

## Report of the 2nd CTI Meeting to the Senior Officials Meeting

I. The Second Meeting of the Committee on Trade and Investment was held in Bali, Indonesia on 16 and 17 May. The meeting was chaired by Ambassador Sun Joun Yung, Assistant Minister for Economic Affairs, Ministry of Foreign Affairs, Republic of Korea. Prior to the CTI, four experts meetings (investment, customs procedures, tariff database and standards and conformance) were held.

II. The meeting adopted the draft agenda, which is attached herewith as Annex 1.

III. Work Program for 1994

### 1. Trade Policy Dialogue

1.1 The Committee heard reports given on the recent developments of NAFTA, AFTA and ANZCERTA and stressed the importance of the APEC principles of open regionalism and consistency of the sub-regional arrangements with the GATT.

1.2 Canada presented a short paper on the implications of regional trade arrangements on the global trading system. The paper was written to help the CTI and APEC Ministers keep their discussion firmly grounded in a multilateral framework, made easier and more credible in light of the recent successful conclusion of the Uruguay Round.

1.3 The Committee heard reports from Japan and the U.S. on the current status of their bilateral framework talks. The Committee agreed to continue to discuss the bilateral relations between members which have a significant impact on the region as a whole.

### 2. Uruguay Round (Post-December 15)

#### 2.1 APEC Trade Ministers Meeting

2.1.1 Indonesia reported on the results of the informal get-together at Marrakesh of the APEC Ministers concerned with trade policy. Discussion on the upcoming Trade Ministers Meeting revealed consensus that Indonesia serve as the chair and venue for the meeting. Members were invited to confirm the date proposed by Indonesia.

2.1.2 Indonesia and Korea submitted their respective proposals on the draft agenda of the APEC Trade Ministers Meeting. Noting that these two proposals have much in common, the Committee agreed that Indonesia and Korea would have further consultations with a view to merging their two proposals, attached as Annex 2.

into one document, which will be circulated by Indonesia to the member economies for their consideration.

2.1.3 The Committee agreed to proceed with the proposal of the U.S. on the analytical assessment of the UR results to be undertaken by a task force of volunteers. As an initial step, Canada, Hong Kong, Indonesia, Korea and Thailand volunteered to form the task force together with the U.S. The Committee requested that the results of the analytical assessment be finalized in advance of the APEC Trade Ministers Meeting and submitted for their reference. The task force will meet informally prior to the 3rd CTI meeting.

## 2.2 Seminar on Implementing the UR

The Committee noted that a general consensus had emerged in support of the seminar. However, diverse views were expressed on remaining options on how to proceed.

It was agreed that each member would consult with UR experts in their capitals and submit reactions and ideas to the Chair and the U.S. The issue will be further discussed at the next CTI meeting.

## 2.3. Agenda for Future Negotiations in the GATT

In a paper presented by Canada entitled "Agenda for Future Negotiations in the GATT," it was pointed out that for both economic and political reasons, APEC would need to prioritize its work in the future, including the CTI Work Program. Activities underway in the EPG, the ETI and other domestic and international fora would be relevant and could be drawn upon as CTI activities proceed.

## 3. Administrative Aspects of Market Access

The Committee noted the progress made with regard to the notification and validation of the administrative aspects of market access (AAMA) and invited member economies to submit their final notifications to the Philippines by the end of June and their validations by the end of July. This would be compiled by the Philippines and the APEC Secretariat for publication for limited distribution to the APEC members by the APEC Ministerial Meeting in November. The Committee also considered the Philippines' paper on further steps to be undertaken and would provide further comments on the proposal by the 3rd CTI meeting.

## 4. Investment

4.1 The United States provided a brief report on the Investment Experts Meeting which was held from 12-14 May, emphasizing the tremendous educational value of the session. The Committee was reminded that the Chairman's Summary (Annex 3) reflected the nature of the debate but was not an agreed record of the meeting.

The attachment to the Summary, also attached herewith as Annex 3, is a contribution from the experts meeting for further discussion, though it does not represent a consensus and does not prejudice members' positions on the issues.

4.2 The Committee welcomed the significant progress achieved on the issue of the APEC Non-Binding Investment Principles. The Committee agreed that comments on the Chairman's Summary and its attachment would be conveyed to Australia by the end of July. It was agreed to convene the investment experts meeting prior to the 3rd CTI meeting to discuss the possibility of producing a draft of the non-binding principles for consideration at the 3rd CTI meeting. The experts are requested to advance the issues as far as possible, aiming for a consensus on the non-binding principles.

4.3 It was also agreed that the APEC Investment Guide will be updated by the end of this year to include the submission from Mexico and the other new member and to reflect changes in APEC members' regimes. Further consideration will be given to regular updates. In addition, the APEC Secretariat will incorporate the recent business sector survey response from China in its summary report.

## 5. Small-Medium Enterprise

5.1 The Committee considered the Report of the APEC Experts Meeting on Small and Medium Enterprises (SME) which was held in Jakarta on 25-26 April 1994 and noted the progress made in identifying the priority areas of cooperation on SME development in the APEC region.

In this regard, the Committee considered the following priority recommendations discussed at the experts meeting:

- a. a survey on SMEs
- b. a "best practices" work project
- c. a trade policy initiative to identify the barriers to trade, investment and technology transfer which impact SMEs and develop programs which will contribute to the development of SMEs.

5.2 With regard to the survey, it was suggested that APEC members do their best to complete the survey and submit it to Chinese Taipei by 30 June 1994 so that a report could be made to the CTI by September and the APEC Ministerial Meeting in November.

5.3 To further the work in the area of SMEs, Indonesia agreed to host the next meeting of the APEC SME Experts prior to the CTI Meeting in September 1994. For the issues of "best practices" and "trade policy initiatives," Chinese Taipei would cooperate with the Philippines and Indonesia to identify them at the meeting.

## 6. Standards and Conformance

Noting the valuable progress made in the area of standards and conformance, the Committee adopted the report of the Informal Meeting on Standards and Conformance held on 13 May and endorsed the report's recommendations for further work. However, the Committee agreed to defer consideration of the establishment of a Standards and Conformance Sub-Committee until the 3rd CTI meeting. It was agreed that, without prejudice to the future decision on the issue of establishing a sub-committee, Australia would develop draft terms of reference for consideration at the next Informal Standards and Conformance meeting to be held prior to the 3rd CTI meeting.

## 7. Customs

Welcoming the significant progress achieved in the customs-related matters, the Committee adopted the report of the APEC 3rd Customs Procedures Group meeting held on 12-13 May. Considering one member's reservation on the establishment of a Customs Procedures Sub-Committee, the Committee agreed to defer the decision on this issue until the 3rd CTI meeting in September. The Committee took note of reports from Indonesia on plans for the second APEC Customs Symposium and from Thailand on preparations for the APEC Seminar on the 1996 Amendments to the H.S.

## 8. Tariff Database and Manual

8.1 The Committee adopted the report of the Tariff Database expert meeting held on 14 May. The Committee agreed to set up a Task Force (comprising Australia, Indonesia, Japan, New Zealand and the U.S.) to prepare, in consultation with the APEC economies, a CD ROM-based project proposal and request APEC Central Funds to finance the project. The Committee gave in principle support to the funding request, pending approval of the project at the 3rd CTI meeting. The Committee stressed that the project should proceed on the basis of a shared understanding by all members to:

- o provide current and comprehensive tariff and tariff-related data and
- o commit to "marketing" the system in each member economy in order to assess accurately the likely level of demand.

8.2 The Committee requested that the members submit their response to the questionnaire to Korea as soon as possible so that Korea can proceed with the publication of the Tariff Manual by the end of June.

#### 9. EPG

As suggested by the Chair, the Committee heard a report from the APEC Secretariat on the current status of the work of the Eminent Persons Group.

#### 10. Examination Process for Additional Issues

10.1 New Zealand distributed its survey questionnaire designed to gather information on member economies' Competition Policy regimes. It requested that the questionnaire be completed by 30 June 1994, at the latest.

10.2 The Committee agreed to discuss in depth the work programs for 1995 and requested that the related suggestions of each member economy be transmitted to the Chair well in advance of the 3rd CTI meeting.

#### IV. Other Business

1. The Committee heard the explanation of the APEC Secretariat on the APEC budget procedures and requested that the Chairs of each group, considering the budget necessity arising from its activities, submit the budget proposals to the APEC Secretariat through the Chair by the end of June. The Committee also took note of the necessity of flexibility concerning the APEC budget procedure in view of the fact that its Work Program for 1995 has yet to be finalized.

2. Indonesia explained the desirability of sharing information on deregulation relating to trade and investment being undertaken by members as a means to enhance transparency in the region.

The Committee agreed that members may, if they wish, orally present policy measures which advance deregulation under the agenda item of Trade Policy Dialogue in the future.

V. The Committee adopted this report and agreed to submit it to the SOM. END.

- Annex:
1. Agenda
  2. Proposals of Indonesia and Korea on the draft agenda of the Trade Ministers Meeting
  3. Chairman's Summary and attachment of the Investment Expert Meeting