

## APEC

**Kazan, Russia, 4 - 5 Jun 2012**

### 2012 Meeting of APEC Ministers Responsible for Trade

#### Statement

1. We, the APEC Ministers Responsible for Trade, met in Kazan, Russia from 4 to 5 June, 2012 under the chairmanship of Andrey Belousov, Minister of Economic Development of the Russian Federation.

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

3. In 2009, APEC Leaders looked beyond supporting the economic recovery to recognize the necessity of developing a new growth paradigm for the changed post-crisis landscape. Leaders called for progress in work to promote greater convergence in regional economic integration, and welcomed the APEC Supply

Chains Connectivity Framework. In 2010 Leaders agreed on the Yokohama Vision and the Leaders' Growth Strategy, setting out a path for APEC to pursue an integrated, robust, and secure community achieving balanced, inclusive, sustainable, innovative, and secure growth. In 2011 Leaders set out a program aimed at achieving a seamless regional economy by strengthening regional economic integration and expanding trade, promoting green growth, and advancing regulatory convergence and cooperation.

4. Building on this commitment of our Leaders to foster sustainable economic growth, development and common prosperity demonstrated in recent years in APEC, we pledge to advance our work to promote deeper economic integration and stronger innovative growth. Our discussions in 2012 are aimed at achieving tangible results in the following priority areas:

(I) trade and investment liberalization, and regional economic integration;

(II) strengthening food security;

(III) establishing reliable supply chains; and

(IV) intensive cooperation to foster innovative growth

### **Trade and Investment Liberalization, Regional Economic Integration**

5. We emphasize our strong commitment to trade and investment liberalization and facilitation, welcome the continuing progress made towards the Bogor goals of

free and open trade and investment in the Asia-Pacific region and remain firmly committed to their achievement.

6. We are committed to the multilateral trading system, and will pursue our own regional economic integration agenda in this spirit, always seeking to ensure that the steps we take towards the eventual realization of the Free Trade Area of the Asia-Pacific (FTAAP) are steps towards more open global as well as regional trade. We commit to support the multilateral trading system by promoting APEC work that will complement commitments in the World Trade Organization (WTO). We encourage discussions in APEC to advance work on reducing protectionism.

7. We will promote broader integration, and trade and investment liberalization and facilitation in the APEC region. Taking note of various ongoing efforts towards FTAAP, we agreed on the importance of reporting regularly to APEC on developments related to these initiatives. We strongly support the capacity building and guidance in this area including the implementation of the action plan framework on Capacity Building Needs Initiative (CBNI).

8. In order to fulfill APEC Leaders' 2011 commitment to play a leadership role in launching negotiations focused on expanding the product coverage and membership of the WTO Information Technology Agreement (ITA) and to contribute to the multilateral trading system we call on ITA participants to strengthen their engagement in order to achieve a good outcome of the negotiations. To that end, we welcome the recent developments in Geneva on ITA,

including the recently held 15th ITA Anniversary Symposium and accession of new members.

9. We encourage the efforts to promote facilitation and liberalization of services trade. Services trade is crucial to the achievement of APEC's goals to promote economic growth, innovation and supply chain connectivity, and in this context we note the vital role of education in supporting the cross-border flow of ideas, labor, investment and productivity growth. We welcome future efforts in this area and encourage work including improving the services statistics to facilitate the understanding of current situation and trends in services markets. We welcome the expansion of the APEC Services Trade Access Requirements (STAR) Database as a business friendly tool to facilitate services trade in the APEC region and welcome the development of other tools and indicators helping to assess the level of liberalization in the services sector, including voluntary liberalization.

10. We reaffirm our commitment to APEC's work to define, shape, and address next generation trade and investment issues, including the work to enhance small and medium-sized enterprises' participation in global production chains, facilitate global supply chains, and promote effective, non-discriminatory, and market-driven innovation policy. To take forward this agenda, we endorse transparency in trade agreements as a new next generation trade and investment issue. We instruct officials to intensify the work on the issues selected in 2011 and 2012, and report to us at AMM on the specific and substantive deliverables. We also note discussions on local content requirements, promoting the creation and dissemination of creative content, and facilitating trade in renewable and clean energy products.

11. Keeping in mind the large obstacle that technical barriers can present to trade, we reaffirm our commitment to promote regulatory coherence and good regulatory practices in the Asia-Pacific region through APEC. To that end, we encourage information exchange on standards among APEC economies, welcome work in 2012 to take forward our agendas on smart grid interoperability standards, green buildings, and solar technologies, and encourage officials to work on identifying additional key technologies of common interest with a view to reduce future technical barriers to trade.

12. We also commend work to fulfill 2011 Leaders' instructions to strengthen implementation of good regulatory practices (GRP) by undertaking related capacity-building and information sharing activities, including on regulatory impact analysis. We welcome the expanding cooperation among chemical regulators, including the APEC Regulatory Action Plan for Chemicals, and encourage further collaboration of APEC with other international fora such as the OECD and the UN Sub-Committee of Experts on the Globally Harmonized System of Classification and Labeling of Chemicals. We welcome work towards the facilitation of chemicals trade by examining behind the border issues and by promoting implementation of the Globally Harmonized System (GHS) across APEC economies and appreciate the work on the Integrated Information Resource.

13. We welcome work on regulatory and investment issues related to the life sciences sector, including steps taken to develop roadmaps in key priority areas under the 2011 strategic framework to achieve convergence on regulatory approval procedures for medical products by 2020. We further welcome the

establishment of a regulatory network and enhanced presence of industry stakeholders in this work.

14. We welcome continued work by APEC economies to develop and implement common elements of import policies and regulations for the importation of advanced technology and non-salable, alternative-fueled demonstration vehicles, as instructed by Ministers in 2011. We instruct officials to continue work to promote regulatory coherence for new automotive technologies, and to encourage policies that promote green growth and energy efficient vehicles for a more sustainable transport sector.

15. We reaffirm our commitment to promote trade and investment in environmental goods and services (EGS) in order to address environmental challenges. We are resolved and dedicating all available resources by AMM 2012 in Vladivostok to fulfill Leaders' instructions to work to develop in 2012 an APEC list of environmental goods that directly and positively contribute to our green growth and sustainable development objectives on which they resolved to reduce by the end of 2015 our applied tariff rates of 5 per cent or less, taking into account economies' economic circumstances without prejudice to APEC economies' positions in the WTO.

16. We commit to strengthen regional cooperation on trade and environmental matters. We take note of the importance of the work to advancing our shared green growth objectives and enhancing mutual supportiveness between trade and environmental policies, including through promoting international standards,

transparency and information exchange among economies on environmental measures and requirements which could have significant trade effects; considering trade and development objectives alongside environmental protection in the development of environmental measures; strengthen capacity building. We will seek to ensure that measures taken for environmental purposes should be least trade restrictive and should be consistent with our international trade obligations.

17. We reaffirm our commitments to advance shared green growth objectives and to address both the region's economic and environmental challenges by accelerating the transition towards a global low-carbon economy, which will contribute to energy security and reduce APEC's aggregate energy intensity.

18. We welcome the work being undertaken to strengthen cooperation and share best practices for purposes of combating illegal logging and associated trade. We note our support for the work underway to counter illegal logging and illicit trade in forest products in the region. We instruct officials to take effective measures to facilitate the legal trade of forest products. We reaffirm our commitment to promote sustainable forest management and rehabilitation.

19. We confirm the importance of APEC efforts to improve investment climate in the region by implementing actions to promote greater transparency and better understanding of regulatory mechanisms for investment in APEC economies. Recognizing the value of the APEC Investment Facilitation Action Plan (IFAP) as an organizing framework for our goals in this area, we will continue to implement IFAP actions with a particular focus on 1) enhancing stability of investment

environments and protection of investments including through developing mechanisms for dispute avoidance and resolution; 2) improving transparency, efficiency and effectiveness of investment procedures, including through the use of new technologies; and 3) building and maintaining constructive stakeholder relationships.

20. We reaffirm our commitment to take further steps to facilitate investment, and highlight the importance of implementing the APEC Strategy for Investment agreed in 2010, including the holding of public-private dialogues on investment. Taking note of ABAC's and broader business interest in the investment issue, we encourage officials to take concrete actions for facilitation of public-private partnership (PPP) in infrastructure investment in the APEC region.

21. Taking note of the progress of achieving the ambitious target of 25 per cent cost reduction in improvement in the ease of doing business indicators by 2015, we welcome the APEC Ease of Doing Business 2012 Stocktaking Workshop held in Moscow, Russia in February 2012, as well as bilateral workshops, where participants shared best practices in respect of their activities. We welcome capacity building activities to assist economies in achieving the set target, and instruct officials to continue sharing best practices in this area.

22. We reaffirm the importance of the APEC New Strategy for Structural Reform (ANSSR) endorsed by the Leaders in 2010, which promotes more balanced, inclusive, and sustainable growth and development through targeting behind-the-border barriers to trade. To advance its implementation, we welcome and endorse



the 2013 ANSSR Mid-Term Progress Report Template. We expect that this report will enable economies to highlight accomplishments in implementing structural reform priorities and track progress towards achieving their structural reform objectives by the end of the ANSSR process in 2015.

23. We endorse the importance of initiatives in anti-corruption activities within APEC economies to strengthen trade and investment in the APEC region, particularly by promoting public-private partnerships in this sphere. Corruption poses a significant market access barrier and high cost for companies, especially SMEs, limiting growth and financial integrity. We reaffirm our commitments to fight corruption and illicit trade, and to ensure transparency through boosting cooperation among APEC economies and other international stakeholders. We welcome continued APEC capacity building efforts to implement voluntary codes of business ethics and facilitate industry regulators and anti-corruption enforcement authorities to advance ethical collaborations in line with the APEC principles.

### **Strengthening Food Security**

24. Acknowledging the Niigata Declaration we appreciate the efforts made by APEC Ministers Responsible for Food Security on the Kazan Declaration on Food Security. We subscribe ourselves to contribute to achieving its goals: increasing agricultural production and productivity; facilitating trade and developing food markets; enhancing food safety and quality; ensuring sustainable ecosystems based management and combating illegal, unreported and unregulated (IUU) fishing and

associated trade. We also recognize the value of improving access to food for vulnerable groups of population to promote food security.

25. We welcome the efforts to increase agricultural production and productivity on a sustainable basis through boosting investment and actively adopting innovative technologies. We underline the importance of responding appropriately to environmental risks such as climate change and promoting the efficient utilization of agricultural inputs and natural resources in particular land, water and biodiversity, engaging farmers including women, and strengthening natural disaster preparedness and resilience in the most suitable manner to specific regions, considering the diversity of environmental and economic conditions world-wide and positive externalities of agriculture.

26. We consider it crucial to attract long term investment in agriculture. We recognize the key role of private investments, taking note of the catalytic role of public investment in creating appropriate conditions for farmers and other stakeholders. We note that there is a necessity to set up concrete goals to stimulate growth of private investment flows into agriculture. To do so, we note the importance of improving investment climate and conditions in agriculture in APEC region on the basis of wider transparency and reducing barriers for investment in agriculture. We also reaffirm the importance of responsible agricultural investment which, in particular, encourages sustainable use of resources and environmental protection. We encourage private investment to be carried out in a responsible manner with Voluntary Guidelines for the Responsible Governance of Tenure of Land, Fisheries and Forests (VG) and the Principles for Responsible Agricultural Investment (PRAI) being taken into account. We

recognize an important role for PPP in the field of investment and welcome views and recommendations from the Policy Partnership on Food Security.

27. Agricultural trade plays a key role in achieving food security. To this end we reaffirm the value of an open and rules-based multilateral trading system as it provides predictability and stability in agricultural trade. We agreed on the need to sustain the benefits of globalization and open markets, highlighting the crucial importance of encouraging science-based standards, rejecting protectionism and encouraging the development of regionally integrated markets. We note the importance of effective food market monitoring and exchange of reliable and up-to-date information on production volumes, consumption, trade and food reserves for enhancing market transparency and predictability and mitigating the adverse affects of volatility of food prices. In this context we appreciate the elaboration and launch of the Asia-Pacific Food Security Information Platform (APIP). We emphasize the importance of transparency and WTO-consistent market regulations as an essential mechanism to enhance the agricultural trade and lower volatility risk. We also welcome the discussion on improving infrastructure for food markets and recognize its importance for development and integration of markets. We note the necessity to take further steps towards reducing losses along the whole food supply chain. In this regard we will consider improvements in such relevant areas as policy, resources, education, services, infrastructure and logistics.

28. We note that APEC economies have made significant progress in adopting international standards on sanitary and phytosanitary measures as well as technical regulations on food safety and quality. The achieved results strengthen food supply chains in the region and provide new opportunities for developing

trade in safe and quality food. We emphasize the importance of further development of mutual understanding among APEC economies regarding the benefits of harmonizing domestic regulations with international standards. We appreciate the effective and multi-faceted work of the Food Safety Cooperation Forum (FSCF) and its Partnership Training Institute Network (PTIN). We also support the creation of the World Bank Global Food Safety Partnership (GFSP) and encourage APEC economies to support the GFSP and its multi-donor trust fund, which will be housed at the World Bank and will harness contributions from both the public and private sector to fund GFSP activities.

29. We welcome the exchange of best practices and further discussions on improving access to food for vulnerable groups of population, including school meals and other social programs as well as the development of local agricultural production, procurement systems and processing industry.

30. Recognizing the importance of sustainable management of marine ecosystems, fisheries and aquaculture as significant components of social and economic wellbeing and contributors to food security we support efforts to facilitate sustainable, open and fair trade in products of fisheries and aquaculture. We emphasize the importance of strengthening partnership on a bilateral and multilateral basis on combating IUU fishing and associated trade as well as destructive fishing practices; improving capture fisheries management and sustainable aquaculture practices, implementing ecosystems based management approaches and enhancement of transparency in fishing regulations. We encourage the Ocean and Fisheries Working Group to promote cooperation and exchange information concerning IUU fishing and management measures applied

by the Regional Fisheries Management Organizations and other relevant organizations.

### **Establishing Reliable Supply Chains**

31. Noting the increasing attention given to supply chain connectivity, we support further discussions of relevant issues including policy recommendations for trade facilitation. We emphasize the importance of taking concrete actions to improve supply chain performance, in terms of reducing the cost, time, and uncertainty of moving goods and services throughout the region. We confirm that tangible outputs in this area will contribute to achieving the Bogor Goals, growth and prosperity in the region.

32. We welcome the discussions on facilitating global supply chains and enhancing the participation of SMEs in the global production chains, which were two of the next generation trade and investment issues identified in 2011. In recognizing that our businesses are increasingly operating across borders, and that the smooth functioning of global trade and production depends on efficient global supply chains, we instruct officials to further work on deepening understanding, highlight challenges and identify ways to enable businesses to participate in and benefit from global supply chains, and to explore possible avenues to foster SMEs involvement as supporting industries of global production chains. Noting APEC's goal to achieve an APEC-wide 10 percent improvement in supply chain performance by 2015, taking into account individual economy circumstances, we recognize the need to take a more systematic approach to addressing the

underlying policies contributing to chokepoints in supply chains through targeted capacity-building.

33. We recognize the importance of minimizing risks to Asia-Pacific supply chain routes, and welcome the work on reliable supply chains, including diversification of supply chain routes. We encourage the analysis of the regional supply chain routes in order to identify ways to increase efficiency of supply chains by minimizing transportation, customs, and transaction costs for businesses. Taking into consideration the risk management, work on diversification of supply chain routes should involve input from industry and other stakeholders.

34. We instruct officials to advance the discussion on the technological enhancement of supply chains with a view to forming intelligent supply chains and making them greener, smarter, more efficient and visible. We support continued discussion by officials on enhancing supply chain visibility and better coordination through tracking technologies, developing early warning systems, and better control of transportation of bulky and dangerous goods or hazardous materials, and enhancing logistics sub-providers capacity. In this regard, we welcome the results of the relevant projects including the recommendations of the Supply Chain Visibility Workshop and capacity building initiative for Local/Regional Logistics Sub-providers.

35. We recognize the importance of further facilitation, simplification and harmonization of customs procedures in APEC economies to make global trade more predictable, transparent and secure. In this regard, we instruct Sub-

Committee on Customs Procedures (SCCP) to promote this work through application of international standards such as the Revised Kyoto Convention and World Customs Organization (WCO)/APEC SAFE Framework of Standards. Furthermore, we emphasize the necessity of cooperative efforts among relevant sub-fora on best practices to improve reliability of supply chains, effective risk management and diversification, in conjunction with relevant international organizations such as the WCO.

36. We emphasize the importance of work on improved reliability of supply chains, effective risk management, and diversification. We welcome work to establish reliable supply chains for chemical products through encouragement of product stewardship, safe use, and sustainability, and the development of a website for emergency response to chemical incidents and disasters. We reaffirm the importance of enhancing the emergency preparedness and disaster resiliency of APEC economies, communities and businesses. We welcome deepening scientific and technical cooperation among APEC economies in this field and support work on communication of crisis management centers in APEC economies. In this regard we encourage Senior Disaster Management Officials to focus on capacity building for PPP, business continuity, and supply chain resilience.

### **Intensive Cooperation to Foster Innovative Growth**

37. We recognize innovation as a key growth factor for APEC economies and confirm the importance of open, competitive and well-functioning markets to the cultivation of innovation. Given the close relationship among science, innovation

and economic growth, along with the likely dominant role of the Asia-Pacific region in science and innovation over the coming decades, we agree that a meeting of the chief science advisors or equivalents from APEC economies be held in 2013. This will be a valuable opportunity for the chief science advisors to network and discuss scientific issues of importance to the region, thereby reinforcing science relations at a senior level across the Asia-Pacific.

38. We recognize the importance of enhanced business involvement in discussions on innovation policy to our efforts to foster innovation in APEC economies. We support expanding the role of business and academia with establishing Policy Partnership on Innovation (PPI) through possible transformation of the Industrial Science and Technology Working Group (ISTWG). We instruct officials to develop the PPI mandate by AMM in Vladivostok.

39. We welcome work to assist economies in implementing the 2011 Leaders' commitment to promote effective, non-discriminatory, and market-driven innovation policy, including the outcomes of the APEC Conference on Innovation and Trade held in Singapore in April 2012 which emphasizes the importance of 1) free, open, fair and transparent trade and investment systems, including IP protection and open and non-discriminatory business environment; 2) human resource development; and 3) ICT networks, logistics, energy and other infrastructures for inter-connectedness among innovation actors, for accelerating innovation and trade. We instruct officials to take this work forward, including by producing of innovation and trade implementation practices for Annex A of the 2011 Leaders' Statement.



40. We confirm the importance of bringing government, science, and businesses together to discuss issues associated with pre-commercialized technologies and share the prospects on development of relevant markets. We note the results of the Innovation Technology Dialogue on Nanotechnology for Energy Efficiency held in May 2012 in Kazan, and instruct officials to finalize by the AMM in Vladivostok recommendations on how APEC economies can make a contribution to this issue. We also instruct officials to consider mechanisms to hold innovation technology dialogues in the future.

41. We reaffirm our commitment to strengthen the protection and enforcement of intellectual property (IP) rights and reiterate the importance of comprehensive and balanced IP systems that provide for and protect incentives that encourage creativity and innovation and provide the tools for successful management and utilization of IP. We encourage cooperation among the relevant authorities of APEC economies towards this end. We also affirm the importance of work on IP education and training in the APEC economies and recognize the role of high-skilled human resources in IP protection. For this purpose we agree to improve the quality and effectiveness of educational programs, and promote the development of IP education systems in APEC economies.

42. Highlighting the results of 5th APEC Education Ministerial Meeting (AEMM) held on 21-23 May 2012 in Gyeongju, Korea, we confirm the importance of building open and transparent education systems that prepare workforces with skills and qualifications for the 21st century through innovative improvements, integration of advanced technology and improved information sharing and communication. We welcome the AEMM conclusion that educational cooperation is an essential driving

force for sustainable, secure, inclusive, innovative, and balanced growth of the APEC region. We note different proposals for research, information and knowledge sharing in the area of education services. We recognize the importance of cross-border trade in education services and deepening educational cooperation in the Asia-Pacific. We ask officials to examine ways to better facilitate mobility of students, researchers and providers in the region taking into consideration circumstances of individual economies and to report on progress by September 2012.

43. Realizing the important role of Small and Medium Enterprises (SMEs) as source of innovative and forward-thinking ideas that can contribute to economic growth of the region, we reaffirm the importance of addressing trade and investment barriers for SMEs, including women entrepreneurs in the APEC region, and instruct officials to continue efforts to reduce such barriers. We are also encouraged by the performance of the Green Initiative aimed at promoting innovations of SMEs in green growth sectors by sharing best practices and policies of SME green innovations. Noting the importance of expanding SMEs' adoption and development of innovative practices in order to create a non-discriminatory market-driven innovation environment, we welcome work that promotes exchange of best practices on instruments for support of innovative SMEs.

44. We stress the importance of further innovative growth and deeper collaboration among APEC economies. To move forward in implementing Leaders' commitments on Growth Strategy from Yokohama and market-driven innovation policy from Honolulu, we instruct officials to report by AMM 2012 on APEC work undertaken to support this agenda.

45. We recognize the importance of the inclusion of young entrepreneurs in economic activities and, in this regard, support the implementation of Young Entrepreneurs Network (YEN) and welcome the first meeting of YEN to be held in August 2012 in St. Petersburg, Russia.

46. We welcome the follow-up work on the San Francisco Declaration of the High Level Policy Dialogue on Women and the Economy held in September 2011 to take concrete actions for women's economic participation and contributions towards sustainable and inclusive economic growth in the region. Noting the outcomes of APEC Leadership Forum on Women: Powerhouse for Economic Growth held in March 2012 in Yokohama, Japan, we support the preparations for the Women and the Economy Forum to be held in June 2012 in St. Petersburg, Russia. We also call on APEC economies to ensure close collaboration between Policy Partnership on Women and the Economy, APEC SME working group, and YEN.

47. We reaffirm Leaders' commitment to deliver effective economic and technical cooperation recognizing the diversity in the range of experiences and systems across APEC economies.

48. Enhanced business engagement in APEC is important in achieving APEC's goals. We note the significant contribution that public-private activities can make to APEC work, and instruct officials to find ways to increase these interactions with ABAC and other stakeholders.

49. We acknowledge the increasing role of APEC economies in underpinning world growth. It is important to ensure that the upcoming AMM in Vladivostok will be a productive meeting in generating substantive recommendations to Leaders to strengthen the region's prosperity and leadership in the global economy.