

**MEMORANDUM FOR THE HONG KONG COMMITTEE
FOR PACIFIC ECONOMIC COOPERATION (HKCPEC)**

**Asia-Pacific Economic Cooperation (APEC):
Outcome of the Meeting of Ministers Responsible for Trade in 2011**

SUMMARY

A meeting of the APEC Ministers Responsible for Trade (MRT) was held on 19 and 20 May 2011 in Big Sky, Montana, the United States. The meeting was preceded by the Second Senior Officials' Meeting for 2011 and a number of committee, sub-committee and experts group meetings, and followed by a joint meeting of MRT and Ministers Responsible for Small and Medium Enterprises (SMEs). The Hong Kong, China (HKC) delegation was led by the Acting Secretary for Commerce and Economic Development. This memorandum informs Members of the gist of the outcome of the MRT meeting and the Joint Meeting of Ministers Responsible for Trade and SMEs.

2. Major issues discussed at the MRT meeting included (i) supporting the multilateral trading system and resisting protectionism; (ii) strengthening regional economic integration and expanding trade; (iii) promoting green growth; and (iv) advancing regulatory convergence and cooperation. The Statement for the MRT meeting is at **Annex 1**. MRT and the Ministers Responsible for SMEs also met jointly for the first time to address the barriers that are critical to SMEs' trading in the Asia-Pacific region. The Statement for the Joint Meeting of APEC Ministers Responsible for Trade and SMEs 2011 is at **Annex 2**.

DETAILS

A. Ministers Responsible for Trade Meeting

3. Noting that APEC Leaders set forth last year a comprehensive, forward-looking framework for achieving growth and prosperity in the Asia-Pacific region in the 21st Century, Ministers affirmed that APEC would pursue the central mission of promoting free and open trade and investment, and build towards a seamless regional economy that results in economic growth, employment, and prosperity across the Asia-Pacific

region. Against this background, Ministers directed further efforts in the areas set out below.

Supporting the Multilateral Trading System and Resisting Protectionism

4. Ministers reiterated their profound confidence in the underlying institutional strength and value of the rules-based multilateral trade system embodied in the World Trade Organisation (WTO). They upheld the primacy of the multilateral trading system and reaffirmed that this strong, rules-based system is an essential source of sustainable economic growth, development, and stability. Mindful of this, they expressed their collective deep concern regarding the difficulties confronting the Doha Development Agenda (DDA). Ministers directed their negotiators to review urgently all options and to work with all WTO Members to find a path forward.

5. On resisting protectionism, Ministers remained committed to complying with WTO agreements as well as continuing to ensure transparency and predictability in implementing measures that impact on trade and investment, and to taking steps to rollback protectionist or trade distorting measures. They also committed to continuing to exercise maximum restraint in implementing measures that might be considered to be consistent with WTO provisions if they have a significant protectionist effect, and to promptly rectify such measures where implemented. They issued a standalone statement on the WTO DDA negotiations and resisting protectionism, a copy of which is at **Annex 3**.

Strengthening Regional Economic Integration and Expanding Trade

6. Ministers remained committed to APEC's core mission to strengthen and deepen regional economic integration (REI) and expand trade. They discussed practical, concrete, and meaningful actions that APEC economies could take towards the achievement of a Free Trade Area of the Asia-Pacific; and identified the following issues as next generation trade and investment issues to be addressed in 2011—facilitating global supply chains, enhancing SME participation in global production chains, and promoting effective, non-discriminatory and market-driven innovation policy.

Bogor Goals

7. Ministers emphasised their commitment to achieving the Bogor Goals and instructed Senior Officials to finalise by November 2011 a more robust process for reviewing APEC economies' progress towards meeting the goals.

Enhancing Supply Chains

8. Ministers noted that enhancing supply chains to reduce the time, cost, and uncertainty of moving goods and services throughout the region continued to be a top priority for APEC given its importance to trade and economic growth. They instructed Senior Officials to continue to implement the APEC Supply-Chain Connectivity Framework Action Plan with a view to achieving a 10 percent improvement in supply chain performance by 2015. Ministers specifically instructed Senior Officials to take the following actions by November 2011 — identify ways to simplify customs procedures, reduce costs for importers and exporters, increase the efficiency of the customs clearance and release process, complete the APEC Authorised Economic Operator (AEO) Best Practices Guidelines Document, develop a capacity building plan to assist with the development of AEO programmes, enhance the capacity of local and regional logistics sub-providers in the region, and develop practical guidelines that assist customs authorities in APEC economies in combating infringement of intellectual property rights.

APEC New Strategy for Structural Reform (ANSSR)

9. Ministers called on Senior Officials to continue to work on ANSSR for promoting structural reform and to advance this work through capacity building and technical assistance. They commended 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 APEC Leaders by November 2011.

Food Security and Food Safety

10. Ministers recognised that open and transparent markets for food trade played an important role in ensuring global food security. They committed to fully implementing the Niigata Declaration on APEC Food Security and its Action Plan; and reiterated their commitment to a standstill, which was extended until 2013, pertaining to export restrictions or other WTO-inconsistent trade measures. They further agreed that APEC economies would promote and adopt regulatory approaches that are transparent, science-based, and consistent with international obligations and existing international standards, to facilitate trade in innovative agricultural technologies. They instructed Senior Officials to identify concrete steps to achieving the target of supporting food safety, animal and plant health; protecting public health; and stimulating innovation, economic growth and agricultural productivity by APEC Leaders' Meeting in November 2011.

Promoting Green Growth

11. Ministers remarked that in advancing the green growth objectives, APEC should leverage the linkages between economic and environmental challenges in a way that created new sources of economic growth, including the transition towards a global low carbon economy. Ministers reiterated their commitment to integrating the priority of “free and open trade and investment in the Asia-Pacific” and economic development and common prosperity with the commitment to protecting the environment. APEC economies’ efforts to reduce unnecessary trade and investment barriers to the environmental goods and services would lower the cost and increase access to the important green technologies as well as help create new green jobs. They instructed Senior Officials to develop a work plan by November 2011 to explore ways to promote greater liberalisation of trade in environmental goods and services.

12. Ministers further 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 fuelled demonstration motor vehicles. They also instructed Senior Officials to establish an experts group to promote trade in legally-harvested forest products, combat illegal logging and associated trade, and build capacity as well as to identify measures by November 2011 to address the problem of illegal logging; to take further steps by November 2011 to facilitate trade in remanufactured products; and to establish a robust work programme to rationalise and phase out inefficient fossil fuel subsidies, including leveraging capacity-building and the development of a voluntary reporting mechanism.

Advancing Regulatory Convergence and Cooperation

13. Ministers noted that actions had to be taken to improve the quality of regulatory procedures and systems in the Asia-Pacific region to address non-tariff barriers to trade and improve the business environment. In this regard, Ministers instructed Senior Officials to identify by the Leaders’ Meeting in November 2011 concrete actions that might be taken by economies to strengthen implementation of good regulatory practices, taking into account the current state of regulatory systems and specific circumstances in individual APEC economies in the region; to develop a draft APEC Regulatory Cooperation Plan consolidating the best approaches practised by APEC committees and sub-fora for endorsement by Leaders in November 2011; and 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.

14. Ministers also requested a roadmap for realising regulatory convergence for medical products and welcomed the continued active commitment to regulatory cooperation for chemicals.

Other issues

Emergency preparedness

15. Ministers expressed their solidarity with the victims and those people affected by recent natural disasters in the region, and considered that the ongoing recovery of the affected areas would contribute to the economic well-being of all APEC economies given the region's deepened economic integration. They also agreed to refrain from taking WTO-inconsistent measures. While recalling the APEC Leaders' 2010 Yokohama Vision which recognised the need for APEC economies to further develop practical risk management mechanisms to handle emergencies and natural disasters, Ministers instructed Senior Officials to strengthen APEC's agenda on disaster preparedness and recovery.

Strengthening Economic and Technical Cooperation

16. Ministers reaffirmed APEC Leaders' commitment to continue demand-driven economic and technical cooperation 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.

B. Joint Meeting of Ministers Responsible for Trade and SMEs

17. Recognising the vital role SMEs play in economic growth and job creation in APEC economies, Trade Ministers and Ministers responsible for SMEs met for the first time on how to address the issues that are critical to SME exporters in the region, and agreed on the goal of taking a holistic approach in enhancing the business environment for SMEs. They noted that there are a variety of top barriers which limited SMEs' ability to trade in the region. These barriers include the lack of access to financing; the lack of capacity to internationalise and difficulty in identifying foreign business opportunities; the need for open and transparent business environments; high transportation and related costs; customs clearance delays caused by difficulties in navigating overly complex customs requirements and documentation; problems navigating differing legal, regulatory, and technical requirements; difficulty with intellectual property acquisition, protection, and enforcement; inadequate policy and regulatory frameworks to support cross-border electronic commerce; and difficulty in taking advantage of preferential tariff rates and other aspects of trade agreements. Ministers instructed Senior Officials

to identify and undertake specific and concrete actions to address each of these barriers by APEC Leaders' Meeting in November 2011.

COMMENT

18. We are glad to see Ministers reaffirming their strong commitment to supporting the multilateral trading system and resisting protectionism. The Ministers also gave clear directions to review urgently options for a path to address the current critical situation of the DDA. In relation to the review mechanism for tracking economies' progress towards the Bogor Goals, we are pleased that Ministers emphasised their commitment to achieving the Bogor Goals and instructed the finalization of a more robust process for review. HKC participated actively in the development of the review mechanism and will continue to do so in finalising the mechanism by the Leaders' Meeting in November 2011. It is important to note that Ministers underscored the growth aspect in the pursuit of green growth initiatives, as an additional engine for enhancing economic growth and creating green jobs. On advancing regulatory cooperation, we are pleased that Ministers embraced the significance of good regulatory practices in improving business environment and enabling higher growth, while recognising the need for flexibility and consideration of specific circumstances of individual economies, given that APEC economies are in different stages of development. We are also glad to see the first-ever Joint Dialogue of the APEC Trade and SME Ministers. It has facilitated the adoption of a holistic approach by APEC to tackle trade barriers faced by SMEs in the region.

ADVICE SOUGHT

19. Members are invited to note the content of this memorandum.

Hong Kong Committee for
Pacific Economic Cooperation Secretariat

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