

APEC Strategy

Capacity Building in APEC
Related to the Implementation of WTO Agreements

The Strategic Plan

The Government of Japan

INTRODUCTION

This strategic plan outlines the individual reports of the field surveys, conducted in nine economies in September and October 2000. In each field survey, we reviewed and identified the needs of developing economies with regard to the implementation of WTO Agreements, which were preliminary shown in the response to the questionnaire distributed to all of the economies in July 2000.

This summary consists of the sections “Whole of Government Program to Enhance Capacity” and “Comments by the Field Survey Missions” of the field survey reports.

This summary is formed in the following serial order.

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This plan outlines the results of the field surveys and the contents are subject to further review as necessary for implementation.

1. China

Whole of Government Program to Enhance Capacity

Priority	Recipient Agency	Program	Cost
**	Ministry of Foreign Trade and Economic Cooperation	GATS	\$168,000
**	Ministry of Foreign Trade and Economic Cooperation	TRIMS	\$92,250
**	State Development Planning Commission	Implementation issues	\$177,000
**	China State Bureau of Quality and Technical Supervision	Implementation of TBT	\$252,000
**	Customs General Administration	Customs Valuation	\$203,200
**	Customs General Administration	Rules of Origin	\$11,850
**	State Administration for Entry -Exit Inspection and Quarantine	Sanitary and Phytosanitary Measures	\$40,000
**	People's Bank of China	Financial Services	\$147,000
TOTAL			\$1,091,300

** MOFTEC advised that it was now a national priority to prepare to implement WTO obligations because of the imminence of completion of the process of accession to the WTO. Assistance to support implementation was therefore a high priority to all Chinese agencies. It was not a lesser priority for any.

Comments by the Field Survey Mission

China and the WTO

China is well advanced in completing its accession to the WTO. Having been required to examine obligations under all WTO agreements and having accepted commitments to liberalize as part of its accession, it faces demands on its capacity to fulfill these obligations which are similar to those of developing economies of APEC which are already members of the WTO. China has received assistance through a number of programs from multilateral and bilateral donor agencies to support its WTO accession. In most cases, this has aimed to increase the understanding of Chinese officials of the provisions of WTO agreements and the processes of the WTO as well as strengthening the general economic policy-making framework. Chinese authorities advised that the focus now of officials responsible for China's imminent WTO commitments was on the technical and practical aspects of implementation. This was reflected in all consultations held with officials and is reflected in the projects to enhance China's capacity.

Organization and Responsibility for WTO obligations

The Consultant did not see all agencies responsible for implementation of WTO agreement, but those nominated by the Government of the People's Republic of China. Details of agencies and personnel seen are listed in Annex 2.

The Ministry of Foreign Trade & Economic Cooperation (MOFTEC) has the central responsibility for WTO issues and for coordination of China's involvement in WTO

affairs. It is responsible for almost all of the agreements except Agreement on Sanitary and Phytosanitary Measures, Agreement on Technical Barriers to Trade and Agreement on Customs Valuation and Agreement. The China State Bureau of Quality and Technical Supervision (CSBT) has the responsibility for standards and conformance in China and is responsible for the Agreement on Technical Barriers to Trade. The State Administration for Entry-Exit Inspection and Quarantine (CIQ SA) is the responsible for the Agreement on Sanitary and Phytosanitary Measures and the Agreement on Preshipment Inspection. The General Administration of Customs is responsible for the Agreement on Customs Valuation. The China State Development and Planning Commission is responsible for economic planning and has a whole of government interest in understanding the impact of implementation on national development plans and programs. The People's Bank of China is responsible for implementing the obligations arising under the GATS Financial Services Protocol.

Ministry of Foreign Trade and Economic Cooperation (MOFTEC)

The Ministry proposed capacity enhancement for understanding and implementing the obligations under the General Agreement on Trade in Services (GATS) as well as the Agreement on Trade related Investment Measures (TRIMS). The proposals contain the necessary element of training on the content of the Agreements, but focus on implementation mechanisms - how commitments are negotiated under the agreement and what mechanisms and administrative structures and procedures are used in domestic agencies to administer obligations. This interest in the agency responsible for China's international trade policy reflects that of similar agencies in other members of the WTO. They are accustomed to implementation of traditional former GATT obligations affecting trade in goods. They need to expand their capacity to handle new areas of regulation of international trade stemming from the Uruguay Round, two of which are Services and TRIMs.

The State Administration for Entry-Exit Inspection and Quarantine (CIQ)

CIQ's principal responsibility is to meet quarantine and health obligations under the WTO Agreement on Sanitary and Phytosanitary (SPS) Measures. It has a program to enhance the capacity of responsible officers and has proposed specific, intense training on implementation for a handful of officers. It has some responsibilities arising from the Agreement on Technical Barriers to Trade (TBT), but the China State Bureau of Quality and Technical Supervision (CSBT) has primary responsibility for the TBT Agreement.

The China State Bureau of Quality and Technical Supervision (CSBT)

The Bureau has requested assistance on one of the priority obligations under the WTO Agreement on Technical Barriers to Trade (TBT), namely to create a mechanism to track formulation and adoption of technical regulations and to meet demands to demonstrate certain standards in conformance. These are the most awkward obligations of the TBT to implement and it has proposed examination of how administrations among existing members have met them.

The General Administration of Customs

Customs has focussed on a number of specific aspects of implementation of the provisions of the Customs Valuation Code. The expertise required is specific about customs valuation and highly technical. It has identified where it needs that assistance. Its program for implementing legislative and administrative changes is very well advanced and the agency has requested emergency assistance in a highly technical area to fit in with the time.

The China State Development and Planning Commission

The Commission understands generally that implementing WTO rules creates general obligations when the traded sector of the Chinese economy is regulated, for example most WTO Agreements require transparency in public administration. The Commission needs to acquire a whole-of-WTO understanding of the legal impact of WTO agreements on approaches to regulation and law-making and has requested assistance to acquire that capacity. It is also concerned to understand what administrative tools the WTO agreements provide, which would enable it to take a whole-of-Government view on managing transition of industrial and agricultural sectors in the transition period. These need to be taken into account in State planning.

The People's Bank of China

The People's Bank of China is responsible for China's obligations under the Financial Services Protocols of the General Agreement in Trade in Services (GATS) as well as implementing China's commitments to open and deregulate aspects of the financial sector as part of accession to the WTO. The Bank has an immediate need to expand the knowledge of staff about the operation of the WTO Services Protocol and how members of the WTO implement them. It also needs assistance to develop strategies and plans to implement the changes which will be required to implement commitments on accession. The Bank knows what it has to do, but needs expertise to develop a strategy to do it.

Delivery of Assistance

Moftec is the contact point and coordinating agency for WTO affairs and implementation of WTO obligations. Moftec noted that a lot of assistance had been given to understand the basic provisions of agreements. The task now was to direct support to the tangible and practical issues of implementation.

Moftec also made an operational request in respect of projects. It requested that projects include provision for the creation of a manual of instruction and for translation of it into Chinese. This would enhance the "train the trainee" need when assistance was provided.

Although the number of government officials has decreased under China's government reform program, each agency with regional units (for example the General Administration of customs and the People's Bank of China) still has a large number of officials. There may be some difficulty with the implementation of agreements in the regional arms of these agencies. Considering the large number of officials of each agency, and their distance from the capital, attention should be paid to determining what is the most efficient way of diffusing operational expertise about the WTO to them. Therefore, a priority should be preparation of training manuals, training of tutors and seminars to serve provincial requirements.

Priorities

The Ministry of Foreign Trade and Economic Cooperation said it was not possible to allocate priority among the projects which had been submitted. The issue of implementation of WTO commitments was a matter of high national importance as the accession process drew to a close. There was an urgency for all agencies to meet obligations to introduce systems to enable China to fulfill its and the level obligation on all was equal.

From the information obtained during interview with agencies, the Consultant concluded that there was a pressing need on all agencies and that differentiating need was difficult. In the consultant's assessment the largest implementation task of those consulted lay with the People's Bank of China. For some other projects, such as that on TRIMs entailed far fewer resources. This was a different judgement to one of urgency. That was evident with all agencies. There were some immediate needs. The Customs General Administration had a project of great urgency given that new legislation was imminent.

The Consultant submitted to Moftec that potential donors may look for indications of relative priority if they were faced with decisions about how to allocate scarce resources. Moftec accepted the point and indicated that Moftec officials would be available for consultation about the detail of projects with interested donors.

2. Indonesia

Whole of Government Program to Enhance Capacity

I. First Priority Projects

Ministry of Industry and Trade		Cost
International expert to develop a program of policy planning (1 year)		\$228,000
Provide 3 experts on major WTO issues for 3 months in 3 successive stages		\$171,000
2 international consultants, 1 legal expert, and 1 expert for negotiation procedure, 1 month each		\$ 38,000
Provide 3 international experts to develop and execute training in dispute settlement in economy for 1 month each (one general WTO lawyer, one to develop simulation and one for case studies)		\$57,000
Assistance in electronic data processing equipment (10 computers with modem and laser printers)		\$ 35,000
Prepare Resource center and reference publication		\$30,000
Train 10 officers to learn the use of IT facilities, 2 weeks		\$30,000
Total Cost		\$589,000

Ministry of Finance		Cost
Provide international experts to assist designing coordination work involving telecommunications, financial services, transportation, and other services including professional services for one week each		\$28,000
Provide 1 international consultant to deal with problems of standards and licensing and other related issues in professional services for one months		\$19,000
Train abroad 5 officials for 3 weeks on negotiations		Cost included in MOIT
Total Cost		\$47,000

Ministry of Agriculture and Forestry		Cost
Provide 3 international experts for 3 months for Agriculture Agreement, SPS, and technical issues related to SPS		\$ 90,000
Train 1 official for 3 weeks abroad on negotiations		Cost included in MOIT
Train 1 official for 3 weeks on dispute settlement		Cost included in MOIT
Total Cost		\$90,000

Ministry of Justice and Human Rights	Cost
Provide 1 International consultant to develop a training program and initiate pilot training in Indonesia for 3 months	\$57,000
Provide 3 international consultants to review and establish an inventory of Indonesia laws and regulations on TRIPs and ensure comparability, 3 experts for 2 months	\$114,000
Train officials abroad: (a) 2 senior officers, 2 weeks, (b) 2 middle level officials, 1 month, (c) 2 operational officers, 3 months	\$90,000
Total Cost	\$261,000

Total Cost for First Priority Projects: \$987,000

II. Second Priority Projects

Ministry of Industry and Trade	Cost
Training 10 officials in the multilateral trading system, for 2 weeks	\$ 20,000
Provide 1 legal consultant, 1 month, in economy to examine laws and regulations and relation to WTO	\$ 38,000
Provide 1 consultant librarian to set up the library system	\$19,000
Total Cost	\$77,000

Ministry of Finance	Cost
Provide Legal consultants (1 international and 1 domestic consultant) for policy analysis, regional and international comparisons of the treatment of legal issues of WTO Agreements, for 2 months	\$57,000
Train 5 officials for 3 weeks on dispute settlement	Cost included in MOIT
Provide 5 computer facilities	\$17,500
Reference documentation	\$15,000
Total Cost	\$89,500

Customs	Cost
Training of 2 officials abroad for 2 weeks in 4 areas (Custom Evaluation, Post Clearance Audit, Anti Dumping, Rule of Origin)	\$40,000
Total Cost	\$40,000

Ministry of Agriculture and Forestry	Cost
Train 2 officials, 3 month, Geneva	\$ 50,000
Provide 2 legal consultants (1 domestic and 1 international) for 2 months to enhance	\$57,000

the domestic legal framework	
10 computers and related communications and equipment	\$35,000
Total Cost	\$142,000

Ministry of Transportation and Communication	Cost
Train 3 officials abroad in the GATS and the Telecommunications agreement for 2 weeks.	\$15,000
Placement of 1 international expert and 1 domestic expert in Indonesia to advise on how to set up the appropriate operation on WTO issues in the Ministry, 2 months	\$57,000
Provide 1 legal consultant to have workshop in economy for 2 weeks	\$9,500
Train 5 officers for 3 weeks for negotiations	Cost included in MOIT
Total Cost	\$81,500

Ministry of Investment	Cost
Placement of 1 international consultant for TRIMs, 2 weeks	\$9,500
Train 2 official for 10 days, on negotiations	Cost included in MOIT
Train 2 official for 10 days, on dispute settlement	Cost included in MOIT
Total Cost	\$9,500

Ministry of Justice and Human Rights	Cost
Training for negotiating skills, 2 officials for 3 weeks	Cost included in MOIT
Provide 1 international consultant to introduce DSU on IPR, 1 month, in economy	\$19,000
Train 2 officials on dispute settlement, 3 weeks	Cost included in MOIT
Establish an inventory of all Indonesian IPR documents relevant to TRIPS	\$ 50,000
Assistance on computer facility (10 computers, including printer, basic software, LAN, communications facilities)	\$ 35,000
Total Cost	\$104,000

National Standardization Agency	Cost
Train 3 lawyers 3 months abroad	\$ 90,000
Train 2 officers abroad for 2 weeks of training on product certification	\$10,000
Train 2 officers for IT and 2 for mechanical issues, 1 month	\$40,000
Total Cost	\$140,000

Total Cost for Second Priority Projects: \$683,500

III. Third Priority Projects

Ministry of Transportation and Communication	Cost
Train 2 legal officers in Geneva for 2 months	\$40,000
5 computer facilities	\$17,500
Prepare WTO documents	\$10,000
IT consultant to develop software application and design for 2 weeks	\$9,500
Total Cost	\$77,000

Ministry of Investment	Cost
Train 2 officers for multilateral training course, 2 weeks	\$4,000
Train 2 officials on TRIMs, abroad, 2 weeks	\$10,000
Total Cost	\$14,000

National Standardization Agency	Cost
Train 2 officers abroad for training on accreditation,	\$ 10,000
Placement of 1 international legal consultant in economy and 2 domestic legal specialists, 2 months	\$76,000
Computer server upgrading	\$100,000
Placement of 1 international consultant, 1 month	\$19,000
Total Cost	\$205,000

Total Cost for Third Priority Projects: \$296,000

Total Cost of All Projects: \$1,966,500

Comments by the Field Survey Mission

Organization and Responsibility of the WTO - related Agencies

The Ministry of Industry and Trade (MOIT) has the central responsibility for WTO issues and is a coordinating agency for all of the agencies regarding to WTO. MOIT is

responsible for most of the agreements including GATT 1994, GATS, Agreement on Subsidies and Countervailing Duties, Agreement on Anti-Dumping, Agreement on Technical Barriers to Trade, Agreement on Trade-related Investment Measures, Agreement on Clothing and Textiles, Agreement on Safeguards, Agreement on Pre-shipment Inspection, Understanding on Dispute Settlement, other Marrakesh Agreements and Understandings and the Agreement on Government Procurement. All of the agencies must consult with MOIT for the WTO related matters. Agricultural issues, namely, the Agreement on Agriculture and the Agreement on Sanitary and Phytosanitary Measures, are the responsibility of the Ministry of Agriculture and Forestry. The Ministry of Finance is a coordinating agency regarding the service sector (GATS) and is also in charge of the GATS financial protocol together with the Bank of Indonesia. The Ministry of Finance is responsible for the Agreement on Customs Valuation and implementation of tariff concessions. The Ministry of Investment is responsible for the Agreement on Trade Related Investment Measures. For TBT, the National Standardization Agency has formal responsibility but some other agencies have their own standards section. For establishment of law, the Ministry of Justice and Human Rights plays a central role. However, with current government organizational reform, the responsibilities are subject to change.

Production, Trade, Tariffs and Non-Tariff Barriers

Indonesia is one of the largest economies in the WTO with a population of 203 million people. Indonesia is a net exporter of trade goods and a net importer of services and capital goods. Main exports are crude oil, natural gas, garments, wood, textiles, rubber, and shrimp. Despite its small portion of exports (5.4%, 1998), agriculture is also one of the most important sectors in economy with major crops of rice, cocoa, sugar, coffee, peanuts, soybeans, rubber, palm oil, and coconuts. Indonesia changed its development strategy from import substitution to export promotion in the middle of 1980s in face of a sharp decline in oil prices. Since then, Indonesia has gradually abolished a large portion of its quota system, reduced tariff rates of most goods and reduced non-tariff barriers. Currently Indonesia has one of the most open economies of the developing economies. Most tariffs are scheduled to be reduced to a maximum of 10% by the year 2003 (simple average applied tariff to 7%). Some exceptions are applied to specific products such as agriculture, automobiles, steel and chemicals, which are subject to a separate timetable. Although Indonesia still maintains import bans and prohibitions for some of the products for health, environment, and cultural reasons, most of the non-tariff barriers have been removed. The capacity to handle those issues seems to be sufficient in Indonesia.

Laws and Regulations

In the last 5 years, Indonesia has made significant progress in creating new laws and revising existing laws. The new Company Law was enacted in March 1996, which provides for a modern system of business activities. Bankruptcy Law, which has been effective since 1905, has also been revised. Indonesia also introduced new patent, trade mark, and copyright laws in 1997, which comply with the TRIPs agreement. The laws for industrial design, trade secrets, and integrated circuits are also in the process of preparation. Thus, Indonesia has made sufficient efforts to bringing legislation more closely into line with international standards and WTO obligations. However, a remaining problem is enforcement and administration. For this purpose, establishment of sound institutional and governance framework seems to be important.

Financial Resources and Status of WTO-related Capacity

The serious crisis in Indonesia has certainly been a major constraint in the government effort to strengthen the capacity building of WTO related issues especially the implementation of obligations under various WTO Agreements. Budget constraints have been severe. Expenditures have been cut both in the training and the sending of personnel overseas including for WTO issues. Many of the line agencies which are responsible for specific sectors and areas of operation have been heavily overloaded with the domestic task of dealing directly with alleviating the impact of the crisis. This shift of attention has had an impact on the number of people directly dealing with the WTO issues full time. Under such a situation, the burden must be assumed by the coordinating agency for WTO issues; the Ministry of Industry and Trade. Therefore, under current circumstances, the most critical help that would be of value to deal with the WTO issues would be assistance to increase the capacity of the coordinating function as well as the line function of the Ministry of Industry and Trade.

Infrastructure Support

Dealing with WTO issues requires not only Rupiah expenditures but also expenditures denominated in foreign currencies, such as sending officials abroad, or expenditures that move in tandem with prices overseas. (Such as expenditures for computers and modems for data processing telecommunications which move with the rate of the US dollar.) Prices for the equipment have become extremely expensive in Rupiah terms. Therefore, infrastructure support for this type of equipment has been a part of the requests from several agencies. It must be kept in mind that certain functions of the WTO require continuous contact with the WTO as well as with counterparts from those agencies in other economies. These are normally done increasingly through electronic means. Moreover, some functions such as the functions of notification and enquiry point require active use of electronic equipment. Hence the requests for assistance for this infrastructures.

Recommendations

After intense discussion with the relevant agencies connected with the implementation of Indonesia's commitments in the WTO, there are several points which have surfaced in the discussion. First, officials have expressed that the obligations under the WTO are extensive, requiring heavy commitments on the part of the government both in terms of budgetary outlays and human resources. In the meantime, there is a shortage of financial resources available in view of the current crisis compared with the period before the crisis. This fact reduces the budgetary leeway of the government. Maintaining the current standard of operation is already a burden.

In the meantime with increasing WTO obligations, there is serious need for greater capabilities in dealing with the complexity of the WTO agreements. Training, especially for the younger officials, and effective coordination, is needed.

Although the government has shown serious efforts to cope with the WTO obligations, overseas assistance is also needed. The types of assistance needed have been presented in this survey. Officials of the Indonesian government fully understand that provision of

operation expenditure is not within the scope of this project. Assistance for capacity building will help Indonesia to meet WTO obligations. Discussions with officials have made it possible to focus on those needs.

Having looked at the situation, in the immediate future, the strategic assistance that would most enhance the capacity of the Government of Indonesia to deal with the WTO is strengthening the capacity of the Ministry of Industry and Trade (MOIT) as the coordinating agency. This should be a top priority. A strengthened MOIT would better assist other agencies in implementing WTO commitments.

Another coordinating function is in the area of services. In cooperation with the Ministry of Industry and Trade, the Ministry of Finance acts as the coordinating agency to deal with trade in services. To the extent that this is a heavy task requiring inter-agency cooperation, capacity building in this area would also be beneficial. Therefore, this is another area of concern. Presence of foreign expertise for a short period as well as brief training abroad seems to be the type of assistance requested. This would enable the Ministry of Finance to perform its inter-sectoral coordinating function.

In addition, assistance is necessary to ensure that some line ministries which are responsible for specific sectors can deal satisfactorily with WTO matters. This is particularly true for the agriculture sector, which is rather sensitive and in need of expert handling with respect to the WTO issues. The Agreement on Sanitary and Phytosanitary Measures (SPS) also needs to be handled more systematically in the context of WTO. Although SPS is handled by the Ministry of Agriculture, there needs to be close coordination with the national standards agency dealing with Technical Barriers to trade. Hence, inter-agency coordination would be much assisted by an increased coordinating capacity of the Ministry of Industry and Trade.

Technical Barriers to Trade (administered by the National Standardization Agency) also merits further assistance as effective administration of technical standards would facilitate trade liberalization and non-trade barriers. This agency has been actively engaged in building up its capacity to deal with WTO issues. A great deal of work has been done by the Agency. They need to be encouraged to continue their work and it is recommended that their request be seriously considered. Technical assistance to customs is also valuable since the legal and technical capacity of the customs agency is still limited. Training programs in the field of custom evaluation, post clearance audit, anti dumping, and rule of origin are to be considered.

Market liberalization on Telecommunications services has expanded in recent years. Indonesia has been active in the WTO on matters related to telecommunications. Indonesia has progressively liberalized the telecommunication sector in the past several years. The Directorate General of Telecommunications and Post will act increasingly as a regulatory agency and does not deal with direct operation of telecommunication services. As a regulatory agency it must be actively developing its capacity. A major endeavor that has become a priority is the development of human resources. Hence the request for assistance as proposed in this survey.

3. Malaysia

Whole of Government Program to Enhance Capacity

I. First Priority Projects

Ministry of Trade and Industry	Cost
One full-day workshop providing thorough exposure to WTO anti-dumping, subsidies, and safeguards rules for MITI, Finance, Agriculture, and Customs Ministries	\$23,600
One-week training seminar to develop capacity with technical application of anti-dumping procedures, on-the-spot investigations, and determination of countervailing duties	\$50,000
Dispatching 3 Malaysian officials to developed economy to gain experience on functioning of AD/CVD Authority	\$30,000
Total Cost	\$103,600

Royal Customs and Excise Department	Cost
One-week training seminar on Rules of Origin	\$34,000
4-day in-depth workshop on critical issues for administering agency: related party transactions, royalties and their apportionment, assists, proceeds. Post clearance audit.	\$32,000
Dispatch of 4 officials to developed economy for customs practices training	\$40,000
Total Cost	\$106,000

Attorney General's Chamber	Cost
3-week course on DSU for both public and private sector and focusing especially on trade in goods, services, and intellectual property	\$89,000
Total Cost	\$89,000

Ministry of Domestic Trade and Consumer Affairs	Cost
Dispatch of international expert for 6 man-months to develop curriculum and train in Intellectual Property Training Center	\$200,000
2-week technical workshop on main issues of TRIPS	\$15,000
Total Cost	\$215,000

Ministry of Agriculture	Cost
3-day training course to enhance understanding of Agreement on Agriculture	\$27,600
Total Cost	\$27,600

Ministries of Agriculture and Health (jointly)	Cost
3 day-seminar on developing in-depth understanding of SPS Agreement	\$27,600
2-year consultancy made available to include review, formulation, and evaluation of food safety infrastructure	\$432,000
2-year consultancy made available to review, formulate, and evaluate strengthening laboratory capabilities	\$432,000
18-month consultancy made available to review, formulate, and evaluate developing capabilities in risk analysis	\$396,000
3-month consultancy for developing capabilities in hazard analysis and critical control points	\$288,000
3-day training session on SPS Agreement and developing economy obligations	\$27,600
5 day-training session on pest risk analysis and phytosanitary measures	\$31,600
Total Cost	\$1,634,800

SIRIM	Cost
5-day seminar on TBT Agreement	\$31,600
2-day session on principle responsibilities and processes related to Notifications	\$24,400
3-day seminar on International Standard Setting	\$26,400
5-day seminar on international recognition through accreditation for testing and certification of Standards	\$31,600
3-day seminar on SPS Agreement and obligations of developing economies	\$30,000
Total Cost	\$144,000

Department of Agriculture and Livestock	Cost
Train 10 officials in Agreement of Agriculture in 2-week course	\$50,000
2-week training course for 4 experts from both areas of Agriculture and SPS	\$40,000
Attachment of 1 expert for 1 month for Internet training, including establishing web site	\$39,800
Attachment of 1 expert for 2 months to review agricultural related laws and prepare cross reference to WTO obligations and make recommendations on legislation amendments	\$67,000

Donation of 3 computer sets	\$9,000
3-week training session for 6 officers in Negotiations	\$45,000
3-week training session for 4 officers in DSU	\$30,000
Total Cost	\$280,800

Total Cost for First Priority Projects: \$2,600,800

Comments by the Field Survey Mission

Organisation and Responsibility of the WTO related Agencies

The coordinating agency for all WTO-related issues is the Ministry of International Trade and Industry (MITI) and interface with external parties is coordinated by MITI. Line agencies in charge of specific areas are responsible for dealing with the activities in the respective areas of responsibility. Of the 23 areas of responsibility in WTO-related activities, 8 are under direct line responsibility of MITI while 5 are shared with other ministries. The remaining 10 are under direct line responsibility of the relevant sectoral ministries. However, in all activities, MITI coordinates insofar as they relate to WTO.

Main Industries, Trade, Tariff, and Quota

Malaysia's economy has undergone major transformation since the 1970's. In the past, Malaysia's interest as a trading nation was focused on primary commodities in which the economy has been successful as trader and producer. Today Malaysia has an economy much more diversified and likewise its export composition has been equally diversified. Manufacturing and processing activities have taken more prominence. The changing structure also reflects a process of continuous modernization. Malaysia's requests for capacity building therefore reflect the desire for continuing the process of modernization and adaptation.

In agriculture, great attention is being paid to sanitary and phytosanitary (SPS) measures in order to ensure that Malaysia conforms to WTO requirements. Attention is especially paid to products of export interest to Malaysia, as well as to ensure the health and safety of Malaysian domestic consumer and the health and plant and animals in the economy. The attention devoted to enhance the capacity of Malaysia to deal with the technicalities and WTO requirements in SPS reflects this concern and desire to adopt best international practices. Hence, demand for capacity building in this area is relatively high.

As a manufacturing economy, Malaysia also pays a great deal of attention to technical standards and the WTO agreement on Technical Barriers to Trade (TBT). Technical assistance for TBT is requested in different forms to enhance Malaysia's capabilities in the area.

Malaysia's interest in achieving high capabilities in dispute settlement reflects the awareness that increased global trade activity will be accompanied by higher incidence of

trade disputes. Accordingly, Malaysian requests for assistance in dispute resolution capacity vis-à-vis the WTO reflect deep concern by Malaysian authorities in this area.

New trade in goods challenges regarding rules of origin and customs valuation area also appearing. Malaysia's expanding trade activities require a more effective handling of the two technical areas. In addition, when the ASEAN free trade area moves toward full implementation, the volume of customs officials and the nature of the work will undergo some adjustment and expansion. Accordingly, Malaysia's customs authorities feel there is a need to deal more thoroughly with the requirements in those technical areas.

4. Papua New Guinea

Whole of Government Program to Enhance Capacity

I. First Priority Projects

Recipient Agency	Program	Cost
Various Departments	Two weeks course in-economy on the basics of the multilateral trading system, in economy (DTI*10, DFA*5, F&T*4, DAL*10, IRC*2, PM's*2, IPA*10, NAQIA*6; AG's*4) (\$2,000 * 53 = \$255,000)	\$106,000
Various Departments	Provide computer facilities with appropriate training, including on the Internet. (\$3,500 * 12 Computers = \$42,000; \$1,500 * 1-week training for 18 = \$27,000.)	\$69,000
Department of Trade and Industry	Provide DTI with a WTO resource centre, including storage and document materials (\$15,000) Provide a trained cataloguer for one month to set up the system and train in maintenance of system (\$19,000)	\$34,000
TOTAL		\$209,000

II. Second Priority Projects

Recipient Agency	Program	Cost
DTI and AG'S	Provide funding to accelerate in-depth training on the WTO through the WTO course in Geneva (DTI*6 and AG's*3) = 9 * \$25,000 excluding airfares	\$225,000
Various Departments	Provide specialised training for two weeks a) TRIPs (i) General introduction: Provide 1 TRIPs expert in economy (IPA) = \$9,500. (ii) A consultant for one month to prepare a public education strategy and program (requested by IPA) = \$19,000. (iii) An intensive course of one month on implementation of TRIP's legislation for 9 officers from IPA = \$90,000. [Sub-total: \$118,500] b) Sanitary & Phytosanitary Training for 9 officers from DAL (4) & NAQIA (5) (9*\$5,000 = \$45,000) [Sub-total: \$45,000] c) Anti-dumping, tariffs concessions and classification (one week only), agriculture, government procurement, subsidies and CVM, safeguards, customs valuations, rules	\$333,000

	of origin and technical barriers DTI*4; DAL*4; IRC*12; F&T*2; NAQIA*2; NISIT*2 = 26 * \$5,000 + IRC*6*\$2,500 = \$145,000 [Sub-total: \$145,000] d) GATS DTI*1; F&T*2 on GATS (3*\$5,000) = \$15,000 [Sub-total: \$15,000] e) TRIMS Provide 1 expert for IPA and DIT = \$9,500. [Sub-total: \$9,500]	
NAQIA	10 Riken machines for essential testing	\$100,000
TOTAL		\$658,000

III. Third Priority Projects

Recipient Agency	Program	Cost
PM& NEC	A consultant for three months to review domestic laws to verify compliance or otherwise with WTO obligations and advise remedial action as required (\$19,000 * 3)	\$57,000
NISIT	Train 2 officers for three months in-economy in measurement standard area (\$10,000 * 3 * 2)	\$60,000
Various Departments	Training in the dispute settlement procedures of the WTO for 3 weeks, in-economy. (\$2,500 * 19)	\$47,500
Various Departments	Training in negotiating skills, in-economy for 3 weeks. (\$2,500 * 29)	\$72,500
DTI	Train 2 officers for 2 weeks, in-economy on the legal issues on subsidies. (\$5,000 * 2)	\$10,000
DTI	Train 5 officers for 2 weeks in-economy to prepare new laws and policy on competition policy. (\$5,000 * 5)	\$25,000
DAL, NISIT	Consultant for 6 weeks to establish web sites	\$28,500
TOTAL		\$300,500

IV. Fourth Priority Projects

Recipient Agency	Program	Cost
NISIT	Consultant for 3 months to assess laboratory certification	\$57,000
NISIT	Consultant for 6 months with ISO 9000 expertise to establish certification expertise.	\$114,000
TOTAL		\$171,000

Program Total: \$1,338,500

Comments by the Field Survey Mission

Organisation and Responsibility of the WTO - related Agencies

The Department of Trade and Industry (DTI) has the central responsibility for WTO issues and is has overall responsibility for PNG's obligations under the WTO, whether or not it has primary technical responsibility for an issue. DTI is responsible for most of the WTO agreements including GATT 1994, GATS, Agreement on Subsidies and Countervailing, Agreement on Anti-Dumping, Agreement on Technical Barriers to Trade, Agreement on Trade-related Investment Measures, Agreement on Clothing and Textiles, Agreement on Safeguards, Agreement on Pre-shipment Inspection, Understanding on Dispute Settlement, other Marrakesh Agreements and Understandings and the Agreement on Government Procurement.

The Department of Foreign Affairs (DFA) has formal responsibility for overseas representation, including to the WTO, but works collaboratively with DTI. Because DFA is required to attend WTO meetings using its staff at the Mission to the EU in Brussels, it has a requirement to have a general understanding of WTO issues. Agricultural issues, namely, the Agreement on Agriculture and the Agreement on Sanitary and Phytosanitary Measures, are the responsibility of the Department of Agriculture and Livestock and the National Agriculture, Quarantine and Inspection Authority (NAQIA), respectively. The Internal Revenue Commission is responsible for the Agreement on Customs Valuation and implementation of tariff concession. The Investment Promotion Authority takes care of the Agreement on Trade Related Investment Measures and Trade Related Intellectual Property.

Production, Trade, Tariffs and Non-Tariff Barriers

PNG has abundant natural resources such as timber, gas, petroleum, gold, and copper. Agriculture production accounts for a large portion of domestic production. The main agricultural goods are coffee, cocoa, tea, copra, and rubber. Because of the difficulties of transportation and relatively high production costs, the manufacturing sector is underdeveloped. Agricultural products and natural resources are the main export products. Australia and Japan are the two largest importers of PNG exports with more than 50% of the total trade. Tariff on agricultural goods is from 11% to 55%.

Under the 2000 structural adjustment program agreed with the IMF and World Bank, an 8-year tariff reduction program has been established whereby the intermediate rate will be between 0 to 15% by 2006. PNG has adopted the Harmonised System down to the eight-digit level, which contains 5,400 tariff lines. Import bans and quotas were previously used to encourage domestic manufacturing industries, but have been removed in exchange for a 10% VAT. Currently, other than standards and quarantine, no non-tariff barriers exist.

Laws and Regulations

Laws are prepared by the Department of Prime Minister and NEC and Attorney General's and enacted by Parliament. Treaty-making power is vested in the National Government, but are not domestically applicable unless implemented into domestic legislation. The main WTO-related laws are the Customs Act (including Anti-Dumping and Countervailing Measures), Exports Act (including export control and valuation), Commercial Advertisement Industries Act, Foreign Exchange Control Act, Investment Promotion Act 1992, Land Act 1996, the National Institute of Standards and Industry Technology Act, Mining Act 1992, Oil and Gas Act 1998, Forestry Act 1991, and the Fisheries Management Act. The laws on intellectual property rights (patents, copyrights, industrial designs, trade marks) have recently been enacted.

Governmental Structures

The Department of Trade and Industry (DTI) has been formed from a recent restructuring of Government functions. With changes of personnel and functions, the capacity to handle WTO obligations is very poor. The challenge of meeting the additional obligations which have arisen as a result of the Uruguay Round agreements is well beyond existing resources. The Investment Promotion Agency has recently been given responsibility for intellectual property issues and virtually needs to build from the ground to manage that responsibility.

The capacity enhancement requirements in PNG are very basic. First there is a requirement to build a base of technical expertise about the WTO within the government. Simple infrastructure is required as well - a basic information resource about WTO and trade materials - as well as simple computer systems. The next need is to build on that basic understanding and provide the necessary level of technical knowledge to manager PNG's specific obligations under specific agreements, such as rules governing trade in goods, governing services, agriculture and SPS, Intellectual Property and technical standards, and to equip PNG Government officers with the necessary operational skills.

Financial Resources and Status of WTO-related Capacity

As the PNG economy is in recession, financial resources for WTO training from the domestic budget are not a priority. Consequently, capacity building with respect to WTO commitments has been significantly retarded. Also, financial constraints prohibit both the establishment of a Permanent Mission to the WTO and, in many cases, the sending of a capital-based representative to important WTO meetings. Despite the periodic availability of a DFA officer from the PNG Mission in Brussels, PNG is still unable to follow at first hand its primary interests in the WTO. Foreign assistance for the capacity building has been provided principally by the WTO either alone or jointly. The Trade Policy Course (3 Officers), the establishment of the WTO Reference Centre, an in-economy Trade Policy Issues Course, a seminar on Notifications and a Risks Management course are among the contribution it has made. AusAID, the Governments of New Zealand and India, JICA and APEC have also been contributors, albeit minor.

Infrastructure Support

Though infrastructure support should be considered carefully, some basic IT hardware and software is necessary to enable agencies to fulfil their WTO obligations. The two agencies responsible for standards (NISIT and NAQIA) require equipment to fulfil their

obligations with respect to standard certification, and health assurance under the Agreements on SPS and TBT.

PNG does not have well-developed procedures for technical standards. The National Institute of Standards and Industrial Technology (NISIT) is responsible for developing and enforcing national standards. The basic policy of the Government is to implement international standards consistent with those of the International Organisation for Standardisation (ISO) and the International Electromechanical Commission (IEC). However, there are 1,400 national standards of which only 50% are based on ISO norms and less than 10% on IEC standards. Many of them are Australian standards. Expectations at NISIT are high, but negotiable, with respect to priorities. NAQIA's request for 10 Riken machines is extremely optimistic, but reflects the essential need to provide assurance to economies importing PNG products that its WTO obligations are being observed.

Recommendations

The Consultant has concluded that the primary and urgent need is for widespread training to build capacity to enable PNG officials in a wide variety of Departments and Agencies understand the functioning of the multilateral trading system. The Consultant, therefore, recommends first training at the elementary level covering the purpose and operation of the multilateral trading system, its rights, obligations and structure.

It is then necessary to provide the training on specialised issues, *inter alia*, the Agreements on Agriculture, TBT, TRIMS, GATS, and TRIPS. Agriculture is the potentially most important sector in PNG and it is important to PNG's capacity to advance its agricultural interests to be able to manage its obligations under the WTO Agreements. The services sector is one of the most complicated and important issues covering telecommunications, finance, construction, transportation, energy, and so on. The PNG government understands the importance of services to its economy and its capacity to implement obligations under the GATS has to be enhanced. As service negotiation has already begun, it seems critical to improve the capacity and skills urgently. Some of the intellectual property related laws have recently been enacted and it is in the process of enforcement. There are few regulations and incentives on investment in PNG. However, investment promotion is one of the most important national policies. It is necessary to expand specialised expertise in this sector

Once this level of expertise has been acquired, it needs to be enhanced by transferring operational skills and knowledge to PNG, in particular on dispute settlement and negotiating techniques.

In-economy training represents the most cost-benefit delivery method where training is required for large numbers of officials. For specialist needs, out of economy training will be necessary. While the focus must be on enhancing human resource capacity, the Consultant would like to stress the severe need for basic systems, in particular computer systems and Internet links to add value to the human resource training. Without it the full value of the technical training will not be secured.

5. Peru

Whole of Government Program to Enhance Capacity

I. First Priority Projects

Recipient Agency	Project Description	Cost
MITINCI, MFA, MINAG, CONITE, SENASA	Project 1: Training program to expand knowledge of Multilateral Trading System	225,000
MITINCI	Project 2: Building Capacity to participate in the international dispute mechanisms of the WTO	80,000
MITINCI, MEF	Project 3: Training to Enhance negotiating skills	49,000
MITINCI	Project 4: Enhancement of Specialist Knowledge (Resource Material)	To be determined
INDECOPI, MITINCI	Project 5: Training in Managing Dispute Settlement related to TRIPS	35,000
INDECOPI, MITINCI, MEF	Project 6: General expertise on TBT and SPS	49,000
MINAG, MITINCI, MEF	Project 7: Training for Enhancing Negotiation Skills related to Agricultural issues	42,000
MINAG, MITINCI, INDECOPI	Project 8: Training to Acquire Expertise on TBT, SPS, Subsidies, anti-dumping and Safeguards related to agricultural issues	21,000
Customs, MITINCI, MEF	Project 9: Training in Rules of Origin	49,000
MEF, Customs	Project 10: Training in Custom Valuation and Pre shipment Inspection	35,000
MITINCI, MEF, INDECOPI	Project 11: Training in Safeguards	49,000
MITINCI	Project 12: Seminar for Promoting institutionalization and formalization of intergovernmental cooperation and collaboration	To be determined
MITINCI	Project 13: Seminar for Promoting creation of a formal advisory process between government and private sector.	To be determined

Total Cost for First Priority Projects: \$634,000+

II. Second Priority Projects

Recipient Agency	Project Description	Cost
MITINCI	Project 14: Infrastructure (Computer and related equipment)	To be determined
MITINCI	Project 15: Seminars on Notifications	14,000
OSIPTEL	Project 16: Training in Telecommunications policy and the GATS.	To be determined
SBS	Project 17: Training in Trade in Services under GATS:	10,500

	Negotiation strategies related to financial services in the regional context.	
MITINCI, INDECOPI	Project 18: Expand Expertise Training in TRIPS	35,000
CONITE, MITINCI	Project 19: Improve understanding of the interrelationship of trade policy and investment policy.	21,000
SBS	Project 20: Training in Trade in Services under GATS with specialization on Financial Services and requirements for implementation	36,000
MEF, MITINCI, MTC	Project 21: Expand Expertise Training in GATS	49,000
MEF, PCM, MITINCI	Project 22: Expand Expertise Training in Government Procurement	28,000
SENASA	Project 23: Expand Expertise Training in Sanitary and Phytosanitary measures	7,000

Total Cost for Second Priority Projects: \$200,500+

III. Third Priority Projects

Recipient Agency	Project Description	Cost
OSIPTEL	Project 24: Training to Promote further deregulation and competition in telecommunications services	To be determined
INDECOPI	Project 25: Providing Physical Infrastructure (TRIPS)	20,000**
CONITE, MITINCI	Project 26: Improve expertise in specialized WTO areas such as investment, technology (IT, e-commerce, etc.) and competition policy.	35,000
CONITE	Project 27: Providing physical infrastructure	To be determined
MITINCI, INDECOPI	Project 28: Training on Competition	28,000
MITINCI, MEF, CONITE	Project 29: Training in TRIM	35,000

Total Cost for Third Priority Projects: \$98,000+

* The number of the individual project above doesn't mean the prioritization in each prioritized group.

** For patent database infrastructure only

Comments by the Field Survey Mission

Peru is a founding member of the WTO and had been a contracting party of the GATT since 1951. Accordingly, Peru is committed to the multilateral process as embodied in the WTO. Nevertheless, it also participates actively in regional integration efforts including the Andean Pact, the Latin American Integration Agreement, the Free Trade Area of the Americas, and, of course, APEC.

Peru's governmental structure is well developed, with clearly designated responsibilities for various aspects of the WTO. During the consultant's visit to Lima, the opportunity to meet with all relevant ministries and agencies involved in WTO matters allowed for a thorough assessment of the trade-related responsibilities and capabilities of each organization.

The Ministry of Industry, Tourism, Integration, and International Trade Negotiations (MITINCI) is the ministry primarily responsible for Peru's WTO membership. The professionals who staff it have a commitment to Peru's involvement in the WTO and other regional integration efforts. As with many other countries, it must work closely with the Ministry of Foreign Affairs (MFA) and the Ministry of Economics and Finance (MEF). The relationship between MITINCI and MFA is a close one, although discussions suggest that both view the other as having a primary role in the formulation of trade policy. MITINCI views MFA to be a stronger position vis a vis WTO issues, primarily because of its exclusive staffing of the Peruvian Mission in Geneva while MFA, because of a recent reorganization, has limited personnel and is heavily reliant on support and input from MITINCI. This division of responsibility could easily be redressed through the placement of MITINCI staff in Geneva that would allow MITINCI more direct access to information and policy developments in Geneva. This is a view that has been advanced by MITINCI officials but viewed with less enthusiasm in other parts of the Peruvian government. In turn both MITINCI and MFA view MEF as having the most influence over trade policy matters.

What all this highlights is that Peru's intergovernmental processes are generally weak, with primarily informal relationships the basis for interministerial coordination. Issues that cross ministerial lines are usually dealt with on an ad hoc basis or in response to developments requiring a Peruvian response. As a consequence, there is a need to improve intergovernmental coordination, particularly among the main actors on trade issues such as MEF, MFA and MITINCI. There is significant interest, on the part of these entities, to learn more about other governments' intergovernmental processes. Therefore, although such an effort falls outside of WTO implementation issues, the consultant recommends addition of a seminar which would provide Peruvian government officials the opportunity to learn about how other government coordinate their trade policy formulation process and how those experiences might be applied to Peru's governmental structures.

Government coordination is not only a problem at the highest levels of policymaking, but pervade the Peruvian government with respect to a variety of technical issues. Whether on matters related to SPS standards, TBT obligations, or other similarly technical issues, the government has difficulty in meeting its WTO obligations, particularly its notification requirements, because of the insufficient interaction and understanding among relevant officials.

The Peruvian government's interaction with the private sector also shows some weakness. Although there are fora in which private sector input is sought, the few that have been established focus exclusively on specific regional integration efforts. For example, in anticipation of a new round of WTO negotiations, MITINCI, the ministry primarily responsible for promoting interaction with private sector interests, expected to establish a private sector committee to focus on issues that would be addressed during a new round. With the failure to launch a new round, the establishment of such a committee was shelved.

Despite the absence of an ongoing private sector consultative process focusing on WTO and related trade issues, there is an interest, primarily within MITINCI and MFA to formalize and the interaction between the government and private sector. In fact, MFA

believes that MITINCI should be more actively reaching out to constituencies both within government as well with a broader group representing civil society interests. There is a growing appreciation among several government officials that such an advisory committee should be established on a permanent basis to provide input to government policymakers on the wide range of trade issues and negotiations rather than simply in response to a specific trade negotiations. Accordingly a project has been identified to address this need. A seminar would be conducted for the benefit of Peruvian government officials and private sector representatives to promote the institutionalization of a trade advisory system by discussing ways in which other countries have created such a structure and processes and how the experience of other countries might be adapted for use in the Peruvian context.

Training

Peruvian government officials do, on occasion, have the opportunity to participate in workshops or other types of training focusing on WTO and related trade issues. A number of such efforts have been sponsored under the auspices of the Andean Pact or other regional integration processes in which Peru has been involved.

MITINCI officials are the ones who usually participate in such programs, although technical assistance is also offered by more specialized entities such as WIPO, WCO, and other international organizations to those Ministries and agencies of the government which have more technical responsibilities for those issue areas. At the most basic level, the problem with these training efforts is the lack of financial resources available for officials to travel to the sites where these training opportunities are being offered.

There are, however, more significant obstacles which have more to do with the way these programs are offered and the number of people in government who are able to take advantage of these opportunities.

First, the training programs seem to be largely ad hoc events, focusing on some particular trade related issue. There is little evidence to suggest that any systematic training effort has ever been organized. What this means is that, while training session may provide useful information on a particular topic, it is rarely, if ever, one of a series of training sessions that build on a foundation of understanding about WTO or other trade related matters, and then proceed to become more detailed and technical. This problem of "sequencing" prevents government officials from gaining a deeper knowledge of any given topic.

What Peruvian officials desire and what this consultant believes is warranted, is a program of technical assistance that would offer a continuum of training. Initial courses would be offered to a broad group of government officials, representing all of the Ministries and entities that have some degree of WTO responsibility. This initial training would familiarize officials with the nature of the WTO, the various agreements, and how those agreements interrelate. Such training would most logically be carried out in Lima, allowing for as many government officials as possible to participate, albeit at a reasonable cost.

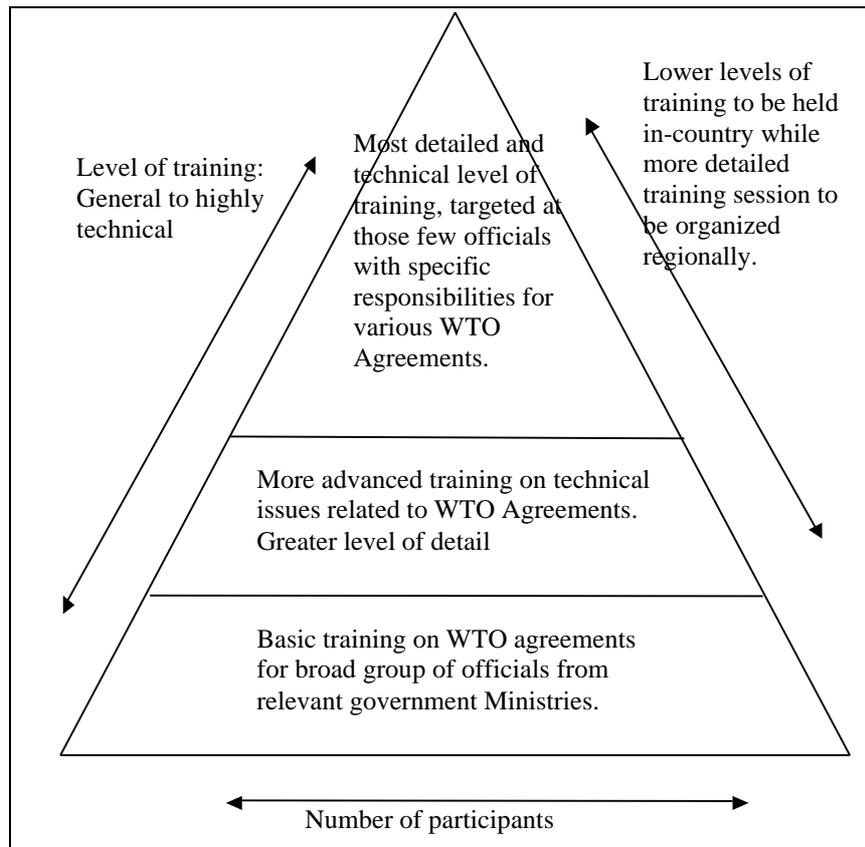
A second level of training would be for a more restricted group of officials, grouped together by topic area, that would allow for greater detail and the development of a deeper

understanding of issues such as the WTO's dispute settlement mechanism, TRIPs, the processes for WTO notifications, and other similar WTO issues. This level of training might be offered in Lima, or, if the number of likely participants for a specific curriculum were small, it could be offered on a regional basis to government officials from multiple countries.

Finally, the third and highest level of training would be offered only to a few officials with specific technical training needs, focusing, for example, on SPS issues. Training courses at this level would likely be offered on a regional basis, assuming that the number of participants from any one country are likely to be quite limited. This would ensure efficiency for those offering such courses, and to keep costs down, by gathering together participants from various countries with similar, if not identical training needs.

The following illustration suggests the concept of how an effective training effort might be designed.

The Training Triangle



Conclusions

Peru's government is fully dedicated to active and meaningful participation in the WTO and other trade institutions. It has made significant progress not only in implementing its WTO commitments, but abiding by both the spirit and the rule of its obligations. Nonetheless, the ministries with responsibility for trade issues operate with limited resources, which have hindered their ability to fully understand and benefit from Peru's WTO membership. The private sector also has an insufficient understanding of WTO issues.

As a result, there is a great deal of interest in the APEC capacity building initiative. There is also concern, however, that because of Peru's significant progress on trade policy reform and liberalization, that the needs of other, less advanced countries, will take precedence and that once again, Peru will be viewed as less-deserving of assistance than others. It is important, therefore, to mention that Peru, unlike other countries with which this consultant has had experience, demonstrates a significant capacity to absorb the type of assistance that is envisioned.

6. Philippine

Whole of Government Program to Enhance Capacity

I. First Priority Projects

Bureau of International Trade Relations, Department of Trade and Industry	Cost
Enhancement of capacity of the BITR (including 3 computers, 2 printers, and high speed internet access and WTO database)	\$12,400
Three month internship at WTO Secretariat for 1 official	\$25,000
Board of Investments	
One month training course in Manila on the TRIMS Agreement	57,500
Garments and Textile Export Board, Department of Trade and Industry	Cost
One week training course in Manila for in-house lawyers on Textile Monitoring Board procedures	15,950
Intellectual Property Office	
Three one-week training sessions in Manila on IPR application review criteria and WTO for new staff	47,250
Bureau of Import Services, Department of Trade and Industry	Cost
Two-week training course on case studies of actual anti-dumping investigations conducted in Manila by two foreign government officials (with DTI-BITR)	21,000
Department of Agriculture	
Two week seminar and consulting on multilateral trading system and agriculture agreement	40,000
National Economic Development Authority	
Two one-week seminars by foreign government officials on interagency coordination and private sector advisory structures (with DTI-BITR)	23,000
Department of Transportation and Communication	
Three day seminar on multilateral trading system, services and telecommunications for 10 staff	12,850
Department of Labor and Employment	
Five day seminar on GATS especially movement of natural persons for 15 officials	11,500
One month visit by expert to help conduct survey on other economies' policies and practices concerning movement of natural persons	19,000
Tariff Commission	
Two three-day seminars on countervailing duty and safeguards law (with DTI-BITR, BIS and DA)	25,700
One week of technical help on verification procedures	15,950

Bureau of Customs, Department of Trade and Industry	Cost
One-week workshop on post-entry audit system and risk management	15,950

Bureau of Product Standards, Department of Trade and Industry	Cost
Two three-week training courses on accreditation and product certification system for 2 staff (ISO 61 and ISO 65)	50,500
Three month assistance by expert to review existing national laws on standards and conformance and propose a draft laws/policies which meet requirements of TBT agreement	57,000

Total Cost for First Priority Projects: \$ 450,550

II. Second Priority Projects

Bureau of International Trade Relations, Department of Trade and Industry	Cost
One week advanced training course in Manila on WTO system for 30 staff (with DFA)	15,950
	10,000
One month training course in Geneva on GATS for 1 official	25,000
Three month internship at WTO Secretariat on dispute settlement panel work for 1 official	10,000
Two day seminar on WTO dispute settlement mechanism (for officials from all departments concerned)	

Board of Investments	Cost
Three-day training course in Manila on rules of origin for 5 staff	12,850

Garments and Textile Export Board, Department of Trade and Industry	Cost
Three day training on rules of origin affecting Agreement on Textile and Clothing products.	12,850

Intellectual Property Office	Cost
One week training course to learn consistency of other WTO members' IPR laws and TRIPS rules	15,950
Three month visit by expert to help design training programs on IPR and DSU and provide actual training courses for government officials, IP practitioners and IP associations.	57,000

Department of Foreign Affairs	Cost
One month training course in Geneva on DSU for 1 official	10,000

Department of Agriculture	Cost
One week training course in Manila on SPS	15,950
Enhancement of capacity of the DA (including 3 computers, 2 printers, and high speed internet access and WTO database)	12,400

National Economic Development Authority	Cost
Three day seminar on multilateral trading system and GATS Agreement	12,850

Department of Transportation and Communication	Cost
Assistance for establishment of certification/authentication authority in electronic environment, through seminars, workshops and study tours.	248,000

Tariff Commission	Cost
Two week visit by expert to review and compare domestic remedy laws with WTO Agreement (with DTI-BITR, BIS and DA)	16,700

Bureau of Customs, Department of Trade and Industry	Cost
Three day seminar on multilateral trading system and rules of origin for 10 staff	12,850

Total Cost for Second Priority Projects: \$488,350

III. Third Priority Projects

Bureau of International Trade Relations, Department of Trade and Industry	Cost
One week training course in Manila on competition policy	\$15,950
One week training course in Manila on investment policy (with BOI)	15,950
One week training course in Manila on government procurement (with NEDA Infrastructure staff)	15,950
Three day seminar on negotiation skills (for officials from all departments concerned)	12,850

Board of Investments	Cost
Two week technical assistance on attracting new investment	22,250

Department of Foreign Affairs	Cost
Regional training course on WTO for 1 staff	7,500

Department of Agriculture	Cost
Two-week study tour to Geneva for on-the-job familiarization of WTO system for the next round of agriculture negotiation for 3 staff	15,000

National Economic Development Authority	Cost
One month training course in Geneva on GATS for 1 staff	10,000

Total Cost for Third Priority Projects: \$ 115,450

Comments by the Field Survey Mission

As a member of the WTO, APEC, ASEAN and ASEM, the Philippine Government is actively engaged a multitude of negotiations and commitments. Meeting the obligations of these many commitments, and engaging in ever-new discussions, places additional demands upon the existing resources of the Government.

Although staff, capital and travel budgets are tight, those charged with WTO responsibilities have found creative ways to meet their many challenges. But, these people are few, and are not always well placed to oversee or influence how, or whether, commitments made during a negotiation are implemented.

Although there are several instances where the government staff will likely be increased to address unique and pressing needs, the reality is that fiscal austerity will prevent the significant expansion of staff. While payrolls were met, capital budget requests often go unanswered by the Philippine legislature.

The challenge for a capacity building effort in the Philippines, then, is to help broaden and deepen the base of practical knowledge of those already in Government, and thereby increase its capacity to better articulate its interests in future negotiations, more effectively exercise its rights in existing agreements, and to better reflect its obligations through the implementation process. Of only slightly less importance will be efforts to reach out to the Philippine business community, and to the emerging trade bar, in order to make sure that they have an accurate understanding of the rights and obligations that come from WTO membership.

Despite the fact that the Philippines has become much more successful in increasing trade flows and attracting significant levels of new foreign direct investment, we found a mindset more focused on the perceived damage that WTO membership is causing import-sensitive industries than on the new opportunities it has created for the more efficient parts of the economy. One government official said that the WTO is costing the Philippines 150,000 jobs per year. Another commented that support for new negotiations would only be forthcoming if beneficial trade offs could be made within each specific sector.

While it is not uncommon to hear such concerns from government ministries responsible for overseeing affected industries in capitals around the world, it was striking that no one we spoke with offered the opposing view that serves as the foundation of the WTO.

We believe that this is not because the Government or private sector is lacking people who hold the view that WTO membership provides important benefits for the Philippines. Indeed, one can point to examples where the Government unilaterally liberalized its trade regime to improve competitiveness. Rather, we believe this view is reflective of the fact that no single agency has a predominant role in coordinating and articulating an overarching trade policy.

Policy coordination techniques, and developing a formal private sector advisory process

Out of this observation, one idea worth pursuing is a seminar for the lead agencies on how some other WTO members organize a seminar on interagency coordination techniques. We believe that meeting this request of the Government would be beneficial to helping the Government find a coherent, overarching voice in this important policy area. Such an effort might also include discussions of formal mechanisms employed by these other governments to systemically take the views of the private sector into account. Although informal consultations take place regularly, our experience has been that by their very nature, such approaches are inadequate. They only involve those whose interests are obviously affected by the WTO agreement. A formalized system will bring

in all sectors of the economy: some of which will not have given much thought to the opportunities that the WTO or APEC might hold for them. Such a system forces governments to take a broader view of what the negotiations might offer, and can serve to energize negotiating strategies in unexpected ways.

Trade remedies

In the past year, the Philippines has passed three new trade laws. In 1999, it passed a new antidumping law to replace its existing one. Just a few weeks ago, laws to counteract subsidies, and to provide for safeguards actions, went into effect.

Although there is experience in administering other versions of the antidumping law, government officials charged with investigating antidumping complaints said they would benefit from technical training on matters such as the design of questionnaires, and on verification procedures.

Since there is no experience with countervailing duty and safeguards laws, there was also strong interest in training programs from other governments, which would rely heavily on their experience implementing their countervailing duty and safeguards laws.

Given the newness of these laws, and the possibility that new cases might be brought in the near future, all parties would benefit from a thorough understanding of WTO disciplines. Therefore, we view intensive, detailed training in this area as a priority.

Although we did not meet with representatives of the Court of Tax Appeals, the specialized court which hears appeals in trade remedies cases, we suspect training would be welcomed here too.

TRIPS

A third area where immediate help should be given is in the area of TRIPS implementation. The Philippine Intellectual Property Office (IPO) has seen a significant rise in applications from Philippine and foreign applicants, and has fallen almost a year behind in reviewing these applications. The IPO is in the process of significantly expanding its staff to cut through this backlog. With these additions, the IPO will be able to expand both its ranks of examiners and administrative law judges who hear first-level appeals. With the help of the Japanese government, the IPO is also upgrading its information system to allow for more efficient filings.

A strong interest was expressed by the IPO in receiving training for examination techniques in all IPR disciplines for new staff shortly after they have started work. At the same time, the IPO would like to upgrade the capacity of its existing staff through more advanced case study sessions. We agree, and recommend that such training include a review of TRIPS obligations. While it will marginally increase the cost, we further recommend that training be spread out over the course of a year so that it can be properly absorbed as its Philippine participants gain real-world knowledge.

Customs valuation and post entry audit

During the course of this year, the Philippines has moved from a pre-shipment inspection regime to a transaction model. This transition is proving to be difficult. According to the Bureau of Customs, the valuation of approximately 10 – 12 percent of shipments entered since the Philippines moved to a valuation system are in dispute. Although shipments have been cleared, they are entered under provisional bond until an appeal can be heard. In addition to tying up working capital, this has created uncertainty and frustration within the business community. At present, the Bureau of Customs has not put in place a post entry audit system to assure the integrity of reported import values. In conjunction with a US funded aid program, and with additional help from JICA, the Bureau of Customs is

working hard to do so quickly. We believe, however, that consultations should be held with the Bureau of Customs to see if further interventions could be helpful in finding a timely solution to this problem.

TBT

In the area of TBT Agreement implementation, the Bureau of Product Standard (BPS) is suffering from severe shortage of testing instruments for imported goods awaiting for customs clearance. Following the government policy of trade liberalization, the needs for capacity enhancement of speedy clearance of imported goods are especially acute since the capacity building efforts for BPS has not conducted since its creation in 1960. Considering the limited capability of testing instruments and trained personnel, the delay in import clearance owed to the long queue for testing has been receiving complaints as a non tariff barrier both from importers and foreign exporters. In addition, domestic laws concerning this area are obsolete with needs for assessment and amendment in order to comply with WTO agreements and other international regulations. Under this circumstance, it is obvious that the Bureau encounters with limited capacity for enforcement and educating industries in order to build up consensus and compliance from domestic industries. The technical assistance for BPS is required, and its needs deserves proper attention and priority although further assessment to determine the cost is necessary.

Creating a WTO Resource Center

While we understand the focus of APEC should be on building human capacity, we would like to suggest several exceptions. Of these, one is a modest idea, but one which addresses a recurring frustration that came up in numerous meetings. Many of those in government with more experience in dealing with the WTO expressed frustration over their inability to access to the WTO homepage. Even when they can get online and navigate the homepage effectively, downloads of WTO documents can be agonizingly long, and tying up scarce IT resources for long periods of time.

It may well be that many of these problems are not easily solved. However, we would be inclined to see if a modest investment in upgrading existing infrastructure might yield significantly better results. If that fails, perhaps the Department of Trade and Industry's Philippine Trade Training Center could be equipped with high-speed internet connections, computers and printers, and charged with the responsibility of speeding the delivery of documents and information to all government agencies with WTO responsibilities.

We do believe that a number of initiatives should be undertaken to try and broaden the knowledge within the government and private sector of the WTO, and its contribution to the world economy. We believe that a more general understanding would help to empower those in the Philippine government who must keep up with both the challenges of staying current in ongoing negotiations, and in trying to communicate the importance of implementing existing agreements to both their colleagues in government who do not have WTO responsibilities, to the legislature which must fund their budgets, and to the broader business community.

7. Chinese Taipei

Whole of Government Program to Enhance Capacity

Priority	Recipient Agency	Program	Cost
1	Department of Customs Administration	Rules of origin training course	20,450
2	Bureau of Standards, Metrology and Inspection	Visit by TBT specialist to make conformity assessment of exact needs	11,950
3	Board of Foreign Trade	Dispute settlement training course	24,250
4	Bureau of Animal and Plant Inspection and Quarantine	Training course on WTO-related SPS matters, such as risk assessment, notification and CODEX, FAO, WHO, etc. experience	20,450
5	Board of Foreign Trade	Study tour by senior BOFT official	5,900
6	Council of Agriculture	Training course on agriculture negotiating	15,250
7	Council for Economic Planning and Development	Training course by services specialist	15,250
8	International Trade Commission	2 officials attend APEC-wide seminar on Safeguards	3,200
9	Bureau of Standards, Metrology and Inspection	TBT Training as follow-up to above visit	20,450
10	Board of Foreign Trade	Intensive 3 month WTO course for one official	25,000
TOTAL			\$162,150

Comments by the Field Survey Mission

Chinese Taipei reflects normal needs of an economy still in the process of accession to the WTO, especially on many technical obligations. Additionally, Chinese Taipei will enter the WTO with no rights of a developing country, including transition periods for full application of various agreements. Furthermore, with the exception of a few projects from the Asian Development Bank, it is not the recipient of either bilateral or multilateral foreign assistance as many observers no longer treat Chinese Taipei as a developing economy; therefore, the full responsibility for providing for building capacity has up till now, rested fully on the shoulders of the economy. As the economy is struggling with severe budget problems caused by abnormal reconstruction costs after the earthquake of 1999, the APEC TILF Fund could be a useful resource. Another possible approach is that APEC members will help Chinese Taipei with these projects, with the funding coming from Chinese Taipei itself.

On the other hand, some problems appear to be of the economy's own making. A major political change has brought new leaders who seem determined to look inward more than their predecessors. Partially as a result of that, but also because of lack of foresight, there

appears to be no significant budget change projected for the time when Chinese Taipei does become a member of the WTO. For these reasons, this initiative from APEC is highly welcomed in Taipei.

Having taken the various factors above into account, the consultant feels that the economy of Chinese Taipei has done quite a bit with little technical assistance to reach a level of basically satisfactory WTO knowledge. However, there are several areas where specific, technical knowledge, directly related to the WTO, would highly benefit the broader bureaucracy that will be responsible for implementing much of Chinese Taipei's WTO obligations. The projects chosen emanated from the meetings the consultant had with relevant officials. After streamlining the discussions about needs, the consultant came up with a minimal list, which he subsequently checked with Chinese Taipei officials who then refined the list further. What is presented in this report is the conclusion of that process. The priorities were developed in the same way.

It is important to note that the consultant had no first hand contact with offices responsible for TRIPs, telecommunication and transportation, as the agencies responsible did not feel they needed any foreign assistance for capacity building.

On another matter, those making judgments on technical assistance projects should be aware that the WTO has asked developing economies and those in the process of accession to submit their technical assistance requirements for the next three years. The response of Chinese Taipei contained a few of the same substantive issues as are addressed in this report.

Finally, although it is possible to conduct meetings and much business in English, almost every official noted that language presented a problem. Thus, to the extent possible, it would be useful if Chinese-speaking experts could be found. This is especially important when training is technical and the expected trainees are not at the policy level.

8. Thailand

Whole of Government Program to Enhance Capacity

I. First Priority Projects

Program	Recipient Agency	Cost
General Obligations of WTO Agreements		
National WTO Compliance and Implementation	DBE (and other relevant agencies)	\$266,000
Total cost for project of first priority projects		\$266,000

II. Second Priority Projects

Program	Recipient Agency	Cost
SPS		
Training Course and Co-working with experts on SPS issues in WTO and Risk Assessment	Thai Industrial Standards Institute (and relevant agencies)	\$67,050
GATS/Trade in Services		
Enhancement of General Knowledge on GATS	DBE, OFP, Dept of Post and Telegraph	\$34,300
Negotiation Skills on GATS for ASEAN	DBE , OFP, Dept of Post and Telegraph	\$117,400
Training Course for Enhancing Knowledge and Negotiation Skills on GATS Financial Services	Fiscal Policy Office, Office of Securities Control, Insurance Dept	\$23,600
Financial Services Laws Review and Consultancy	Fiscal Policy Office	\$28,400
Exchange Program of Officials in Financial Services Sector	Fiscal Policy Office	\$60,000
Training Course for Enhancing Knowledge and Negotiation Skills on GATS Telecommunication Services	Post and Telegraph Department	\$23,600
Review and Consultancy on domestic legal framework for Telecommunication Services*	Post and Telegraph Department	\$25,400
Enhancement of the International activities of the National Telecommunication Commission (NTC)*	Post and Telegraph Department	\$40,900
Training on WTO Telecommunication Services and relevant issues*	Post and Telegraph Department	\$66,000
Dispute Settlement		
Training on Dispute Settlement	DBE (and other relevant agencies)	\$140,200
Total cost for projects of third priority projects		\$626,850

III. Third Priority Projects

Program	Recipient Agency	Cost
Rules of GATT		
Enhance Administration of Anti-Dumping and Countervailing Duties	DBE, Dept of Foreign Trade	\$118,500
Implementation of the Agreement on Subsidies and Countervailing Measures	DBE	\$34,300
Training Course for Rules of Origin	DBE	\$27,100
Training Course for Safeguards	Ministry of Commerce	\$16,070
Training Course on Negotiations skills on TBT issues and international standards setting organizations	DBE	\$49,050
TRIPS		
Education on Intellectual Property Rights and TRIPS	Dept of Intellectual Property, Ministry of Commerce	\$59,800
Total cost for projects of third priority projects		\$304,820

IV. Fourth Priority Projects

Program	Recipient Agency	Cost
Customs		
Technical Advise and Training on Customs Evaluation	Customs Office	\$170,600
Competition Policy		
Technical Advise and Training on Competition Policy	DBE (and other relevant agencies)	\$163,610
Total cost for projects of fourth priority projects		\$334,210

Program Total: \$ 1,531,880

Comments by the Field Survey Mission

National Compliance and Implementation

The Department of Business Economics of the Ministry of Commerce is responsible for managing Thailand's participation in the WTO and has overall responsibility for ensuring that Thailand fulfills its obligations under WTO Agreements. The Department provides the national inquiry point for Thailand where WTO Agreements specify such functions. The Department has found it difficult to fulfill these general obligations since the conclusion of the Uruguay Round. The negotiation of several new agreements and the revision of provisions of existing commitments has greatly expanded the coverage of WTO obligations across domestic line agencies in the Thai government. The Department cannot be certain that Thai laws and practices are fully consistent with WTO obligations. The Department lacks systems which enable it comprehensively match domestic rules and practices with obligations in WTO agreements. The lack of such a system also impedes the capacity of the Thai Government to participate with full effectiveness in multilateral trade negotiations. The Office of Fiscal Policy in the Department of Finance which is responsible for Thailand's obligations under the Financial Services Protocol of the General Agreement on Trade in Services has experienced similar difficulties.

The proposal to create an information system which matched WTO obligations against Thai laws and regulations and Thai commitments under WTO obligations provides a ready mechanism to enable the Department of Business Economics and any Thai government agency to determine with certainty compliance by Thai authorities with WTO obligations. It would also generate the knowledge necessary to ensure obligations are fully implemented and to facilitate effective participation in WTO activities. The Consultants regard the proposal as a model mechanism for supporting compliance and implementation of WTO obligations for other members of the WTO.

Given the responsibility of the Department of Business Economics for managing Thailand's participation in the WTO, it is essential that it have the capacity to monitor whole-of-government compliance by Thai Government agencies with WTO obligations if Thailand is to implement its obligations under the WTO. It currently does not have that capacity so the project to give it that capacity is ranked as a first priority project.

Sanitary and Phytosanitary Measures

Agricultural products are major exports for Thailand. The Thai Industrial Standards Institute is responsible for implementation of Thailand's obligations under the Agreement on Agriculture and the Agreement on Sanitary and Phytosanitary (SPS) Measures. The Ministry of Agriculture is also affected in particular the Departments of Agriculture and Economy, Livestock, and Fisheries and the Food Institute as well as the Department of Business Economics in the Ministry of Commerce. Thai officials do not consider that they have adequate capacity to fulfill Thailand's obligations under the Agreement.

The SPS provisions of the WTO are important to Thailand's trade interests. To meet obligations under the SPS Agreement, Thai authorities need to be in a position to be know where Thai quarantine controls align with the procedures stipulated in the Agreement and standards set by recognized international agencies, to understand the negotiating procedures in the WTO and related international organizations which relate to the SPS

provisions, in particular international food and health standards setting agencies as well as the Cartagena (Biosafety Protocol) to the Biodiversity Convention. They also need to verify that their processes of risk assessment are adequate for tests stipulated in the SPS Agreement. The proposed training program to provide information and skills related to the SPS Agreement and to manage risk assessment procedures would provide tangible and concrete support to enable the TSIS and related agencies to implement the obligations under the SPS Agreement.

TSIS also feel strongly the need for a body in APEC to enhance capacity and collaboration over SPS issues. The Consultants advised that such a proposal was outside the scope of this program, but undertook to report the recommendation.

Given the importance to Thailand of the agricultural sector and agricultural exports, this project is given a number two priority ranking.

Services

The negotiation of the General Agreement on Trade in Services, and the subsequent Protocols on Financial Services and Telecommunications expanded greatly the international obligations the Government of Thailand. The Thai Government also recognizes the value of implementing services obligations to the goal of enhancing the competitiveness of the Thai economy. The Department of Business Economics sees a general need to expand understanding of the operation of the services agreement among Thai Government officials and to enhance the capacity of its officials to participate in negotiations on services, not the least because services negotiation have resumed under the built in agenda adopted in the Uruguay Round.

The Office of Fiscal Policy in the Department of Finance and the Department of Post and Telegraph of the Ministry of Communications sees the same requirements in respect of the Financial Services area and Telecommunications. The capacity of Thailand to implement its obligations in financial services and participate effectively in this sector in the negotiations over liberalization of services in the WTO also has direct relevance to the programs put in place by the Government of Thailand to address the weaknesses in the financial sector which were exposed by the currency crisis.

The proposals to enhance the capacity of Thailand to meet obligations under GATS will strengthen its ability to meet its obligations, to participate in multilateral trade negotiations and directly support reform public sector arrangements in the financial sector. The package of proposals are accordingly also given second priority ranking.

Dispute Settlement

The Understanding on Dispute Settlement which was negotiated in the Uruguay Round has elevated the importance of the dispute settlement system in the international trading system. It now also requires a greater level of involvement, greater understanding of its processes, and greater input of resources when members become involved in WTO disputes. The Department of Business Economics has not been able to enhance the capacity of its officers to the level desired to meet the requirements of the new system. It is concerned that it is not equipped to advance or defend Thailand's interests in the disputes system unless its capacity is enhanced.

The Consultants consider the proposals to enhance capacity to participate in the Disputes Settlement system would be effective. Enhancing this capacity is important and given a second priority in ranking.

GATT Rules

Changes negotiated to the Subsidies Agreement in the Uruguay Round will create new obligations on developing economies within two years when several provisions of the Agreement come into effect for developing economies. The Department of Business Economics needs to understand how those provisions will impact on domestic measures. The proposal for assistance to enhance their capacity to make that assessment would create an understanding of the Subsidies Agreement which is currently lacking.

A program initiated in the Uruguay Round to develop standard approaches to Rules of Origin has lead the Department of Business Economics to anticipate a requirement to develop Rules of Origin in Thailand. The proposal to enhance their understanding of Rules of Origin will be effective in enabling it to meet this requirement.

Officials in the Department of Foreign Trade in the Ministry of Commerce have encountered difficulties in determining injury in accordance with the provision of the Agreement on Anti-Dumping and Countervailing Duties when investigating anti-dumping complaints. There is a clear requirement to enhance the capacity of officials in the Department of Foreign Trade to make assessments of injury and the proposals to enhance that capacity will be effective for that purpose. Training provided so far in this area, while useful has been general. Training which focuses in detail on practical implementation is required.

The Department of Business Economics has little understanding of or experience with the WTO Agreement on Safeguards. There is a clear requirement for training to expand understanding of that Agreement.

The Thai Industrial Standards Institute is responsible for Thailand's obligations under the Agreement on Technical Barriers to Trade. This entails establishing an Inquiry point and creating systems which link development of technical regulations which bear on trade to obligations under the Agreement. The Institute requires assistance to develop the capacities to meet these requirements.

The share of Thailand's exports which are from the industrial sector has expanded steadily and continues to do so. The rules of the WTO which impact on imports and exports of industrial products therefore are of increasing relevance to Thailand. It needs to enhance its capacity to implement them. Projects in this sector are important and given a third priority in ranking.

Intellectual Property

Responsibility for the TRIPs agreement lies with the Department of Intellectual Property in the Ministry of Commerce. Legislation enabling the provisions of TRIPS has been enacted except for those covering geographical indicators and trade secrets for which proposed laws are pending in Parliament. A five year program financed by Japan to

strengthen the capacity of the Thailand's intellectual property agencies finishes in 2000. The program has provided training for Thai officials and has brought Japanese experts to Thailand.

The Government of Thailand now sees three needs: expansion of activity to enforce the laws, training and education for the private sector and improved administration and management of trademark laws. There is a need to expand the capacity of police and customs to enforce the new laws and to broaden understanding in the public and the private sector of the new system and how it works. The Thai Government wants to fund to finance expansion of enforcement of intellectual property laws by enforcement authorities and to establish an Intellectual Property Training Institute to undertake training and publicity activities. It would like an extension of the program funded until this point by Japan for another five years.

Not all of the activities projected by the Department of Intellectual Property fall within the scope of this program, in particular for example proposals to fund deployment of additional resources to manage enforcement. However proposals to enhance the capacity of officials such as by training and secondment experts would enhance the capacity of Thai officials to meet TRIPS obligations. Enforcement of these obligations are important to Thailand's trade. The proposals are given third priority in ranking.

Customs Valuation

The Thai Customs Department is concerned that it does not have an effective capacity to assess if valuations of goods submitted for imposition of duty are accurate. It believes the practice of fraudulent valuations is widespread. It considers its officials do not have the experience or knowledge to address this problem. Since the Uruguay Round, attention has focussed on the capacity of Customs Administrations among WTO members to implement their obligations under the Agreement. The Customs Department has two needs: creating of a system to provide information on valuations of imports and training in the assessment of valuations. The World Bank has developed a comprehensive proposal to create a system for development of an Import Valuation Information System. The consultants see no point in duplicating that proposal and have accordingly proposed in response to suggestions from the Customs Department a program to enhance the capacity of Thai Customs officials to assess valuations. This should be effective to enhance the capacity as required. This project is giving a fourth priority in ranking.

Competition Policy

Thailand has introduced new competition policy law as part of the process of reform in the wake of the currency crises. The Competition Commission considers that the major challenge facing it is to acquire the necessary experience among its officers to implement the new law. The Department of Business Economics is fully aware of proposals to introduce competition policy in the WTO and is aware that competition principles are already part of the Telecommunications Protocol to GATS. It does not consider that its understanding of the issues is adequate for it to form a view on the question of negotiating competition policy issues in the WTO.

The Consultants consider that the proposals to enhance the capacity of Thai Government officials to understand the relationship between trade and competition policy would be

effective to enhance their capacity in this area. They are aware that, aside from Telecommunications, this is not strictly an issue which arises as a consequence of implementation of Uruguay Round obligations. They strongly support the proposal for its intrinsic merit, but rate it fourth given its less direct relevance to the implementation of obligations arising from the Uruguay Round Agreements.

9. Vietnam

Priority Listing of Capacity Building Projects

I. First Priority Projects

Ministry of Trade		Cost
Translate and publish 10,000 copies of WTO book, "Trading into the Future"		4,000
Translate and publish 5,000 copies of ITC book, "Business Guide to GATS"		4,000
Three day seminar on import relief under the WTO (to include other relevant departments)		12,850
Provide specialist for 3 months to help prepare legislation for import relief procedures and advise how to implement it.		57,000
3 day seminar on GATS negotiations (for all agencies with Services responsibilities)		12,850
Translate and publish MITI's "2000 Report on the WTO Consistency of Trade Policies of Major Trading Partners"		6,000
Preparation and Publication of booklet on Vietnam's trade practices in terms of WTO conformity		2,000

Ministry of Finance		Cost
One-month training course in Geneva about tariff concessions for 5 officials		50,000
Permanent information "help desk" in another APEC economy for tariff problems (by phone, fax, and e-mail)		[no cost]
One month visit by specialist to detect inconsistencies between current tariff law and WTO Agreement		19,000

Ministry of Planning and Investment		Cost
Three-month training course on TRIMs in Geneva for 1 official		25,000
Two-week visit by legal expert to detect inconsistency between FDI Law and TRIMs Agreement		16,700

Ministry of Justice		Cost
One week training course on WTO legal issues, plus two day course on how to use the internet effectively for WTO legal matters		20,200
Three months for one legal expert to help prepare new laws and implementing regulations		60,000

General Department of Customs		Cost
One-week training course on implementing WTO customs requirements		15,950
One week overseas course for two officials on customs valuation under WTO rules		10,000
One specialist for two months to provide assistance in inserting “commercial fraud” clause in new customs law		38,000
Ministry of Agriculture and Rural Development (MARD)		Cost
2 2-day seminars (one in Hanoi & one in HCMC) for 100 persons each on the Agreement on Agriculture and its relevance to Vietnam.		16,950
One-week training course for 24 people on technical matters in the agriculture agreement and agriculture negotiating		15,950
Two-week visit by SPS specialist, to assess Vietnamese standards against WTO norms including one day seminar on SPS agreement.		16,700
Ministry of Science, Technology and Environment (MOSTE), National Office of Industrial Property (along with Ministry of Culture and Information)		Cost
One month training course for 25 IP examiners, including Ministry of Culture		35,250
3 one-week training courses in IP enforcement (Hanoi, Danang, and HCMC)		28,250
Ministry of Science, Technology and Environment, Directorate of Standards and Quality (STAMEQ)		Cost
Continuation of Japan government-sponsored Partners for Progress program in APEC		(???)
2 people attend one month course in Geneva on TBT negotiations		20,000
State Bank of Vietnam		Cost
One person to attend one month course on services in the economy and international trade		10,000
One week seminar for lawyers on GATS		15,250
General Department of Posts and Telecommunications		Cost
3 day seminar on the multilateral trading system, services and telecommunications		13,550
Two persons for two week trip in the region to meet telecom officials and telecom trade negotiators		15,400
Ministry of Industry		Cost
3 day seminar on WTO and multilateral trading system		\$13,550

Total Cost for First Priority Projects: \$554,400

II. Second Priority Projects

Ministry of Trade		Cost
Support after hours English language training for 6 months		3,000
Translate and publish 500 copies of IMF/WTO manual on “Statistics of International Trade in Services”		2,500
Get copyright rights, translate and publish 2000 copies of Jackson, et.al. textbook on “Legal Problems of International Economic Relations”		10,000
Three day seminar on rules of origin (to include other relevant departments)		12,850
Three-month visit by specialist to support study on the impact of WTO Agreement (esp. customs valuation and tariff concessions) on Vietnamese economy		57,000
Simultaneous interpretation equipment (50 sets)		8,000
Two day seminar on dispute settlement matters in Vietnam (to include people from other agencies too)		10,000
Fund national public awareness campaign		50,000
Ministry of Finance		Cost
Send 5 people abroad for 3 month intensive WTO-related English language course		75,000
Support after hours English language training for 10 people for 6 months		3,000
3 month training course in Geneva about multilateral system for 4 officials		100,000
One-month training on financial services for 3 officials		30,000
Training for 2 officials for 3 month course on tariff law		50,000
Training for 2 officials for 3 month course on accounting law		50,000
Ministry of Planning and Investment		Cost
Send 3 people abroad for 3 month intensive WTO-related English language course		45,000
Support after hours English language training for 10 people for 6 months		3,000
Three-day workshop on general issues related to TRIMs Agreement for 60 staff		12,850
One-week course on negotiation skills in English for 16 officials		15,250
Ministry of Justice		Cost
Send 5 people abroad for 3 month intensive English language course.		45,000
Support after hours English language training for 5 people for 6 months		3,000

General Department of Customs	Cost
Send 5 people abroad for 3 month intensive WTO-related English language course	75,000
Support after hours English language training for 10 people for 6 months.	3,000
2 one-week workshops for policy makers and business community on WTO customs requirements.	20,200
Visit of ten days by two customs officials to 2 APEC economies to see how their officials implement TRIPs laws.	7,000
2 two-day seminars on “post customs clearance” examinations	15,700
One-week overseas course for two officials in techniques for classifying goods.	10,000
One-week overseas course for two officials on automation in customs procedures.	10,000
3 months for specialist to help draft implementing regulations for new customs law and prepare seminars for public understanding of these changes	60,000
2-weeks for expert to conduct survey to advise what modern equipment (hardware and software) they need to modernize their 160 customs check points.	19,200

Ministry of Agriculture and Rural Development (MARD)	Cost
Send 10 people abroad for 3 month intensive English language course	150,000
Support after hours English language training for 10 people for 6 months	3,000
One week of lectures at MARD training center and MARD-related universities on agriculture and economic integration.	15,950
One month visit by specialist to help bring Vietnam standards to WTO norms, based on assessment in project 2 above, including training course.	28,600

Ministry of Science, Technology and Environment (MOSTE), National Office of Industrial Property (along with Ministry of Culture and Information)	Cost
Six month visit by enforcement expert to help prepare master plan	96,000
One month visit by specialist to develop a national public awareness campaign	22,000
4 people on a six month course on IP enforcement	200,000
Three month visit by specialist to do assessment and implementation for an IP Information Network among MOSTE and other relevant agencies (including courts, police, customs, etc.)	54,000

Ministry of Science, Technology and Environment, Directorate of Standards and Quality (STAMEQ)	Cost
6 people to attend 3 month course on standards and conformity	150,000
One month visit by specialist to develop a national public awareness campaign	22,000
Equip laboratories with modern testing equipment to allow Vietnam to qualify for mutual recognition agreements. Labs for electrical and electronic, food, and toys are needed first @ US\$3 million	9,000,000

State Bank of Vietnam	Cost
Legal specialist for one month	19,000
Above legal specialist for two months	38,000

Ministry of Industry	Cost
3 month course abroad for one person	25,000
Legal specialist for 3 months	57,000

Total Cost for Second Priority Projects: \$10,686,100
(in case that the project on laboratories is not included): \$1,686,100

III. Third Priority Projects

Ministry of Trade	Cost
Send 5 people abroad for 3 month intensive WTO-related English language course	75,000
Post graduate legal training in international law for two officers for two years each	120,000
30 computer facilities (including printers, software, LAN, etc.)	90,000
Projector	4,000
Two week study tour for 3 officials to 3 recently acceded WTO countries	15,000

Ministry of Finance	Cost
20 computer facilities (including printers, internet access, LAN, etc.)	60,000

Ministry of Planning and Investment	Cost
One-week training course covering whole WTO Agreement for 10 officials	15,950
10 computer facilities (including server, basic facilities, and LAN)	30,000

Ministry of Justice	Cost
10 computers and related equipment (and training)	30,000

Total Cost for Third Priority Projects: \$439,950

Comments by the Field Survey Mission

Vietnam is in the process of many developments simultaneously, some of which make it more difficult than for the average country to contend with the types of responsibilities called for by WTO membership. Of particular relevance to this report is the fact that Vietnam is 1) moving to a market economy at the same time as it is 2) integrating into the world economy. Its efforts to fulfill its AFTA obligations under ASEAN (with deadlines of 2003 and 2006) and its obligations under the bilateral agreement it has negotiated with the U.S. have immediate priority among trade-related agencies of government. Meeting the obligations under these two will help move Vietnam along the accession process. Furthermore, the WTO-related assistance envisioned in this initiative will help in the two earlier processes.

The process of integrating into the international economy is more fundamental for Vietnam than can be satisfied only by helping government offices understand the WTO and the implementation of Vietnam's commitments. Perhaps it is even more important to need to provide relevant government offices the wherewithal to explain the new WTO obligations, the economic expectations from them, and the changes that the business and political communities, especially the structurally important State Owned Enterprises (SOEs). For this reason, consultants have included a few projects of expanded public awareness in this area.

A Note on the Status of Accession

Despite Vietnam's efforts on institutional reforms, including practices that are already known not to conform to WTO agreements, there remain institutional problems where further improvements are necessary in the process of economic restructuring.

Reflective of these, in Geneva the Vietnamese delegation was unable to reply adequately to the multitude of questions and concerns raised by Members at the second (December 1998) and third (July 1999) Working Parties, nor did its written responses satisfy the members of the Working Party. Therefore, the members decided that consultations on Vietnam's trade regime would be continued with respect to details and specific points discussed in the Working Party. The subsequent Working Party meeting scheduled for the summer of 2000 was postponed until the end of the year due to Vietnam's lack of capacity to prepare for the requirements. The chairman stated that Vietnam should submit a clear action plan on consistency to WTO agreements, regarding reduction of domestic agricultural support and export subsidies, domestic subsidies, quantitative restrictions on imports, import licensing, TBT, SPS, customs valuation, TRIPS and other issues. He insisted that these action plans are essential to proceed to multilateral negotiations.

Vietnam has recently improved and promulgated a number of laws such as domestic and foreign investment laws, corporate, bankruptcy, labor and tax-related laws; and it has made progress in bringing these into conformity with WTO agreements. Since the start of major economic reforms, only a few years have passed, and Vietnam still has many issues including inadequate content and ambiguous wording of the enacted laws, and delays in preparation of subsidiary regulations needed to enforce these laws. Recently former Trade Minister Tuyen reportedly said that the biggest issue for Vietnam in its

accession to WTO is its law and regulation system, including implementation regulations and enforcement, much of which remain to be developed. In other words, an essential component to strengthen the domestic economic legal system is to educate Vietnamese officials, both in the specific agencies with issue responsibilities and in the Ministry of Justice, which is charged with maintaining the national interest in legal development, regarding the basic principles of the WTO. By understanding them, Vietnamese officials will be better equipped to identify specific inconsistencies in domestic legislation.

Domestic Factors

So much of what is encompassed by the WTO is new to Vietnam that its needs encompass all disciplines. In many cases, the needs are sufficiently basic, that Vietnamese officials have identified a need for technical assistance in every area.

Vietnam has already received considerable *ad hoc* assistance to enhance its basic knowledge about the multilateral trading system. While some in-depth general knowledge may be justified in a small number of instances, what is required now is more detailed and specific assistance targeting individual agreements or requirements. Consultants, therefore, think that tailor-made assistance is especially desirable.

Additionally, it is important to know that the concept of “rule of law” and even laws themselves are less than a decade old in Vietnam. As a result, more assistance is needed in law making and enforcement than would be true with most countries. On the other hand, because the need for laws arises at the time when Vietnam is itself looking outward toward the world in ways that had not been true previously, there is a tendency to listen to everyone who is expressing an idea and to seek experiences from many other countries. This both slows the process and runs the risk of creating such eclectic laws that they often need to be amended within a couple of years. Nevertheless, there is true interest on Vietnam’s part to try to get right those laws that will be part of their WTO obligations. With that in mind, the consultants have suggested more legal projects than we might normally have done.

Coordination

One of Vietnam’s problems is interagency coordination. Coordination among the donors is also inadequate. It would be helpful if donors could improve their own coordination, as well as help encourage, perhaps even create more coordination within the government. A recently started Trade Reform Working Group hosted by the World Bank Hanoi office, while yet to become effective, could be a useful vehicle for this coordination. For other reasons, it is important that all agencies with WTO-related responsibilities feel that they are not being ignored by the lead agency, the Ministry of Trade. Largely for this reason, the consultants have decided that it is better at this stage of Vietnam’s capacity building for there to be projects spread broadly across government.

Transparency

To fulfill its WTO obligations, Vietnam will have to improve its capacity to provide transparency with regard to the implementation of its legal and regulatory system. It is important to make the information about new laws and regulations available to the public as soon as they are promulgated and also publish it both in Vietnamese and English

before the implementation date. Vietnam frequently revises tariffs, and changes sometimes apply retroactively. This is not accepted under WTO rules, and improvement will be required.