

PECC Trade Forum Report to APEC CTI
Khon Kaen, Thailand
25-26 May 2003

This update covers five issues:

1. Regional Trading Arrangements
2. Trade and Investment Issues in APEC and WTO
3. PECC's continuing contributions to APEC CTI
4. Trade Forum Meetings since SOM I
5. Upcoming Events

1. Regional Trading Arrangements

The RTA Task Force is in the final stages of its two-year work program. It aims to complete its work for release at the PECC General Meeting in Brunei on 1-3 September 2003. Two major outputs are envisaged:

- 1) Conditions under which RTAs in this region will support the implementation of APEC's Bogor goals and maintain APEC's transpacific character as well as being consistent with WTO principles and agreements.
- 2) A comprehensive set of papers analyzing the RTA developments in the Asia-Pacific region from a range of perspectives, forming the basis of at least one major publication intended to serve as a principal source of information and policy analysis on these developments.

2. Both outputs will be based on an extensive two-year (2002-3) work program designed to thoroughly examine Asia-Pacific RTA developments and the analytical, policy and strategic issues that they raise, with a view to reaching conclusions on their implications for the region and its constituent economies, APEC, the WTO and the multilateral trading system.

3. Five meetings have already been conducted: Bangkok, June 2001 (in cooperation with Thai Ministry of Commerce), Lima, May 2002, Vancouver, Nov 2002, Washington, Apr 2003, and Phuket May 2003. All presentations are available on the PECC website: www.pecc.net/trade/rtas.htm

2. Trade and Investment issues in WTO and APEC

4. PECC has 5 study groups on WTO and APEC trade and investment issues, namely agriculture, investment, services, trade facilitation and competition policy.

5. All current and previous works carried out on each issue are available on the PECC Website: www.pecc.net/trade/tiwa.htm

Agricultural Trade Negotiations

6. PECC has been studying and monitoring the agricultural trade negotiations closely.

A paper on this work was presented at PECC meetings in Washington in April and a revision was presented at the meetings this week in Phuket.

7. The work highlights the importance of a successful conclusion of the negotiations on agriculture for the Round as a whole and looks at possible options.

8. The latest version of the paper, revision of which is continuing, is available in the PECC website: www.pecc.net/trade/tiwa/agriculture.htm

Services Proposals

9. The work of the PECC Trade Forum Services Study Group would focus on the issues of domestic regulation and improved rules on regional trading agreements, relevant both to the work of the APEC Group on Services and to the WTO GATS negotiations.

10. The objective of the work on domestic regulation would be to develop a “model schedule” or “model agreement” for four types of services industries, namely network-based services (such as telecommunications, transport and energy services), those services traded cross-border via the internet (such as financial services), professional services, and the tourism sector.

11. The five studies to be undertaken in the area of domestic regulation would be the following :

- (1) an examination of the virtues and drawbacks of horizontal vs. sectoral disciplines for services;
- (2) an exploration of what type of deeper sectoral disciplines could be developed for network-based services industries;
- (3) an exploration of what type of deeper sectoral disciplines could be developed for cross-border services traded via the internet;
- (4) an exploration of what type of deeper sectoral disciplines could be developed for professional services;
- (5) an exploration of the application of the “cluster approach” to a sectoral agreement for the tourism sector.

12. Information on work carried out by the services study groups are available on the PECC website: www.pecc.net/trade/tiwa/services.htm

Update on Impediments to Trade and Investment

13. PECC has published the update on the impediments to FDI called “*An Assessment of Impediments to Foreign Direct Investment in APEC Member Economies*” and it has been distributed to the APEC IEG at its meeting 21-22 May 2003. The publication measures impediments in the areas of market access, real estate acquisition, equity restriction, examination procedure, MFN, profit repatriation, work permit, foreign ownership, taxation, and

performance requirements, like local content and technical transfer. The assessments are based on the APEC Individual Action Plan and survey of foreign companies in each economy.

14. PECC invites comments and updates to the information in the Report.

15. Please contact Ms Listijani Sasmito, at the PECC Secretariat at listi.sasmito@pecc.net for details and comments. The publication will be available soon on the PECC website: www.pecc.net/trade/tiwa.htm.

3. PECC's continuing contributions to APEC

16. PECC is making the following contributions to the CTI and APEC work program:

1. participation by members of the PECC network in the series of case studies of the benefits of liberalisation in the service sector
2. contribution to the work in the GOS on the specification of the menu of options
3. preparation for the project under consideration on Study on the Mutually Supportive Advancement of APEC's Trade Facilitation and Secure Trade Goals post September 11.

4. Trade Forum Meetings held since SOM I:

Washington, 22-23 April 2003

17. Two separate trade Forum meetings were held in Washington at the Institute for International Economics and at the Inter-American Development Bank. It was an opportunity to draw on expertise from multilateral institutions and other international organizations based in that city. The meeting was well attended by the representative of the World Bank, Inter-American Development Bank, the USITC, OAS, and experts from most APEC economies.

18. PECC presented its inventory on the East Asian, the Americas, and trans-pacific proposed and completed FTAs, survey of empirical studies, the current state of play, and the analysis of current RTAs, and FTAs. Other issues were discussed, especially the treatment of sensitive sectors like agriculture and the treatment of investment in regional arrangements.

19. The meeting also discussed the WTO and APEC issues. The services group examined the "Services trade in the WTO, state of play and prospects for progress, and the agriculture group tested its PECC position paper on agricultural negotiation on the Washington participants.

20. All of the presentations delivered at the IIE and IADB are available on the PECC Website: www.pecc.net/trade/trade_washington.htm

Phuket, 25 May 2003

21. The meeting primarily focused on RTA issues and filling the information gaps in terms of the East Asian dimension of the new RTA developments and the trans-pacific dimension of the Asia Pacific Integration and potential for linkages beyond the region.

22. It was also an opportunity for the Agriculture group to present its latest draft of the PECC paper on agriculture to the network of APEC Study Centers and the APIAN group. The Phuket meeting provided an opportunity to draw on related work being undertaken within the APEC Study Center network, particularly by the APIAN group.

23. All presentations will be available on the PECC website: www.pecc.net/trade/trade_phuket.htm, 4 June 2003

5. Upcoming Events

Trade Forum participation in the PECC Finance Forum Meeting, Hua Hin, 8-9 June 2003, Thailand

24. The Trade Forum will run a session on the impact of RTAs and GATS on financial services liberalization in the APEC region the above meeting as part of its interest in examining the linkages between trade and investment in the RTA process. A comparative study of the impacts of NAFTA-type RTAs and Singapore's RTA on Services Liberalization will be presented.

25. The preparatory research work for the conference has been in progress for quite some time already and the resulting papers and other materials to be presented at the conference will be available on the website www.pecc.net/finance/forum2003 after June 16.

Trade and Investment Workshop at the PECC General Meeting, Brunei 1 Sept 2003

26. More information will be available soon. PECC will soon open the following website: www.pecc.net/PECC2003Brunei.htm