

Report of the First Meeting of the APEC Committee on Trade and Investment

The first meeting of the Committee on Trade and Investment was held on 31 January and 1 February 1994 in Jakarta.

I. Election of Chairs

The Committee elected, with unanimity, Amb. Sun Joun Yung, head of the Korean delegation, as Chair, Mr. Edsel Custodio, head of the Philippine delegation, and Ms. Nancy Adams, head of the United States delegation, as Vice Chairs for 2 years in accordance with Paragraph 4 of the Declaration on APEC Trade and Investment Framework and the agreement at the APEC Ministerial in November 1993.

II. Work Program for 1994

1. Trade Policy Dialogue

The Committee heard the report on the current status and prospects of NAFTA and AFTA. The Committee stressed the importance of the consistency of these and other sub-regional agreements with the GATT and agreed to continue to review the development of sub-regional economic groupings as well as other developments in the international trade system that could have implications for the region.

The Committee welcomed the offer of Canada to prepare a paper for the next CTI meeting analyzing the implications of regional trade arrangements on the global trade system and how the objectives of further trade liberalization and rule-making can continue to advance in a complementary manner both globally and regionally.

2. Customs

- 2.1 The Committee noted that the customs procedures group would be holding its first 1994 meeting in May prior to the 2nd CTI. The Committee agreed that terms of reference also would be discussed at that meeting for a possible sub-committee on customs procedures. Based on the result of this meeting, the Committee will formally consider the establishment of the Sub-Committee on Custom Procedures at the 2nd CTI meeting.
- 2.2 The Committee welcomed the willingness of the Indonesian government to hold the 2nd Customs Symposium in Jakarta in conjunction with the APEC Ministerial Meeting and agreed on the necessity to encourage participation by the business community in this symposium.
- 2.3 The Committee took note of the progress report on the preparation for the Seminar on the Nature and Significance of the 1996 Amendments of the Harmonized System, which is tentatively scheduled to be held during 6-10 June 1994 in Bangkok. The Committee welcomed the members' willingness to actively participate in the Seminar.

3. Investment

The Committee agreed that the 1993 APEC investment survey should be updated to reflect new APEC members, recent changes in investment rules and a broader scope of both government and private sector contributions.

In accordance with the initiative taken by the APEC Leaders in Seattle in November 1993, the Committee agreed that ways and means should be sought to develop non-binding principles on investment in order to improve the openness of investment. The Committee also emphasized the need to

begin this review as quickly as possible in order that work may be completed by the Ministerial Meeting in November.

In this regard, the Committee supported the suggestion to convene a gathering of investment experts to review investment regimes and consider other existing binding and non-binding investment approaches as an initial step. In addition, the gathering shall also discuss other trade and investment facilitation programs. The Committee accepted the offer of the United States to organize a meeting along those lines before the next meeting of the Committee.

4. Tariff Database

4.1 The Committee, in response to suggestions to undertake a more thorough review on the level of commercial demand in the member economies, supported the idea of examining this issue from the standpoint of its medium- and long-term benefits. The Committee noted that there were also a number of outstanding technical and management concerns in respect of the project. It was agreed that these technical and commercial concerns should be discussed at a meeting of experts -- comprising customs, trade and data communications officials -- to be held back to back with the Customs Procedures Group meeting in May.

4.2 The Committee welcomed the report on the plan to circulate the Tariff Manual shortly and requested the members to submit the relevant information as soon as possible.

5. Administrative Aspects of Market Access

Consistent with the agreement by Ministers in Seattle to the possible development of guiding principles, the Committee encouraged members to review the outcome of the UR and come to the CTI meeting prepared to discuss specific

areas where work could be advanced. The Committee also encouraged members to update the report published in November in line with the results of the UR. The Committee also noted the need for the new members to be included in this AAMA process. The Committee agreed to finish updating the notification and verification for a broader list of measures by the 2nd CTI meeting and to consider any follow-up work on AAMA in the context of the UR market access outcome.

6. Standards and Conformance

The Committee adopted the report of the informal experts meeting on standards and conformance held on January 31 which outlined the 1994 work program for this area as follows:

- 1) A draft APEC Standards and Conformance Framework be developed for consideration at the next CTI meeting.
- 2) Australia, Japan and New Zealand would compile reports for consideration by the CTI on work which might be undertaken in the following areas.
 - (a) Promoting closer alignment with International Standards. (Japan)
 - (b) Closer cooperation with appropriate International Bodies. (New Zealand)
 - (c) Possible ways to progress mutual recognition arrangements. (Australia)
- 3) To proceed with the preparation of a Standards and Conformance Guide, with the United States compiling a draft for consideration by the next CTI meeting. The members agreed to meet again informally in the week prior to the next CTI meeting.

7. Small and Medium Enterprises

- 7.1 The Committee, noting the high level of interest expressed by the members on this issue, decided to hold an informal experts meeting before the second CTI meeting in May. In this regard, the Committee welcomed the willingness of Indonesia to host the experts meeting and requested the members to submit their opinions on the terms of reference of the experts meeting to Indonesia by March 1st.
- 7.2 The Committee welcomed Chinese Taipei's proposal to conduct a survey and provide information in this area and recommended that both business development and wider policy environment issues be considered in the conduct of this survey with a view to contributing to the discussions to be made at the informal experts meeting in May.
- 7.3 The Committee noted the broad range of activities concerning SMEs currently underway throughout APEC, especially at the working group level, and the scope of new activities proposed by a number of APEC economies in the CTI. The Committee recommended that the SOM review APEC's approach to SMEs throughout the overall APEC work program and provide guidance to the CTI and other groups on their relevant roles and activities.

8. Uruguay Round

The Committee noted the intention of the United States to convene a seminar for technical authorities where members can exchange information and provide assistance on how to implement provisions of the UR; experts from the GATT Secretariat and UNCTAD officials would also be invited to attend.

The Committee agreed on the desirability of an informal gathering of APEC Trade Ministers on the fringes of Marrakesh to exchange views for a subsequent meeting of APEC Trade Ministers as agreed at Seattle, and Indonesia agreed to arrange this informal get-together.

The Committee welcomed the plan of Canada to prepare a paper for the next CTI meeting discussion on matters which might be negotiated in the future, taking into account the UR outcome. (in GATT)

9. Eminent Persons Group

The Committee took note of the Hong Kong paper and other members' suggestions on subjects it would find useful for the EPG to explore further, and New Zealand agreed to prepare for SOM's consideration a paper setting out these subject areas.

The Committee noted that some recommendations of the EPG were already being undertaken by the CTI as part of its 1994 work program. The Committee decided to inform the Senior Officials that the following recommendations of the EPG might usefully be discussed at the CTI at a later stage:

- dispute settlement (Recom. 4)
- rules of origin (Recom. 9)

10. Examination Process for Additional Issues

The Committee discussed the paper put forward by New Zealand on competition policy, noting that a decision to add to the formal work program of the CTI would be taken by Ministers in November on the advice of Senior Officials. It was agreed that competition policy and its implications for trade and investment are becoming significant issues. In order to promote an informed decision by Ministers, it was further agreed that in the meantime New Zealand should

gather information on members' competition laws and policies and produce a short background paper in order to assist in identifying elements of a possible work program.
End.