

Report of the 1st APEC CTI Meeting of 1995 to the Senior Officials Meeting

I. The first meeting in 1995 of the Committee on Trade and Investment was held in Fukuoka, Japan on 10-11 February, 1995. The meeting was chaired by Ambassador Sun Joun Yung, Assistant Foreign Minister for Economic Affairs, Republic of Korea. Prior to the CTI, two sub-committee meetings (Customs Procedures and Standards and Conformance) and a Tariff Database Task Force meeting were held.

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

III. Work Program for 1995

1. Trade Policy Dialogue

1.1 Review of Regional Trade Arrangements

The Committee heard a report on the results of the Miami Summit of the Americas held last December and similarities and differences between the FTAA process and the APEC liberalization process. Chile reported on its NAFTA accession process and Canada presented a paper which considered approaches to regional and global trade liberalization.

1.2 Deregulation Initiatives

1.2.1 The Committee heard reports on deregulation measures undertaken recently with regard to trade and investment from Indonesia, Thailand, Japan, Korea, Malaysia, New Zealand, the Philippines, Australia, Canada, Mexico and the PRC.

1.2.2 In light of the importance of deregulation in the economic liberalization process, the Committee agreed to compile members' reports at each CTI meeting and publish them for dissemination to the business community at the end of the year, and requested the APEC

Secretariat to develop in consultation with member economies, a standardized format for the report.

- 1.2.3 The Committee agreed to request the Secretariat to make the necessary budgetary arrangements, in order to get the approval of the BAC for the publication of this report.

1.3 Dispute Mediation

- 1.3.1 Canada presented a paper to help the Committee explore the possibility of developing an APEC dispute mediation service.

- 1.3.2 In view of the Leaders' and the Ministers' directions in this regard, the Committee decided to form an Experts Group composed of the representatives of all interested economies to prepare a discussion paper for consideration at the Second CTI meeting in July. Several delegations reiterated their concern that there should be no duplication between the GATT/WTO dispute settlement process and any APEC mechanism. They considered that it might be possible to conclude that no additional mechanism was required.

- 1.3.3 The Committee adopted the terms of reference of the Experts Group on voluntary consultative dispute mediation attached as Annex 2.

The Experts Group should exchange views in advance of its meeting (by electronic or other means) and should hold a meeting preferably no later than the week prior to the next meeting of the CTI.

- 1.3.4 The Committee also noted, in considering the terms of reference, that a number of questions were raised which might be considered in the exploration of options including:
- a) the nature and coverage of trade related disputes an APEC dispute mediation service might address, for example, should it be limited to the government sector or also cover private sector disputes;

- b) the development of an inventory of existing mechanisms for consultation and mediation among APEC members;
- c) the relationship of any APEC dispute mediation service with dispute settlement systems in the WTO and existing regional agreements;
- d) the possibility of considering mechanisms for promoting dispute avoidance such as for example trade ombudsmen or importer help offices;
- e) the likelihood and practicability of APEC members making use of such a voluntary mediation service in APEC;
- f) the reasons for the low usage of the GATT dispute mechanism in the past by many APEC members.

1/4 Current Status of the U.S.-Japan Framework talks

Japan and the U.S. gave reports on their bilateral framework talks. Welcoming the progress made in the talks, the Committee wished to see that these talks come to a successful conclusion in a mutually satisfactory way.

2. Uruguay Round Implementation

- 2.1 The U.S., as coordinator of the UR implementation workshop series, provided an overview of planning for the sessions, including a review of the suggested guidelines for the workshops. The U.S. noted that a shortage of funds from the WTO to pay for the travel of its experts, combined with an increase in the number of workshops, meant that money approved last year in the APEC budget to pay for the workshops might not be enough.
- 2.2 The Committee decided that, given the importance of the workshops, a request be made to the BAC for additional funds. The Chair asked the U.S. to prepare a budget request and submit it through him to the BAC.

- 2.3 The U.S. also circulated for comment preliminary agendas for its planned workshop covering TBT, SPS, and Government Procurement, tentatively scheduled for July in a location in Asia.
- 2.4 Korea provided an update on the planning for its workshop, covering GATT Articles, TRIMS, Anti-Dumping, Countervailing Measures, Safeguards, and Dispute Settlement. Based on a number of factors, Korea announced that the workshop, originally planned for March 6-10, would be postponed. A new date of April 17-21 was tentatively set for the event.
- 2.5 Chinese Taipei provided an update on planning for its March 13-16 workshop on the GATS, noting that more than 60 participants were already registered.
- 2.6 Australia provided preliminary details of its TRIPS workshop, scheduled for May 17-19 in Sydney. China presented preliminary details for its workshop on Rules of Origin, planned for October 5-7.

With strong endorsement from many members, Mexico indicated a willingness to host a workshop on agriculture this year, at a date to be determined.

- 2.7 The Chair reminded the coordinator and all organizers that the workshops were intended not only for education, but also to develop concrete proposals for APEC cooperation to insure the full and effective implementation of UR results.

3. Impediments to Trade

- 3.1 Expressing its appreciation on the work accomplished thus far by the Philippines on the AAMA process, the Committee decided to request the APEC Secretariat to take on the tasks relating to future updates of AAMA data. In this regard, the Philippines submitted a diskette of the AAMA report to the Secretariat and all member economies together with the operational instructions so that a database can be started with a view to contributing to the Committee's exercises on trade impediments and dispute mediation.

- 3.2 The Committee considered ways to take forward the survey of regional impediments mandated by APEC Trade Ministers at their meeting in Jakarta in October 1994. The Committee approved guidelines for the study attached as Annex 3. The Committee agreed that PECC be asked to undertake the study in accordance with the guidelines, at a reasonable cost. It was also agreed that the Chair would, in conjunction with Australia, liaise with PECC and take formal steps to request funds from the APEC Central Fund to defray costs incurred by PECC in undertaking the project.

4. Investment

- 4.1 Japan and Canada provided brief presentations on their respective papers. Based on the papers, there was an extensive discussion of a number of conceptual issues and practical suggestions for next steps on investment.
- 4.2 Emphasizing the importance of private sector involvement in the APEC discussion on investment, the Committee agreed to hold an APEC Symposium on Investment, with the timing and venue to be determined.
- 4.3 The Committee also agreed that members should make reports on their respective investment regimes in light of the APEC Non-binding Investment Principles endorsed last November by the Ministers.
- 4.4 To provide guidance for these projects and on possible longer term steps toward investment facilitation and liberalization, the Committee decided to reactivate the Investment Experts Group chaired by the United States. Members were asked to present updated lists of their investment experts to the U.S. delegation.

5. Small-Medium Enterprises

- 5.1 Welcoming the reports of Chinese Taipei and the U.S., the Committee agreed to convey the results of these reports to the Ad hoc policy level committee for their consideration in developing future APEC work programs for SMEs.
- 5.2 The Committee encouraged Australia to go ahead with its plan to hold a meeting of the Ad hoc policy level group on SME in mid-August in preparation for the Second SME Ministers meeting on September 15. In light of the desirability of an earlier meeting of the Ad hoc Group, the Committee welcomed the Indonesian intention to host such a meeting before August.
- 5.3 The Committee requested that specific guidance be provided by the SME Ministerial meeting on the division of work among the various organizations of APEC to increase their efficiency in conducting the work related to SME.
- 5.4 The Committee took note of Korea's report on its preparation of the APEC Venture Capital Workshop to be held in Seoul, September 20-22.
- 5.5 The Committee took note of the report of the Philippines that preliminary activities leading to the operationalization of the APEC Center for Technology Exchange and Training for SMEs have already commenced, starting with the implementation of the SME survey of needs and opportunities as a necessary step in the process of putting together its Work Program, the groundbreaking for the physical site preparation, and the formation of a nucleus staff tasked to implement activities until the operationalization of the Center.

6. Tariff Database and Manual

- 6.1 The Committee heard the report on the results of the tariff database taskforce meeting held on February 9 to evaluate the tenders received for the tariff database project. Noting with satisfaction that the tender process is well underway, the Committee directed the taskforce to finalize the selection process in accordance with the agreed timeframe.

The Committee asked the APEC Secretariat to proceed immediately with completion of the tendering process and sought their assistance in negotiating appropriate licensing and copyright arrangements to permit broad distribution of the database.

The Committee also emphasized once again the importance of members' timely provision of current tariff and tariff-related data for the success of the tariff database project.

- 6.2 Korea explained its plan to revise the APEC tariff manual by the end of June and the Committee stressed that all members should provide Korea with their information by the end of April.

7. Customs

- 7.1 The Committee endorsed the report of the sub-committee meeting on Customs Procedures held on 7-8 February.
- 7.2 The Committee encouraged the sub-committee to continue its work, in particular, development of a strategic framework consisting of non-binding principles, voluntary action plans, and conducting surveys. In continuing its work the sub-committee is requested to take into account the letter and spirit of the Bogor Declaration and the Jakarta Joint Ministerial statement, thus producing tangible results for November Meetings. The Committee noted the need for the sub-committee to avoid duplication of effort with the WCO regarding the Rules of Origin, and to set concrete goals and timeframes. The Chair also noted the need for the sub-committee to meet the timeframes already established in its work program.

7.3 The Committee welcomed the intention of the Japanese customs administration to hold the Third APEC Customs Trade Symposium in conjunction with the November Ministerial meeting.

8. Standards and Conformance

8.1 The Committee endorsed the report of the sub-committee meeting on Standards and Conformance held on 9th February. However, in respect of the proposed formation of a taskforce to develop the mid/long-term action programs in the area of standards and conformance as a response to the Bogor Declaration, the Committee directed the sub-committee to develop the program.

8.2 The Committee welcomed the important progress made on work relating to technical infrastructure development, closer cooperation with specialist regional bodies, closer alignment with international standards and mutual recognition arrangements both in voluntary and regulatory sectors. The Committee encouraged the sub-committee to produce tangible results by the end of this year.

9. Competition Policy

New Zealand made a report on its plan to hold a seminar on Competition Policy in July in Auckland. The Committee welcomed the plan of New Zealand and invited members to actively participate in the seminar.

IV. Other Business

The Chair explained its plan to submit a mid-year report of the activities of the Committee to the Ministers in charge of trade in accordance with point 20 of the Joint Ministerial Statement of APEC Trade Ministers meeting held on 6 October, 1994 as follows:

- a) since there is only one meeting of the Committee before July, the mid-year report may be presented after the Second Meeting of the CTI to be held in July;

- b) work for drafting the report will be shared by the chairs of the Committee and its sub-committees;
- c) the Chair will circulate the provisional draft to members for their comments by the end of July;
- d) accommodating the members' comments and opinions, the Chair will revise and submit the report to the Ministers in charge of trade by the end of August.

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

- Annex 1 Agenda
- Annex 2 Terms of Reference of APEC Voluntary Consultative
 Dispute Mediation
- Annex 3 Guidelines for the Study of Impediments to Trade