



6. *Opening Doors to Asia Pacific*

APEC

Trade and investment liberalization in the APEC context proceeds on a voluntary basis with each economy's unilateral commitments expressed in its individual action plan. In 1997 in Vancouver, Leaders endorsed an initiative by Ministers to develop processes, or framework agreements, for early, voluntary liberalization in 15 sectors, with nine to be advanced in 1998 with a view to implementation in 1999. Despite the ongoing economic and financial difficulties experienced by a number of member economies, even the most affected remained engaged in the process, which reflects a commitment to continue to advance liberalization both in the region and globally.

At the November 1998 APEC Ministerial Meeting held in Kuala Lumpur, Malaysia, Ministers noted the progress made in 1998 in finalizing agreements for eight of the nine "priority" sectors — forest products, fish, environment, chemicals, energy, gems and jewellery, medical equipment and toys. Using the endorsement of 16 APEC economies as a starting point, Ministers decided to build on this progress by broadening participation in the tariff element of the proposals beyond the APEC region. This would reduce free-rider problems that would be associated with any collective decision by APEC economies to reduce MFN tariffs. Work on the ninth priority sector, a telecommunications equipment mutual recognition arrangement (MRA) that does not include a tariff reduction component, has been completed and was endorsed by Ministers in June.

Ministers also agreed that APEC would immediately notify the WTO that the participating economies would like to negotiate tariff reductions in these sectors based on the APEC framework agreements. APEC Trade Ministers will review progress in advancing this initiative in the WTO at their June 1999 meeting. Ministers will also review progress in developing framework agreements for the six second-tier sectors — civil aircraft, fertilizers, rubber, oilseeds, food and autos (this sectoral proposal involves initiating a regional policy dialogue; it does not include a tariff element).

Canada considers the referral of these sectors to the WTO to be an opportunity for APEC to help shape