

Committee on Trade and Development
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CAPACITY BUILDING IN APEC RELATED TO THE IMPLEMENTATION OF THE WTO AGREEMENTS

Communication from Japan

The following paper was received from the Permanent Mission of Japan with the request that it be circulated to delegations.

APEC's Contribution to the WTO

1. Background

1. Developing members of the WTO, including developing economies of APEC, are facing difficulties in implementing WTO Agreements. This question of implementation was taken up as an important issue in the preparatory process and is one of the reasons why members couldn't reach consensus at the 3rd Ministerial Conference at Seattle.

2. In order to strengthen the multilateral trading system and also to integrate developing members to the system, capacity building related to the implementation of WTO Agreements is a matter of priority.

3. In WTO, the importance of confidence building measures was confirmed in early May. In APEC, Japan's proposal of capacity building as "APEC's Contribution to WTO" at SOM I was welcomed by SOM. The draft proposal has been circulated to all member economies intersessionally for their comments, and has been revised to incorporate them.

2. Purpose

- To facilitate the implementation of WTO Agreements and the integration of developing economies into the multilateral trading system.
- To alleviate the concerns and burdens of developing economies of APEC to participate in a new round.

3. Current Situation

4. WTO and other organizations are reviewing the Integrated Framework (IF) which is designed for supporting capacity building of least developed countries.

5. The Director-General (DG) and the Secretariat are engaged in a discussion on capacity building with other relevant international organizations such as the World Bank.

6. DG and WTO Members are engaged in a discussion in improvement of technical assistance including a question of budget.

4. Problems

7. WTO's capacity building measures for the implementation of the WTO Agreements, including the IF, are basically focused on least developed countries and on African countries. It is clear that there are great needs from least developed countries for capacity building, but more attention should be paid to developing countries in general, including developing economies in APEC. APEC needs to concentrate on discussing on strategy and measures to help developing economies in APEC to support capacity building needs.

5. Proposal

(a) General Strategy

8. Based on the need of individual economies, APEC should have its own initiative of strengthening capacity building activities to developing economies, with the cooperation of developed economies, the WTO and other relevant international organizations.

9. Our proposal of APEC Strategy on capacity building is the following;

- (a) Identification of needs and drafting proposals on APEC strategy
- (b) Endorsement of APEC strategy to be utilized as appropriate in the context of development of strategy of members and related international organizations
- (c) Identification of possible sources of funding for the programme
- (d) Creation of a mechanism for achieving and following up the programme

(b) Six purposes to enhance capacity of developing countries:

- (a) Expanding knowledge and skill for implementation of WTO Agreements
- (b) Developing legal framework for domestic implementation
- (c) Enhancing physical infrastructure for domestic implementation
- (d) Enhancing negotiation skills to participate in the international negotiation
- (e) Building capacity to participate in the international dispute mechanisms of the WTO
- (f) Contributing to support for accession to the WTO by new members

10. For identification of needs of developing economies in these six categories, Japan would like to propose distributing questionnaires as an effective way. On the basis of responses of the questionnaires, Japan would like to propose conducting further field studies. Through such studies, needs of developing economies could be identified in detail and concrete projects could be designed.

(c) Estimate for a total possible aggregate cost

11. Our estimate shows that the cost to provide a comprehensive program of assistance to enhance the capacity of lower income developing economy to implement WTO obligations is around US\$6 million. A number of other developing members of APEC are likely to require enhancement of capacity to meet obligations in specialized areas. The said estimate shows that such packages could cost between US\$2 and 5 million. Around ten economies are regarded as recipients and so the total possible aggregate cost could be estimated US\$40 - 50 million. This estimate is one of the views related to cost and could be revised by the comments of member economies and also by the results of the responses to the questionnaire and results of the possible field studies.

6. Schedule

6-7 June

- Trade Ministers would agree to proceed to further develop APEC Strategy for future capacity building related to the implementation of WTO Agreements at MRT.

After MRT (in the middle of June)

- Japan would distribute questionnaires, which has been distributed as Annex 8 of our proposal and authorized by all the economies at MRT, to all the economies.

31 August

- Interested economies would respond to the questionnaire.

From September to October

- A coordinating group would coordinate further activities on field studies held in interested economies. [Based on the coordination of a coordinating group, further field studies would be conducted.]

12-13 November

- On the basis of the report,
 - (i) Ministers would be asked to endorse the APEC Strategy to be utilized as appropriate in the context of development of strategy of members and related international organizations within the APEC region and agree on giving priority in allocating the APEC TILF fund to the possible pilot projects.
 - (ii) Ministers would agree that members would adjust priorities, as appropriate, in their development programs in the light of APEC strategy.
 - (iii) Ministers would invite relevant international development organizations such as World Bank and the Asian Development Bank to provide possible support to the programme.

* With the consent of all economies, Japan would volunteer to coordinate further work together with CTI Steering Group Members and representatives of relevant sub-fora, in cooperation with the APEC Secretariat.