

REPORT OF THE SECOND APEC
CTI MEETING OF 1995
TO THE SENIOR OFFICIALS' MEETING
AND SPECIAL SENIOR OFFICIALS' MEETING

- I. The second meeting in 1995 of the Committee on Trade and Investment (CTI) was held in Sapporo, Japan, on July 2-3, 1995. In the absence of the CTI's chairman, Ambassador Sun Joun Yung, Deputy Foreign Minister for Economic Affairs, Republic of Korea, the meeting was jointly chaired by the CTI's two vice-chairs, Ms. Nancy Adams, Assistant USTR, the United States of America, and Mr. Edsel Custodio, Assistant Secretary, Department of Trade and Industry, the Republic of the Philippines. Prior to the CTI, two subcommittees (Customs Procedures and Standards and Conformance), the Investment Experts Group and a meeting of experts on Government Procurement) and the Tariff Database Task Force met.
- II. The CTI adopted the agenda, which is attached hereto as Annex 1. In addition to the work program for 1995, mandated to the CTI by the APEC Ministerial in 1994, the CTI discussed its contributions to the Osaka Action Agenda, as requested by the Special SOM.
- III. Work Program for 1995/Action Plan to implement the Bogor Declaration

III.1 Trade Policy Dialogue

1.1 CTI took note of member economy reports on NAFTA, ASEAN, and ANZCERTA highlighting the activities of these sub-regional trade arrangements. The U.S. reported that NAFTA's implementation program is on schedule and that the benefits of trade liberalization are being realized, and briefed CTI on results expected from the Denver FTAA Ministerial. Chile noted the commencement of negotiations on its accession to the NAFTA. ASEAN reported on (1) the accession of Vietnam in July of 1995; (2) the completion of draft ASEAN cooperation agreements on intellectual property and trade in services; (3) its revision of tariff schedules to meet CEPT acceleration from 2008 to 2003, and (4) the adoption of a "substantial transformation" criterion to determine product origin for textiles and textile products. ANZCERTA announced it was in the third phase of its trade facilitation efforts; noted progress in mutual recognition of occupations and food standards, and in trade in services; and referenced a discussion paper regarding the Trans-Tasman mutual recognition agreement. CTI also took note of Canadian remarks on the Halifax G-7 Summit economic communiqué supporting regional trade arrangements and further multilateral trade liberalization.

1.2 CTI welcomed reports by the United States and Japan providing details on the U.S.-Japan accord on trade in automobiles and auto parts and describing other bilateral agreements reached under the auspices of the 1993 U.S.-Japan Framework Agreement.

1.3 Dispute Mediation

1.3.1 Canada presented a discussion paper on the APEC Experts' Group on Voluntary Consultative Dispute Mediation which considered the following three broad issues regarding the resolution of disputes in the APEC context:

- a) Government-to-Government Dispute Mediation;
- b) Private-to-Government Dispute Mediation and Mediation of Disputes Between Private Parties; and
- c) Promotion of Avoidance of Trade Disputes Through Increased Transparency.

1.3.2 The presentation noted that Experts requested specific information from Member economies that fall under two broad categories below, from paragraphs 9 and 11 of their discussion paper:

- a) A listing of mediation services available in the APEC region; and
- b) An inventory of domestic laws and procedures available for arbitration.

1.3.3 The CTI complimented the Experts on their efforts to develop ideas as the examination process called for in the Bogor Declaration. There was broad recognition that the work in which the Experts had been engaged was complex, with implications for future CTI work. At the same time, the CTI maintained that whatever work is undertaken on dispute mediation, it should recognize that the WTO Dispute Settlement Understanding remains the primary channel for the resolution of disputes among Members.

1.3.4 The CTI saw the need for the Experts' Group to pursue its examination in all three areas considered in its papers. In this regard, the CTI agreed that Member economies should begin the process of compiling the information requested from the Experts, with August 31 identified as the initial deadline. It was agreed that the Experts could meet again to consider this information and

resume their examination of dispute mediation in APEC at an appropriate time. Canada developed an initial draft action plan for further comment and consideration by the CTI. Members agreed to submit comments to Canada also by August 31.

III.2 Standards and Conformance

2.1 The CTI considered the report of the Subcommittee on Standards and Conformance (SCSC) held on 1st July. The CTI welcomed the progress of the 1995 work program of the Subcommittee, which focused on the following themes:

- Alignment with international standards;
- Mutual Recognition Arrangements in regulatory and voluntary sectors;
- Closer Cooperation with Specialist Regional Bodies; and
- Development of Technical Infrastructure.

2.2 The CTI also welcomed and endorsed Singapore's proposal of regional seminars on Electromagnetic Compatibility in 1996 and Environmental Management standards in 1997. The proposed "APEC" Guide for Alignment of Standards with International Standards" was also endorsed. The CTI approved submission of a request for APEC funds for both projects. The CTI endorsed Canada's proposal for a workshop on good manufacturing practices for bulk pharmaceuticals. The CTI agreed to continue to consider Australia's proposal for facilitating trade through cooperation in the development and application of food safety standards.

2.3 The CTI welcomed the significant progress made on the work to develop the draft on the medium and long-term Action Plan on Standards and Conformance.

2.4 The essential elements of the draft Action Plan are summarized in the following four pillars which contain long-term goals, and work program elements, which include:

- a) Alignment with International Standards
 - Alignment with international standards by 2010/2020; and
 - Identification of priority areas for alignment in the short to medium term.
- b) Mutual Recognition in Conformity Assessment Procedures

- Participation in a network of bilateral and multilateral mutual recognition arrangements in most regulated sectors by 2010/2020; and

- Building confidence in the region's conformity assessment infrastructure through mutual recognition arrangements in the voluntary sector.

c) Cooperation on Technical Infrastructure Development

- In 1996, development of a mid-term plan to improve technical infrastructure by the year 2000.

d) Transparency

- Subject to the results of a survey, development of a database and a network of information on member economies' respective conformity assessment procedures.

2.5 The CTI noted and encouraged that the draft Action Plan be further elaborated and that a revised draft Action Plan be submitted to the CTI meeting in October. It was also agreed that the CTI would submit a draft to the Special SOM as an indication of progress on this issue.

III.3 Customs

3.1 The Subcommittee on Customs Procedures adopted "the Action Program of the Subcommittee on Customs Procedures." Nine items of common action (such as HS, Customs Valuation, TRIPs, EDIFACT, and so on) were agreed upon with specific target dates. In addition, two items were listed as candidates for a common action plan.

3.2 The Action Program as adopted contains a Vision Statement, a Guiding Framework, Guiding Principles (e.g. Facilitation, Accountability, Consistency, Transparency, and Simplification, called FACTS) and eight elements outlining a Strategic Direction. These are key elements which enabled members to derive a common action plan from individual action plans.

3.3 Moreover, the Subcommittee

-- recognized the importance of an implementation process and agreed to construct a framework to manage technical assistance;

-- recognized the importance of evaluating progress and of feeding back the result of the implementation on a regular basis and agreed to use a common format for the review process;

-- established criteria for assessing future candidates for the common action plan,

-- recognized the importance of carrying out common surveys such as on the time required for cargo clearance; and

-- recognized the importance of dialogue with the business sector.

3.4 The Subcommittee further discussed the progress made in the 1995 Work Program, e.g. the work on rules of origin. Finally, a proposal for a Customs and International Economy Symposium with the business community to be held on November 9 and 10 in Osaka was welcomed.

3.5 The CTI commended the work of the Subcommittee and endorsed its report.

III.4 Tariff Database

4.1 The CTI considered the report of the Tariff Database Taskforce which met on July 1 to assess progress on the Tariff Database pilot project. The CTI encouraged members to provide feedback on accuracy and completeness of the data. The CTI welcomed the fact that the pilot project was broadly on target and should be ready for consideration by Ministers in November. The CTI agreed to explore the possibility of including the Tariff Manual on the Tariff Database.

III.5 Deregulation Initiatives

5.1 Deregulation: Work Program and Action Plan

5.1.1 The APEC Secretariat reported on progress on the submission of members' reports on "Deregulation and Liberalization Initiatives." The CTI noted that the APEC Secretariat had received twelve reports on deregulation/liberalization initiatives from member economies. All member economies who had not yet submitted reports to the Secretariat were strongly encouraged to do so, even in draft, as soon as possible. There would be opportunity for those who wanted to revise/update their original submissions. It was agreed that final revisions should

be received by the Secretariat by the end of September 1995 for publication in time for the Ministerial Meetings.

5.1.2 Some member economies had difficulties in identifying the requirements of the exercise but it was agreed that the discussion in the meeting would assist them in completing their notifications. The value of identifying in this exercise, not only barriers at the border but also those barriers within the domestic regulatory environment which restrict or raise the cost of market entry and exit was noted.

5.1.3 The CTI considered a draft Action Plan on deregulation developed by Australia on the basis of submissions received from member economies. A range of views were expressed on the plan. Following discussion, the CTI agreed to transmit the first Action Plan (see attachment 6) to the Special SOM for its information. Members agreed to submit comments to Australia by mid-August.

5.2 Mapping Exercise

5.2.1 New Zealand tabled the draft project proposal agreed with PECC as a framework for the "commitments mapping exercise." Chile volunteered to be co-shepherd of the project.

5.2.2 The deregulation notifications, together with the PECC Survey on Regional Trade Impediments would provide valuable background for the "mapping of exercise." There was considerable complementarity between the initiatives, with mapping building on the work already undertaken for the deregulation notifications. The PECC analysis would assist in identifying policy and priority areas for further study.

5.2.3 There was general agreement that the "mapping exercise" would provide greater transparency to the deregulation/liberalization notifications.

5.3 Administrative Aspects of Market Access (AAMA)

5.3.1 The Secretariat reported on progress in updating the AAMA exercise. The CTI encouraged member economies to provide outstanding information by the end of August.

5.4 Survey of Regional Trade Impediments: Work Program and Action Plan

5.4.1 PECC provided a progress report on the development of the Survey of Regional Impediments, advising that a final draft will be distributed to APEC member economies by mid to late August.

5.4.2 The CTI considered a draft Action Plan developed by Australia on the basis of submissions received from member economies. Following discussion, the CTI agreed to submit an initial draft Action Plan (see attachment 8) to the Special SOM for information. The Committee agreed to submit comments to Australia by mid-August.

III.6 Uruguay Round Implementation

6.1 The United States reported on the overall status of Uruguay Round implementation seminars. The U.S. noted that the three seminars held thus far have been well attended, and that participants saw great value in them with respect to enhancing technical cooperation and ensuring the full and effective implementation of the Uruguay Round agreements. Chinese Taipei (GATS), Korea (Uruguay Round Rules), and Australia (TRIPS) described their respective seminars and summarized suggestions for ongoing work generated at these events. China reported that planning is on track for its September 26-29 Rules of Origin seminar in Beijing. The U.S. reported that its seminar on SPS/TBT and Government Procurement will be held on October 4-6 in Bangkok. It was noted that Government Procurement is not included in the Uruguay Round agreements, and that the topic was included in the seminar for information purposes. Mexico noted that no date had been set for its seminar on agriculture, and sought guidance from members on whether its program should be delayed until after the November Ministerial meeting given the already full APEC schedule of events for the remainder of the year.

6.2 The U.S. presented a draft paper which summarized the views of six APEC members concerning a possible APEC action agenda on UR implementation/acceleration. It was recognized that this work needed to take into account of the concerns of non-WTO APEC members. The CTI decided that discussion concerning the development of an action agenda on UR acceleration should be deferred in light of the Special SOM's work on the possible development

of a UR acceleration package to be announced at Osaka. It was agreed that the focus of CTI's efforts at this stage should be on the implementation of UR results and continuing technical cooperation. The U.S. asked for additional member comments on its summary paper and noted that it will circulate a revised draft which incorporates these comments at a later date. The CTI agreed to submit the current draft to the Special SOM for its information. Members agreed to submit comments to the U.S. by mid-August.

III.7 Investment

7.1 The CTI welcomed the oral report from the Chairperson of the Investment Experts Group, which met on June 29-30, on its ongoing work program. This report outlined the progress made in preparing for the Investment Symposium in Bangkok, Thailand on October 2-3, 1995 and the preparations for improving on and updating the APEC Investment Guidebook which is to be released in June 1996. The CTI also received from the investment experts their Initial Submission of Recommendations for the Action Agenda on Investment, along with some issues to be referred to the Special SOM for further guidance. The CTI agreed to forward its initial submission for consideration by the Special SOM.

III.8 Small-Medium Enterprises

8.1 The Vice-Chair mentioned to the group that SMEs, which cuts across all working groups and committees, had to be included in the CTI agenda for update.

8.2 Indonesia reported that the first meeting of the APEC Ad Hoc Policy Level Group on SMEs was held in Jakarta, 25-26 April 1995. The Meeting endorsed twelve recommendations related to private/business sectors networking, among others APEC Venture Capital Workshop. The Meeting devoted considerable attention to formulating an action program for SMEs to be submitted to the July SOM.

8.3 Australia reported on the preparation for the second SME Ministerial which will be held in Adelaide, Australia, 14-15 September, 1995 and preceded by a two-day business forum. Ministers will identify a vision for SMEs in five areas where SMEs face the most difficulties and adopt an SME action plan. Members will have the opportunity to introduce new action agenda items and improve upon existing items at the Second Ad Hoc PLG meeting in Canberra in August.

8.4 The Philippines reported on the progress of the APEC Center for Technology and Training for SMEs (ACTETSME) particularly on the ACTETSME Organizational Workshop and Experts Meeting (scheduled for late September in Manila) which will be funded by the Philippine Government.

8.5 Korea reported that an APEC Venture Capital Workshop will be held on 20-22 September in Seoul. It will be organized with the cooperation of the Korea Foreign Trade Association.

III.9 Competition Policy

9.1 New Zealand explained the arrangements that had been made for the Competition Policy Seminar in Auckland on 24-26 July 1995. It was emphasized that both competition policy specialists and trade policy experts were encouraged to participate. Already seventy registrations had been received to date and up to one hundred and fifty were expected to take part. In view of the imminence of the Seminar, it was desirable to have an action agenda plan emerge following the Seminar rather than anticipating the outcome of the policy discussions at this stage.

III.10 Government Procurement

10.1 Hong Kong reported on the discussions of the Group of Experts on Government Procurement which took place in Sapporo on 29 and 30 June 1995. The CTI noted that Hong Kong had been asked by the Special SOM in April 1995 to formulate ideas on this subject in APEC, and also noted range of views expressed on procedural issues, in particular the status of the experts group.

10.2 Whilst there was consensus to engage in transparency and educational aspects in the field of Government Procurement, the CTI was unable to decide how specifically work should proceed on government procurement in APEC. The CTI agreed to seek further guidance from the Special SOM and in order to facilitate SOM discussion, agreed to submit to them the record of the experts' deliberations. (Attachment 10)

III.11 Examination Process for Additional Issues

No Discussion

IV. Other Business

1. The chair reminded the CTI of the mid-year report of CTI activities to be submitted to Ministers in charge of trade. Canada volunteered to edit the mid-year report according to the time-frame agreed to at the first meeting of the CTI, which was warmly welcomed by the CTI.

1.1 The draft report will be circulated to members for their comments by the end of July.

1.2 The revised report will be submitted to Ministers in charge of trade by the end of August.

2. The Chair reminded member economies of the deadline for submitting budget requests for fiscal year 1996, and called upon them to submit their requests before the BAC meeting scheduled for July 24-26.

3. The Chair also reminded the CTI that the term of the present chair and vice-chairs would expire at the end of 1995 and therefore the CTI should be ready to elect new chairs at the October meeting of the CTI.

V. Closing

The CTI adopted this report and agreed to submit it to the SOM and Special SOM.

ANNEXES

- ✓ 1. Agenda
- ✓ 2. Discussion Paper for Dispute Mediation Service
- ✓ 3. Report of the Subcommittee on Standards and Conformance
- ✓ 4. Draft Action Plan on Standards and Conformance
5. Report of the Subcommittee on Customs Procedure (with attachment 3)
- ✓ 6. Report of the Tariff Database Task Force
- ✓ 7. Deregulation Action Plan (draft)
- ✓ 8. Project Proposal on "Mapping"
- ✓ 9. Trade Impediments Action Plan (draft)
10. UR Implementation Action Plan (draft)
- ✓ 11. Investment Experts' Recommendation
- ✓ 12. Report of the First Government Procurement Experts' Group Meeting