further work in this area, such as training programs.

**New Economy Issues**

**E-APEC**

41. The information technology revolution is one of the major forces transforming the world and the APEC region into the 21st century. Ministers reaffirmed their confidence in the immense potential of Information and Communications Technology (ICT) and its applications in upgrading the welfare and living standard of our people in the APEC region. Ministers emphasized the importance of the development of New Economy, the ICT revolution and its applications.

42. As instructed by the Leaders, a long-term, forward-looking and action-oriented e-APEC Strategy has been formulated by developing and expanding the Action Agenda for New Economy this year. Ministers commended the efforts made by the e-APEC Task Force, and endorsed the e-APEC Strategy, which demonstrated APEC’s resolve to spur ICT development with the vision of an approaching digital society. Ministers urged members to take concrete and concerted actions to implement the e-APEC Strategy so as to maximize the benefits of the ICT revolution, address the digital divide and benefit from the opportunities presented by the emerging New Economy.

43. The e-APEC Strategy consists of the following three pillars:

- **Create an environment for strengthening market structure and institutions;**

  Ministers urged economies to implement appropriate policies and actions to promote sustainable and sound macroeconomic policy framework, sustained structural reform, an effective competition regime, good financial and corporate governance, etc. and actions to promote sustainable growth.

- **Create an environment for infrastructure investment and technology development;**

  Ministers encouraged economies to create a policy environment conducive to competitive investment and the widespread uptake of beneficial technologies.

- **Enhance human capacity building and entrepreneurship development.**
Ministers urged economies to take actions to improve human capacity building and promote entrepreneurship. Ministers also encouraged economies to develop innovation-oriented policies and promote the participation of SMEs in New Economy activities.

44. Ministers urged member economies to take concrete actions to turn the e-APEC vision into reality, which would definitely help facilitate spreading the benefits of the New Economy, enhancing the momentum of economic development and revitalizing not only regional, but also the global economy. Ministers encouraged member economies and relevant APEC fora to implement the e-APEC Strategy through broad cooperation and collaboration. In this regard, Ministers directed Senior Officials, in cooperation with the Finance Deputies, where appropriate, to facilitate and oversee the process of implementing the Strategy and report the outcomes to the responsible Ministers at their next year's meeting in Mexico. Ministers welcomed the report on progress in developing the Network of Skills Development Centres and encourage full participation by members.

E-commerce

45. Ministers noted and welcomed the progress made by Electronic Commerce Steering Group (ECSG) on promoting and coordinating E-commerce-related activities across APEC sub-fora, including the completion of the APEC 2001 Electronic Commerce Stocktake. In this regard, Ministers endorsed the recommended work program on E-commerce in APEC. Ministers also endorsed the proposal by the ECSG to develop APEC guidelines for online consumer protection and noted the proposal to organize a public/private sector forum regarding online privacy and E-commerce during 2002.

46. Noting the different roles of private and public sectors in promoting the development of E-commerce as well as the needs to strengthening the linkage between them in this field, Ministers endorsed the proposal of the establishment of the APEC E-commerce Business Alliance. Ministers also welcomed the proposal to strengthen economic and technical cooperation in the area of E-commerce with a view to narrowing the gap between member economies in the application of E-commerce.

47. Ministers welcomed Individual Action Plans on Paperless Trading submitted by some member economies, encouraged other member economies to participate in the delivery of Paperless Trading IAPs, and instructed SOM to report on progress to the MRT Meeting in 2002. Ministers also welcomed the report on Paperless Trading: Benefits to APEC, and encouraged APEC members to reduce regulatory and institutional barriers to paperless trading.

48. Ministers recognised the growth of global electronic commerce and the importance of a legal and policy framework which both ensures business and public confidence and avoids unnecessarily restrictive trade barriers while respecting national policy objectives in order to allow E-commerce to develop its full potential to create new opportunities for trade.

Other Existing and New Initiatives

49. Ministers welcomed the progress report made by lead economies on various existing and new initiatives on e-APEC activities. Ministers welcomed the implementation of Phase I of the project on Transforming the Digital Divide into a Digital Opportunity by Chinese Taipei and urged the early implementation of Phase II work in 2002. Ministers welcomed Korea's offer to host a high-level conference on strengthening APEC cooperation for establishing e-government, and a seminar on empowering people with disabilities in the Information and Technology (IT) age in 2002. In response to Vietnam's New Economy Initiative on Strengthening the Legal Framework for E-Commerce, Ministers agreed to convene an E-Commerce Legal Infrastructure Workshop at the 25th TEL meeting in 2002 in Hanoi, Vietnam.

50. Ministers reaffirmed commitments to triple access to the Internet by 2005, and to ensure that all groups within an economy have access individually or through community-based services to the Internet by 2010; and they commended the TEL for developing a Digital
Divide Blueprint for Action and called for its completion and implementation.

51. Ministers welcomed efforts and policy findings by TEL on ICT development and diffusion, for the creation of a policy environment in the APEC region for universal access, the liberalization of the market, the realization of digital opportunities, and the security of information infrastructure and networks. Ministers recognized the important role of the private sectors in developing and diffusing ICT and encouraged enhanced cooperation among members and all stakeholders with the effective leadership of governments in upgrading capacity into a digital and prosperous future. In this regard, Ministers instructed the e-APEC Task Force, TEL, ECSG, HRD, and SME WGs, and other APEC fora to continue their endeavors in carrying forward the e-APEC activities in various areas within APEC and enhance their cooperation in ICT development in the region.

Development of SMEs

52. Ministers welcomed the outcomes from the 8th SMEs Ministerial Meeting held in Shanghai under the theme of "New Century, New Challenges: Innovation and Environment for SME Development". They acknowledged the vital role and importance of SMEs in promoting economic recovery and long-term sustainable economic growth. Ministers urged member economies to consider the key strategies recommended by the SME Ministerial Meeting in the development of SMEs and continue to examine thoroughly the obstacles faced by SMEs. The recommendations identified are: Advancing Technological Innovation through Cooperation, Facilitating Financing and Improving the Environment for SME Development.

53. In times of economic uncertainty, Ministers acknowledged the need to redouble efforts to support growth and development of small and micro enterprises. Recognizing the importance of enhanced cooperation in human capacity building and information sharing for the benefit of SMEs across the Asia Pacific region, Ministers welcomed efforts by the Philippines and Canada as lead economies' to further on-going SME programs for training and certification of APEC SME Counselors and developing commercial alliances under the Business Partnership Initiative for SMEs. Ministers welcomed the "International Cooperation Forum on Innovative Management Skills" to be implemented by Russia in 2002 and encouraged active participation by all economies. Recognizing the benefits to SME policy makers to better serve SME constituencies across APEC, Ministers also endorsed the "Voluntary Visitor Program for APEC SME Government Officials" and called for the United States to hold the program next spring and report on results to the 9th APEC SME Ministerial Meeting in August 2002.

Sectoral Ministerial Meetings

54. Ministers took note of the report presented by Peru regarding the postponement of the 3rd Transportation Ministerial Meeting due to the cancellation of the Ministers of several members after the terrorist attacks in the United States last September, and welcomed Peru's offer to host the event in March 2003.

55. Ministers welcomed the progress made towards assisting economies to implement the operational plan under Transportation Working Group including the progress in implementing the recommendations for more competitive air services on a voluntary basis. Ministers noted the ongoing efforts in transportation safety and security, and supported efforts to promote international cooperation for the suppression of terrorism, piracy, and armed robbery.

56. Ministers welcomed Korea’s offer to host the 1st APEC Ocean Related Ministerial Meeting in 2002 and recognized that, it would contribute to strengthening cooperation on sustainable marine and fisheries resources development.

57. Ministers acknowledged that the review on the implementation of initiatives of APEC Sectoral Ministerial Meetings is vital to ensuring the overall effectiveness of the APEC process. Ministers commended officials for their efforts and directed them to urge APEC fora to continue to implement the decisions and initiatives of various Sectoral Ministerial Meetings.
58. Ministers endorsed the Economic Committee (EC)'s Report for 2001 and welcomed the progress made in its four core projects: (1) 2001 APEC Economic Outlook; (2) the New Economy and APEC; (3) the Benefits of TILF; (4) the Implementation Plan for KBE Recommendations. Ministers welcomed the *2001 APEC Economic Outlook* especially its thematic study on financial development and economic growth, which is particularly timely in face of the current global economic slowdown and member economies' collective resolve to foster long-term economic vitality. They also endorsed *The New Economy and APEC* report that offers a conceptual framework and useful elements for creating an environment in which the New Economy could develop. Ministers acknowledged the importance of the Benefits of TILF projects, which emphasized the creation of more open and free trade and investment environment. Ministers urged the continuous implementation of the KBE Recommendations and instructed the EC to continue its work on KBE issues.

**Interaction with the Finance Ministers' Process**

59. Ministers welcomed the outcomes from the 8th APEC Finance Ministers' process, and were encouraged by the efforts and contribution made by the Finance Ministers under the policy theme of "Growth with Restructuring, Stability and Equity" in the year of 2001. They acknowledged the important role of the Finance Ministers' process in taking appropriate policies in a timely manner and constructing a stronger macroeconomic foundation for the region in the long run.

60. Ministers welcomed the practice of strengthening linkages and communications between the Finance Ministers' process and the SOM process in 2001 with a view to ensuring the work programs coordinate and complement each other. Given the current global and regional economic downturn, Ministers further underlined the importance of continuing the inter-process briefing and exchange of views between the Finance Ministers' process and SOM on a regular basis so as to facilitate information sharing and coordination.

61. Ministers welcomed the APEC Finance and Development Program proposed by China, which aims at enhancing capacity building in the areas of financial market management especially for developing economies across the APEC region.

62. Ministers also welcomed the report "Towards Better Company Accounting and Financial Reporting" prepared for and accepted by the APEC Finance Ministers, and encouraged member economies to raise awareness of the importance of robust financial reporting, accounting, auditing and enforcement practices supported by a sound legal, professional and regulatory infrastructure.

**Social Impact of the Crisis**

63. Ministers welcomed the recommendations of the Ad Hoc Task Force on Strengthening APEC Social Safety Nets (SSN). They endorsed the proposed establishment of an APEC SSN Capacity Building Network that, in the first instance, would focus on capacity building to implement the SSN recommendations made by the Finance Ministers and in the study conducted in the HRDWG. Ministers welcomed the proposals by Korea and Thailand to co-organize an international meeting to address specific capacity building issues on SSN.

**Energy**

64. Energy security stands as an important issue for economic development and regional prosperity. In light of the terrorist attacks in the United States, Ministers directed the EWG to intensify its work on strengthening the security and reliability of affordable energy to all in APEC, through such means as exchange of information and experience on oil stockpiling, on facilitating energy efficiency and conservation, and on facilitating improved stability in the provision of energy supply to meet demand. They called for further energy technology development, exchange, application and deployment, and for the facilitation of a diverse
and efficient supply mix to avoid the risks posed to the economy by volatility in the international oil market. Ministers welcomed the progress made on the Energy Security Initiative and directed the EWG to implement the concrete work in the progress report on the Initiative. They also called on economies to encourage greater private sector involvement in the EWG work program and the EWG to cooperate closely with the EWG Business Network. Ministers requested Senior Officials to report in 2002 on progress made in the Initiative.

**Interaction with the Community**

**Dialogue with ABAC**

65. Ministers welcomed the ABAC Report to Leaders, *Common Development through Market Opening, Capacity Building and Full Participation*. They noted the four key messages to the Leaders, calling on APEC economies (1) to accelerate progress towards the Bogor Goals of trade and investment liberalization and facilitation; (2) to demonstrate strong support for the launch of new WTO round; (3) to take decisive measures to stimulate economic growth and accelerate financial reforms; and (4) to adopt a balanced approach to globalization that combines market opening, capacity-building and full participation. In light of the broadening and deepening of regional and global economic integration, Ministers noted that the four messages presented by the ABAC Report contribute to the APEC process in the new century. Ministers recognized that regular consultation with business, including SMEs, would ensure that APEC work remains focused and has practical usefulness for business. Ministers also noted the importance of the BizAPEC website for APEC’s engagement and communication with business.

**Youth**

66. Ministers commended China and Canada for their initiative in organizing the highly successful APEC Youth Festival/Young Leaders and Entrepreneurs Forum, welcomed in particular the complementarity between this event and APEC work in connection with engagement with the private sector, the new economy and human capacity building, and encouraged that complementarity with the APEC agenda be a key characteristic of future APEC projects aimed at young people.

67. Ministers commended Mexico’s offer to organize the 2002 APEC Youth Festival.

**Framework for Integration of Women**

68. Ministers commended Ad-hoc Group on Gender Integration (AGGI)’s achievements over the past two years and endorsed SOM’s report on the Implementation of the Framework for the Integration of Women in APEC. They endorsed SOM’s recommendations including the extension of AGGI’s term to the end of 2002 in order to enable it to complete its work.

69. Ministers emphasized the importance of and their commitment to the involvement of women in the activities of APEC. They instructed officials and APEC fora to continue to ensure that women are involved in and benefit from their work. Ministers tasked officials to complete the development of monitoring mechanisms to ensure the sustainability of gender mainstreaming initiatives in APEC.

70. Ministers welcomed Mexico’s offer to host the Second Ministerial Meeting on Women in 2002, and urged members to ensure full participation in the lead up to and during the meeting. Ministers took note of the proposed research project on fostering SMEs and micro-businesses through IT capacity-building for women.

**Communications and Outreach Strategy**

71. The movement towards global integration presented the greatest opportunity to deliver higher living standards and improved social well-being for APEC communities. Ministers reaffirmed that the benefits of globalization should be shared by and be better
communicated to APEC communities. In this regard, Ministers welcomed the report on “Globalisation and Poverty: Turning the Corner”. Ministers also noted that ABAC has expressed its intentions to improve its outreach and encouraged continuous efforts in fostering productive partnership and cooperation with the private sector.

72. In this regard, Ministers accepted the SOM Report on APEC Interaction and on Public Outreach and Communications, reinforcing the importance for APEC of ensuring appropriate community engagement and input in its work, and endorsed the APEC Communications and Outreach Strategy. In this connection, they welcomed commitments by economies to provide resources to support APEC-wide work in outreach, as well as to encourage domestic programs that explain APEC’s work and the benefits of open markets. Ministers further instructed relevant APEC fora to identify and invite the participation of outside groups that can make a contribution to their work. Ministers also directed Senior Officials to make further progress in examining the possibility of simplifying the management and administration of the guidelines on non-member participation within the existing policy principles and report the result next year.

Management Issues
2002 Budget

73. Ministers endorsed the SOM Chair’s report on budget and management issues and approved the contributions from member economies for 2002 to the APEC Central Fund totaling US$3,338,000 and the 2002 budget totaling US$8,576,395.

74. Ministers further instructed Senior Officials to continue their work in improving efficiency and effective use of time in all APEC fora, particularly by undertaking further work in the area of reporting requirements and project-related procedures, as well as clarifying a standard expectation of Secretariat support for APEC fora, and to report to the next Ministerial meeting on the progress made.

APEC Secretariat

75. Ministers took note and welcomed the report of the Executive Director of the APEC Secretariat, and expressed their appreciation to Amb. Zhang Yan and the staff of the Secretariat for their devotion and contribution to the APEC process. Ministers also thanked the Singapore government for its generosity in constructing a new office building for the Secretariat to be ready in 2002.

Other Issues
Statement by Observers

76. Ministers took note of the statements by ASEAN Secretariat, PECC and PIF.

APEC 2002

77. Ministers thanked Mexico for the briefing on preparations for the Fourteenth APEC Ministerial Meeting and the Tenth APEC Economic Leaders’ Meeting in Los Cabos, Mexico. The preliminary list of priority issues embodies, inter alia:

- Growth policies for the new economy, including appropriate trade and investment, macro-economic, financial and business facilitation policies;
- Building capacities to reap the benefits of economic development including the promotion of SMEs and micro-enterprises;
- Making APEC a more relevant forum to our people, including fostering greater participation of youth and women, stepping up our efforts in communicating the benefits of globalization and the improvement of the functioning of APEC.
The overall framework is to implement our shared vision of expanding the benefits of economic growth and development.

**Future Meetings**

78. Ministers noted the 2003 to 2005 Ministerial Meetings will be held in Thailand, Chile and the Republic of Korea respectively.