

**Report of the 9<sup>th</sup> APEC Automotive Dialogue Meeting  
Melbourne, 17<sup>th</sup> to 20<sup>th</sup> April 2007**

**MEETING RECORD**

1. The 9<sup>th</sup> meeting of the Automotive Dialogue (AD) was held in Melbourne, Australia from 17 to 20 April 2007. The Dialogue was attended by government and industry representatives from Australia, Chinese Taipei, Indonesia, Japan, Korea, Malaysia, Philippines, Thailand, the United States and Vietnam. The Society of Indian Automobile Manufacturers attended the meeting as a guest. The AD members expressed their appreciation to Australia for hosting this meeting of the Dialogue.

**Welcoming Remarks by AD Chair**

2. The host economy welcomed delegates and outlined the work of the Dialogue in meeting the goals of APEC. This included the facilitation of trade liberalisation in automotive goods, and the harmonisation of standards, including fuels. The aim of the Dialogue was for sustainable development of the automotive sector amongst the APEC economies.

**Opening Remarks by Executive Committee Chair**

3. Australia, as the Chair of the AD, welcomed member economies to the meeting and noted that the industry was facing a number of considerable challenges, including increased competitiveness amongst automotive manufacturing countries and an increase in regulation, such as environmental issues. It was also noted that the AD's working groups had been rearranged at the Steering Committee meeting in Kuala Lumpur to better reflect the AD's priorities.

**Adoption of the Agenda**

4. AD members adopted the draft Agenda, a copy of which is attached.

**Financial Reports**

5. The APEC Secretariat presented a status report on the budget and financial contributions. The Secretariat is now holding US\$12,789 and requested that all economies that have not done so should submit their 2007 dues as soon as possible. The meeting agreed that US\$1,400 would be remitted to Malaysia for the outstanding costs incurred to host the November 2006 AD Steering Committee meeting.

**Harmonisation of Regulations and Road Safety Working Group**

6. The Chair of the Harmonisation of Regulations and Road Safety Working Group gave a report that reviewed the importance of regulatory harmonisation to the APEC region's automotive sector and the status of harmonisation efforts in the UN WP29 and the status of membership in the 1958 and 1998 agreements.

7. At the Steering Committee meeting held in November 2006, the Working Group agreed to become more active in the area of fuels harmonisation, including biofuel compatibility. The Chair of the Group discussed the World-wide Fuel Charter (WWFC) and reported on a new international initiative to develop biofuels standards. Japan noted the effort to include fuels harmonisation into the charter of the UN WP29.

8. The meeting agreed the future work program for the Working Group would be as follows:
- Continue to promote consideration by each APEC economy to join both the 1958 as well as the 1998 agreements as soon as possible;
  - Continue support of ASEAN automotive regulatory integration;
  - Japan to give a comprehensive presentation of the WWFC;
  - The Dialogue to convey its support for the inclusion of fuels in the UN WP29; and
  - The Working Group to track biofuel specification compatibility initiatives, and attend the next meeting on this subject scheduled for July in Washington DC.

### **Proposal for the Automotive Small and Medium Enterprise (SME) Development Working Group**

9. The ASEAN Automotive Federation (AAF) presented its proposal for the establishment of the Automotive SME Working Group to the Dialogue. AAF stated the following justifications:
- Automotive SMEs in developing economies can play an important supporting role to the Auto Industry of APEC;
  - Recognising this role, the AD has undertaken programs to prepare SMEs to obtain certification under ISO 9000 and TS 16949 quality management system;
  - It has been noted however, that the SMEs need continuing assistance in other areas if they are to grow and contribute in more meaningful ways to automotive industry development in APEC and to their local economies; and
  - The AD was deemed as the ideal forum where ideas and programs to assist the automotive SMEs can be properly explored, developed and implemented.
10. Indonesia presented a report explaining that Indonesian SMEs provide major contributions to the national economy especially in the area of job creation. Auto SMEs however have limited technological capabilities and access to markets and are therefore not able to meet their full potential. Through the establishment of the WG for Auto SMEs, more focused support programs from APEC developed economies could be undertaken to improve market access and make possible the dispatch of experts for upgrading the competencies of SMEs.
11. The Philippines presented a draft proposal for an initial project of the Automotive SME Working Group. The project aims to help SMEs from developing economies improve their access to the markets of developed APEC economies. The program broadens the marketing focus of SMEs from supplying to original equipment (OE) firms to the aftermarket segments of developed economies. The program involves: (i) the dispatch of aftermarket experts from developed economies to the developing economies for 3 day seminars; (ii) a 6-month to one year distance teaching and mentoring period; and (iii) the participation of the SMEs in an appropriate trade and selling mission to the target economy. Details of the proposed project were made available on the AD 2007 web-site ([www.apec2007autodialogue.org](http://www.apec2007autodialogue.org)).
12. The AD endorsed the establishment of an Automotive SME Working Group and the designation of the Philippines as Chair as proposed by AAF. The AD requested the Automotive SME Working Group to further develop the initial proposal and present its work program for consideration at the 16<sup>th</sup> APEC AD Steering Committee meeting.

## **Customs Best Practice in Indonesia**

13. Indonesia presented a paper on Customs best practice. This included the introduction of Electronic Data Interchange (EDI) for Import, Export Clearance and EDI for Cargo Manifest Clearance. Indonesia also has 3 kinds of channeling systems: (i) Green Channel – requiring document examination; (ii) Red Channel – requiring document and goods examination; and (iii) Priority Channel – not requiring document or goods examination. Indonesia also reported on its advance ruling, bonded zones and bonded warehouse systems.

## **Report from the Customs and Trade Facilitation Working Group**

14. The Chair of the Working Group noted that he had presented the Customs Best Practice paper to the Sub-Committee on Customs Procedures (SCCP). This initiative is being pursued by the AD and the SCCP and will contribute to APEC priorities for the Trade Facilitation Action Plan 2 (TFAP2), regional economic integration, the Bogor goals and support for the multilateral trading system.

15. The presentation included expedited clearance, periodic filing and the Customs Import Automation Project (formerly the Manila Model Port project). The SCCP expressed concerns the initiatives provided benefits to just one industry sector and aspects of the initiatives were being progressed under the existing SCCP work program. In response, the Chair of the Working Group stated that expedited clearance and periodic filing would be available to every importer who could demonstrate to Customs authorities that they were low risk, highly compliant organisations, and not just to those involved with the automotive sector.

16. The meeting recognised that the SCCP is the pre-eminent customs group within APEC and that the Dialogue should gain its support for the expedited clearance and periodic filing initiatives. Further, the meeting agreed that the Chair of the Working Group engage with the SCCP with a view to:

1. Better gain an understanding of the details of the SCCP's Collective Action Plans (CAPs) and pathfinder initiatives with the aim of implementing expedited clearance and periodic filing initiatives;
2. Better explain the initiatives through utilising the experience of those economies which had already implemented the initiatives (eg, Canada and the USA); and
3. Seek the support of the SCCP and, ultimately the support of the Ministers Responsible for Trade, with the goal of as many economies as possible implementing the initiatives by 2010.

17. In addition, it was agreed the Working Group undertake a new initiative to address Rules of origin (ROOs) issues relating to Free Trade Agreements (FTAs), with an emphasis on issues associated with the change in tariff classification (CTC) method. This work would complement the work of APEC's Market Access Group (MAG).

18. The Chair of the Working Group reported on the status of the Customs Import Automation project. It was noted that the APEC Budget and Management Committee had approved the project at a cost of US\$83,510. Work has already commenced on Phase 1 of the project with a completion date of 2008-09 for Phase 2.

19. The US circulated and led discussion on the proposal to facilitate Customs procedures for low risk shippers through advancement of expedited clearance and periodic filing procedures and a representative from APEC's Sub-committee on Customs Procedures (SCCP) presented on work

underway in the SCCP. The AD strongly endorsed further work on this initiative and will intensify its cooperation with the SCCP going forward.

### **Market Access Working Group**

20. The Market Access Working Group Chair noted that all elements of the market access work program agreed to at SC-14 had been implemented. The AD agreed that the future market access work program should focus on three key priorities:

- Monitor and review the implications of efforts to reinvigorate WTO DDA negotiations;
- Re-examine the implications of differential rules of origin regimes in RTAs/FTAs for the automotive industry in the Asia Pacific region and consider the prospects and potential advantages of increased harmonization of these arrangements; and
- All participating economies were encouraged to submit up-to-date automotive industry profiles for presentation on the APEC website, using the template provided by the Working Group. It was agreed that the Working Group Chair would report on progress achieved at the next SC meeting.

### **CTI Chair**

21. The CTI Chair addressed the AD, highlighting key priorities for APEC in 2007 and the CTI's work program to support those priorities.

22. The CTI Chair urged the AD to consider how it could best contribute to CTI work program and the achievement of the broader APEC priorities. In particular, the CTI urged the AD to align its activities and meeting calendar with those of the CTI and CTI sub-fora.

### **Market Access Group Convenor**

23. The Convenor of the APEC Market Access Group (MAG) addressed the AD. The MAG Convenor outlined details of the current MAG work program and sought to identify potential areas for enhanced cooperation between MAG and the AD.

24. It was agreed that the MAWG Chair should write to the MAG Convenor summarising past work by the AD on automotive rules of origin and exploring the opportunities for future cooperation between the AD and MAG on market access issues. This would include the scope for harmonisation of rules of origin, across different RTAs/FTAs in the Asia Pacific region.

### **ASEAN Automotive Regulatory Integration**

25. The AAF Technical Committee (AAF/TC3) presented a report on its project to promote automotive regulatory integration within ASEAN. The AAF, through its Technical Committee 3, has proposed a harmonised implementation within ASEAN of:

- a EURO 4 Emission Regulation by 2012 for four wheel and above vehicles, subject to fuel availability;
- a Bio Fuel (Bio Diesel and Bio Ethanol) Specification for road transport vehicles; and
- a Type Approval System, initially harmonised with the Common List establishment based on UNECE 70/156 EEC Type Approval Directive.

26. The AAF/TC3 has also proposed the adoption of synchronised UNECE Regulations in 2 steps – the first step being implemented by 2008 and the second step by 2010. The AAF/TC3

noted it did not agree with the proposed ASEAN Conformity Mark, particularly given it was harmonising to standards based on UNECE.

### **Intellectual Property Rights (IPR) Working Group**

27. Japan presented a proposal for a seminar on best practices by APEC members in Intellectual Property Rights protection. The objectives of the seminar are: (i) to increase the awareness of IPR issue among relevant government officials and the public among APEC member economies; and (ii) to share members' experiences and to deepen the understandings on members' efforts through discussions. The host of the seminar would be Thailand, and it would be held in the 2nd half of 2007. The target audience will be 100 to 120, drawn from government, industry, public and the media. The AD agreed \$10,000 would be provided for the seminar, contributed by members and based on their regular contribution scale. Indonesia requested to host a seminar in 2008.

### **Efforts to Protect Intellectual Property Rights**

28. Malaysia reported on its efforts to protect IPR of automotive products. IP in Malaysia is administered by the IP Office (Intellectual Property Corporation of Malaysia). In terms of enforcement, the IP Office works together with the Enforcement Division of the Ministry of Domestic Trade and Consumer Affairs Malaysia, the Customs of Malaysia and the Police Department of Malaysia.

29. Chinese Taipei presented on its work to protect IPR. This included: (i) the problems caused by IPR infringement, including image problems; (ii) the policy time frame for implementation of the IPR Action Plan; (iii) the IPR enforcement framework, including the establishment of the IPR Police; (iv) the public awareness campaign; and (v) future work. The future work program is as follows:

- Expanding partnership with right holder associations;
- Facilitating cross border enforcement to deal with crimes;
- Legalizing IETF to ensure that the continuity of task force members and professionalism are maintained;
- Providing enough professional trainings and organizing bilateral workshops for prosecutors, judges, and law enforcement officers to keep them abreast of the latest developments in IP regulations and piracy trends; and
- Communicating with trade representatives to facilitate resolution of the issue of Power of Attorney.

### **Report on Road Safety Initiative**

30. The APEC Automotive Dialogue held a road traffic safety summit in Adelaide, Australia on March 28, 2007. The half-day event, which was sponsored by the economies of the United States, Australia, and Japan, featured presentations by leading authorities on road safety from the World Health Organization, World Bank, Centres for Disease Control and Prevention, Make Roads Safe, the UN Economic and Social Commission for Asia and the Pacific, Global Road Safety Partnership, the ARRB Group, Asian Development Bank, Asia Injury Prevention Foundation, The George Institute for International Health, and government officials from Australia, Malaysia, and Thailand.

31. The summit speakers discussed road safety trends and their economic and public health implications. They also discussed targeted road traffic safety programs being implemented in

APEC that are effective and have the potential to make a significant difference in the injury and fatality rates in our economies. Additional new initiatives were also announced.

32. The Automotive Dialogue's recommendations to APEC Ministers responsible for Transportation Road Safety were adopted and Ministers commended the organizers and supporters of the Summit.

33. Presentations and road safety resources from the Summit have been posted on the Auto Dialogue website.

### **WTO Support**

34. Delegates from the United States and Australia summarized possible opportunities for the AD to contribute to the APEC priority of providing support for the WTO and the successful conclusion of the DDA. It was agreed that as part of the AD's communication to the CTI, that it should remind the CTI of the activities of the Global Automotive Industry Dialogue (GAID), comprising representatives of 9 national industry associations, meeting in Geneva to provide support to relevant aspects of the WTO Non-Agricultural Market Access (NAMA) negotiations.

35. US industry indicated that it would support an invitation to relevant associations in all APEC AD economies to participate in any future activities of the GAID.

### **Peer Review Presentation by Australia**

36. Australia provided an outline of how its automotive industry had progressed over some twenty years from policies comprising high protection and quotas to one being more globally competitive and market driven. It was noted that the Australian Government had provided industry with transitional structural assistance over the period of policy changes.

37. This has resulted in a significant growth in the domestic new vehicle market, strong export success in automotive products and wider choice for vehicle purchasers. It was noted that the global automotive industry remains highly competitive, with changes occurring as a result of high fuel prices and requirements to address various environmental issues.

### **Motorcycle Development in Indonesia**

38. Indonesia presented on recent developments in its motorcycle industry. Compared to the previous year, total motorcycle market in year 2006 decreased 12.15%. This was due to several factors: Government imposed price hikes on fuel as high as 126% in late 2005 which impacted on customer purchasing power and tight monetary policy which raised interest rates. The market has since recovered. Indonesia also discussed problems of brand enforcement and the essence of good IP protection, and concluded by noting that tariff and other trade barriers had been substantially reduced.

## **Environmental Imperatives for the Global Car Industry**

39. US industry made a presentation on advanced fuels and alternative propulsion systems. It was noted that global auto producers are facing increasing pressures from governments, NGOs, and customers to dramatically reduce fuel consumption of vehicles, and reduce emission of pollutants. There was discussion of approaches that different manufacturers were making in response to these challenges including biofuels, battery technologies, hydrogen fuel cells and improvements to internal combustion engines.

## **Recommendations to Ministers**

40. The AD agreed that a letter be drafted and sent to the CTI Chair outlining the work of the AD and seeking its support and cooperation for its work program.

## **Arrangements for Future Meetings**

41. The AD agreed to write to the Executive Director of APEC requesting the Secretariat's support to hold the next meeting of the Steering Committee in Singapore in November 2007. It was agreed that member economies would contribute to the cost of hosting this meeting in Singapore.

42. Further, it was suggested that the 2008 AD meeting be held in Shanghai in late April/early May around the time of the Shanghai Motor Show. Officials and industry from certain economies would approach China seeking its support for this proposal.

## **Chair's Summary and Close of Meeting**

43. The Chair summarised the discussions and activities of the 9<sup>th</sup> Auto Dialogue, including the valuable networking between member economies.

44. The Chair noted the forthcoming retirement of Mr Peter Sturrock, Executive Committee Chair, and thanked him for his valuable contribution since the formation of the Auto Dialogue. Member economies each expressed their best wishes to Peter and appreciation for his contribution. They also thanked Australia for hosting the 9<sup>th</sup> Auto Dialogue. Mr Sturrock thanked delegates for their kind thoughts.

45. The Chair thanked delegates for their participation, wished them a safe journey home, and officially closed the meeting.

**ATTACHMENT**

**9<sup>th</sup> APEC AUTOMOTIVE DIALOGUE**  
**Melbourne, Australia**  
**17-20 April 2007**  
**DRAFT AGENDA**

**Tuesday 17 April**

**08:00 – 15:00**      **Bilateral meetings** (Level 27, 121 Exhibition St, Melbourne)

**16:00**                      **Buses depart Grand Hyatt Melbourne for 'Taste of Australia' dinner at Emu Bottom Homestead, hosted by the Department of Industry, Tourism & Resources (casual dress)**

**Wednesday 18 April**              (Grand Hyatt Melbourne)

**09:00 – 09:30**

**Item 1**                      **Opening remarks from Auto Dialogue Chair**  
(John Ryan, Deputy Secretary, Department of Industry, Tourism & Resources)

**Item 2**                      **Remarks from Executive Committee Chair**  
(Peter Sturrock, Federal Chamber of Automotive Industries)

**Item 3**                      **Adoption of draft agenda**

**Item 4**                      **Financial reports** (Alexander Sukhov, APEC Secretariat)

- status report on budget and financial contributions

**Item 5**                      **Working Group sessions**

**09:30 – 10:00**              Harmonisation of Regulations & Road Safety  
(Charles Uthus, Automotive Trade Policy Council, USA)

**10:00 – 10:30**              Small & Medium Enterprise (SME) Development Working Group  
(ASEAN Automotive Federation, Indonesia, Philippines)

**10:30 – 10:45**              *Coffee break*

**Item 6**                      **Customs Issues**

**10:45 – 11:15**              Customs Best Practice in Indonesia  
(Martediansyah, Ministry of Finance)

**11:15 – 11:35**              Customs Working Group (Joe Flynn, Ford Motor Company)

**11:35 – 12:15** Customs Pathfinder Initiative  
. Barbara Norton (Office of the U.S. Trade Representative)  
. Justin Wickes (APEC Sub-Committee on Customs Procedures)  
. panel discussion

**12:15 – 13:30** *Lunch*

**13:30 – 14:00**

**Item 7** **Market Access Working Group** (Peter Sturrock)

**14:00 – 14:45**

**Item 8** **Address by chair of APEC Committee on Trade and Investment**  
(Chris De Cure, Australian Department of Foreign Affairs & Trade)

**14:45 – 15:30**

**Item 9** **Address by convener of APEC Market Access Group**  
(Elizabeth Chelliah, Singapore Ministry of Trade & Industry)

**15:30 – 15:45** *Coffee break*

**15:45 – 16:20**

**Item 10** **ASEAN Automotive Regulatory Integration**  
(Juwono Andrianto, ASEAN Automotive Federation-TC3)

**16:20 – 16:25** **Chair's summary and close of first plenary day proceedings**

**18:00** **Buses depart Grand Hyatt Melbourne for 'keynote' dinner at the Fox Classic Car Collection, hosted by the Victorian State Government**

**Thursday 19 April** (Grand Hyatt Melbourne)

**09:00 – 09:30**

**Item 11** **Intellectual Property Rights Working Group**  
(Michio Hashimoto, Japan Ministry of Economy Trade & Industry)

**09:30 – 10:00**

**Item 12** **Efforts to protect Intellectual Property Rights**  
(Malaysia, Chinese Taipei)

**10:00 – 10:30**

**Item 13** **Report on Road Safety Initiative**  
(Susan Chapman, General Motors)

**10:30 – 10:45** *Coffee break*

**10:45 – 11:15**

**Item 14** **WTO Doha and APEC Bogor – Which Way Forward?**  
(Charles Uthus, Automotive Trade Policy Council, USA)

**11:15 – 11:55**

**Item 15** **Peer review of Australia**  
(Peter Clarke, Department of Industry, Tourism & Resources)

**11:55 – 12:10**

**Item 16** **Motorcycle Development in Indonesia**  
(Ridwan Gunawan, Indonesian Automotive Federation)

**12:10 – 13:30**

*Lunch*

**13:30 – 14:30**

**Item 17** **Environmental imperatives for the global car industry**

- Dr Mustafa Mohatarem (General Motors Chief Economist)
- discussion

**14:30 – 15:15**

**Item 18** **Recommendations to Ministers**

**15:15 – 15:30**

*Coffee break*

**15:30 – 15:45**

**Item 19** **Arrangements for future meetings**

**15:45 – 16:00**

**Item 20** **Chair's summary and close of meeting**

**Free evening**

**Friday 20 April** (Grand Hyatt Melbourne)

**09:00 – 11:00**

**Item 21** **Consideration and adoption of Auto Dialogue Report**

**13:00**

**Buses depart Grand Hyatt Melbourne for optional industry site visits (including lunch) to:**

- **Monash University Crash Program, or**
- **Note Printing Australia**

**15:45/15:55**

**Buses depart Note Printing Australia and Monash University to return to Grand Hyatt Melbourne**