

Report of the 3rd CTI Meeting to the Senior Officials Meeting

- I. The Third Meeting of the Committee on Trade and Investment was held in Yogyakarta, Indonesia on 9 - 10 September, 1994. The meeting was chaired by Ambassador Sun Joun Yung, Assistant Foreign Minister for Economic Affairs, Republic of Korea. Prior to the CTI, three expert meetings (investment, standards and conformance, and SME) were held.

- II. The Committee adopted a draft agenda, which is attached herewith as Annex 1.

- III. Work Program for 1994
 1. Trade Policy Dialogue
 - 1.1 The U.S. and Mexico presented on the NAFTA implementation of the first six months after its entry into force in January 1994, pointing out the considerable increase in trade among the NAFTA members during that period. The Committee heard the report of the ASEAN Secretariat on the current development of the AFTA. Mexico reported on its free trade agreements with Venezuela and Colombia, and Bolivia.
 - 1.2 Canada offered to present another paper at an early 1995 CTI Meeting on the implications of regional trade arrangements in the global trade system.
 - 1.3 Japan and the U.S. gave reports on their bilateral framework talks. Some Members, stressing the importance of a negotiated settlement in trade related issues, pointed out that multilateral means of addressing such issues are also advisable if current mechanisms are not successful. The Committee also agreed to continue to discuss bilateral trade relations between the Members bearing a direct impact on the region as a whole.

2. Customs

- 2.1 Noting that one Member needed more time to consider the issue, the Committee could not agree on the establishment of the Customs Procedures Sub-Committee as recommended by the Customs Procedures Group Meeting of May 1994, and decided to discuss this issue again at the next CTI meeting in November. However, the Committee encouraged Thailand to present its draft procedural guidelines for the conduct of the business of the Sub-Committee to the Customs Procedures Group Meeting to be held in November.
- 2.2 Indonesia presented its plan on the 2nd APEC Customs Trade Symposium to be held 4 - 5 November in Jakarta. The Committee urged the Members' cooperation to make this Symposium most successful by actively soliciting private/business sector participation.
- 2.3 Thailand made a report to the Committee on the "APEC Seminar on the Nature and Significance of the 1996 Amendments of the Harmonized System" held in Bangkok on 15 - 19 August 1994. The Committee expressed its satisfaction over the fruitful results of this Seminar. The Committee agreed to refer the two recommendations of the Seminar concerning rules of origin and products traded in the APEC region to the November Customs Procedure Group Meeting.

3. Investment

- 3.1 The Committee welcomed the Chairman's report of the Investment Experts Meeting, attached as Annex 2, and noted that substantial progress has been made for the preparation of a set of non-binding APEC investment principles. It was agreed that Members would consult in capitals with a view to finalising the draft text by resolving the remaining differences on the principles.

The Committee decided to form a small group comprising Korea, U.S., Indonesia, and Australia who will act as coordinators for collecting comments from Members, which should be submitted to the Chair of the CTI no later than 30 September, 1994. Based on these comments, the small group will attempt to produce a possible compromise draft text in consultation with Members as necessary, which will be distributed by fax by 15 October. If a divergence of opinion

on the draft text persists, any Member economy may request a further meeting of investment experts which would be convened immediately prior to 4th CTI Meeting.

With regard to the future work program on investment, the Committee agreed to develop it as a part of the work program of the CTI for 1995.

- 3.2 The Secretariat reported on the update of the APEC Investment Guide and requested Members to submit revisions as soon as possible. The Committee welcomed and encouraged the Secretariat's plan to finalise the update by the November Ministerial Meeting.

The Committee, noting the importance of the promotion of the Guide, requested the Secretariat to take full advantage of promotional opportunities, including the meetings of PECC in November.

4. Tariff Database and Manual

- 4.1 The Committee agreed to approve the revised project proposal prepared by the Tariff Database Taskforce and to convene the Tariff Experts Group Meeting in November to finalise the details of the project proposal. The Committee noted the importance of Members indicating their commitment to providing the range of information as set out in the project proposal. For the effective marketing of the tariff database in Member economies, the Committee stressed the importance of securing both high quality data and Members' commitment to the timely provision of updated data.
- 4.2 The Committee welcomed Korea's publication of APEC Tariff Manual, urged Members who have not submitted information to do so in the future, and requested Korea to update it by June 1995.

5. AAMA

- 5.1 The Committee appreciated the Philippines' contribution on the issue of AAMA and requested it to continue its work. The Committee also requested the Philippines to prepare a report on the AAMA to the Ministerial Meeting in November, including a complete compilation of all the Member economies' notifications and validations. The view was raised that the Committee should further discuss the possibility of the Secretariat taking over the AAMA notification/validation process. The future Work Program should also take into account the results of the APEC Trade Ministers Meeting.

6. Standards and Conformance

- 6.1 Noting the continued good progress being made on standards and conformance issues, the Committee adopted the report of the Informal Meeting on Standards and Conformance held on 8 September, and endorsed the report's recommendations for further work. The Committee noted the Informal Meeting's recommendation to create a Standards and Conformance Sub-Committee and the terms of reference agreed by the Informal Meeting. Noting that one member needed more time to consider the issue, the CTI decided to defer a decision on the creation of the Sub-Committee until its next meeting in Jakarta in November.
- 6.2 The Committee requested Members to provide their outstanding submissions to the U.S. by 7 October 1994 for the publication of the APEC Standards and Conformance Guide by November. After the U.S. submits its budget estimation for the publication of the Guide to the Committee, the Chair will undertake consultation with the Chair of the BAC with a view to securing the necessary budget allocation for publication from the APEC fund.

7. SME

7.1 Noting the objectives stated in the report of the 2nd SME Experts Meeting held on 7 - 9 September, 1994, the Committee agreed to concentrate on the priority areas as agreed at the 2nd CTI meeting in May and, at the same time, supported the implementation of the APEC Centre for Technology Exchange and Training for SME in recognition of its being a Leader's initiative still awaiting implementation. The Committee agreed that the report of the SME Experts Meeting should be submitted to the SOM.

7.2 The Committee encouraged Chinese Taipei to complete its Survey on SME by the November Ministerial Meeting and to provide recommendations on the development of "best practices" programs.

The Committee also requested Members to submit their responses to the U.S.' questionnaire concerning the SME "trade policy initiative" by the end of 1994, to enable the finalisation of the report on this issue during the early part of 1995.

7.3 The Committee agreed to approve Korea's proposal to host an APEC Venture Capital Workshop in Seoul in 1995, to discuss, among other things, ways and means of promoting the SME's access to venture capital.

8. Uruguay Round

8.1 APEC Trade Ministers Meeting

Indonesia briefed the Committee on the preparations for the meeting of Ministers in charge of trade policy. It circulated an Administrative guide, and drew the Committee's attention to its content which, among others, gave some explanation on the logistical preparations for the Meeting. Indonesia also confirmed that, upon request, facilities would be provided for simultaneous interpretation. Indonesia was called to reflect upon the Members' wishes in its preparations.

On the Joint Statement of the Trade Ministers Meeting, Indonesia announced its plan to have a draft circulated to each Member by the end of September so that each Member could study the draft in order to exchange views on it at the Senior Officials' Meeting to be held on October 5, 1994.

The Committee took note that Indonesia has asked Canada, Korea, Australia and the U.S. to be lead speakers on the agenda of the APEC Trade Ministers Meeting. The lead speakers have drafted discussion papers, and Members have exchanged views on those drafts during two informal meetings.

The Committee considered that the draft lead papers could not be CTI papers because they would require extensive discussions among Members before endorsement. It was therefore agreed that the papers would be individual papers of the lead speakers.

The Committee expressed its warm appreciation for the efforts Indonesia was making to successfully host the Trade Ministers Meeting.

8.2 Report of the UR Assessment Task Force Meeting

Canada reported to the Committee on the progress made by the UR Assessment Task Force, and presented the UR assessment report prepared by Canada. Members were requested to submit their comments on the report to Canada by September 23, 1994.

The Committee agreed that the paper to be revised by Canada would be used as a reference paper for the Trade Ministers Meeting.

8.3 Seminar on implementing the UR

The Committee endorsed the US proposal to hold a series of UR implementation seminars in the early part of 1995. For such a purpose, the Committee designated the United States as a coordinator, and called upon volunteers to submit by September 25, 1994, their plan to hold a seminar, including in their plan information on their proposed date, venue, subject coverage, level of participation, etc, so that an overall plan could be submitted to the Trade Ministers Meeting.

Australia volunteered to host a seminar on TRIPS, while Chinese Taipei and Republic of Korea expressed interest in holding seminars on GATS and GATT Articles & Dispute Settlement respectively. Mexico also offered, if needed, to host a seminar. An implementation seminar on customs related issues will be held in the context of the 1994 Customs Symposium in Jakarta.

The Committee also had a lively exchange of views on the proper subjects for the seminars, on the proper level of participation, on the need to avoid overlapping with similar training and familiarization programmes, and other related

issues. It was also emphasized that the seminars were not one-off events, but should also look into ways to promote further cooperation for effective UR implementation.

Australia outlined its proposal for cooperative approaches on intellectual property issues. The Committee agreed that such cooperation should commence with the development of collaborative approaches to implementation of the TRIPS agreement and identification of scope for an APEC program of cooperation and assistance to enhance regional intellectual property infrastructure, including through training, technical assistance and exchange of personnel. The Committee also agreed that a survey of intellectual property regimes in the region would assist in setting future priorities for cooperation.

9. EPG

Since the Committee agreed at its 1st Meeting in January that two EPG recommendations (Dispute Settlement and Rules of Origin) would be discussed by the CTI at a later stage, there was no discussion on this agenda item.

10. Examination Process for Additional Issues

10.1 Competition Policy

The Committee welcomed New Zealand's plan to circulate shortly the draft survey results on the Members' competition policy regime to Members for their comments and its finalization by November.

Some Members drew the attention of the Committee in particular to the anti-dumping component of the interaction between trade and competition policy.

The Committee agreed that New Zealand would continue its work to complete the survey and to consider at the next CTI meeting the competition work program, reflecting the results of the survey.

10.2 The Committee reviewed proposals on the following items for inclusion in the Work Program of the CTI for 1995:

- Deregulation relating to trade and investment
- Mobility of Professional Expertise
- Transparency of Government Procurement Opportunities and Procedures
- Transfer of Technology
- Harmonization of rules and regulations concerning food packaging and labelling
- Dispute Settlement
- Rules of Origin

A provisional consensus emerged on the inclusion of the following items:

- Deregulation relating to trade and investment
- Mobility of Professional Expertise
- Dispute Settlement
- Rules of Origin

On the other items, the Committee decided to further discuss them at the 4th CTI meeting in November.

One Member expressed its position that the final decision on all the new items to be included in the CTI Work Program for 1995 should be made in a balanced and practicable manner.

IV. Other Business

The Chair informed Members of his time frame for drafting the Annual CTI Report to the Ministers as follows:

1. Work on preparation of the provisional draft report will be divided among the Chairs of the Committee, that is,
 - Philippines : AAMA, SME
 - U.S. : Customs, Investment, UR
 - Korea : All other items
2. These contributions of the Chairs will be submitted by fax to the Chair of the CTI by 15 October, 1994.
3. Based on these contributions, the Chair of the CTI will prepare a provisional draft report and circulate it to Members by fax by 21 October for their comments and opinions.

4. Members shall make their comments, if any, to the Chair of the CTI by 31 October 1994.
5. After accommodating the Members' comments and opinions, the Chair will circulate to Members the revised draft report for discussion at the 4th CTI Meeting.

The Chair invited the Chairs of the Experts Group Meetings to make contributions to the CTI Chairs on their respective subjects so that the report will accurately reflect the progress achieved.

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

Annex: 1. Agenda
 2. Chairman's Report of the Investment Experts Meeting.