

**ASIA-PACIFIC ECONOMIC COOPERATION  
1ST SENIOR OFFICIALS MEETING  
FOR THE TWENTY-THIRD APEC MINISTERIAL MEETING**

**11-12 March 2011**

**Summary Conclusions**

The first Senior Officials' Meeting (SOM) for the Twenty-Third APEC Ministerial Meeting was convened in Washington, DC, on 11-12 March 2011. Senior Officials from Australia; Brunei Darussalam, Canada; Chile; the People's Republic of China; Hong Kong, China; Indonesia; Japan; Republic of Korea, Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Republic of the Philippines; Russia; Singapore; Chinese Taipei; Thailand; the United States and Viet Nam participated in the meeting. The Chairs of the Budget and Management Committee (BMC), Committee on Trade and Investment (CTI), Economic Committee (EC), SOM Steering Committee on ECOTECH (SCE), APEC Business Advisory Council (ABAC), Pacific Economic Cooperation Council (PECC), and the APEC Secretariat were present.

**I. OVERVIEW**

On behalf of all Senior Officials, SOM Chair opened the meeting by expressing condolences to the people and government of Japan affected by the tragic earthquake and tsunami that struck the night before. Chair remarked that this tragedy, like the recent earthquakes occurring in New Zealand, China, and elsewhere in the region, are a reminder to all APEC members that we share not only a common geography but also a common destiny.

SOM Chair emphasized the goal in 2011 in APEC of building towards a "seamless regional economy" by achieving practical, concrete, and significant outcomes in three priority areas: 1.) strengthening regional economic integration and expanding trade; 2.) promoting green growth; and 3.) advancing regulatory cooperation and convergence. The Chair also laid out other key objectives for the year, such as streamlining and strengthening the way APEC does business and better integrating input from the private sector into APEC's work.

The agenda was adopted with no objection or comments.

ABAC Chair gave a brief overview of ABAC's priorities for the 2011 year covering regional economic integration (to include regulatory convergence); SMEs and entrepreneurship; and sustainable growth. ABAC will also look to address finance and economic growth issues, and has formed a new group, the Action Plan and Advocacy Working Group, to maximize interaction with APEC. SOM thanked the ABAC Chair for her presentation.

**II. PRIORITIES FOR APEC 2011**

**a. Strengthening Regional Economic Integration and Expanding Trade**

*CTI Report*

The Committee on Trade and Investment (CTI) Chair reported on the results of the first CTI meeting and its specific priority areas of work for 2011 (2011/SOM1/015).

SOMs endorsed CTI's work program and projected list of deliverables from its sub-fora and Industry Dialogues.

*Most recent developments on FTAs/RTAs*

SOM Chair opened the floor for Senior Officials to give an update on some recent developments on FTAs/RTAs in the region. SOM Chair welcomed Chile's report on the Trans-Pacific Partnership (TPP)

Santiago Round that occurred in February 2011, and the United States' update on the current status of the US-Korea Free Trade Agreement (KORUS). Senior Officials agreed to include updates on FTAs/RTAs in the region on the SOM 2 agenda.

#### *Next Generation Trade and Investment Issues*

SOM Chair opened the discussion by reminding Senior Officials that APEC Leaders in 2010 agreed that APEC would provide input into what an FTAAP as a next generation trade agreement would contain, including by "defining, shaping and addressing next generation trade and investment issues."

The United States tabled the "APEC Agenda on Next Generation Trade and Investment Issues: Discussion Paper," (2011/SOM1/002) to guide Senior Officials' consideration of this topic. Senior Officials agreed that next generation trade and investment issues could fall into two main baskets as the US proposed: 1.) Issues that have been considered traditional trade issues, but need to be addressed in new ways given changes in the global trading environment; and 2.) Issues that either did not exist or were not considered trade issues in the past, but that now have a real impact on companies' ability to do business in the region.

Senior Officials recognized the importance of selecting issues that are of interest to all economies and the importance of obtaining more specific private sector input into what issues are most relevant to them. Economies referenced the following issues as possible areas of work in 2011: supply chains, SMEs, innovation, renewable energy, SPS, advanced technology issues such as cloud computing, and IPR. Senior Officials tasked the CTI to develop a list of specific issues to be addressed in 2011, and submit for consideration at SOM 2. Senior Officials also called on ABAC to provide its recommendations of specific next-generation trade issues that APEC should work on in 2011 in advance of SOM 2.

#### *Doha Round*

Senior Officials' emphasized the importance of reaching an ambitious and successful conclusion to the Doha Round as soon as possible. SOM Chair informed SOMs that the Doha Round will be a topic on the Ministers' Responsible for Trade (MRT) meeting agenda in May. Senior Officials were urged to include their WTO Ambassadors from Geneva and other WTO senior officials in their delegations participating in the MRT.

#### *Implementing the APEC New Strategy for Structural Reform (ANSSR)*

As Chair of the FotC on ANSSR, the United States gave a brief readout on their meeting the day before, including plans for practical tools and capacity building activities that will assist economies in developing their ANSSR plans.

#### *Bogor Goals*

Senior Officials discussed the CTI's recommendations on ways to review economies' progress towards achieving the Bogor Goals. Senior Officials commended Japan for its leadership on assessing 2010 economies. Senior Officials agreed that a future review process should be streamlined, more efficient, and less resource intensive. Senior Officials instructed the CTI to provide a detailed proposal streamlining and improving the Bogor review process by SOM 2, working closely with the PSU and ABAC.

### **b. Promoting Green Growth**

The United States provided a read-out on the discussion held during the SOM FotC on Green Growth. Senior Officials agreed to take forward discussion on possible outcomes for 2011 in areas identified by the FotC, including addressing barriers to trade and investment in environmental goods and services and further promoting and facilitating environmental technology dissemination; facilitating trade in remanufactured products, combating illegal logging; importing advanced, low-carbon demonstration vehicles; eliminating inefficient fossil fuel subsidies; increasing energy efficiency measures; , and developing low-carbon development strategies.

SOM Chair welcomed China's explanation of the APEC Low Carbon Model Town (2011/SOM1/007). China also provided details on the planned APEC Forestry Ministerial Meeting (2011/SOM1/009) to be held in Beijing, China in September. Several Senior Officials expressed interest in playing a role in developing the agenda and propose to establish a Task Force for preparation of the ministerial, China agreed to lead the Task Force and work closely with other member economies as they do so.

### **c. Advancing Regulatory Convergence and Cooperation**

SOM Chair introduced the subject of advancing regulatory convergence and cooperation by emphasizing how improving the quality of regulatory systems can enhance trade and investment. Administrator of the Office of Information and Regulatory Affairs, U.S. Office of Management and Budget, Cass Sunstein introduced the U.S. proposal on strengthening implementation of good regulatory practices in APEC (2011/SOM1/003), and provided an overview of the principles that guide regulation in the United States, including ways that the United States incorporates views of foreign entities in setting regulations that have the potential to impact trade. The United States also presented its proposal on developing an "APEC Regulatory Cooperation Plan" (2011/SOM1/004). The SCSC Chair provided a summary of the results of the 6<sup>th</sup> Conference on Good Regulatory Practice and the workshop on regulatory impact analysis.

Senior Officials agreed to pursue work under both U.S. proposals. They highlighted potential opportunities for progress on regulatory matters, with significant support for doing work in these areas. Many economies pointed out that these issues are important to APEC's trade and investment goals. Others reiterated that regulatory issues were also a next generation issue, on which APEC should undertake work. Many economies indicated that it would be important to maintain flexibility for economies in pursuing these proposals to ensure that regulatory capacities, differing stages of development, and cultural differences are taken into account, and some expressed a need to consult further with their domestic regulatory agencies. Senior Officials agreed to establish a "Friends of the Chair" Group on Regulatory Cooperation to manage work in these areas.

#### *EC Report*

The Economic Committee (EC) Chair highlighted proposed work priorities of the EC for 2011. EC Chair noted that two major issues were discussed during the Committee meeting: 1. Implementing ANSSR - EC to provide a progress report annually, looking for greater feedback from member economies as to the kind of assistance needed from APEC in order to achieve their targets. Chair emphasized the importance of political buy-in as economies choose which priority areas they intend to focus on; and 2. Regulatory Convergence – Chair noted the EC workshop on regulatory impact analysis, which built on the 2009 EC workshop on Improving Public Consultation in the Rulemaking Process and emphasized the necessity for high-level support in this field as well.

SOM Chair welcomed and noted the EC Chair's report to Senior Officials.

### **III. SENIOR OFFICIALS' WORKING LUNCH (APEC REFORM)**

SOMs reviewed past efforts on institutional change within APEC and exchanged views on APEC reform, identifying a host for APEC 2014, the level of interest in institutional reform within APEC, and a U.S. proposal on streamlining APEC sub-fora (2011/SOM1/SCE/008).

### **IV. ECONOMIC AND TECHNICAL COOPERATION (ECOTECH)**

The APEC Secretariat Executive Director (ED) briefed Senior Officials on "The APEC Secretariat's Operational Plan for 2011 (2011/SOM1/005) and gave a report on the alignment of SCE sub-fora workplans with APEC's overall objectives (2011/SOM1/011). Senior Officials noted both reports.

#### *Special Discussion on Emergency Preparedness*

In light of the tragedy in Japan the night before, the SOM Chair tabled the Emergency Preparedness Working Group (EPWG)'s proposed workplan for the year (2011/SOM1/016) for detailed discussion.

SOMs discussed in depth what APEC can do in terms of preparing our communities for disasters and providing a secure environment for sustained economic activity. APEC with its strong relationship with the business sector, has a comparative advantage in encouraging greater private sector participation in emergency preparedness and risk reduction. Australia as co-chair with Indonesia of the EPWG, outlined the group's goals and activities for the year. Senior Officials also noted emergency preparedness and trade recovery related work taking place in other sub-fora such as the Transportation Working Group (TPTWG) and the Sub-Committee on Customs Procedures (SCCP).

While the public sector can harness significant resources to enable contingency planning for disruptive events, businesses often do not. The discussion included a recommendation by some economies to consider synergies with the work of the Small and Medium Enterprises Working Group (SMEWG) in terms of small business capacity building for disaster preparedness and response. Senior Officials were supportive of a joint proposal by the U.S. and Japan to hold a workshop on private sector business recovery this year.

#### *SCE Report*

SOM noted the report of the Chair of the SOM Steering Committee on ECOTECH (SCE) on the SCE 2011 workplan (2011/SOM1/017). Specifically, Senior Officials endorsed SCE's recommendation to schedule sub-fora meetings around the same time and venue as major SOM meetings as often as possible, noted the upgrade of the Anti-Corruption Task Force (ACT) into a working group, approved the revised Terms of Reference of the Counter-Terrorism Task Force (CTTF), and endorsed the Human Resource Development (HRD) medium-term work plan. SCE Chair reported that the robust discussion on combining of sub-fora would continue.

SCE Chair also highlighted that the SCE-COW (Committee on the Whole) endorsed the workplan for all 16 APEC sub-fora under its purview in addition to the Industrial Science & Technology Working Group's (ISTWG) medium-term workplan. SOMs welcomed the outcomes of the Policy Dialogue on the APEC Growth Strategy held on 10 March.

## **V. BUDGET AND OTHER MANAGEMENT ISSUES**

#### *BMC Report*

The Budget and Management Committee (BMC) Chair briefed Senior Officials on the work priorities of the BMC for 2011. The Chair noted that the Committee had made substantial changes in how projects are selected and approved. Key priorities for the year include continuing efforts in financial management; accelerating project management reforms, especially on matters pertaining to project selection; and launching multi-year projects for the first time in APEC. The BMC Chair noted that the Committee was ready to start receiving multi-year proposals at the next budget session on 7 April.

SOM noted the BMC's report.

SOM Chair recognized Russia's contribution of \$3,000,000USD to the APEC Support Fund (ASF) (\$1,000,000USD earmarked for the Human Security Sub-Fund); Japan's contribution of \$4,000,000USD to the Energy Efficiency Sub-Fund; and Australia's contribution of A\$3,000,000 for a new Sub-Fund on ANSSR.

## **VI. OTHER BUSINESS**

SOM Chair noted and welcomed Chinese Taipei's brief presentation highlighting the APEC Digital Opportunity Center (ADOC) Initiative (2011/SOM1/006) in addition to China's remarks on the newly opened APEC Skills Development Promotion Project and Centre (2011/SOM1/008).

SOM Chair noted the update provided by the Pacific Economic Cooperation Council (PECC) (2011/SOM1/010), and thanked PECC for its update.

The United States, as Chair of the Policy Support Unit (PSU) Board, gave brief remarks on the PSU's work program (2011/SOM1/012) and Annual Report for 2010 (2011/SOM1/013). Senior Officials were asked to consider a third document, "Policy Support Unit Minute – Request to Publish Papers from Policy Support Unit (PSU) Report" (2011/SOM1/014). Senior Officials have been given until the end of March to fully digest the request to make public the PSU report before a final decision is to be made at the SOM level. SOM Chair welcomed Japan's contribution of \$120,000USD to the PSU for projects related to implementing APEC Growth Strategy. SOM welcomed Denis Hew as new Director of the PSU.

SOM agreed on the Document Classification List (2011/SOM1/000).