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APEC and the WTO:
Seeking Opportunities for Cooperation

Akiko Yanai

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Akiko Yanai

Economic Development Research Department
Institute of Developing Economies, JETRO

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I. Introduction

Asia Pacific Economic Cooperation (APEC) and the World Trade Organization (WTO) have played leading roles with regards to trade liberalization. The WTO is the only organization to promote trade liberalization on the multilateral level. APEC, on the other hand, is the most important regional trade arrangement from amongst more than one hundred such institutions on the basis of its membership and economic significance. Most of the world's major states, with the exception of the EU, are APEC members with a total trade equivalent to half of the entire globe.

However, despite the fact that the two institutions share the common objective of trade liberalization, they are totally different. The WTO can be regarded as a locus of negotiations and rule-making whereas APEC functions as a consultative body.

Recently, however, the two institutions have begun to explore new forms of cooperation. For example, at the Information Technology Agreement (ITA) negotiations, the WTO asked APEC to conclude an agreement in order to facilitate a consensus. Moreover, when the Early Voluntary Sectoral Liberalisation (EVSL) consultations in APEC failed to reach a conclusion, APEC called on the WTO to take over the reins in order to maintain the momentum of the liberalization negotiations. In this paper, the new dialogue between these two important institutions will be examined.

In Chapter II, substantial differences between APEC and the WTO will be clarified in the context of historical development, institutional principles and objectives. Operational difference will also be examined in relation to the binding force of agreements, decision-making processes and measures for liberalization.

In Chapter III, the modes of cooperation between APEC and the WTO will be discussed. Moreover, after examining the consistency of APEC with the GATT/WTO, three cases will be highlighted in order to illustrate the relationships between the two bodies - specifically, the Uruguay Round of the GATT, the ITA, and the EVSL consultations.

II. Comparative Study

II-1. Substantial Differences

II- 1- (1) Formation

Formation of the GATT

Recognition of the importance of creating an international trade and tariff institution has its origins in the bitter experience in the period running up to the Second World War. During this period major countries such as Great Britain and France built economic blocks with their allies through the imposition of high tariffs and other trade barriers to protect their own industries. With the establishment of preferential treatment systems, these countries were able to discriminate against non-allied states. This economic block trading system and the associated currency devaluation began a chain of events that resulted in a substantial reduction in world trade and the Great Depression of the 1930s, which eventually caused World War II.

Shortly after the commencement of hostilities, the United States and her allies began making their plans for the postwar economic order and the establishment of institutions to promote the liberalization of the world trade. These ideas were first incorporated in the Atlantic Charter of July 1941 that advocated a free and open market economy. These notions developed slowly during the war years until the Bretton Woods Conference of July 1944. Both the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (the World Bank) were established at this Conference. Interestingly, the main priorities at the Bretton Woods Conference related to monetary and banking system issues, whereas arguments on the merits of establishing a trade organization were left unresolved.¹ This may in part be explained by the fact the discussions related to monetary and banking issues mainly focused on how best to create an international institutional framework. However, the trade related debates centered to how to obtain immediate benefits through reductions in tariffs and other trade barriers, making an agreement difficult to reach.

Nevertheless, both the United States and Great Britain were in a hurry to begin

¹ According to Jackson (1989: 31), this was because the conference was sponsored by and under the jurisdiction of ministries of finance, while trade was under the jurisdiction of different ministries.

tariff reduction because they were afraid that the liberalization process might be significantly delayed when the rest of Europe and the developing countries joined the negotiating table.² “It was necessary to act before the vested interests got their vests on” (Diebold, 1996: 157).

These early efforts to promote the reduction of tariffs and other trade barriers later took on the form of the General Agreement on Tariffs and Trade (GATT) in 1947. Since the GATT advocated open and liberal trade in the world, it can be said to have inherited the spirit of the Atlantic Charter. Under the Bretton Woods system, the GATT became a major player in the field of trade before it was reformed into the WTO in 1994 in order to promote liberalization more effectively.

Formation of APEC

On 31st January 1989, Bob Hawke (the then Prime Minister of Australia) presented a proposal for regional economic cooperation in the Asia-Pacific known as APEC at a luncheon of the Korean business association in Seoul. He stated:

“I believe that time has come for us substantially to increase our efforts towards building regional cooperation.....

We want to assess what the region’s attitudes are towards *the possibility of creating a more formal intergovernmental vehicle of regional cooperation. A meeting of ministers from throughout the region would be a useful forum to investigate the question.*

What we are seeking to develop is a capacity for analysis and consultation on economic and social issues, not as an academic exercise but to help inform policy development by our respective governments” (Hawke, attached in Snape, Gropp and Luttrell, 1998: 535, italics by author).

Australia had decided to take the initiative in promoting APEC mainly because of its fear of being excluded from new economic blocks that were in the process of

² The reason why the United States concentrated on tariffs reduction was “to take advantage of the president’s negotiating powers before the Trade Agreements Act had to be renewed in 1948”(Diebold, 1996: 157).

developing.³ The EC was struggling to establish monetary union and the United States was in the process of establishing NAFTA. In Australia, at this time, there was a strong feeling of isolation from the global economy.⁴ Hence, the slogan that “APEC was outward-looking and did not aim to form a trading block” mirrored Australia’s isolationist fears (APEC Ministerial Meeting, 1990: paragraph 6).

Quite clearly, the APEC goal of creating an open and liberal economic system complements the objectives of GATT/WTO. In the Joint Statement of the First Ministerial Meeting, it was declared that no-one “believes that Asia Pacific Economic Cooperation should be directed to the formation of a trading block.”

Yet APEC differs from GATT/WTO in that its membership included developing countries, ASEAN states, from the very beginning and they have had a significant role in forming and setting the organization’s principles.

In the beginning, however, many ASEAN nations were hesitant to participate in APEC. In particular, they were cautious about the creation of a regional agreement that might in the end come to be dominated by the large players in Asia-pacific, such as Japan, China and the United States. They feared that participation in such an agreement might increase the opportunities for superpower intervention in their affairs. Conversely, they also feared that failure to join such an arrangement would leave them isolated and vulnerable.

After careful consideration of the pros and cons, the ASEAN states decided to participate in APEC about six months after the original concept had been proposed. One of the most important influences on this decision was the position adopted by Australia and Japan, the two main initiators of APEC, who guaranteed that the ASEAN states would be the core of organization and that APEC would maintain the non-binding nature of any principles agreed.⁵ As a result, APEC became neither a formal

³ It is true that the original advocator for APEC was Australian Prime Minister Bob Hawke, but Japanese Ministry of International Trade and Industry (MITI) had been also preparing to propose a similar regional body since one month before Hawke’s initiation and MITI is now known as the virtual co-proposer of APEC with Australia (Ogita, 1997: 6).

⁴ APEC succeeded several conceptions designed by some international non-governmental institutions to have lead economic cooperation in the region for the last quarter of this century. In 1960’s, two institutions were inaugurated. One is the Pacific Trade and Development Conference (PAFTAD), in which professional economists discuss and analyze economic problems relating to the region; and the other is the Pacific Basin Economic Council (PBEC) that provides a forum for exchanging information among business people from the region. The Pacific Economic Cooperation Conference (PECC), founded in 1980, also actively furthered regional collaboration by linking academics, private business, and governmental officials. See Beeson (1996: 39).

⁵ In the Joint Statement of the First Ministerial Meeting in 1989, ASEAN concerns were clearly stated as follows: “Ministers also expressed their recognition of the important contribution ASEAN and its

quasi-federal arrangement like the EU, nor a large institution. These promises to ASEAN significantly shaped the evolution of this institution, whereby APEC can be regarded as a consultative forum to discuss the region's economic development on ad hoc basis with no regular ministerial meetings. Within five years of its establishment, however, APEC has made steady progress in scope and prominence for its expanding activities. There is no doubt now that APEC is an extremely important institution for dialogue and policy-making with respect to economic affairs in the Asia-Pacific region.⁶

II- 1- (2) Principles

Principles of the GATT/WTO

The GATT was established to promote trade liberalization through negotiations based on the principles of non-discrimination and reciprocity. Both non-discrimination and reciprocity are practical principles that had been incorporated into trade treaties prior to World War II.

The principle of non-discrimination was contained in Article I, which stated that any advantage granted to one contracting party should be immediately applied to all other contracting parties. Through this requirement bilateral tariff preferences are denied. Article III deals with the regulation of foreign products, indicating that once imported and following the imposition of duties, they should be treated on equal terms with domestic products in respect to taxes and other requirements. Article I prohibits external discrimination while Article III does the same for internal discrimination (Winham, 1992: 46). In practice, the former represents the Most-Favored-Nation rule and the latter, the National Treatment rule.

Reciprocity is the second principle of the GATT. Reciprocity means that the same or equivalent benefits or rights should be exchanged among the states based on the principle of the equality of sovereignty.⁷

dialogue relationships have played in the development to date of APEC, and noted the significant role ASEAN institutional mechanisms can continue to play in supporting the present effort to broaden and strengthen regional economic cooperation.”

⁶ Further progress was made at the Seattle Meeting in 1993, where the agreement was reached to hold annual summit meetings of heads of states, dramatically changing the characteristics of APEC.

⁷ “Reciprocal” relationship is explained as one side gives the other and the other returns. In the reciprocal relationship voluntary action belongs only to giving side. On the contrary, “mutual” relationships occur when both participants give each other of their own free will. Reciprocity includes balance and symmetry in the meaning of bilateral relationship where one gives and the other

In the international trading system, the principle of reciprocity became apparent after a series of bilateral treaties commerce and navigation, until the late 1930s (Finger, 1991: 126-127). At that time, there was a fairly elaborate network of reciprocal bilateral trade treaties, though the GATT superseded most of these treaties. In the Preamble to the GATT and Article XXVIII-2 emphasis is made on the need for negotiations to take place on reciprocal and mutually advantageous basis directed toward the substantial reduction of tariffs.

Reciprocity can be considered as the basis for negotiation. Hence, in the early history of GATT, it could be described as a guiding beacon for nations to begin the process of dismantling trade protectionism. The principle of reciprocity, however, faced serious challenges as the GATT process developed. First, there was a problem with free riders. It can be argued that the early the GATT tariff negotiations were multilateral only in name. In reality, they were bilaterally negotiated between the principal supplier states and principal consumer states. Yet in the GATT agreements the MFN clause prescribes that any bilateral agreement should be applied to the other member states. This implies that states signing GATT could take advantage of benefits without any binding agreement with others. To solve this so-called free-rider problem, the GATT not only obliged all the member states to participate in consensus building, but also decided to deal with the whole problem as an integrated package.

In applying the reciprocity principle, it is extremely difficult to require the same level of concessions between states at different levels of economic development. According to Winham (1992: 50), reciprocity as a concept ran into difficulties when developing countries acceded to the GATT. Hence, it is questionable whether equal treatment of unequal partners in trade negotiations could ever be considered reciprocal. Consequently, numerous exceptions to full reciprocity, which are referred to as ‘special and differential’ provisions, were granted by industrialized GATT signatories in favor of developing countries at the Tokyo Round.

In this way, the principle of reciprocity in practice has been gradually altered to a new set of relationships based on “diffuse reciprocity” or “relative reciprocity” (Krasner, 1987: 66, and Takase, 1993: 46).

returns. On the other hand, mutual relationship does not necessary require the balance of participants.

Principles in APEC process

The Asia-Pacific region has its own distinctive features. These are:

- socio-political diversity;
- different levels of economic development of the member states; and
- a market-driven economic integration process.

As such, it has been difficult for APEC to adopt the Western-style approach based on legislative and institutional integration as found in the EU and NAFTA. Instead “open regionalism” and “voluntarism” have been emphasized from the start as key principles of the APEC process.⁸

Within APEC, “open regionalism” is taken to mean regional economic integration without discrimination against outsiders. This involves the gradual elimination of internal barriers and the lowering barriers against non-members.⁹ This concept has manifested as one of the general principles for the APEC liberalization and facilitation process in the Action Agenda that was adopted in the Osaka Ministerial Meeting in 1995.¹⁰

<NON-DISCRIMINATION >

APEC economies will apply or endeavor to apply the principle of non-discrimination between and among them in the process of liberalization and facilitation of trade and investment.

The outcome of trade and investment liberalization in the Asia-Pacific

⁸ There have been two distinctive approaches proposed for the formation of APEC: one is the Western-style legalistic approach modeled after the EU and NAFTA, and the other the typically Asian, non-formal approach which has been taken in the case of the Association of the Southeast Asian Nations (ASEAN). The “APEC process” is more influenced by the Asian style than the Western style. However, while these two approaches are radically different, it should be recognized that they are not mutually exclusive but rather mutually complementary, and that they can be effectively integrated in the evolution of APEC. Moreover, they have started to merge since the Seattle Meeting in 1993 into an entirely new approach as the driving forces behind APEC.

⁹ The concept “open regionalism” emerged from the practice of economic cooperation in the Asia Pacific continued from 1970s. It was at the first Pacific Economic Cooperation Conference (PECC) in Canberra in 1980 that the concept was initially articulated (Garnaut, 1994: 273).

¹⁰ The general principles described in The Osaka Action Agenda are as follows:
(1) Comprehensiveness, (2) WTO-Consistency, (3) Comparability, (4) Non-Discrimination, (5) Transparency, (6) Standstill, (7) Simultaneous Start, Continuous Process, and Differentiated Timetables, (8) Flexibility, and (9) Cooperation.

region will be the actual reduction of barriers *not only among APEC economies but also between APEC economies and non-APEC economies*.

(APEC Ministerial Meeting, 1995: part 1, section A, paragraph 4, italics by author)

Drysdale argues that this concept of ‘open regionalism’ which differs from NAFTA and other regional trade arrangements as below:

This new form of regionalism is open in a number of ways. It is open in that it is non-discriminatory; all liberalisation is to be on an MFN basis. It does not involve the negotiation of legally binding treaties. It is premised on strong support for the WTO. It is open in that the process is market-driven rather than institutional-driven. And it is open in that other non-players, on the periphery of the region and elsewhere in the world economy, are free to join in the process by liberalising in the same way (Drysdale, 1997: 6).

There appears to be no objections to the proposition that open regionalism is consistent with the non-discriminatory principle of the GATT/WTO embodied in the MFN clause. However, the main criticisms of open regionalism relate to the issue of free riding.¹¹

“most proponents of regional economic programs for Asian economies generally advocate some form of “open” regionalism. One approach would be for APEC nations to negotiate tariff reductions that would then be extended on a most favored nation basis to all trading partners. APEC’s trading partners would undoubtedly welcome such an initiative, but some APEC nations themselves might find it hard to justify extending “free-rider” benefits to nations from outside the region” (Lawrence, 1996: 93).

Lopez and Matutes (1998: 256) assert that trade liberalization in APEC based on

¹¹ On the basis of the concept of “open regionalism”, the benefits which one of APEC member gives to other members are to expand to outsiders through MFN clause.

open regionalism is facing a stalemate situation.

Open regionalism as suggested by APEC is likely to be:

- Feasible in large integrated regions, but it likely to converge to either multilateral negotiations or restricted trade agreements under Article XXIV, as the weight of free riders increases.
- Unfeasible in small and low market-integrated regions, where free riding problems may be large and reciprocal concessions may be obtained at high transaction costs, due to the number and power of free riders. In this case, restricted liberalization under the provisions of Article XXIV appears as the only chance, although some APEC proposals are still applicable, in order to increase the degree of market integration.

The free rider issue, however, may be overcome through the introduction of the concept of voluntarism, which is the second principle of APEC process, to open regionalism. Trade liberalization in APEC is based on voluntarism, which is defined as leaving the implementation of every decision and action to the discretion of each member economy. In other words, the member economies have the ability to choose which sectors to liberalize with which players and when (Drysdale, 1997: 8).¹² Since the member economies reduce trade barriers while taking into account the possibility of free riders, there remains no room for controversy.

The spirit of voluntarism is reflected in the general principles in the Action Agenda under the section on “flexibility”.

< FLEXIBILITY >

Considering the different levels of economic development among the APEC economies and the diverse circumstances in each economy, flexibility will be available in dealing with issues arising from such circumstances in the

¹² Drysdale (1997: 17) argues that it was inevitable for APEC to accept the principle of voluntarism. “It makes sense to encourage region-wide involvement from the outset. For the most part, the EU required comprehensive participation in its single market exercise. In APEC, however, this would be counter-productive since the range of political systems, decision-making process makes it difficult to prioritize and act on shared economic interests in all the relevant areas from the outset. Nor are there any voting procedures or mechanisms to compel participation”.

liberalization and facilitation process (APEC Ministerial Meeting, 1995: part 1, section A, paragraph 4).

At the EVSL consultations, dispute occurred over the issue of whether voluntarism or flexibility should be applied as the principle of the agreement.¹³ Although the concepts of “voluntarism” and “flexibility” appear very similar, it is possible to highlight some significant differences. Voluntarism is applied to the decisions of a member economy itself, while flexibility is used for making implementation plans. Up until now, APEC member economies have been unable to reach agreement on this latter issue.

II- 1- (3) Objective

Objective of the GATT/WTO

The primary objective of the GATT was to reduce tariffs as well as the setting limits to the amount of trade with quotas and other border restrictions. As the preamble states:

“Recognizing that their relation in the field of trade and economic endeavour should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, developing the full use of the resources of the world and expanding the production and exchange of goods,

Being desirous of contributing to these objectives *by entering into reciprocal and mutually advantageous arrangements directed to the substantial reduction of tariffs and other barriers to trade and to the elimination of discriminatory treatment in international commerce*”(italics by author)

The WTO essentially inherited this objective from GATT. In addition, the WTO is also trying to make trading rules on such new issues as intellectual property rights, government-procurement procedure, and electric commerce.

¹³ For the details of the EVSL consultations, see Okamoto (2000).

Objectives of APEC

APEC did not have any concrete objectives at the beginning. Rather, it aimed to eschew building block economies and to promote the development of its members through economic cooperation. Therefore, Ministers assembled in Canberra in 1989 merely “to discuss how to advance the process of Asia Pacific Economic Cooperation”. The Joint Statement issued at the meeting indicates that the discussions covered a variety of topics under four agenda items:

- World and Regional Economic Development;
- Global Trade Liberalization – The Role of the Asia Pacific Region;
- Opportunity for Regional Cooperation in Specific Areas; and
- Future Steps for Asia Pacific Economic Cooperation.

Though trade liberalization was mentioned in the chairman’s summary at the first meeting, APEC did not intend to create a free trade area in the region at that time. For APEC, the most important matter was how to strengthen and further liberalize the multilateral trading system. This would require consideration of how to remove “any obstacles to comprehensive and ambitious Multilateral Trade Negotiations” (APEC Ministerial Meeting, 1989b: paragraph 9). The statement indicates that APEC should encourage an open multilateral trading system and should avoid becoming an inward-looking trading block. In order to support and strengthen the multilateral trading system, APEC acknowledged that “our regional economies would be better placed to show such leadership if we can continue the recent trend of reducing impediments to trade among ourselves, without discriminating against others”.

At the second Ministerial Meeting held in Singapore, however, the Ministers agreed that it was desirable to reduce barriers to trade in goods and services among participants so as to promote a more open trade system. Senior officials were mandated to explore possibilities toward this end.¹⁴ At the third Ministerial Meeting in Seoul, trade liberalization in the region was one of five main topics of discussions.

With the emergence of regional trade liberalization as a key issue, the scope of APEC activities has rapidly expanded to include three central pillars: trade and investment liberalization, trade and investment facilitation, and economic and technical

¹⁴ At the Senior Official Meeting held in March 1991, the Informal Group on Regional Trade Liberalization was established.

cooperation.¹⁵

II– 2. Differences at the operational level

II– 2– (1) Binding force of agreement

Binding force of GATT/WTO agreements

One significant characteristic of the GATT was that its agreements had binding force.¹⁶ Four reasons explain why this was the case. These are the origin of GATT, the principle of reciprocity, economic sovereignty, and constitution of original members. First, there were a series of bilateral “treaties” of friendship, commerce, and navigation that predate the GATT and influenced its development.

Second, the principle of reciprocity, often described as “do, ut des”(do, for be done), was central to the GATT and required collateral actions among the member states making it is necessary for the agreements to have binding power.

Third, each country had the sovereign right to impose tariffs and regulations on imports unilaterally. Therefore it was necessary for the GATT to lay obligations upon contracting parties to reduce tariffs and non-tariff impediments by means of binding force. In other words, there exists “the irony that to reduce regulation of one kind it takes regulation of another kind” (Winham, 1992: 20).

Finally, the original contracting parties to the GATT were mainly composed of the developed states and this permitted the straightforward adoption of the Western-style legalistic approach for the decision-making procedures.

Binding force of APEC agreements

In contrast to the GATT, the declarations/joint statements made by the ministers and the leaders of APEC do not have any binding force and most are mere recommendations or policy-statements indicating the direction that APEC activities

¹⁵ Economic cooperation includes development assistance and cooperation on projects related to human resources, infrastructure, energy, and the environment. Liberalization and facilitation of trade and investment imply initiatives that might include cooperation on standards, improving customs procedures, coordinating competition policies, and dispute mediation.

¹⁶ Without a legal institutional framework, trade liberalization itself is possible. Both APEC and the GATT lack the features of a formal “organization” in the strict sense. However they proved to be institutionally effective.

should take.

However, conflicting views regarding the binding-force in APEC have become apparent as the institution increasingly tries to deal with concrete issues.¹⁷ At the Seattle Meeting in 1993, the United States changed position so as to increase the level of involvement in APEC process. Subsequently, the United States exerted pressure to try to make the agreements legally binding. However, the Asian members were keen to retain the historical non-binding forms of agreement. As such the Non-Binding Investment Principles declared at the Jakarta Ministerial Meeting in 1994 illustrated this tension between the two opposing views.¹⁸ At this meeting, although members adopted the Principles in the non-binding form, detailed provisions were written carefully as if a treaty was being drafted (Kikuchi, 1995: 251).

The Osaka Meeting represented a new phase for the vision and goals of APEC.¹⁹ In order to proceed towards trade liberalization, more specific actions for the achievement were taken.²⁰ In the Osaka meeting, developing economies were less hesitant to accept specific actions such as reducing export subsidies, harmonization of administrative procedures governing certification, and establishing a network of mutual recognition arrangements, since their economy had been growing steadily. Some industrialized member economies, especially the United States, on the other hand, attempted to use the Osaka Meeting to lay the groundwork for the formation of a legally

¹⁷ Until the Seattle Meeting, APEC activities had been confined to information exchange and consultations on general policies. Therefore, the agreements did not require member economies to carry out legal obligations. Even if there were some provisions requiring members to take specific actions, the content of these actions was more or less cooperation or coordination, which no member economies could oppose. In the Seattle Meeting, however, the central objective of APEC came to be recognized as achieving concrete goals related to the reduction of trade barriers for goods and services. Therefore, the characteristic of instruments in APEC has slightly changed from mere recommendation to more concrete requirement for members to take actions.

¹⁸ It states twelve principles such as national treatment and minimizing the use of performance requirements for the improvement and further liberalization of member economies' investment regimes.

¹⁹ Leaders declared that "we have entered the action phase in translating this vision and these goals into reality," and they "adopt the Osaka Action Agenda to carry through [their] commitment at Bogor". Also they declared that they "will implement the Action Agenda with unwavering resolve" (APEC Leaders Meeting, 1995: Paragraph 2).

²⁰ The instruments adopted in APEC requiring member economies to implement some specific measures is increasing. Under such circumstances, implementing the contents of documents is much more significant than merely creating legal documents. The Eminent Persons Group suggested this pragmatism principle in the report (APEC Eminent Persons Group, 1994). If agreements are achieved in such a way under the current APEC system, stronger or more formal organizations might not be required (Kahler, 1995: 35).

binding framework.

The trade liberalization in APEC came to differ significantly from the GATT/WTO, therefore, since it is based on the mutual acts not on reciprocal ones.

II- 2- (2) Decision-making process

Decision-making process in the GATT/WTO

Regimes, to be effective, usually contain some form of decision-making process designed to give effect to the constituting principles of the regime (Winham, 1992: 52).

In practice, the basis of decision-making and procedures of the GATT was based on consensus building. The GATT 1947 had no written rule about consensus. In fact, Article XXV of GATT 1947 provided that decisions should be taken by a majority of votes cast, except as otherwise determined. In the entire history of GATT, however, there were only a few cases where voting was necessary.

The practice of decision-making by consensus developed throughout the lifetime of the GATT and became well established, even though it was an unwritten rule. Consequently, the rules of the WTO are based on those of GATT. Paragraph 1 of Article IX of the Marrakesh Agreement says that “the WTO shall continue the practice of decision-making by consensus followed under GATT 1947.”²¹ Thus decision-making by consensus became formalized under the WTO.

Consensus in the GATT/WTO is a formal procedure for making legally binding decisions as well as majority voting and unanimity voting.²² Consensus is defined in a footnote to paragraph 1 of Article IX of the Marrakesh Agreement as follows:

“The body concerned shall be deemed to have decided by consensus on a matter submitted for its consideration, if no Member, present at the meeting when the decision is taken, objects to the proposed decision.”

This consensus-technique provides for the continuation of negotiations until an

²¹ Article IX of the Marrakesh Agreement provides “where a decision cannot be arrived at by consensus, the matter shall be decided by voting”.

²² It is sure to exist several decisions by consensus not having legally binding force such as various resolutions of the United Nations General Assembly. Yet, a binding instrument can be adopted by consensus in international organizations.

agreement is reached. In many international organizations, which have procedural provisions in their constitutional documents, participants make decisions mainly by formal voting arrangements such as majority voting and unanimous voting. Recently, however, there seems to be a trend towards an increased use of consensus as a mode of decision-making in international practice. This may be explained by changes in the international society, which has grown more diverse as well as more interdependent, and as a result, the rule of unanimity and the majority voting have become less suitable as modes of decision-making (Van Hoof, 1983: 225-226).²³

Decision-making process in APEC

APEC, due the diversity of membership, also adopted the consensus-based procedures for its decision-making process from its inception.²⁴ The APEC procedures, however, differ from those of GATT/WTO, since they are not legally binding and are based on step by step negotiations rather than voting. This APEC process may represent a co-option of the ASEAN consensus procedure and reflects the influence of these nations over the initial design of the APEC operating principles.

APEC has never purported to play an executive role similar to the GATT/WTO and hence many of the APEC agreements are often criticized as ambiguous and superficial, lacking specific provisions and sometimes only empty slogans. Consequently, APEC is regarded in many quarters as simply a “consultative meeting” of the leaders and ministers.

II- 2- (3) Liberalization Measures

Liberalization Measures of the GATT/WTO

The GATT multilateral negotiations, referred to as “rounds”, worked as the principal mechanism for the reduction of tariff levels and other trade impediments.

²³ Consensus as a basis of decision-making has certain advantages. Decisions arrived at in this way are acceptable to all member countries. Though some members may have reservations, they do not object to or block the adoption of the decisions. This in turn increases the likelihood of the decisions being accepted and implemented, unlike decisions forced on unwilling members by a majority vote. Consensus is thus the preferable mode of decision-making

²⁴ The Chairman’s Summary Statement issued at the first Ministerial Meeting in 1989 stated that “cooperation should involve a commitment to open dialogue and consensus, with equal respect for the views of all participants; cooperation should be based on non-formal consultative exchanges of views among Asia Pacific economies” (Paragraph 16).

Over fifty years of its history, the GATT gradually evolved in terms of increasing in size, broadening the scope of issues covered and improvements to the negotiation through the eight series of rounds.

Before the Kennedy Round, the five round of the GATT, reduction of tariffs on imports was the major agenda item. However, the scope of negotiations rapidly expanded to include non-tariff measures after the Kennedy Round. The name of rounds illustrates these changes since the first five rounds were called Multilateral *Tariff* Negotiations and the subsequent rounds Multilateral *Trade* Negotiations.

It was also after the Kennedy Round that “package deal” measures were incorporated in the decision-making process.²⁵ As previously mentioned, the GATT simply transformed the bilateral negotiation process of the interwar period into a multilateral process. In order to tackle the possibility of free riders who took advantage of the MFN clause, however, it contrived a new decision-making process that effectively excluded them.

Another change at each round was the gradually increasing influence of developing countries in the negotiations.²⁶ As involvement of the developing countries in the international trade system has grown, it has become more difficult to reach agreement through multilateral negotiations with the time-consuming Uruguay Round and the stumbling Millennium Round being clear examples of the kinds of structural problems encountered.²⁷

Liberalization Measures of APEC

Faced with a possible deadlock during the Uruguay Round, which was negotiated through a traditional rule-based approach, APEC offered a different option for liberalization. The Osaka Action Agenda in 1995 prescribed a unique mechanism,

²⁵ This measure was called “single-undertaking” in the Uruguay Round.

²⁶ For example, of the fifteen issues on the Uruguay Round agenda, roughly half were originally points of contention between the developed and developing countries, including the new issues and other important subjects such as textile and safeguard clause.

²⁷ The WTO ministerial conference held at Seattle in December 1999 failed to agree on any agenda for a new round. At the conference such talks were prepared to achieve agreement on firm deadlines related to agriculture, firm deadlines on services talks as well as the establishment of the WTO working group on labor. Nevertheless, there was sharp controversy among member countries concerning agenda items such as “trade and labor standards” and “antidumping”. The steadily expanding scope of the WTO has been criticized as potentially overwhelming the organization’s ability to manage it.

which was a combination of two different definitions of actions. First, actions by individual member economies would be called “concerted unilateral action (cua)” and, second, actions agreed by APEC fora would be referred to as “collective action”. The “cua”, proposed by Asian countries, imply that members would take the initiative in implementing liberalization at their own speed. Whereas “collective action” as proposed by the United States requires that all of members should make efforts to achieve the common goal under a single schedule.

“Cua” is totally different from the bargaining model and the give-and-take processes that typify the WTO/GATT. Unlike the GATT approach, “cua” suggests that member economies should act independently, by each laying out plans for liberalization and by receiving encouragement and criticism from others. Several APEC members, however, opposed the idea of “cua” because liberalization in this approach may not be fully realized.²⁸ Nevertheless, it was finally chosen as the primary measure for implementing the Action Agenda under the assumption that members will reach the long-term goals through “peer pressure” rather than strictly legalistic and detailed trade agreements. This is a new tactic to promote the reduction of barriers to trade and investment.

However, questions have been raised about whether cua can truly liberalize trade in the absence of legally binding requirements and about how to prevent free riding by the outsiders.²⁹ It has been argued that since the APEC commitments are non-binding, both members and outsiders may be unwilling to reciprocate (Lawrence, 1996: 88-89).

III. The Development of Correlation

III– 1. Attitude of APEC toward the WTO

APEC declarations and statements repeatedly recognize the superiority of the

²⁸ Western countries, influenced by their experience with rule-based decision-making, are dubious of APEC’s ability to promote liberalization.

²⁹ One approach would be to extend most favored nation status to all trading partners. APEC’s trading partners would undoubtedly welcome such an initiative, but some APEC nations themselves might find it hard to justify extending “free-rider” benefits to nations from outside the region (Lawrence, 1996: 93).

GATT/WTO system and emphasize that regional liberalization should be implemented in accordance with the framework of the GATT/WTO.

Before 1993, APEC was merely encouraging multilateral trade negotiations. However, in recent years it has shifted to the actual implementation of trade liberalization. After the conclusion of the Uruguay Round, the nature of APEC appears to have slightly changed from a conference body to an executing institution mainly as a result of the United States' insistence on the necessity for stricter rules. From 1994 to 1995, APEC recognized the primacy of the WTO and the need to strengthen the multilateral trading system in conformity with GATT/WTO provisions. This means that APEC placed itself under the WTO system.

“APEC economies will take the lead in strengthening the open multilateral trading system and enhancing global liberalization momentum by participating actively and positively in multilateral negotiations and exploring the possibility of taking joint initiatives under the WTO, including initiatives for the first WTO Ministerial Meeting in Singapore. APEC economies will take fully into account the outcome of such multilateral activities” (APEC Ministerial Meeting, 1995b: section B, italics by author).

After 1996, the development of APEC again changed direction as it pursued a partnership with the WTO and called for cooperation on trade liberalization at the regional and multilateral levels. At this stage, APEC appeared self-confident and, as the implementing body of regional trade framework, was keen to emphasize its differences from the WTO.

“APEC's voluntary framework and the WTO's legal one can mutually reinforce liberalisation and the process of analysis and consensus building in one forum can contribute to progressing negotiations in the other” (APEC Trade Ministers Meeting, 1996: paragraph 12).

“Ministers agreed to work to ensure that regional and multilateral trade and investment initiatives complement and support each other” (APEC Ministerial

Meeting, 1997: paragraph 6).

III– 2. Consistency with Article XXIV of the GATT

The significance of regional trade arrangements was highly regarded in the GATT. It was recognized that customs unions or free-trade areas were important measures supporting multilateral trading liberalization. Therefore, Article XXIV of the GATT permitted the formation of preferential trading arrangements at the regional level as exceptions to the non-discrimination principle with the following requirements:

First, countries that are concluding free trade areas should not increase external tariffs. Moreover, in customs unions, the common tariffs for third countries should not be higher or more restrictive on the whole than the general incidence of the duties before these unions were formed. Second, the parties should eliminate duties and other restrictive regulations on commerce and trade between the constituent territories as well. Third, free trade areas should be implemented “within a reasonable time” period.³⁰

Some critics have argued that the free trade areas formed by APEC are not the same as the regional trade arrangements prescribed by the WTO rules. Dieter (1997: 20) explains the situation as follows:

An APEC free trade area granting preferences on a basis other than that of most favored nation treatment is in striking contradiction with the spirit of the GATT/WTO. APEC includes so great a part of the global economy that Asia-Pacific integration within this framework could develop into an alternative to liberalization in the WTO context. Precisely because some APEC countries are economically so potent, successful integration in the Pacific region could weaken the process of multilateral liberalization under the GATT or in the WTO context.

³⁰ Article XXIV of the original GATT contained a non-specific provision on the time-scale for implementing integration projects. It specified that a project was to be realized within a “reasonable length of time” (the WTO, 1994: 523). In the Uruguay Round this provision was made even more specific. The amended Article XXIV still allows free trade area and customs union, but requires them to be implemented within a period of ten years, exceptions needing approval by the WTO (Dieter, 1997: 27, and Lawrence, 1996, p96). However, the GATT has not been strict in enforcing the rules relating to transition periods. Some agreements have such long periods for implementation that they can justify discriminatory treatment without full internal liberalization for extensive periods. Many agreements between developing countries have also not come close to meeting GATT rules.

However, this criticism may be unfair since APEC is not categorized as a free trade area under XXIV mainly because it is promoting “open regionalism” as Director General of the WTO, Ruggiero elucidates:

The interpretation of open regionalism is that the gradual elimination of internal barriers to trade within a regional grouping will be implemented at more or less the same rate and on the same timetable as the of barriers towards non-members. This would be generally consistent not only with the rules of the WTO but also - and this is very important - with the MFN principle (Renato Ruggiero, quoted in Drysdale, 1997: 2).

Yamazawa also explains open regionalism as follows:

APEC has implemented measures on the harmonization of rules and standards, investment principles, services trade policy, intellectual property rights and environmental protections, and industrial cooperation, which do not discriminate against others but serve as “a laboratory, a halfway station” through the new concept of regional integration called “open regionalism” (Yamazawa, 1996: 200).

APEC is neither an exception to the MFN clause nor a violation of it. The interrelationship between APEC and the WTO cannot be simply understood within the traditional framework of multilateralism and regionalism which would generally imply that the former is superior to the latter.³¹

In fact, most APEC members did not want to be part of a formal arrangement requiring WTO notification under Article XXIV. In particular, they were concerned that in the absence of such a notification trade liberalization on a discriminatory basis would

³¹ Director General of the WTO, Renato Ruggiero mentioned this point as below:

“Any preferential area under consideration will be consistent with the legal requirements of the multilateral system. This would mean that such areas could at the same time be legally compatible with the WTO’s rules and preferential in their nature, which means they would be an exception to the MFN clause which is the basic principle of the multilateral system. The possibilities of making such a legal exception to the MFN principle within the rules was conceived in a completely different time and situation. Today, with the proliferation of regional groupings, the exception could become the rule, and this would risk changing completely the nature” (Drysdale, 1997: 2).

deemed to be a violation of Article I (Saxonhouse, quoted in Yamazawa, 1997: 206). This thinking on behalf of the APEC members is apparent in the wording of the official statements, which refer to “free trade and investment in the region” rather than “free trade area.”

III– 3. Interactive Practice

III–3–(1) Uruguay Round

APEC’s initial primary objective to ensure a successful conclusion of the Uruguay Round was mentioned in II–1–(3). For this purpose, APEC Ministers issued the declarations on Uruguay Round calling for a constructive outcome from the second meeting to the fifth meeting. It is widely recognized that this continuous pressure from APEC contributed to the conclusion of the Round. Subsequently, APEC played “an effective cheerleader role” encouraging and supporting the Multilateral Trade Negotiations (Petri, 1999: 15).

At the Seattle meeting in 1993, however, APEC’s contribution to the Uruguay Round subtly changed. Up to the Seattle meeting, APEC had acted as a cheerleader/supporter encouraging the Multilateral Trade Negotiations from outside the round table on which member states of the GATT had been bargaining on tariff reduction and other agenda items. In Seattle, however, fear of the possible failure of the Uruguay Round negotiations forced APEC to adopt a more active role to try to ensure an alternative route to multilateral liberalization through the search for liberalization at the regional level.³² This new role is amplified in the Joint Statement of the Fifth Ministerial Meeting at the Seattle in 1995.

“Ministers demonstrated their commitment to this [early and successful conclusion to the Uruguay Round] goal by expressing their preparedness to take additional specific trade liberalizing measures” and,

“Ministers noted in particular the effective role played by APEC in maintaining the momentum for a satisfactory outcome to the Uruguay Round”

³² The member economies argued about how to realize trade liberalization in the region. While Asian countries emphasized measures based on the open regionalism, the United States preferred the ‘threatened’ or ‘implied’ conditional MFN option which it considered to be an important catalyst leading to resolution in the Uruguay Round of trade negotiations. (Drysdale, 1997: 13)

(APEC Ministerial Meeting, 1995a: paragraph 17 and 19, italics by the author).

III-3-(2) ITA Consultation

In December 1996, the Ministerial Declaration on Trade in Information Technology Products, which is often called the Information Technology Agreement (ITA), was issued at the Singapore Ministerial Conference of the WTO.³³ The ITA aimed at eliminating customs duties and other duties/charges on IT products by 1 January 2000.³⁴

The ITA was initially proposed by the United States at the Quadrilateral Trade Ministers' Meeting (the United States, the European Union, Japan and Canada) in December 1994. However, an agreement could not be reached due to strong opposition from the EU. At the Quadrilateral Trade Ministers' Meeting in Kobe in April 1996, the EU remained opposed to the agreement even though the four parties jointly announced their support for the continuation of the ITA negotiations.

It was during the APEC consultation in 1996 that momentum for the ITA increased (Wesley, 1999: 45). At the Second Trade Ministers' Meeting in July 1996, an important phrase was added to the Joint Statement to the effect that the ITA proposal "should be considered further in the lead up to the Singapore Ministerial Meeting of the WTO in December 1996"(paragraph 10). At the Manila Ministerial Meeting in November 1996, ministers and leaders of APEC endorsed the ITA and requested its conclusion at the WTO Ministerial Conference.

"We (Trade Ministers) discussed the possibility of undertaking more limited sectoral initiatives, perhaps in the shorter term. In this context we listened with interest to an explanation of the proposal for an Information Technology Agreement, which would contribute to APEC liberalisation objectives, and determined that we would consider this further in the lead up to the (WTO)

³³ At the conference, 29 countries or separate customs territories originally signed the declaration. However, it could not come into effect at that time. The Declaration stipulated that participants representing approximately 90 percent of world trade would have to notify their acceptance of the ITA by 1 April 1997. On 26 March 1997, the forty participants of the ITA agreed that this criterion had been met and the ITA entered into force with the first staged reduction in tariffs on 1 July 1997 (WTO documents on ITA, "Recent development", Slide no. 51).

³⁴ IT products are composed of six sectors in the ITA: computers, software, telecom equipment, semiconductors, semiconductor manufacturing equipments and scientific instruments.

Singapore Ministerial Conference” (APEC Trade Ministers Meeting, 1996: paragraph 10, italics by the author).

“Ministers welcomed initiatives to pursue freer and non-discriminatory trade in goods and services. In recognizing the importance of the information technology sector in world trade, Ministers endorsed the efforts at WTO to conclude an information technology agreement by the Singapore Ministerial Conference and urged all other members of the WTO to work toward that end” (Ministerial Meeting, 1996: paragraph 31, italics by the author).

“We (APEC Leaders) endorse initiatives for freer and non-discriminatory trade in goods and services. Recognizing the importance of information technology in the 21st century, APEC Leaders call for the conclusion of an information technology agreement by the WTO Ministerial Conference that would substantially eliminate tariffs by the year 2000, recognizing need for flexibility as negotiations in Geneva proceed” (APEC Leaders Meeting, 1996: paragraph 31, italics by the author).

The discussion and negotiation in APEC brought about the successful conclusion on the ITA at the WTO Singapore Meeting. Over two years discussion on the adoption of the ITA ended less than one month after the APEC Manila meeting. In the process of the ITA consultations, APEC played an influential role as a “laboratory”(Petri, 1999: 16). With membership from both industrialized and developing economies, APEC can be regarded as mini-WTO and thus exploring new issues in APEC can provide interesting insights on the possibility of reaching an agreement at the global level.

III-3-(3) EVSL Consultations

In the process of the EVSL consultations in APEC, an interactive relationship between APEC and the WTO began to develop with the former functioning as a “laboratory” and the latter as a “higher court”.

After the Manila Ministerial Meeting in 1996, the EVSL initiative sought to

promote measures for multilateral liberalization with specific sectors taking the lead.³⁵ However, the original motivations behind the launch of this initiative were very different because they were influenced by the United State's desire to build upon the ITA success and apply it to other sectors. The United States had in mind to use APEC as a locus to reach agreements on specific sectors prior to the start of the new WTO negotiations.

At the initial stage of the EVSL consultations, APEC functioned as a "laboratory" and the statement of Trade Ministers shows that APEC itself recognized this role.

"Ministers agreed that all sectors containing tariff liberalisation proposals be communicated to the WTO by APEC Chair for transparency purposes once all details of the sectoral proposals are finalized" (Meeting of Trade Ministers, 1998: paragraph 9).

The relationship between APEC and WTO changed when the EVSL consultation failed to conclude at the Kuala Lumpur Ministerial Meeting in 1998. Then Ministers abandoned their efforts to implement the EVSL initiative within APEC.³⁶ At the same time they decided to refer the issue to the WTO, so as not to risk losing the momentum for trade liberalization in the region. The Joint Statement issued by the Ministers mentioned the following:

Ministers of the 16 participating economies (in the EVSL initiative) also

³⁵ 15 sectors were selected through the discussion among member economies. They are divided into two categories named "Front 9" and "Back 6". Front 9 were identified for fast-track treatment and comprised chemicals, forest products, energy, fish and fish products, environmental goods and services, medical equipment and instruments, telecommunications mutual recognition agreement, toys, and gems and jewellery sector. Back 6 covers the remaining six sectors which require more preparatory for liberalization: food, oilseeds and oilseed products, rubber, fertilizers, automotive, and civil aircraft sector.

It was also recognized that the EVSL initiative should be complemented not only by trade liberalization but also by trade facilitation and economic and technical cooperation. In the Joint Statement of Ministerial Meeting 1997 at Vancouver it is stated that "Ministers agreed to pursue initiatives for early voluntary sectoral liberalization in accordance with the attached statement, and welcomed the fact that many of the proposals include measures that will promote facilitation as well as economic and technical cooperation, illustrating again the integrated nature of APEC's work"(APEC Ministerial Meeting, 1997: paragraph 4).

³⁶ This failure was mainly caused by disagreement between Japan and the United States. Japan considered that the EVSL should be implemented on the voluntary basis and member economies could choose the sectors from the "Front 9" at their own discretion. Conversely, the United States insisted that the nine sectors should be treated as a package.

agreed to improve and build on this progress in 1999:

i. by broadening the participation in the tariff element beyond APEC, to maximize the benefit of liberalisation. In this regard, the WTO process would be initiated immediately on the basis of the framework established in Kuching and subsequent information provided by economies, having regard to the flexibility approaches as contained in the status reports with a view towards further improving their participation and endeavouring to conclude agreement in the WTO in 1999; and

ii. by working constructively to achieve critical mass in the WTO necessary for concluding agreement in all 9 sectors.

(APEC Ministerial Meeting, 1998: paragraph 15)

New Zealand, as the APEC Chair in 1998, prepared a paper explaining to the WTO members the history of EVSL initiative. The paper provided details of the liberalization targets, approach, and the positions reached by the APEC states in each sector up to the Kuala Lumpur Ministerial and Leaders' Meetings. The concluding sentence stated that "participating APEC economies (to the EVSL consultation) hope that this proposal will be carefully examined by other WTO members whom they invite to join the ATL (Accelerated Tariff Liberalisation) initiative" (WTO, 1999a).³⁷ At this stage APEC was acting unilaterally.

The WTO received the communication paper from New Zealand and issued it as official documents in January and April 1999. The documents were supposed to be prepared for the WTO Ministerial Conference to be held in Seattle in December 1999. It was for the first time that the WTO published official documents on APEC activities. It is therefore possible to assume that a new interrelationship between the two institutions started at this point. However, the efforts of the WTO to progress matters have been delayed due to the difficulties at the WTO Seattle Conference.

In this example, APEC can be seen to be developing its role as an independent executing body while at the same utilizing the WTO as a means to resolve contentious issues. Hence, APEC seems comfortable managing two somewhat contradictory roles

³⁷ The term of EVSL was changed to "Accelerated Tariff Liberalisation" (ATL) in this communication paper.

as an independent body and as a part of the WTO system.

IV. Concluding Remarks

APEC and the WTO are different in many respects. The two institutions have adopted different principles and developed different approaches for the purpose of trade liberalization.³⁸

The participation from developing countries in APEC from the very beginning makes it rather unique. Moreover, they have remained influential in the decision-making process of APEC, which contrasts with many other institutions. The WTO, however, developed out of the Western States tradition of bilateral negotiations on the trade arrangements. Hence it is easy to understand how APEC and WTO would be interested in different measures for liberalization of trade.

These inherent differences become most apparent with respect to the controversial issue of binding force. The WTO regards binding force as an essential element for the agreements in order to advance liberalization. Western States consider binding force as the only securing measure for the full implementation of agreements. APEC, however, takes the position that liberalization can be only achieved through the voluntary actions of individual members. Since the economic development levels of member states are diverse, forcing a single rule on all the members is thought unlikely to be effective.

Interestingly both institutions are now facing problems. The latest round of the WTO negotiations stumbled at the starting point in Seattle when member states could not reach agreement on the agenda for negotiations and decision-making process. Whereas APEC is has encountered difficulties with the liberalization process for the EVSL initiative.

Every time the liberalization process slowed down from the 1990s onwards, the two institutions have explored opportunities for cooperation. For instance, when the

³⁸ The two institutions are different in terms of their objectives as well. APEC declares three targets that should be promoted with the same weight whereas the WTO set the trade liberalization as a principal objective. It is preferable to promote Facilitation and Ecotech based on mutual rather than reciprocal approach. Then APEC seeks the mutual and unilateral approach rather than the GATT/WTO's style even in the sphere of trade liberalization .

Uruguay Round came to a deadlock in 1993, APEC maintained the momentum for trade liberalization at the regional level. At the EVSL consultation, the WTO took over the initiative after APEC failed to reach agreement. Both institutions have played a significant role the promotion of trade liberalization and as the international trade regime becomes ever more complicated and intertwined, the opportunities for mutual cooperation between APEC and WTO appear to be on the increase.

Annex: The Statements of APEC regarding to the WTO

The First Ministerial Meeting, held at Canberra, 1989

- Ministers reaffirmed their commitment to open markets and trade expansion through with successful conclusion of the Round by December 1990.
- Ministers expressed strong support for the timely and successful completion of the Uruguay Round.

The Second Ministerial Meeting, Singapore, 1990

- Ministers agreed that the primary objective of APEC in 1990 was to ensure a successful conclusion of the Uruguay Round.
- Ministers issued the Singapore APEC Declaration on the Uruguay Round.
- Ministers decided to convene a meeting of APEC Ministers concerned with trade policy in Vancouver on September 1990.

The Third and the Forth Ministerial Meetings, Seoul and Bangkok, 1991 and 1992

- Ministers issued a separate APEC Declaration on the Uruguay Round.

The Fifth Ministerial Meeting and the leaders' meeting, Seattle and Blake Island, 1993

- Ministers issued a separate APEC Declaration on the Uruguay Round.
- Ministers drew up a resolution urging an early and successful conclusion to the Uruguay Round and demonstrated their commitment to this goal by expressing their preparedness to take additional trade liberalizing measures.
- Leaders ask APEC to undertake work aimed at deepening and broadening the outcome of the Uruguay Round, strengthening trade liberalization in the region, and facilitating regional cooperation, including such area as standards.

The Sixth Ministerial Meeting and the leaders' meeting, Jakarta and Bogor, 1994

- Ministers took note of the Meeting [of APEC Ministers in Charge of Trade held in Jakarta on October 6, 1994] regarding the importance of APEC's contribution to global trade, investment and economic growth and the emphasized the importance of maintaining momentum for trade liberalization.
- Leaders recognized that it was fitting that APEC builds on the momentum generated by the outcome of the Uruguay Round of Multilateral Trade Negotiations and takes the lead in strengthening the open multilateral trading system.
- Leaders agreed to achieve the long-term goal of free and open trade and investment in the Asia-Pacific in conformity with GATT/WTO provisions.

The Seventh Ministerial Meeting and the leaders' meeting, Osaka, 1995

- Ministers reached agreement to make "WTO-consistency" one of the general principles in the Action Agenda.
- APEC economies will take the lead in strengthening the open multilateral trading system and enhancing global liberalization momentum by participating actively

and positively in multilateral negotiations and exploring the possibility of taking joint initiatives under the WTO.

The Second Meeting of APEC Ministers in Charge of Trade, Christchurch, 1996

- APEC's voluntary framework and the WTO's legal framework were recognized a mutually reinforcing liberalisation and the process of analysis and consensus building in one forum can contribute to progressing negotiations in the other.
- Ministers considered that it is now especially important that regional and multilateral approaches to trade and investment liberalization support and reinforce each other.
- Ministers recognized that they need to ensure convergence between regional and multilateral liberalization initiatives in order to avoid fragmentation of the international trading system.

The Eighth Ministerial Meeting and the leaders meeting, Manila and Subic, 1996

- Ministers reaffirmed the primacy of the multilateral trading system in global trade liberalization. Ministers reiterated their commitment to the multilateral liberalization process and affirmed APEC's commitment to play a significant reinforcing and complementary role in that process.

The Ninth Ministerial Meeting and the leaders meeting, Vancouver, 1997

- Ministers agreed to work to ensure that regional and multilateral trade and investment initiatives complement and support each other.
- Ministers reaffirmed the primacy of an open, rules-based multilateral trading system under the WTO.

The Tenth Ministerial Meeting and the leaders meeting, Kuala Lumpur, 1998

- Ministers pledged their support for WTO's work on trade and investment liberalisation and rule making. In this regard, APEC member economies would actively participate and contribute to the WTO preparatory process to develop a substantive agenda for the Third WTO Ministerial Conference.

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APEC STUDY CENTER
INSTITUTE OF DEVELOPING ECONOMIES, JETRO

3-2-2 Wakaba, Mihama-ku, Chiba-shi
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