

**ASIA-PACIFIC ECONOMIC COOPERATION
SECOND SENIOR OFFICIALS' MEETING
FOR THE NINETEENTH APEC MINISTERIAL MEETING**

Adelaide, Australia

CHAIR'S SUMMARY CONCLUSIONS

The second Senior Officials Meeting (SOM) for the Nineteenth APEC Ministerial Meeting was convened in Adelaide, Australia on 24 April. Senior Officials from all APEC economies and the Chairs of the Committee on Trade and Investment (CTI), Economic Committee (EC), SOM Steering Committee on ECOTECH (SCE) and the Budget and Management Committee (BMC) attended. Representatives of the APEC Business Advisory Council (ABAC) and official observer Pacific Economic Cooperation Council (PECC) also participated.

SOM II PLENARY SESSION

I ADOPTION OF THE AGENDA AND BUSINESS ARRANGEMENTS

The agenda was adopted without amendment.

II REPORT ON REGIONAL ECONOMIC INTEGRATION

SOM Chair noted there had been useful discussions at both the Trade Policy Dialogue and the Informal SOM (ISOM) on the draft report to Leaders on regional economic integration. The SOM Chair Office would circulate by **11 May** a revised introduction and chapters 1 and 2 of the report, incorporating comments received to date from member economies. The SOM Chair would also circulate a first draft of the chapter on options and recommendations. He asked member economies to provide their comments on these chapters by **1 June** to facilitate redrafting and circulation in time for consideration at SOM III. Further adjustments would be made at SOM III so that Senior Officials could submit the draft report to Ministers for their consideration at the Ministers Responsible for Trade (MRT) meeting in Cairns on 5-6 July.

III TRADE AND INVESTMENT LIBERALISATION AND BUSINESS FACILITATION

Review of Individual Action Plans (IAP)

SOM agreed that any additional comments on the paper (2007/ISOM2/007) on the Individual Action Plan (IAP) Peer Review process could be forwarded to the SOM Chair in the next two weeks (by **14 May**). SOM instructed the Committee on Trade and Investment (CTI) to consider the paper intersessionally, including any comments passed to the SOM Chair, and to report back to SOM III, with recommendations for further improving IAP processes.

SOM agreed to the revised timelines for the peer reviews of Canada, Peru and the United States (2007/SOM2/015 Attachment 4).

Committee on Trade and Investment (CTI)

CTI Chair advised the CTI had agreed on its work program for the year (2007/SOM2/015). He outlined key developments in all six areas of the Committee's work program, including on support for the multilateral trading system; RTA/FTA model measures; trade facilitation and particularly development of APEC's second Trade Facilitation Action Plan (TFAP II); transparency and anti-corruption; digital economy and strengthening of Intellectual Property Rights (IPR); and investment. He noted that there were currently eleven draft RTAs/FTAs under consideration, and that the draft TFAP II, which is the main focus of the CTI's trade facilitation work in 2007, was well on track for submission at SOM III and then the MRT meeting. Work on digital economy and IPRs was progressing well, while the CTI's Investment Experts Group continued to implement the expanded investment work program. The CTI would also complete its work on assessing implementation of the APEC Transparency Standards for submission to the MRT meeting for endorsement.

SOM endorsed the CTI's 2007 work program and urged all economies to ensure progress continues on RTA/FTA model measures. SOM also noted the importance of economies providing high-quality input into TFAP II to ensure it was ready for Ministers' endorsement in July. SOM Chair encouraged all economies to maintain a high level of ambition for work on both the model measures and TFAP.

A number of economies noted that the successful conclusion of the WTO Doha Round remained the highest priority for APEC members.

IV STRUCTURAL REFORM/BEHIND-THE-BORDER ISSUES

Chair of the Economic Committee (EC) reported on developments in the EC and on the Committee's work program. He noted that the EC would be holding a seminar on competition policy in the margins of SOM III in Cairns. EC Chair highlighted the importance of structural and behind-the-border reforms for higher living standards and continuing economic growth across APEC economies. He urged member economies to continue to promote high-level participation from relevant domestic agencies in the work of the Committee, and to contribute to its work program as well as the activities of the five Friends of the Chair groups.

SOM endorsed the EC Chair's report and 2007 work program (2007/SOM 2/002), and welcomed progress made to date. Senior officials stressed the importance of their domestic structural reform processes and noted that such reforms would multiply the benefits of more open trade and investment at the border. They welcomed APEC's role in supporting these behind-the-border reform efforts. Senior officials also noted that behind-the-border issues represented a significant obstacle to further regional economic integration. SOM encouraged strong policy coordination of these issues across relevant APEC fora.

SOM Chair advocated the convening of a meeting of ministers responsible for economic reform to provide high-level political direction to work on structural reform to ensure its delivery. Australia tabled a paper on a one-off ad hoc meeting of economic ministers proposed for 2008 (2007/SOM 2/003). SOM encouraged members to work with Australia to develop the proposal, taking account of views of members.

V ECONOMIC AND TECHNICAL COOPERATION (ECOTECH)

Chair of the SOM Steering Committee on ECOTECH (SCE) reported on the outcomes of the SCE meeting on 21 April (2007/SOM2/002). SOM endorsed the SCE Chair's Report, including the revised Guidelines for the Establishment of new APEC Fora; Guidelines for Lead Shepherds/ Chairs of APEC Working Groups and SOM Taskforces; and the program of independent assessments.

SOM also endorsed the recommendation to transform the Health Task Force (HTF) into a Health Working Group (HWG), and agreed that this be forwarded to the APEC Ministerial Meeting for final decision in September.

SOM noted the proposal to establish a Mining Working Group had been discussed by the SCE and would be considered further at SCE III.

VI ENHANCING HUMAN SECURITY

(i) Counter-terrorism

Chair of the Counter-Terrorism Task Force (CTTF) reported the outcomes of the CTTF meeting (2007/SOM2/009rev1) and sought SOM's endorsement of the 2007 CTTF work plan (2007/SOM2/009a), which included proposed projects on land transport bomb disposal; public-private partnerships; counter-terrorism financing; cyber-security; and critical energy infrastructure protection. The Chair noted that the CTTF had agreed to a number of reforms to the annual Counter-Terrorism Action Plans (2007/SOM2/009brev1) to improve their effectiveness. SOM endorsed the CTTF Chair's report and 2007 work plan and noted that there are still some points of clarification needed on the process for sharing Counter-Terrorism Action Plans.

SOM noted preparations underway for the Secure Trade in the APEC Region (STAR V) Conference to be held in Sydney on 27-28 June.

(ii) Health issues

SOM noted that the changes to the HTF's institutional arrangements were considered under agenda item V (ECOTECH) (see above). As a result, there was no further discussion under this item.

(iii) Emergency Preparedness

SOM noted a report on the work of the Task Force on Emergency Preparedness (TFEP) (2007/SOM2/017) tabled by co-Chairs (Australia and Indonesia), including the review of the TFEP stocktake being led by Indonesia. SOM also noted information on preparations for the Emergency Management CEOs Seminar (2007/SOM2/010) in Cairns on 20-23 August and encouraged member economies to participate with appropriate representation.

(iv) Energy

SOM Chair noted the productive discussion on energy and clean development at the ISOM. Senior Officials welcomed the Australian Prime Minister's initiative to include clean

development and climate change as a priority for APEC Leaders consideration in 2007. Senior Officials also noted that work on clean energy, energy efficiency and environmental issues was underway in a wide range of APEC fora. Senior Officials agreed that many of the initiatives outlined in the attachment to the SOM Chair's energy paper (2007/ISOM2/002) could be usefully developed further as part of a package of practical initiatives for Leaders in September.

SOM agreed that further consideration of these issues would be undertaken at SOM III and intersessionally in the lead-up to September.

VII APEC REFORM

SOM Chair summarised the outcomes from the ISOM discussion on APEC reform. SOM endorsed the six decision points in the APEC Secretariat Matrix on Implementation of 2006 Reform Deliverables (2007/ISOM2/004) subject to the following:

- Senior Officials would revert at SOM III to the suggestion that once a refreshed APEC logo had been developed, Members would refrain from adopting new logos from 2009 onwards; and
- member economies were invited to submit to the Secretariat any suggestions and recommendations in respect of the APEC Hosting Guidelines which are to be revised by the Secretariat.

SOM agreed to consider the proposed increase in member contributions recommended in 2007/ISOM2/003 at SOM III, following consultations in capitals. SOM noted that any decision on an increase in contributions was separate to the decision on the use of these contributions. Senior Officials were generally supportive of increasing total contributions to US\$ 5 million from 2009.

SOM agreed to review rigorously the administrative budget and elements of Secretariat accounting practices with a view to improving the clarity of budget reporting and presentation. SOM also requested the Secretariat prepare a draft budget for the BMC II meeting in August at least three weeks in advance of that meeting.

SOM endorsed in principle the proposal to establish a Policy Support Unit within the APEC Secretariat as set out in 2007/ISOM2/006, and asked that the proposed governance arrangements be refined and developed for further consideration at SOM III.

SOM agreed to revisit the proposal for a term-appointed Executive Director at SOM III. SOM Chair undertook to clarify intersessionally the proposed role and responsibility of the Executive Director vis-à-vis member economies, and confirm specifically that the Executive Director would, at all times, work under SOM's direction.

SOM asked the APEC Secretariat to prepare a paper on the feasibility of holding some APEC meetings in Singapore each year to help reduce financial burdens on host economies and to report to SOM III.

VIII BUDGET AND OTHER MANAGEMENT ISSUES

- **Report from BMC Meeting**

SOM noted the Budget and Management Committee (BMC) Chair's report on the outcome of the BMC meeting in March (2007/SOM2/011), and endorsed the recommendations, including the appointment of Ernst & Young as APEC's new auditor.

IX OTHER BUSINESS

- i. Reports of outcomes and updates on upcoming Sectoral Ministerial Meetings.**

SOM Chair drew members' attention to reports on the sectoral ministerial meetings on mining, small and medium enterprises and transport contained in 2007/SOM2/012, and noted that the energy and health ministers meetings would be held in May and June as detailed in 2007/SOM2/013. SOM Chair encouraged members to provide suggestions on how the key outcomes from sectoral ministerial meetings might be reflected in developing possible deliverables for the Leaders meeting in September.

SOM endorsed the report of the High Level Policy Dialogue on Agricultural Biotechnology (HLPDAB – 2007/SOM2/006), and noted the other items tabled for information, including the Electronic and Information Technology Industries Survey (2007/SOM2/005), and the APEC Cooperation Initiative on Patent Acquisition Procedures (2007/SOM2/007).

- ii. Classification of documents.**

SOM agreed on the classification of documents tabled.