

CONVENOR'S SUMMARY RECORD OF DISCUSSION

13-19 August 2001

Dalian, People's Republic of China.

The APEC Group on Services (GOS) held its 16th meeting in Dalian, China on 13-19 August 2001. The newly appointed GOS Convenor, Mr. José Poblano from Mexico (Director General for Negotiation on Trade of Services in the Ministry of Economy) chaired the meeting for the first time in which APEC member economies, the APEC Secretariat and the representatives of the PECC (Pacific Economic Cooperation Council) participated. The list of participants is attached.

I. CONVENOR'S OPENING REMARKS

Mr. José Poblano welcomed all delegates and thanked them for the support granted to him as new Convenor. He also explained that there were certain problems in the Ministry of Economy in Mexico to receive and send information by e-mail so the intersessional activities could only take place through APEC Secretariat.

The GOS Convenor reported the progress of GOS activities, including:

Services projects which were looking for TILF funding

The GOS Convenor informed that the TILF budget for reproduction of documents was reduced from 10,000 dls to 5,000 dls.

He also announced that the APEC Budget and Management Committee (BMC) had approved the two projects proposed by the GOS at its meeting held on 31 July – 2 August 2001. The two projects are the following: "Cost and Benefits of Services Trade liberalization (2001/SOMIII/CTI/GOS/010)" proposed by Indonesia; and "Menu of Options for Voluntary Liberalization, Facilitation and Promotion of Economic and Technical Cooperation in Services Trade and Investment (Phase III) (2001/SOMIII/CTI/GOS/009)" by Chinese Taipei.

At this point Indonesia explained that they were working on the technical preparation of this project and that they expected to conclude it on January 2002. Chinese Taipei stressed that the Menu of Options Phase III, would continue to be carried out by the PECC and would aim at capacity building in the areas identified in Phase II by the GOS, particularly that of domestic regulation.

The GOS Convenor asked those economies to present a report on the developments of their work at the next GOS meeting to be held in Mexico, February 2002.

Proposed modification to the services section of the Osaka Action Agenda (3T+E sectors)

The Convenor explained that the pending Osaka Action Agenda works (2001/SOMIII/CTI/GOS/002) in Services section on the energy, transport and tourism sectors were completed at those special groups meetings. The only issue still pending was the telecommunication sector.

On that issue, the Convenor proposed:

- 1.- To discuss the language of the section on telecommunications and try to remove the brackets or
- 2.- To keep the brackets on telecommunications word and allow to the Telecommunications and Information Working Group (TEL) to finish its work on its September meeting (2001/SOMIII/CTI/GOS/002).

The group decided to leave the telecommunications works to the TEL endorsing whatever they decided. The group also decided to conclude the review of the OAA.

Regulatory Impact Analysis

The representative of PECC, Ms. Soonhwa Yi, reported the results from the inter-sessional request for the provision of contact information on national Regulatory Impact Analysis authorities. As of 18 August, seven member economies (Australia, Canada, Japan, Korea, Mexico, New Zealand, and USA) had provided the requested contact information. Provision of such information by the rest of APEC member economies was requested.

With respect to letters forwarded by the GOS Convenor to AGGI, BMG, SCCP and TFTF on the issue of mobility of education service suppliers, the Convenor informed that he had received just one response letter from the BMG (2001/SOMIII/CTI/GOS/013). He also asked views of the group in relation to that response. The representatives of USA and Australia proposed to deliver that letter to the responsible authorities. It was so decided.

Regarding consultations with education authorities for the issue of standstill commitment on cross-border supply, several member economies expressed their concern about standstill commitment on cross-border supply of education services, as i) there is not enough statistical data of cross-border supply of education services, ii) impediments to such supply are not clearly identified, and iii) standstill principle may undermine the ongoing WTO negotiations. The Convenor explained that the commitment to a standstill was only a recommendation in the report (Identification ... in Education Services). The representative of New Zealand volunteered to prepare a report about statistical data of cross-border education service trade in her country for the next GOS meeting. The representative of Australia committed to present some information on such trade also at the next meeting. The representative of USA stressed that she was going to ask her colleagues to present some information on this matter.

GOS input to APEC Ministerial Statement 2001

The Convenor proposed a paragraph to be included in the Ministerial Declaration 2001 and asked the economies to express their views on this. The final GOS paragraph for the APEC Ministerial Declaration 2001 is as follows:

"Ministers agreed to continue drawing upon APEC's expertise to maintain the momentum of the WTO negotiations on services. In this respect, Ministers recognized the progress made in 2001 on the Menu of Options for Voluntary Liberalization, Facilitation and Promotion of Economic and Technical Cooperation in Services Trade and Investment, which will continue

in 2002. Ministers expect this work to make an important contribution to the on-going WTO negotiations." (2001/SOMIII/CTI/GOS/18)

Needless to say that the GOS was the only sub-forum of the APEC CTI (Committee on Trade and Investment) to provide an input into the APEC Ministerial Declaration 2001.

II CONSIDERATION AND ADOPTION OF THE AGENDA

The Draft Agenda (2001/SOMIII/CTI/GOS/001) was adopted with some modifications (2001/SOMIII/CTI/GOS/001.Rev), mainly:

- item 1.1 (of CTI Report to Ministers 2001: finalization of inputs of GOS) was removed to Other business; (item 6.1)
- item 1.4 (the final summary reports for the 1st and 2nd set of discussion papers for Phase II of the Development of the Menu of Options) was removed to item 3.4 (CAP I: Identification of measures affecting trade and investment in all services sectors)
- item 4.1(Core Group led by United States to report on developments on environment services since GOS Meeting in Shenzhen, China) changed to *Korea to report* on development of WTO negotiations on environment service since GOS Meeting in Shenzhen, China;
- In item 4.2, the list of topics essential to the WTO negotiations should be presented by the core group for Environmental EVSL to the GOS for consideration of the area (s) that should be included in the first activity related to this issue in 2002, in CAP IV, was erased;
- item 4.3(Watch Group to report progress of WTO services negotiations) changed to New Zealand to report progress of WTO services negotiations

III. IDENTIFICATION OF MEASURES AFFECTING TRADE AND INVESTMENT IN ALL SERVICES SECTORS

Recommendations on the Measures affecting trade and investment in Education Services

The Group reviewed and discussed the *responses* proposed in the report *Identification of Measures affecting Trade and Investment in Education Services* by Australia and particularly the suggested recommendations, as per the request made by the former GOS Convenor (Chinese Taipei) to do this.

Per the request by the Convenor at the last meeting of GOS, PECC (Sherry Stephenson, Soonhwa Yi and Christopher Findlay) prepared a note on the recognition of qualifications and the equivalence of diplomas in education services, part of the revised version of the paper "Recognition in the Services Sector", authored by Sherry Stephenson and Soonhwa Yi (2001/SOMIII/CTI/GOS/019). The note was presented by Soonhwa Yi. Several of the APEC delegations made highly complementary remarks on the additional work on the paper.

The representative of New Zealand stressed that it was very difficult to gather statistical information on cross-border supply of education services. Economies like USA, Canada, Mexico, Chinese Taipei, and Indonesia, supported this view and expressed their concern about committing themselves to a standstill if there's no enough information on cross-border education services. They recommended that the document just reflected that the group would

seek information about that kind of educational service. The Convenor explained that the commitment to a standstill was only a recommendation in this paper.

Followed by the presentation, the Group continued discussion of possible GOS responses to the recommendations contained in the report (item 1.5 to 2.4).

For recommendation 1.5 Implementing existing commitments to improve the transparency of subsidy policies in the sector, some economies recommended to make subsidy policies on education services transparent through such a mechanism as E-IAP. As to questions raised in relation to subsidy policy per se, it was explained that the recommendation was related only to transparency so it could be left for the next GOS meeting discussions.

For recommendation 2.1 Reviewing the impediments to a deeper educational and living experience by foreign students in their host economies, Australia could propose a joint work to the Human Resources Development Working Group (HRD) at the HRD Working Group's Education Network to be held in Viet Nam.

For recommendation 2.2 A joint effort to discuss the reasons for the use of foreign equity rules and to assess alternative measures which achieve the targets sought at lower cost, it was proposed to work with the Market Access Group.

For recommendation 2.3. The adoption of capacity building programs to increase policy transparency and to support intellectual property regimes, a joint work with the Intellectual Property Experts Group (IPEG) was suggested.

For recommendation 2.4 development of a methodology to test the consistency of various regulatory practices with the GATS principle of national treatment, this issue was dealt at the GOS I meeting in Beijing, part of the Menu of Options. No further discussion was carried out.

On the matter on the list of elements/questions drawn by the APEC Secretariat from the papers presented at the Joint OECD/Australia Workshop on Innovation and Productivity in Services (2001/SOMIII/CTI/GOS/016), the representative of Australia expressed that the discussion of the IPR is taking place in other group so she didn't have any report yet on educational services. That group should report during the next GOS Meeting in February so the issue will be kept in the agenda.

IV CAP IV PURSUANT TO SOM INSTRUCTIONS, GOS WILL PROVIDE SUPPORT TO THE ONGOING EVSL INITIATIVES

Korea presented a report (2001/SOMIII/CTI/GOS/017) on development of WTO negotiations on environment services since GOS meeting in Shenzhen, China, emphasizing the results on the classification issue as GNS/W/120 no longer reflects current economic development and technology (especially transport technology). The representative of Korea explained that there were some pending questions and further discussions such as the classification of water purification and supply services, the status of bulk water, the nature of recycling activities and their possible classification should take place before any decisions can be made.

The negotiating proposals on environment services will be addressed at the October meeting of the CTS Special Session in the WTO.

Next Economy to report on this issue, is New Zealand.

The Convenor invited Member economies to make comments about the proposal to carry out a Seminar on environment services which could take place at the time of the 1st GOS meeting in Mexico 2002.

The representative of Australia informed that technical experts were preparing some papers about the issue and that they would be in a position to participate with presentations.

China presented a project proposal on Environmental services. The GOS took note of this and proposed to circulate it inter-sessionally for its review.

CAP V) Where possible and appropriate, contribute to the WTO's work on services, including through: identification of APEC services related work projects as inputs to consideration

New Zealand reported on the progress in the on-going WTO services negotiations. The report informed on, among others, the meeting involving NGOs and issues on the modalities for autonomous liberalization.

Dr. Tony Weir from Australia presented a summary of the progress of APEC Economic Committee project on "the Innovation in Service Industries including E-Commerce" (2001/SOMIII/CTI/GOS015/Rev.1).

Dr. Weir invited the APEC economies to contribute with relevant case studies aiming at supplementing the paper on the issue by December 2001.

V.IMPLEMENTATION OF THE SERVICES COLLECTIVE ACTION PLAN

Menu of Options

On the second day of the meeting, the discussion session on the Menu of Options document (2001/SOMIII/CTI.GOS/003) was chaired by Dr. Sherry Stephenson, Coordinator of the project on behalf of the PECC.

She first gave an explanation of the purpose and objective of the Menu of Options document and how the consolidated version of the document had been put together on the basis of the discussion of the ten issue papers prepared under the three APEC pillars that had been carried out during the two previous GOS meetings earlier this year and the conclusions that had been drawn from those discussions. She then opened the floor for comment.

In order to address the concerns expressed by various member economies, Dr. Stephenson went over each issue one by one, facilitating discussion of outstanding questions and working out agreed language for the text under consideration. Concerns were centered on the

issues of MFN, National Treatment, Deregulation/ Privatization, Transparency, and Domestic Regulation.

The concerns raised during the discussion were successfully resolved in this process, and it proved possible to finalize the document on the *Menu of Options for Voluntary Liberalization, Facilitation and Promotion of Economic and Technical Cooperation in Services Trade and Investment* on a consensus basis prior to the meeting of the APEC Committee on Trade and Investment. At that meeting the Menu of Options document was distributed to all APEC delegations and endorsed by the CTI, thus becoming one of the two deliverables of the APEC GOS for the year 2001.

VI OTHER BUSINESS

The group reviewed the Convenors Summary Report to the 3rd CTI Meeting 2001/SOMIII/CTI/GOS/007) and Forecast of 2001 TILF Deliverables (2001/SOMIII/CTI/GOS/006) which both had been submitted to the CTI as requested. (The Group also reviewed Doc. # 004, #005 and made some modifications)

VII FUTURE MEETINGS

SOMI will be held in Mexico City, Mexico during the period of 17 February through 28 February 2002. From previous experience, the GOS meeting would be held following the CTI Meeting.

VIII MEETING DOCUMENTS DISTRIBUTION

The GOS decided on the Meeting Documents for public release (2001/SOMIII/CTI/GOS)

IX SUMMARY AND CONCLUSIONS

The Convenor thanked Member economies for their support and invited them to keep working interessionally in the agreed areas.

X PENDING TASKS

During this GOS meeting it raised some tasks to be reported in the next meeting. These tasks are as follows:

1. **Project or topic:** Cost and Benefits of Services Trade Liberalization.
Country: Indonesia.
Pending duty: This economy will present a report on the developments of its work.
2. **Project or topic:** Menu of Options for Voluntary Liberalization, Facilitation and Promotion of Economic and Technical Cooperation in Services Trade and Investment (Phase III).
Country: Chinese Taipei.
Pending duty: This economy will present a report on the developments of its work.
3. **Project or topic:** Cross border supply of education services.

Country: New Zealand.

Pending duty: The representative of this country will prepare a report about statistical data of cross-border education service trade in her country.

4. **Project or topic:** Cross border supply of education services.

Country: Australia.

Pending duty: The representative of this country will prepare a report about statistical data of cross-border education service trade in her country.

5. **Project or topic:** Cross border supply of education services.

Country: United States.

Pending duty: The representative of this country pointed out that she would ask her colleagues to present some information on this matter.

6. **Project or topic:** Measures affecting trade and investment in education services in the Asia-Pacific Region; sub-theme: Transparency of subsidy policies in the education sector.

Country: All Member Economies.

Pending duty: The issue on transparency will be discussed in the next meeting.

7. **Project or topic:** Joint OECD/Australia Workshop on Innovation and Productivity in Services.

Country: Australia.

Pending duty: The representative of Australia expressed that the discussion of the Intellectual Property Right (IPR) took place in other group and that group should report during next GOS meeting.