

JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)

DEPARTMENT OF TRADE AND INDUSTRY

REPUBLIC OF THE PHILIPPINES

**The Capacity Building Program  
on  
the Implementation of the WTO Agreements  
in  
Republic of the Philippines**

**FINAL REPORT  
(SUMMARY)**

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**UFJ Institute Ltd.**

## Abbreviation

### 1. WTO relate issues

WTO	World Trade Organization
AD	Anti-dumping
CVD	Countervailing Duties
DSU	Dispute Settlement Understanding
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GRP	Good Regulatory Practices
MFN	Most-favored Nation
SCM	Subsidies and Countervailing Measures
SG	Safeguard Measures
SPS	Sanitary and Phytosanitary Measures
TBT	Technical Barriers to Trade
AFTA	ASEAN Free Trade Area
AFAS	ASEAN Framework Agreement in Services
ASEAN	Association of South East Asian Nations
APEC	Asia-Pacific Economic Cooperation
ASEM	Asia-Europe Meeting
IEC	International Electrotechnical Commission
ISO	International Standardization Organization
WIPO	World Intellectual Property Organization

## 2. Government of the Philippines related issues

BIS-DTI	Bureau of Import Services (Department of Trade and Industry)
BITR-DTI	Bureau of International Trade Relations (Department of Trade and Industry)
BPS-DTI	Bureau of Product Standards (Department of Trade and Industry)
MIS-DTI	Bureau of Management Information System (Department of Trade and Industry)
DA	Department of Agriculture
DOT	Department of Tourism
DOTC	Department of Transportation and Communications
DOE	Department of Energy
DENR	Department of Environment and Natural Resources
PRC	Professional Regulations Commission
DTI	Department of Trade and Industry
NEDA	National Economic Development Authority
TC	Tariff Commission

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## **. Introduction**

### **1. Background, Objective and Scope of the Program**

#### **1.1 Background of the Program**

##### **1.1.1 WTO and Developing Countries**

World Trade Organization (WTO) was established in 1995 as a successor to the General Agreements on Tariffs and Trade (GATT) which mainly dealt with lowering conventional tariff and non-tariff barriers of goods. The Uruguay Round Agreements, which were the last comprehensive negotiation rounds under GATT, put member countries under commitments on new and emerging issues of international trades. The newly agreed “General Agreements on Trade in Services (GATS)” is a set of agreements for service trade, and “Agreements on Trade-Related Aspects of Intellectual Property Rights (TRIPS)” tries to establish common rules for trading intellectual properties. The Agreement on Technical Barriers to Trade (TBT) starts to cover all member countries including developing countries, which are required to establish domestic legal framework in technical regulation and industrial standards.

These agreements require WTO members to harmonize their domestic regulations so that the trade practice in member countries can be governed by common rules. However, many developing member countries have started to face difficulties in implementing these agreements due to their complexity and widening stakeholders in domestic governments as well as private sectors. Furthermore, progress toward world-wide globalization has increased a variety of trade and investment activities among both developed and developing members, which results in more opportunity for but at the same time friction in international trade.

The number of WTO members increased from 76 in 1995, to 148 after the Cancun Ministerial Meeting in September 2003, and, further increase is expected to involve LDCs and countries under economic transition. Most members who have joined since 1995 are developing countries. However, many developing members share an opinion that they are not fully enjoying the benefit of the multilateral free trade regime, compared with developed members. The incident at Seattle Ministerial Meeting indicated a need to harmonize the interests of members at different economic levels. The Capacity Building Program is one effort to assist developing members to realize

full participation in the multilateral trading system.

### **1.1.2 Capacity Building Activities under the WTO New Round**

The Fourth WTO Ministerial Meeting at Doha, in November 2001, adopted the “Doha Development Agenda” and stressed the importance of due consideration for developing countries. In particular the WTO Ministers focused on the importance of the capacity building of developing countries and showed their understanding of the need for capital funds, bilateral cooperation, coordination with other international organizations, and technical assistance in information technology fields. Based on this agenda, the developed members have begun to plan the contents of the capacity building programs, which may expand their target countries. The Fifth Ministerial Conference, held in Cancun in September 2003, resulted in limited progress in launching new issues, the so-called “Singapore Agenda”. On the other hand, Cambodia and Nepal, both least developing countries, joined as new members, suggesting the importance of capacity building for these new LDC members.

### **1.1.3 Japan’s Initiative in APEC**

The Japanese Government proposed, at the Meeting of APEC Ministers Responsible for Trade, in June 2000, to maintain and develop multilateral trade regimes through encouraging developing economies to build and strengthen their domestic legal and administrative infrastructure for implementation of the WTO Agreements. In November 2000, the APEC Ministerial Meeting and informal Leaders’ Meeting, approved “the APEC Strategic Plan,” which intended to build developing economies’ capacity for implementation of the WTO Agreements. This plan was then transferred to bilateral assistance programs, through Japan International Cooperation Agency (JICA) for the implementation of specific assistance in the Philippines, Indonesia, Thailand and Malaysia.

## **1.2 Objective of the Program**

The objective of this program is to conduct capacity building activities on the implementation of commitments under WTO Agreements<sup>1</sup> in support of the government of the Philippines, which faces various challenges in developing its

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<sup>1</sup> “Implementation of commitments under WTO Agreements” will be described, hereinafter, as “implementation of WTO Agreements.”



economy through trade and investment under multilateral trading systems. These activities include human resource development for the government officials, strengthening of administrative functions, and enhancing information sharing systems.

### **1.3 Scope of the Program**

#### **1.3.1 Target Countries and Agreements**

This Program covers capacity building for the implementation of WTO Agreements in the Philippines as well as Thailand, Indonesia and Malaysia, which are considered as middle-level developed countries in terms of their market sizes and economic development stages. The target Agreements covered by this Program are those already signed and valid Agreements of WTO. It is noted that the new issues under “Singapore Agenda” such as trade and investment, trade and competition policy are not included in the scope of this Program.

#### **1.3.2 Scope of the Program**

The scope of the Program agreed on May 24, 2002, between the Government of the Philippines and the Preliminary Study Team of JICA is indicated in Box I-1-1-1. The Program consists of six components, with an activity oriented approach in technical assistance through the holding of seminars and workshops to bring direct impact for enhancing the capacity of government organizations.

### **Box I-1 Scope of the Program**

1. Enhancement of Inter-agency Information Sharing
  - (a) Analysis of institutional capacity of DTI and the related authorities (current status of information-sharing, inter-agency coordination, etc.)
  - (b) Formulation of recommendations to strengthen inter-agency coordination capacities by utilizing information and communication technology
  - (c) Selection of the scope of the information sharing system in DTI planned in (2) above for pilot implementation
  - (d) Pilot implementation of the system designed in (3) above
2. Capacity building for the implementation of the Agreements on Agriculture/Sanitary and Phytosanitary Measures (SPS)
  - (a) Review of understanding and implementation of the Agreements
  - (b) Provision of advice and guidance for improving capacity to implement the Agreements
  - (c) Recommendations for further building capacity to implement the Agreements
3. Capacity building for the implementation of the General Agreement on Trade in Services (GATS)
  - (a) Review of understanding and implementation of the Agreement
  - (b) Provision of advice and guidance for improving capacity to implement the Agreement
  - (c) Recommendations for further building capacity to implement the Agreement
4. Capacity building for the implementation of the Agreements on Safeguards and Implementation of Article VI of the GATT 1994 (Anti-Dumping Code)
  - (a) Review of understanding and implementation of the Agreements
  - (b) Provision of advice and guidance for improving capacity to implement the Agreements
  - (c) Recommendations for further building capacity to implement the Agreements
5. Capacity building for facilitating the implementation of the Agreement on Technical Barriers to Trade (TBT)
  - (a) Review of understanding and implementation of the Agreement
  - (b) Provision of advice and guidance for improving capacity to implement the Agreement
  - (c) Recommendations for further building capacity to implement the Agreement
6. Formulation of Action Plan for Building Capacity to Participate in the Multilateral Trading System
  - (a) Introduction of the significance of capacity building activities
  - (b) Analysis and identification of the present obstacles for capacity building and results (output, lessons, etc.) of the program for 1-5 above
  - (c) Recommendations and formulation of an action plan for further building capacity for smooth participation in the multilateral trading system

## **2. Outline of the Program**

### **2.1 Concept and Challenges of the Program**

In designing a capacity building program, it is quite important to recognize the background or given conditions of the target country. Each country has its unique political and social framework, economic and industrial foundations and awareness of business society and the general public regarding international trade and globalization.

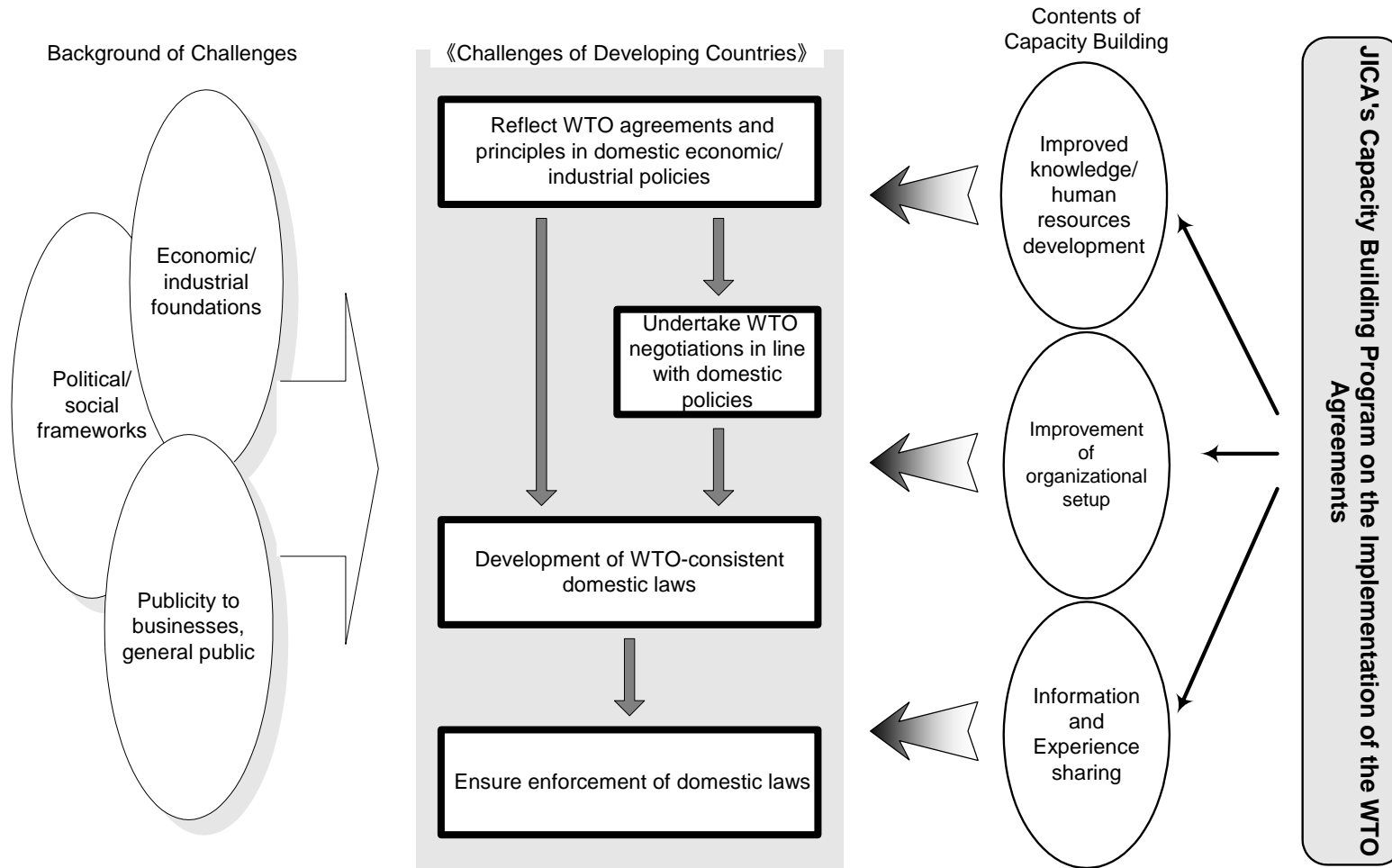
The challenge of the government office in charge of WTO Agreements is to ensure that committed WTO Agreements and principles are reflected in domestic policy and regulation mainly for economic, industrial and trade sectors. Since all agreements under the WTO are inter-government agreements, it is the responsibility of each government to fulfill obligations and maximize its national interest through international trade.

In order to assist the government effort in responding commitments under WTO Agreements, JICA Program intends to provide technical assistance through three kinds of functions listed below:

- Improved knowledge and human resources development through seminars, workshops, and document delivery.
- Improvement of organizational functions through inter-ministerial discussions and raising awareness regarding international competition.
- Information and experience sharing through the provision of information sharing systems, as well as through using the Japanese experience as a reference case.

The concept of this program, together with the challenges of developing countries is shown on the Figure I-1.

**Figure I-1 Capacity Building on the Implementation of the WTO Agreements**



## **2.2 Formation of the Program**

The Program's technical assistance (TA) activity consists of following six cooperation contents ("Components"):

- (1) Enhancement of Inter-agency Information Sharing
- (2) Capacity building for the implementation of the Agreements on Agriculture/Sanitary and Phytosanitary Measures (SPS)
- (3) Capacity building for the implementation of the General Agreement on Trade in Services (GATS)
- (4) Capacity building for the implementation of the Agreements on Safeguards and Implementation of Article VI of the GATT 1994 (Anti-Dumping Code)
- (5) Capacity-building for facilitating the implementation of the Agreement on Technical Barriers to Trade (TBT)
- (6) Formulation of Action Plans for Building Capacity to Participate in the Multilateral Trading System

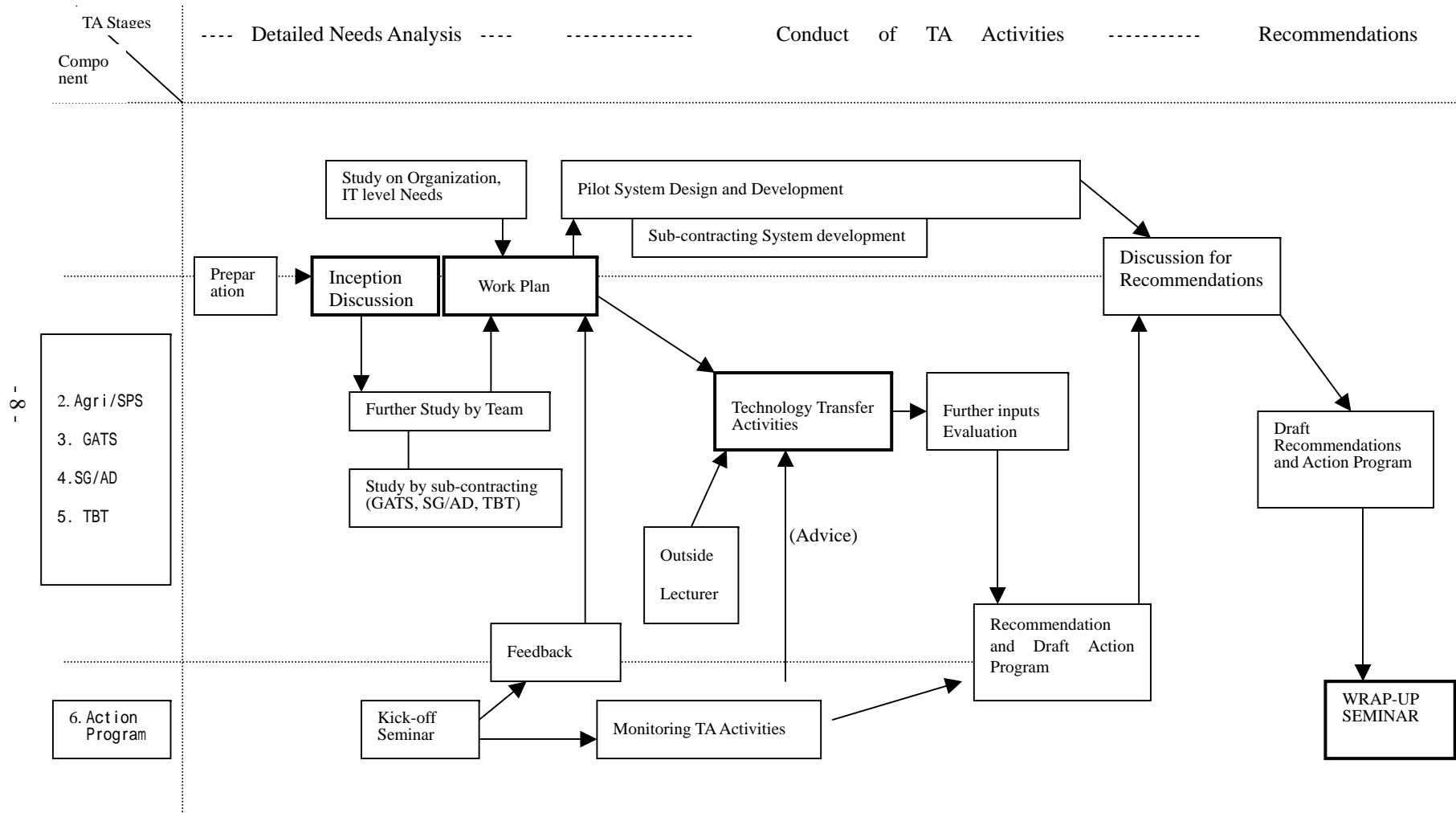
The first component is intended to build the Philippines' overall WTO Agreement implementation capacity. In terms of strengthening institutional aspects, a pilot database system is introduced into DTI as one practical means of helping to build capacity

Components (2) to (5) are addressed with the aim of concrete improvement of the Philippines' implementation capacity in regard to each specific agreement..

Component (6) formulates the action plan for further capacity building by the Philippines' own effort, to enhance the efficiency of the technology transfer activities in components (1) to (5).

With regard to the overall flow and details of the activities, see Figures I-2 and Table I-1.

**Figure I-2 TA Stages and TA Activities**



**Table I-1 Activities in the Philippines (yearly basis)**

	<b>Component 1 Enhancement of Inter-agency Information Sharing Counterpart: BITR-DTI</b>	<b>Component 2 Capacity Building for Agriculture/SPS Counterpart: DA</b>	<b>Component 3 Capacity Building for GATS Counterpart: NEDA, DOTC, DOT, DOE, DENR and PRC</b>	<b>Component 4 Capacity Building for SG/AD Counterpart: BIS-DTI, Tariff Commission</b>	<b>Component 5 Capacity Building for TBT Counterpart: BPS-DTI</b>	<b>Component 6 Capacity Building for Action Plan Counterpart: BITR-DTI</b>
<b>Summery of Activities</b>	<ul style="list-style-type: none"> <li>-WTO-RISS (Pilot System) Design and Development</li> <li>-Pilot System operation management manual development</li> <li>-Propose suggestions</li> </ul>	<ul style="list-style-type: none"> <li>-Study/analysis on present situation of the implementation of Agriculture/SPS Agreements</li> <li>- Seminar on Agriculture/SPS Agreements and Risk Analysis</li> <li>-Development of recommendations</li> </ul>	<ul style="list-style-type: none"> <li>-Study/analysis on present situation of the implementation of GATS</li> <li>-Studies on tourism and transportation services</li> <li>-Workshops on GATS</li> <li>-Development of recommendations</li> </ul>	<ul style="list-style-type: none"> <li>-Study/analysis on present situation of the implementation of SG/AD Agreements Implementation</li> <li>-Workshop on SG/AD</li> <li>-Development of recommendations</li> </ul>	<ul style="list-style-type: none"> <li>-Study/analysis on present situation of the implementation of TBT</li> <li>-Workshops for enhancement of understanding and knowledge of general and sector-specific issues in TBT Agreement</li> <li>-Development of textbook to understand the TBT Agreement</li> <li>-Development of recommendations</li> </ul>	<ul style="list-style-type: none"> <li>-Development of essential element for Action Plan</li> <li>-Kick-off Seminar</li> <li>-Wrap-up Seminar</li> </ul>
<b>FY 2002 (Nov. 2002 – Mar. 2003)</b>	<ul style="list-style-type: none"> <li>-Understanding the current conditions of WTO-related information management within DTI</li> <li>-Understanding the current conditions related to the organization and work flow for WTO-related departments within DTI (December 2002)</li> </ul>	<ul style="list-style-type: none"> <li>- Field Survey on present situation of the implementation of Agriculture/SPS Agreements and needs for capacity building (December 2002)</li> </ul>	<ul style="list-style-type: none"> <li>-Field Survey on present situation of the implementation of GATS and needs for capacity building (December 2002)</li> </ul>	<ul style="list-style-type: none"> <li>-Field Survey on present situation of the implementation of SG/AD Agreements Implementation and need for capacity building (December 2002)</li> </ul>	<ul style="list-style-type: none"> <li>-Field Survey on present situation of implementation of TBT Agreement and needs for capacity building (December 2002)</li> </ul>	<ul style="list-style-type: none"> <li>-Kick-off Seminar (March 2003)</li> </ul>

<p>FY 2003 (Apr. 2003 – Mar. 2004)</p>	<ul style="list-style-type: none"> <li>-Propose concept for Pilot System Concept (May 2003)</li> <li>-Propose Basic Design for Pilot System (August 2003)</li> <li>-Develop Alpha version for Pilot System (September 2003)</li> <li>-Propose digitization scheme and manual for WTO documents within DTI (October 2003)</li> <li>-Start digitization (November 2003)</li> <li>-Develop Beta version for Pilot System (December 2003)</li> <li>-Develop Final version for Pilot System (February 2004)</li> <li>-Propose Pilot System operational management manual (February 2004)</li> <li>-Propose future action</li> </ul>	<ul style="list-style-type: none"> <li>- Field Survey on present situation of the implementation of Agriculture/SPS Agreements (June 2003)</li> <li>- Seminar on Agriculture/SPS Agreements and Risk Analysis (August 2003)</li> <li>-Development of recommendations</li> </ul>	<ul style="list-style-type: none"> <li>-Field Survey on present situation of the implementation of GATS (May 2003)</li> <li>-Workshops on general understanding of the GATS, tourism and transportation services (June 2003)</li> <li>-Workshops on professional services, environment and energy (November 2003)</li> <li>-Seminar for familiarization with GATS, technical session on GATS negotiations (January 2004)</li> <li>- Studies on tourism and transportation</li> <li>-Development of recommendations</li> </ul>	<ul style="list-style-type: none"> <li>-Field Survey on present situation of the implementation of SG/AD Agreements</li> <li>-Workshop on SG/AD (July 2003)</li> <li>-Development of recommendations</li> </ul>	<ul style="list-style-type: none"> <li>-Field Survey on present situation of the implementation of TBT Agreement (May 2003)</li> <li>-Workshop on general understanding on TBT Agreement (August 2003)</li> <li>- Workshop on further understanding on TBT Agreement (December 2003)</li> <li>- Development of textbook to understand TBT Agreement</li> <li>-Development of recommendations</li> </ul>	<ul style="list-style-type: none"> <li>-Wrap-up Seminar (February 2004)</li> <li>-Development of essential element for Action Plan</li> </ul>
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# **. Philippines' Policy and WTO-related Organizations / Present Situation and Challenges in Implementation of WTO Agreements**

## **1. Inter-Agency Information Sharing < Component 1 >**

### **1.1 Background and Needs**

The TA Team investigated the current situation of information management at DTI through a questionnaire survey, interviews and six separate field visits since December 2002. As a result of these investigations, the issues outlined below were identified regarding the treatment of WTO-related information management within DTI.

Within DTI, WTO-related information is accumulated and filed in the form of paper documents according to the document control rules by the appointed staff member within each the respective field. The filing methods are left to the discretion of the officials in charge. The method of information storage is subject to the practice of each section and officials in charge of filing. Other officials can access the information only by making requests. Consequently, the following issues have been recognized:

- It is difficult to find information when the official in charge is absent or temporarily unavailable.
- It is difficult to find information if the filing methods are inappropriate, since the filing method is left to the discretion of individuals.
- Some effort is usually needed to find out location of the information required.
- Lists should all be It usually takes sometime for the information to be obtained, because the information is stored manually and individually.
- It usually takes sometime for the information to be obtained, because the document storage location may be far from the officials' desk.
- In response to inquiries regarding WTO-related information from the domestic third parties such as private companies and researchers, DTI primarily provides answers by telephone or fax. Considering the developments in domestic industry and the improved visibility of trade policy within the country, providing private companies with information is important. Nevertheless, work efficiency is essential, since the cost in time of providing information limits time available for other work.
- In order to find solutions to the difficulty in providing WTO-related information, it

is also necessary to determine an efficient method for storage of information. Since storage is directly related to the information sharing, both providing and storing information require a simultaneous solution.

Considering the current situation, a consensus was made to improve the efficiency of managing WTO-related information within DTI by developing a pilot information-sharing system to enable easy access to the sharing and providing of information.

Also, there is a need for the pilot system to be maintained, managed and expanded by DTI. The TA team will likewise support the means for DTI to acquire know-how and methods for this purpose at the same time that the system is being developed.

## **1.2 Current Status of WTO-related Information Management**

The conditions regarding the treatment of WTO-related information management within DTI is shown below, according to the following items.

- (1) Existing WTO related information Flow
- (2) Management and Storage of Existing WTO related information
- (3) Present Status of WTO related Information

### **1.2.1 Existing WTO related information Flow**

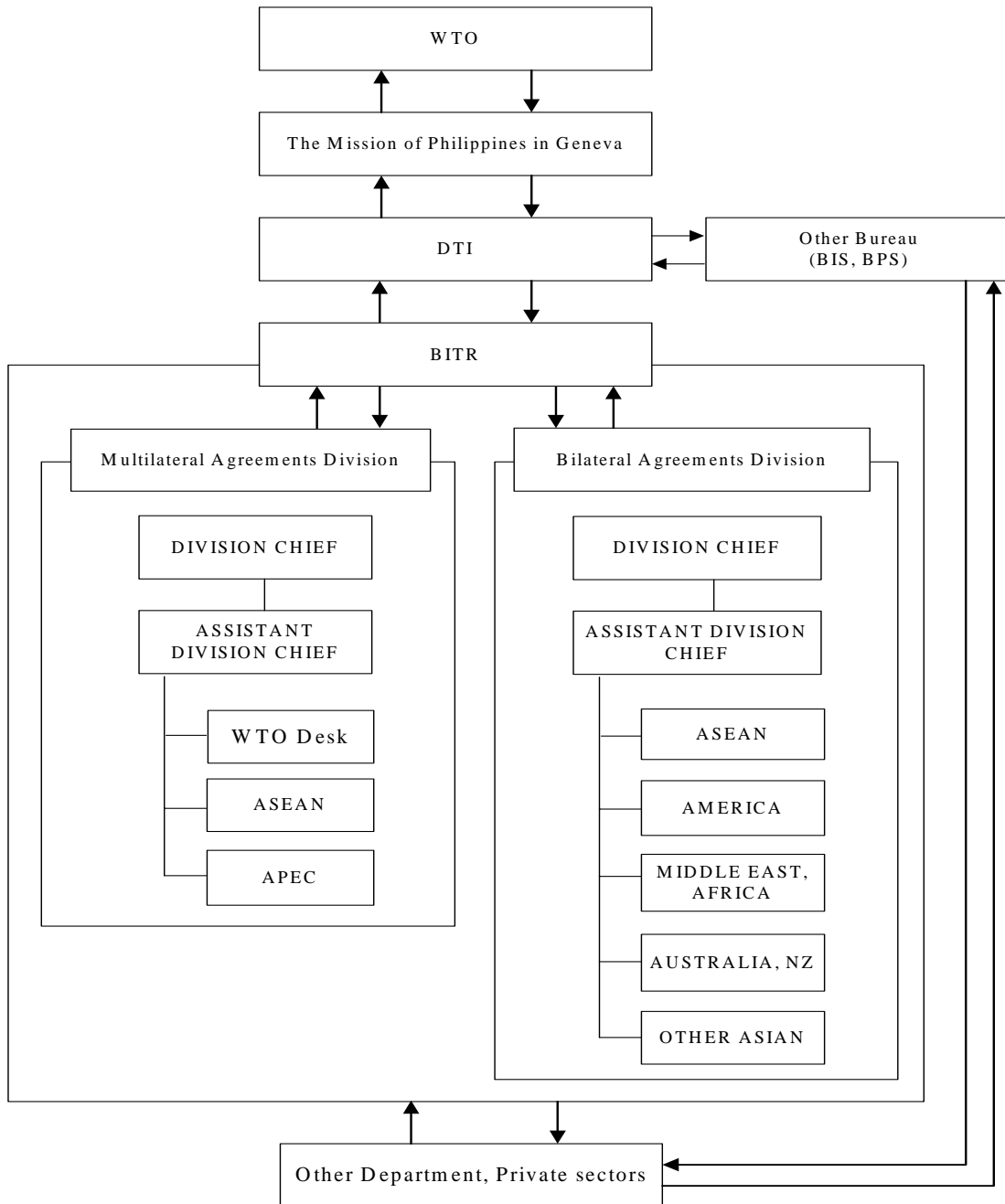
Within the DTI, the Bureau of International Trade Relations (BITR) is the office in charge of trade negotiations, and other related activities, as well as in coordinating with other Philippine government departments and agencies.

The main work of the BITR, aside from negotiations in various international meetings, involves analysis and report writing at the request of the Office of the Philippines Trade Representative in Geneva, as well as various other domestic government agencies.

In order to implement these analyses and reports, the BITR must receive WTO related information from the Office of the Philippines Trade Representative in

Geneva, other bureaus within DTI, other government agencies, as well as private sector companies. In addition, after arranging and analyzing the received information, BITR findings are once again fed back to the concerned organizations. The basic flow of WTO related information within DTI is shown in the Figure -1.

**Figure -1 The Basic Flow of WTO related information within DTI**



## **1.2.2 Management and Storage of Existing WTO related information**

Even within the DTI, the sharing of information is made basically through signed, official documents. Because of this, the arrangement and storage of information is basically done with paper documents. Each officer in charge stores paper documents related to his area of work, by maintaining paper files. However, as a result of such personal management and storage, several problems related to WTO related activities have been pointed out.

## **1.2.3 Present Status of WTO related Information**

As a result of the interviews conducted with the officers in charge within the DTI, the TA Team learned that the following types of information are necessary for WTO related information. As mentioned earlier, however, this information is not centrally managed, but each type is managed separately by the officer in charge. As a result, there are problems such as officers in charge keeping duplicate information, or not knowing where certain kinds of information are being kept.

### **(a) Types of Information**

- Laws and regulations
- Notifications
- Measures
- Tariff
- Meeting minutes
- Analysis reports
- Others

### **(b) Information Sources (Authors)**

- BITR Officer in Charge
- WTO Desk Officer within BITR
- Other Officers in DTI Bureaus
- Officers in other Philippine Government Departments and Offices
- Office of the Trade Representative of Philippines to Geneva
- Private companies/universities and others

### **(c) Types of Languages**

- English

### **(d) Data Format**

- Paper documents
- Electronic data

## **2. Agriculture and SPS Agreements <Component 2>**

### **2.1 Agriculture Sector in the Philippines Economy**

The Philippine agriculture sector, which contributes 20 % to GDP and accounts for 40% of the labor force, plays a significant role for enhancing economic growth and employment as well as reducing poverty especially in rural areas. Generally, agricultural exports have lagged behind imports since the early 1990s. Farmers and producers have shown concern about government decisions on the WTO, since WTO commitments have led to an import surge of cheap food products, which have eventually lowered the farm prices, and to dismantling of advantageous special trade arrangements, such as the US Sugar Quota and the GSP by 2004. The current attention to epidemics in the world, such as Bovine Spongiform Encephalopathy (BSE), Foot and Mouth Disease have also raised concern over the control capacity of food imports at the border.

Some case studies have shown that sub sectors such as mango and asparagus have clearly benefited from the liberal trade regime as shown by an increase in their export volume. However, due to the sector's general inability to exploit expanding international markets and opportunities, food exports have not increased. Ensuring the safety of export commodities is one of the major problems to be tackled as the Philippines faced some difficulties recently; Australia has restricted the import of banana and papaya from the Philippines due to pest risk analysis, sanitary testing<sup>2</sup>; and also Japan has suspended papaya import from the Philippines due to detection of the fruit fly.

### **2.2 Present efforts for implementing the Agreement on Agriculture**

The ratification of membership in the WTO in 1994 brought a new challenge for the agriculture sector. The Uruguay Round Agreement on Agriculture (URAA) has

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<sup>2</sup> The Government of the Philippines, on 18 October 2002, requested consultations with the Government of Australia regarding certain measures restricting the importation of fresh fruit and vegetables, including fresh banana fruit, fresh papaya fruit and fresh plantain from the Philippines. This request was circulated to Members on 23 October 2002 in document. The Philippines and Australia held consultations on 15 November 2002, but have failed to settle the dispute. On 7 July 2003, the Philippines therefore requested that the Dispute Settlement Body ("DSB") establish a panel to examine the matter.

had a significant effect on trade in agriculture, namely (a) market access, (b) domestic support, and (c) export subsidies. As the URAA calls for the Philippines to increasingly open its agricultural markets to foreign competition, the government has made effort as summarized in Table -1.

**Table -1 A Summary of Philippine Agricultural Commitments in the WTO**

Item in Agreement	Philippine Commitment	Remarks
Prohibition of the use of additional Non-Tariff Measures (NTM)	Yes	NTMs include discretionary import licensing, variable import levies, import quotas, and import bans.
Conversion of all existing import quantitative restrictions (QRs) to tariff protection measures	Yes, except for rice	Tarrification is done at twice the EO 470 rates and subject to a 100 % maximum rate. Tarrification of rice QR has been postponed for 10 years.
Tariff Bindings	Yes, at ceiling bindings	Ceiling biding is set above the present rate.
Tariff Reductions	Yes	Average cut is 30 %.
Reduction of WTO-inconsistent production subsidies	No	The Philippines maintains less than a 10 % subsidy rate.
Reduction of export subsidies	No	The Philippines does not maintain export subsidies.

Source: Department of Agriculture

With regard to Quantitative Restrictions, the Philippines invoked Annex 5 of the Agriculture Agreement to postpone the tariffication of rice as a politically sensitive food staple.

The Philippines recently started to put greater attention on achieving better terms and conditions for developing countries in the ongoing talks on Agreement on Agriculture (AoA). The Philippine delegation to the WTO Cancun meeting specifically argued three key reform pillars: domestic support, market access, and export competition. These reforms would benefit development countries' food security and livelihood enhancement and development.

Countervailing and anti-dumping duties are imposed on imported products which are dumped in an export market at costs lower than those collected in their country of origin. The Agricultural Competitiveness Enhancement Fund (ACEF) earmarked by Congress is another safeguard measure. This fund aims to finance WTO-related adjustment measures and competitive enhance projects.

The Policy Analysis Service of the Department of Agriculture (DA), the focal point for WTO negotiations and various internal policy making, currently has a technical staff of only three people including the Assistant Secretary, who heads the DA-Policy and Planning Office. To prepare strategy for negotiations and to craft negotiation papers, the government relies on external expertise and committees composed of private sector representatives, stakeholders of international trade as well as academics. The Task Force on WTO Agreement for Agriculture Renegotiation (TFWAAR) was organized by DA and representatives of private sector associations. The TFWAAR is chaired by the DA Assistant Secretary for Policy and Planning and regularly holds meetings. It is supported by a core group consisting of technical staff of the DA and private sector organizations in undertaking trade-related research and formulation of proposals.

### **2.3 Present Efforts for the SPS Agreement**

The implementation of SPS measures in the Philippines involves various laws and agencies. The Philippines quarantine laws were drafted as far back as to the 1920's. The laws on plants, fisheries and animal have been subsequently amended in more recent years. Current efforts to revise these laws to streamline the service and harmonize the provision of the SPS agreements are under way. The Revised Administrative Code of 1987 delineated the formulation and imposition of SPS measures. DA, through its responsible bureaus and attached agencies, handles the implementation of specific food safety and the quarantine of agricultural products in live, fresh, or semi-processed forms. Regarding processed food, the Bureau of Food and Drugs (BFAD) of Department of Health (DOH) has the primary obligation to ensure the safety of human health.

The Bureau of Animal Industry (BAI) has the task of to enforcing animal quarantine regulations, while the National Meat Inspection Commission (NMIC) undertakes regulation of distribution of animal product and by products. The Bureau of Plant Industry (BPI) and Bureau of Fisheries and Aquatic Resources (BFAR) are mandated to implement plant and fishery quarantine regulations, respectively. Other agencies such as the Food Development Center (FDC) under the National Food Authority (NFA) provides technical support with regard to technical service for food export.

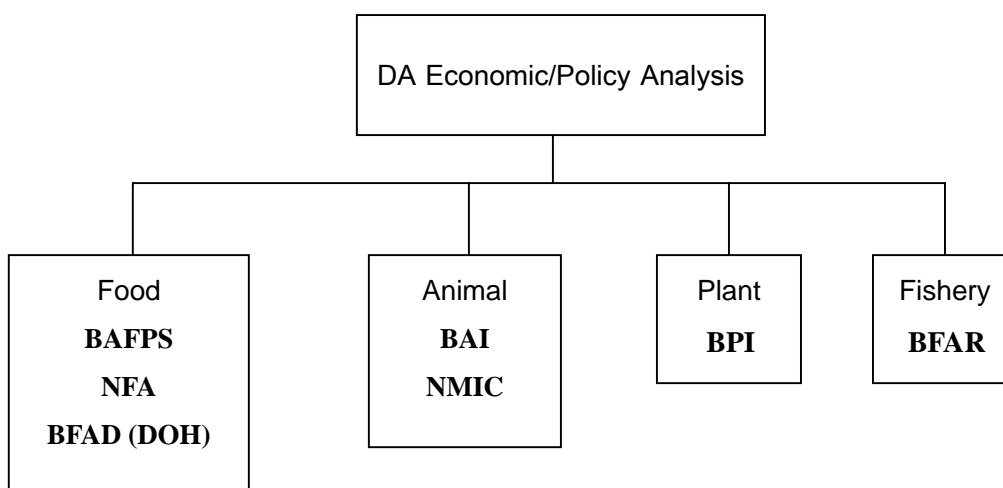
The Agriculture and Fisheries Modernization Act (AFMA), enacted in 1997,

mandated the centralization of the adoption and enforcement of SPS measures with the creation of the Bureau of Agriculture and Fisheries Product Standards (BAFPS). Although BAFPS initially expected to play a significant role in the process of formulating product standards, conducting research on product standardization along international standards and conducting regular inspection or enforcement of the standards, which clearly covers SPS measures, the government authority has not yet authorized a budget for the BAFPS. As a result, only seven staff including the Director are assigned and all other staff are seconded from attached agencies.

The DA has established the mandated Enquiry Point and National Notification Center within the Economic and Policy Analysis Division. This Division is in charge of country positions by integrating technical expertise from the concerned agencies and of collecting relevant information on other countries from the Agriculture Attaches of the Philippines Embassies overseas. The establishment of this Enquiry point in this DA division has been brought about by the incomplete organization of the BAFPS, which has been constrained by a lack of budget allocation.

In order to effectively harmonize the agricultural products in an environment of liberalized trade, implementing bodies for animal and plant health protection and quarantine need to overcome problems of fragmentation and inadequate institutional infrastructure.

**Figure -2 Concerned agencies of SPS measures in the Philippines**





## **2.4 Needs for Capacity Building**

The Philippines actively participates in three international standard-setting bodies, namely the Codex Alimentarius, the Office of International Epizooties, and the International Plant Protection Convention. There have been a considerable number of training opportunities funded by the WTO, ASEAN (International Life Sciences Institute, Plant Quarantine Training Institute), International Livestock Research Institute and bilateral donors, such as Australia, China, US, Germany, Japan, Malaysia, Netherlands, South Korea, Sweden and Thailand.

DA Technical staff initially hold a B. Sc. or B. Econ degree, then pursue further studies for a master degree or PhD either domestically or abroad, with scholarship assistance from donor countries such as Japan and the US. The US has provided technical assistance under the PL 480, which funded government agricultural development projects in the Philippines. Among which, is education and training in various fields of agriculture. Through this fund, many DA staffs have received Fulbright scholarships to pursue higher degrees in the US. The Program has also provided trade-related training for human resources related agriculture, agribusiness, and trade related areas.

Beneficiaries of training opportunities work mainly in the headquarters of the respective agencies. The regional officers in charge of quarantine service currently have few opportunities for further training as the DA faces serious budget constraints concerning the training for the regions. The DA has specifically requested support for regional quarantine officers to participate in the planned Seminar.

### 3. General Agreement on Trade in Services (GATS) <Component 3>

#### 3.1 Service Sector in the Philippines Economy

During the period 2000 to 2003, the services sector has been the strongest source of employment (Figure II-2-3-1). It accounted for about 48 percent of the total employed in 2003, followed by agriculture (37 percent) and industry (15 percent). For this year, the services sector's share is targeted to increase to as much as 48.7 percent.

**Table II-2 Philippine's Employment by Sector**

	Employment ('000)				Growth Rate (%)			
	2000	2001	2002	2003	2000	2001	2002	2003
All Industries	27,453	29,155	30,063	30,627	-1.10	6.20	3.10	0.02
Agriculture	10,181	10,850	11,122	11,203	-5.50	6.60	2.50	0.70
Industry	4,454	4,713	4,695	4,838	-1.30	5.80	-0.40	3.10
Services	12,811	13,593	14,246	14,586	2.90	6.10	4.80	2.40

Source) Institute for Labor Studies- DOLE/ National Statistics Office/ National Economic and Development Authority

The Philippines has long been recognized as an exporter of competitive Filipino workers, from which it has benefited significantly thru foreign exchange remittances by overseas Filipino workers (OFW). As shown in Figure II-2-3-2, remittances from overseas employment rose from US\$ 6.05 billion in 2000 to US\$ 6.91 billion in 2003. These are projected to reach US\$ 7.8 billion in 2004. As a percentage of GNP, OFW remittances expanded from 7.6 percent in 2000 to 8.6 percent in 2002.

**Table II-3 Contribution of Overseas Employment (2000-2003)**

	Remittances from Overseas (in US\$ B)	As a Percentage of GNP
2000	6.05	7.6
2001	6.03	8.0
2002	7.19	8.6
2003	6.91*	

\* As of November 2003

Source) Bangko Sentral ng Pilipinas, National Statistical Coordination Board

### **3.2 Needs for Capacity Building**

The Philippine government has made commitments in four of the twelve service subsectors (i.e., financial, telecommunication, tourism and transport services) under the WTO classification system. Requests by other WTO member-countries to expand these commitments pose challenges to continuously and effectively cope with technical and policy issues that arise during the “request and offer” negotiation process.

Dealing appropriately with the rounds of services trade negotiations thus requires efforts to build capacities. Along this line, the Philippine government recognizes the need to:

- (1) Enhance the general knowledge of concerned government agencies on the GATS and understand the complexities and flexibilities underlying the agreement;
- (2) Develop and build the capacity of government agencies and private entities concerned with/affected by the liberalization of the specific service sectors (e.g., transportation, tourism, energy and environment, and professional services); and
- (3) Conduct comparative studies on domestic laws, rules and regulations aimed at providing guidance to the Philippine government in determining areas for liberalization and its policy implications for strengthening competitiveness in services trade under the GATS framework.

With regard to item (1) above, the NEDA recognizes that upgrading the capacities of concerned government agencies with respect to the GATS should be a continuous undertaking owing to the comprehensiveness and complexity of the agreement, and given that the WTO rules on the international trade in services are by nature evolving.

For item (2), the Department of Transportation and Communication (DOTC) and Department of Tourism (DOT) have specifically expressed the need to enhance their understanding on the technical aspects of GATS negotiations, as well as the relationship between the GATS and a particular service industry’s policies. Their main interests were identified as follows:

- a. How GATS can be utilized for strengthening competitiveness
- b. Further enhancement of competency of workers sent abroad (Mode-4)
- c. Current commitments and positions of other major WTO members
- d. Experiences of Japan and other WTO members in liberalizing service markets

With respect to item (3), comparative studies were requested. DOTC indicated its interest on the Philippine maritime and air transport service sectors in comparison with that of Japan, United States, the European Union and Thailand, and DOT on a comparison of the Philippine tourism sector with that of other ASEAN countries.

### **3.3 Present Situation of the Capacity Building for GATS**

The Inter-Agency Committee on Trade in Services (IAC-TS) plays the key role in coordinating all matters relating to the implementation of the GATS, the liberalization of trade in services under the ASEAN and APEC, and entry into bilateral agreements by the Philippines with another country on services trade. It is the venue for the discussion and formulation of Philippine positions for services-related negotiations in Geneva and elsewhere. The NEDA serves as the Chair and Secretariat of the IAC-TS which is composed of 23 government bureaus and agencies or departments.

The IAC-TS also functions as an information-sharing body and capacity improvement center. As focal point for formulating Philippine negotiating positions in Geneva, the NEDA calls the IAC-TS members to meetings whenever necessary to ensure that proper consultations have been undertaken by the concerned government agencies with the service sectors concerned prior to the negotiations; to update them on developments regarding the GATS and the on-going negotiations; and to clarify issues arising therefrom. The members are also invited to attend seminars and workshops organized with support from international donor organizations.

## **4. SG/AD Agreements <Component 4>**

### **4.1 Present Situation of the Implementation of SG/AD Agreements**

#### **4.1.1 Trade Remedy Enactment**

The Philippines' legal framework related with anti-dumping and safeguard measures are developed on the existing acts and regulations as follows:

- Section 301, Part 2, Title II, Book I of the Tariff and Customs Code of the Philippines (provision on anti-dumping)
- Republic Act No. 7843 (Anti-Dumping Act, amending the above Section 301 in 1994)
- Republic Act No. 8752 (Anti-Dumping Act, further amending Section 301 in 1999)
- Implementing Rules and Regulations Governing the Imposition of an Anti-Dumping Duty under Republic Act No. 8752 (Joint Administrative Order No. 01, Series of 2000)
- Republic Act No. 8800 (Safeguard Measures Act, passed by Congress in July 2000)
- Joint Administrative Order No. 3 or the Implementing Rules and Regulations for RA 8800.

R.A. 7843 named the key government contact points of anti-dumping actions as the Secretaries of Finance, and Trade and Industry. Among other notable features of this Act was the creation of a three-member Special Committee on Anti-Dumping chaired by the Secretary of Finance. Co-members were the Secretary of Trade and Industry, and the Secretary of Agriculture (for agricultural products) or the Secretary of Labor (for industrial products). This Committee was empowered to decide on whether a violation of Section 301 had indeed taken place.

R.A. 8752, with further amendment to Section 301, was intended to bring the anti-dumping provisions of the Philippines in line with both the WTO standards outlined in Article VI of GATT 1994 and the Agreement Implementing Article VI of

GATT 1994 (the WTO Anti-Dumping Agreement).<sup>3</sup> In addition, another goal in passing R.A. 8752 was the reworking of the anti-dumping provisions into a simpler and more practical legislation so as to more effectively deal with unfairly traded dumped imports. It also clarified the elements needed to be established (i.e., product comparability, price difference, material injury or threat thereof, and causal link). Greater responsibility was placed with the Tariff Commission, with the role of the Department of Finance reduced. In addition, a tight timeline for the conduct of the investigative process was set out and some provisions under R.A. 7843, such as the provision on the Special Committee on Anti-dumping, were repealed.

#### **4.1.2 Institutions**

There are several key institutions involved in the Philippine trade remedy process. This is in line with the requirements of the WTO Agreements.<sup>4</sup> These institutions are the Office of the President, the Department of Agriculture, the Department of Trade and Industry, the Tariff Commission, and (to a certain extent) Congress, the Department of Finance and the Bureau of Customs.

#### **4.1.3 Philippine Experiences of SG and AD**

##### **(1) Anti-Dumping Measures**

Philippine AD actions have been governed by the previously mentioned three legislations: 1) Section 301, Part 2, Title II, Book 1 of the Tariff and Customs Code of the Philippines (16 cases, 1989-1994), 2) R.A. 7843 (21 cases, 1996-1999), and 3) R.A. 8752 (5 cases, since 1999). Among the total of 43 cases, 12 cases resulted in the imposition of AD duties, while the rest of the cases were either dismissed or amicably settled.

##### **(2) Safeguard Measures**

All the general safeguard cases were filed with the Department of Trade and Industry, with the exception of the application for tomato paste which was filed before

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<sup>3</sup> see Art. XVI, Section 4 of the Marrakesh Agreement establishing the WTO.

<sup>4</sup> see Article 3 of the WTO Agreement on Safeguards.

the Department of Agriculture. The Department of Agriculture formed a team in August 2000 to handle the cases of special safeguards. There are seven cases for general safeguards, and two cases for special safeguards, all of which have occurred since 2001. Among nine cases in total, four cases involved duty imposition, two cases were dismissed, and three cases are under investigation.

The first safeguard case that reached the Tariff Commission was the petition to impose general safeguards on cement imports, and was an offshoot of an earlier anti-dumping action against cement that was dismissed. As the first safeguards case to go past the formal investigation stage, the cement case attracted public scrutiny and significant media attention.

### (3) AD/SG cases filed against the Philippines

With regard to anti-dumping cases filed against Philippine companies, data to come by regarding this matter was very difficult, as no records were formally kept by the government. The list<sup>5</sup> is therefore admittedly as partial in nature but would at least provide a more complete picture of the anti-dumping process where the Philippines is concerned. There have been six anti-dumping cases where duties have been imposed, mostly initiated by developed countries. No data for safeguard cases involving the Philippines as respondent was available.

### (4) Opinions of Public and Private Sectors

Opinions on the Philippine SG/AD experiences were collected through interviews with various members of the private sectors, including representatives of the chemical, automotive, cement, steel, sugar, and plastics sector, as well as representatives from two of the main Philippine industry associations.

A frequent comment was the difficulty they felt in dealing with the Philippine government agencies in charge of trade remedy cases, due to the burden in preparing the documentation required by the government. The gathering of data, particularly for anti-dumping cases (in gathering of data for the “normal value” of the

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<sup>5</sup> The list was culled from two sources: the WTO website and a study made by Raul L. Cordenillo, *The Application of WTO Trade Remedies in Major Markets - The EC and US: Problems Experienced by Philippine Exporters*, 3 ALPR 1

imported like product) proved very difficult for participants that were past applicants to such cases. It seems that the numbers and data required are truly not accessible and such problems are compounded by the perceived refusal of the appropriate government agencies to assist in alleviating such difficulties.

Prior to the Survey by the TA Team, there was a noteworthy meeting regarding the anti-dumping and safeguards laws of the Philippines. An Anti-Dumping Forum was conducted by the Federation of Philippine Industries, Inc. on 21 February 2003. The forum was attended by representatives of the paper, chemical, glass, cement, pipe, wire, shoe, and towel industries, as well as representatives from the DTI. The significant points raised were as follows:

- RA 8752, to the detriment of local industry, seems to focus on specific suppliers/exporters and brands;
- The burden of proof is placed on the applicant domestic industry to show that dumping causing injury is present;
- The process of filing anti-dumping and safeguard cases - and the gathering of data involved - is very tedious and cumbersome; and
- General unhelpfulness of the government agencies involved;

It must be noted that with regard to the comments made by the public sector, the general response was the seeming need for greater efforts to be exerted by the private sector in understanding WTO and Philippine trade remedy rules. Most of the complaints made by the private sector, particularly domestic industries, seem to be without strong basis if held up against the principles prevailing in the multilateral trading system and of those present in RA 8752 and 8800. It was also stated that the private sector perhaps needs to gain greater support in terms of legal, economic, and accounting proficiencies in relation to applications for trade remedy measures. Finally, it was said that more effective ways in making the private sector understand and manage expectations with regard to trade remedy cases should probably be undertaken by the government (and even academe) to forge more synergy between the public and private sector in relation to such cases.



## **4.2 Needs for Capacity Building**

The BIS of the DTI, the Department of Agriculture (DA) and the Tariff Commission (TC), which are the authorities responsible for AD and SG measures, need to acquire practical knowledge of SG measures, because of their limited experience in handling SG cases. At the same time, they need to acquire knowledge on some particular points in the AD procedure, like determining material injury, causal linkages between dumping and injury and handling overseas investigations.

AD and SG measures are often confused with one another, and there was indeed a case in the Philippines when an anti-dumping application was withdrawn and re-filed as a safeguard petition (cement case). While it should not be concluded that this case was caused by an inappropriate confusion of these measures without careful examination, it is obvious that the above needs of the Philippine government necessarily entails a correct understanding of the nature and logic of the two measures, not only the procedural similarities and differences.

Another aspect implied by the government's needs is the public interest. The Survey on the Philippine's experiences explained in the previous section reveals that there is a perception gap between the public and private sectors concerning 'trade remedies for whom?' The Philippine government has not seemed to have succeeded in persuading the private sector as to the appropriate purpose of SG/AD measures. The Capacity Building Program therefore paid attention to developing a well-balanced notion of the public interest among the related government agencies, who have accountability for their policies.

## **5. The Agreement on Technical Barriers to Trade (TBT Agreement)**

### **< Component 5 >**

#### **5.1 Necessity of Assistance for the Philippine Government regarding the TBT Agreement**

According to the Agreement, member countries should establish a national notification authority that notifies proposed technical regulations to WTO, as well as a national enquiry point to answer all enquires from other member countries on technical regulations, standards and conformity assessment procedures, and upon request, to provide related materials. In the Government of the Philippines, The Bureau of Product Standards (BPS), established under the Department of Trade and Industry (DTI) is filling the roles of national notification authority and national enquiry point. BPS, however, has not gained enough capacity to coordinate relevant government organizations in charge of technical regulations, or to notify the draft technical regulations to the TBT Committee. Therefore, BPS needs to have technical assistance for enhancement of its capacity to in order to fully understand the TBT Agreement, and also for revitalization of a national coordinating committee in which all stakeholders discuss TBT issues, by strengthening the coordinating capacity of BPS.

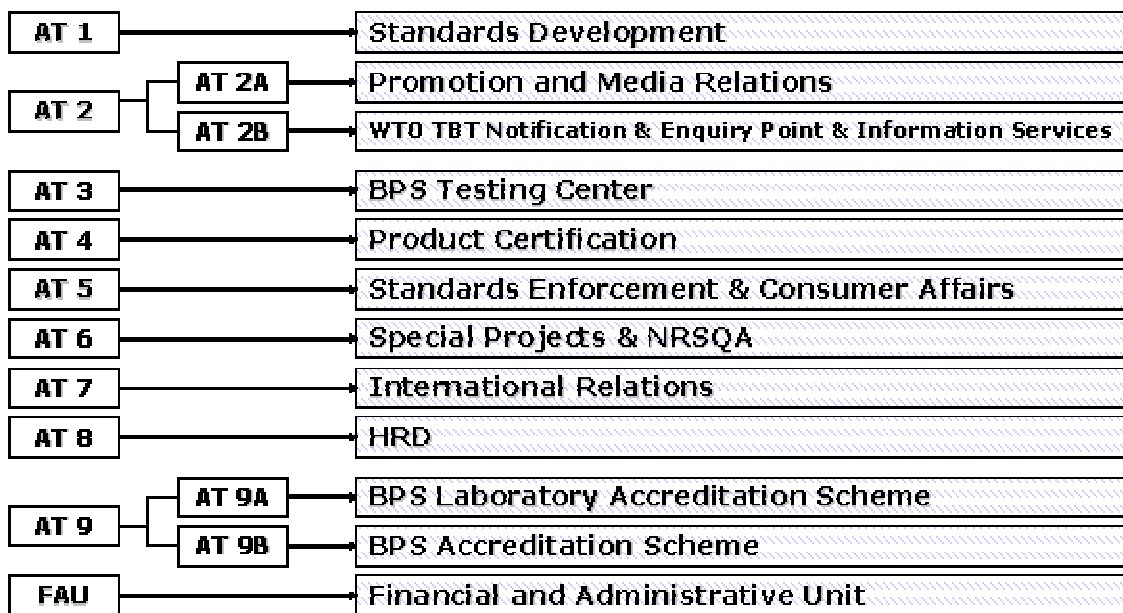
#### **5.2 Present Situation of the TBT Implementation in the Philippines**

##### **5.2.1 Role and Structure of Bureau of Product Standards**

Bureau of Product Standards (BPS) is the only national standardization body in the Philippines, established by the Standardization Law of the Philippines (Republic Act 4109/1964) under the Department of Trade and Industry (DTI). BPS has been mandated to develop, promote, and implement the Philippine National Standards (PNS) and coordinate standardization activities in the country.

The bureau consists of nine Action Teams (ATs), including four sub-action teams, and one unit. Among these teams, AT 2B is acting as the WTO/TBT Notification and Enquiry point & Information services.

**Figure -3 BPS Organization**



Note: AT is abbreviation of Action Team.

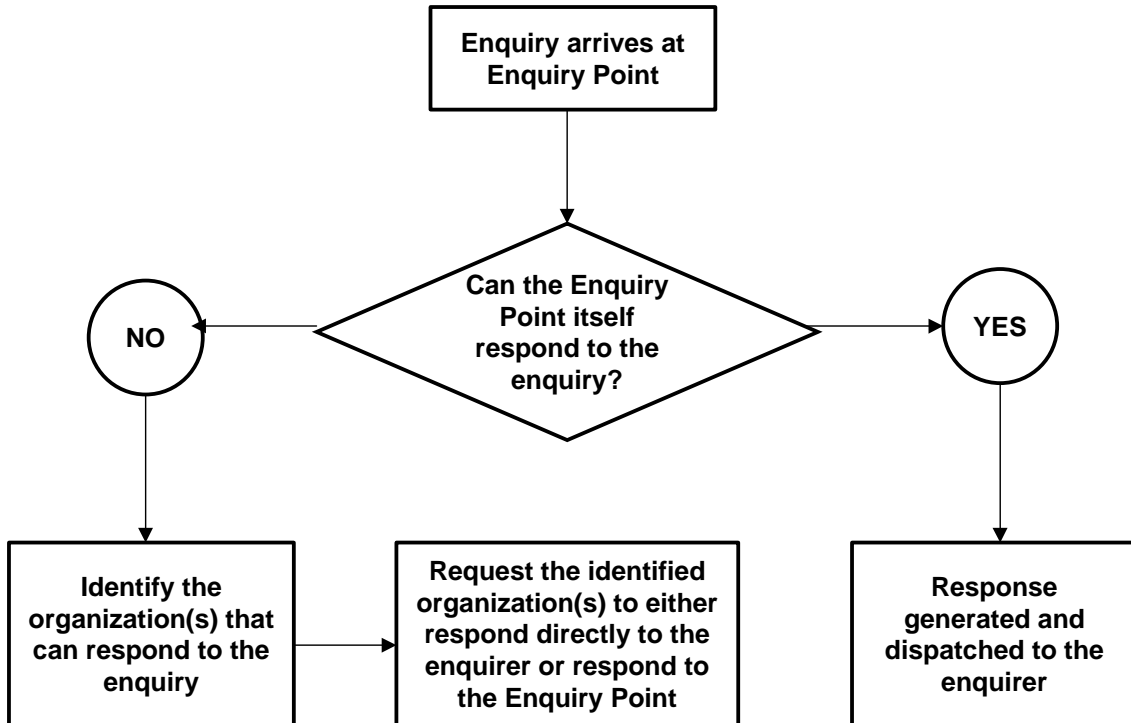
Source: BPS

### **5.2.2 Role of BPS as national enquiry point of the TBT Agreement**

At present, there are only two officers who are engaged in implementing the TBT Agreement within the AT 9B of BPS. Moreover, these two officers are also engaged in information services regarding standards (e.g. library services, sales, technical services to Exporters, report preparation, and website/database preparation/maintenance). As a result of this heavy workload, BPS is facing difficulty in efficiently implementing the TBT Agreement, especially as a national enquiry point.

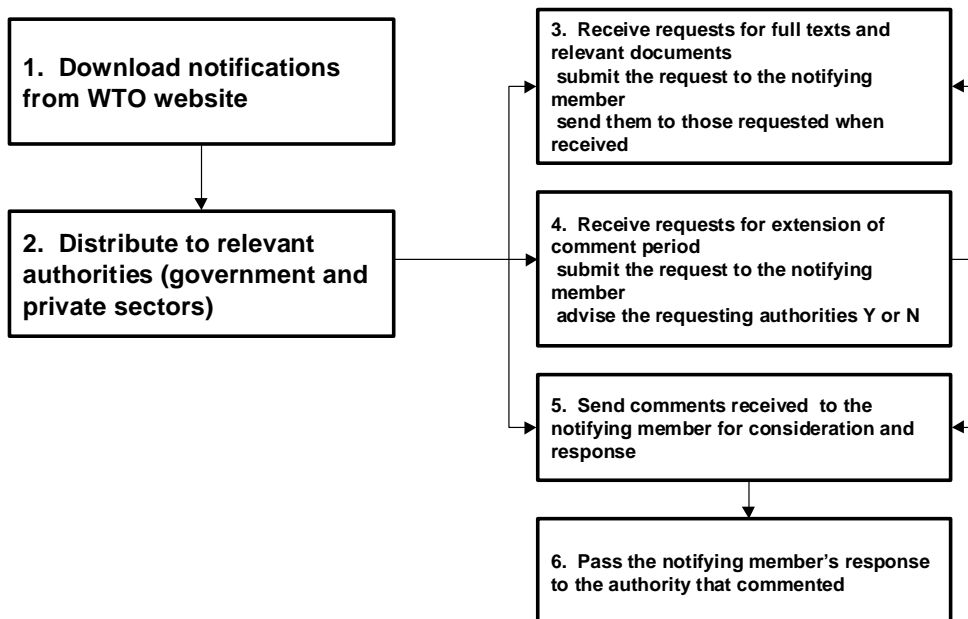
Since the BPS is the only National Standardization Body in the Philippines and the WTO/TBT national enquiry point, the implementation of and coordinating work regarding the TBT Agreement fall under its responsibility. This coordination work, however, is not as efficient and effective as it should be, due to a lack of human resources.

**Figure -4 Flow of Incoming Enquiries to the Philippines**



Source: Presentation material of Ms Campomanes (BPS) at Workshop 1 held in August 2003

**Figure -5 Process Flow for Notification Dissemination in the Philippines**



Source: Presentation material of Ms Campomanes (BPS) at Workshop 1 held in August 2003

TBT-related enquiries and notifications from other WTO member countries have been circulated for comments to various stakeholders in the Philippines, including exporters, regulatory authorities, industry associations, testing and calibration laboratories. In circulating these enquiries and notifications, each piece of information will be (1) sent directly to each stakeholder concerned by e-mail, (2) posted on the “Standards Alert” column on the *Tradeline Philippines* website<sup>6</sup>, and finally (3) disseminated through the *BPS Current Awareness Bulletin* in hardcopy.

As of the end of March 2003, the BPS has developed a total of 2,005 Philippine National Standards (PNS). Of these standards, 61% have been aligned with international standards.

### **5.3 Participation in International Standardizing/Conformity Assessment Activities**

#### **5.3.1 ISO/IEC Participation**

As an ISO-member body, BPS has participated in international standards development. BPS, on behalf of the Philippine government, is a participating member in 26 ISO Technical Committees (ISO/TCs) and an observer-member in 45 ISO/TCs. In addition, the BPS represents the country in six IEC/TCs as participant-member and two IEC/TC as observer-member.

#### **5.3.2 Participation in other International Bodies**

BPS participates in the activities of the following frameworks:

- a) International Laboratory Accreditation Cooperation (ILAC)
- b) International Accreditation Forum (IAF)
- c) Codex Alimentarius Commission (CAC)

#### **5.3.3 Regional Participation**

BPS has been actively participating in the following regional fora:

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<sup>6</sup> <http://tradelinephil.dti.gov.ph/betp/main>

- a) Pacific Accreditation Cooperation (PAC)
- b) Pacific Area Standards Congress (PASC)
- c) Asia Pacific Laboratory Accreditation Cooperation (APLAC)
- d) Asia Pacific Metrology Programme (APMP)
- e) Asia Pacific Legal Metrology Forum (APLMF)
- f) ASEAN Consultative Committee for Standards and Quality (ACCSQ)
- g) Asia-Pacific Economic Cooperation (APEC) Sub-committee on Standards and Conformance (SCSC)

#### **5.3.4 MRA/MOU**

The Philippines has concluded Mutual Recognition Agreements (MRAs) and Memorandums of Understanding (MOUs) with/among the following partners.

- Australia (SAQAS) for recognition of audit services
- Indonesia (BSN) for product certification and approval scheme
- Japan (JET) for factory inspection and product tests
- APEC MRA on Electrical and Electronic Equipment – Part 1 (Information Exchange)
- APEC MRA on Toy Safety
- APEC MRA on Food Recalls
- PAC MLA on Quality Management System
- IAF MLA on Quality Management System

#### **5.4 Past capacity building activities in the Philippines**

BPS once held a one-day awareness seminar for local stakeholders on the TBT Agreement for local stakeholders. This was conducted during National Standards Week.

## **6. Formulation of Action Plan <Component 6>**

The major objectives of this program, as a whole, is to provide bases for the sustainable capacity building activities by the Philippine counterparts' own initiative even after the Technical Assistance Program, which includes human resource development and strengthening institutional capacity of each counterpart. Thus, this component (Action Plan) is designed to focus on providing additional momentum to substantiate further continuous and sustainable activities for capacity building so that the result of input from this Program with assist the Philippine Government's efforts at self reliance. In addition to the TA activities in each component, this component is to provide appropriate suggestions on future utilization and applicability of the inputs from the program, including the design and operation of the programs, and directions for its institutionalization process including horizontal development into other WTO Agreements and FTA related subjects.

As the specific directions for further actions concerning individual component areas are highlighted in the recommendations of each respective component, this component is aimed to provide an overall action plan from a comprehensive point of view to suggest continuous and sustainable approaches for further capacity building activities.

### **Assistance Methodology**

#### **(a) Holding of Comprehensive Seminars**

In this component, two comprehensive seminars were held: a Kick-off Seminar at the beginning and a Wrap-up Seminar toward the end of project. The former was planned to highlight overall issues that are in the Government of the Philippines' national interests on the implementation of rights and obligations regarding WTO Agreements, and to formulate common perspectives among government officials on benefits from the multilateral trading system, while the latter meeting was planned to share and formulate common perspectives on a review of programs and recommendations by respective component.

**(b) Designing an Action Plan for further overall Capacity Building Activities**

Through monitoring the programs provided in respective components, essential elements of planning and operation for sustainable capacity building activities were identified and studied to construct an action plan to serve for further overall activities drive. The Action Plan was formulated based on recommendations, in a forum of actions to be taken in short, medium and long-term.



## . Capacity Building Activities

### 1. Overview of the Assisting Programs

#### Start-up Phase

The Program started with the fielding of an Inception Mission formed by the TA Team in December 2002. Intensive discussion meetings were held to grasp the detailed needs and background by each component counterpart. The results of the Inception Mission were compiled in a Work Plan prepared by the TA Team in February 2003, which forms a basis for implementing the Program activities. The sub-team for the information sharing system (Component 1) immediately started interviews and questionnaire survey to identify the current circumstances in WTO-related information delivery. The “Kick-off Seminar” was launched in March 2003, with the participation of a Japanese scholar and government official to explain the Program to all relevant counterpart officials and the public, and to share the experience of Japan.

#### Implementation Phase

The TA Team performed further research, in May 2003, on the current constraints faced by each counterpart in fine-tuning the contents to be delivered for seminars and workshops, as well as to form a base of information for preparing recommendations. The implementation of seminars and workshops were conducted from June 2003 to January 2004, for components in Agriculture/SPS (August 2003), GATS (June and November 2003 and January 2004), SG/AD (July 2003), and TBT (August and November 2003). The resource speakers have been mobilized from Japan (both government and non-government), the US and Europe, depending on the needs identified and the qualifications of the speakers. The total number of speakers as well as participants are listed in Table -1 and -2

**Table -1 Breakdown of Resource Personnel**

Japanese Government Expert	7
Japanese Academics	2
Japanese Private Sector Expert	1
Third Country Expert	4
Philippine Expert	3
Total	17

**Table -2 Number of Participants for Seminars/Workshops**

<b>Seminar/Workshop</b>	<b>Date</b>	<b>Days</b>	<b>Participants</b>
Kick-off Seminar	2003.3	1	134
Agriculture/SPS	2003.8	3	96
GATS(1)	2003.6	3	118
GATS(2)	2003.11	2	100
GATS(3)	2004.1	5	210
SG/AD	2003.7	4	45
TBT(1)	2003.8	2	33
TBT(2)	2003.11	2	37
Wrap-up Seminar	2004.2	1	83
Total		23	856

Besides implementation of seminars and workshops, some components were engaged in the studies to analyze the present circumstances and constraints faced by specific sectors, and to develop the information sharing system. The studies were sub-contracted to local-based firms, for the subjects listed on Table -3.

**Table -3 List of Sub-contracted Studies/Development**

<b>Components</b>	<b>Subject</b>
Information System	Information sharing system development
GATS	Comparative study on tourism
GATS	Comparative study on maritime transportation
SG/AD	Legal /institutional background and cases on SG/AD

#### Concluding Stage

At the final stage of the Program, the following two concluding meetings were held.

- (1) Wrap-up meeting for draft final discussion: February 2004
- (2) Delivery of information sharing system: February 2004

One the occasion of wrap-up meeting, recommendations prepared by the TA Team were discussed, to be reflected to the Final Report. The delivery of information sharing system also has functioned to confirm further operation and maintenance by the counterparts.

## **2. Technical Assistance Activities by Each Component**

### **2.1 Enhancement of Inter-Agency Information Sharing <Component 1>**

The technical assistance under the first Component ultimately aims to enhance organizational capabilities within the Philippine Government in order to facilitate the implementation of the WTO Agreements through development of an information sharing system, which serves as the core infrastructure of the Program. The target recipient organization is the Bureau of International Trade Relations (BITR) under DTI, which is mandated with focal point for implementation of WTO Agreements. In addition to BITR, Bureau of Import Services (BIS) and Bureau of Product Standards (BPS) were assisted to facilitate the provision to the private sector of information on tariffs and other related information and the general public. BITR, BIS and BPS are all linked through the existing local area network (LAN) within the DTI, which has been used as a basic framework for the information sharing system.

#### **2.1.1 Summary of the TA Activities**

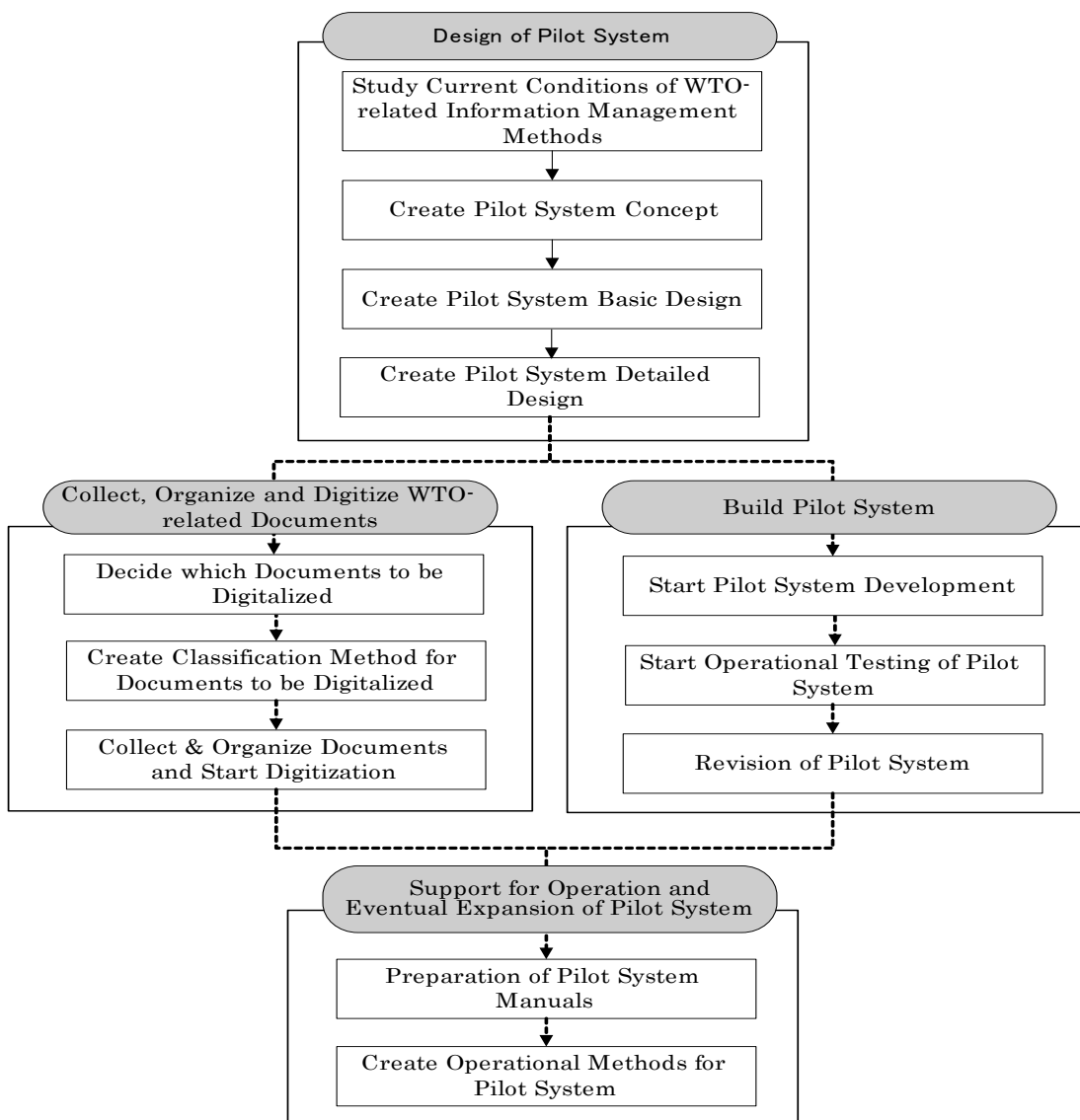
##### **(1) Design of Support Activities**

Bearing in mind the technical assistance needs specified in 2.1.1, priorities have been clarified through mutual consultation with DTI, and the details of technical assistance activities have been determined, for the development of the pilot system for the sharing of WTO-related information. There are four stages of technical assistance activities:

- (a) Design of the WTO-related information sharing system
- (b) Pilot system development
- (c) Gathering, classification and digitalization of WTO related information
- (d) System operation and technical assistance for future system expansion at the DTI

During each of the above stages, a number of discussion sessions were held with DTI counterparts, through which technical assistance activities were carried out on the methods for system design and system development know-how. The summary of technical assistance activities is shown in Figure -1.

**Figure -1 Summary of TA Activities**



**2.1.2 Design of the Pilot System**

The WTO-related information sharing system was designed bearing in mind the present situation and issues concerning DTI management of WTO-related information.

**(1) System Concept**

The Pilot System enables sharing of WTO-related information by registering WTO-related documents and document attribute information that is usually handled in

paper form. The Pilot System incorporates the following functions that enable the search and viewing of these documents and information:

- Search function for documents, document attribute information and document in question, access authority registration, and edit functions.
- Search and view function for documents and document attributes by authorized users.

However, under the Pilot System, the users shall be restricted in access to confidential documents for the reasons stated below. Nevertheless, the system is given flexibility in design for future system expansion.

- Following the established rules for viewing of documents within DTI, it is necessary to maintain the confidentiality of documents.
- There is no intranet link between the DTI and other Philippine government institutions, and distribution of highly confidential information on the current Internet involves the risk of information leaks. Due to this, highly confidential information will be viewed only within the DTI's LAN.

System users are broadly divided into the two types outlined below, and functions that can be utilized by non-DTI users shall be limited.

<Users within the DTI>

- Search function for documents, document attribute information and document in question, access authority registration, and edit functions.
- Search and view function for documents and document attributes by authorized users.

<Users from other government institutions and private enterprises>

- Search and view function for publicly released documents and document attributes.

## (2) System design

The Pilot System was designed, taking the above system concept (1) into account, after due consultation with the DTI counterpart.

### (a) File formats for documents to be registered and automatic file conversion

Among the WTO-related documents for system registration, documents prepared outside DTI are sent in paper form and, in principle, such documents are scanned and registered as TIFF image files. There are two types of documents prepared within the DTI; files created with Microsoft Office and TIFF image files of scanned documents with signatures. Since each document type serves a different purpose, the

same document can be registered in both ways. (Microsoft Office files are for reuse and TIFF image files serve as copies of official documents.)

(b) Automatic OCR function

As mentioned in (a) above, all paper documents, created both internally at DTI and outside DTI, can be registered within this Pilot System, and both varieties of documents are subject to full text search. The paper documents have to be scanned to create TIFF files, then converted to TEXT files for full text search. For this purpose, an automatic text conversion function has been provided, using OCR when paper documents are registered.

(c) Pilot System search items

Based on the needs of officials at DTI concerned with the WTO, the Pilot System is required to permit searches by document attribute information, and a search function by items shall be provided. In other words, when a search is conducted in the Pilot System using the items, documents which match the search parameters will be displayed as search results. These items must also be used in inputting the attributes for each document upon registration into the system.

(d) Pilot System Display Items

Each of the documents listed in the search results have their own specific characteristics. Because of this reason, aside from the search items, the searched documents will display the items identifying the attributes of each document as well.

(e) Viewing authority setting

With regard to the viewing authority setting for the registration, viewing, revision, and deletion of documents, the existing rules for viewing paper documents is respected, and the system allows a detailed viewing authority setting.

(f) Acceptance Function for Registered Documents

Depending on the settings made by the registrant, some documents can be made available for viewing on the Internet, while others will require the registrants to be at a higher level before they can be registered, revised, or deleted. The registrant's level can be up-graded at the approval of a superior.

(g) Stand-alone function

In consideration of security, the Pilot System is designed to prevent highly confidential documents from being searched and viewed via the Internet. However, in order for DTI officials to view WTO-related information during business trips, a stand-alone function has been provided, which enables downloading of WTO-related information that is registered with the Pilot System to notebook computers and permits search/view functions that can be run on a stand-alone computer.

(h) System administrator functions

To reduce the management load of the Pilot System's administrator served functions have been provided: user management functions (management of user accounts), access level and group management functions (management of levels and groups for authority settings), category management functions (management of WTO-related information classification categories), document-migration functions (a function to shift the location of documents with elapsed retention periods), and log record/management functions (recording system usage and viewing of such records, as well as a counting function).

(i) Expected volume of documents

Based on the volume of WTO-related documents within DTI, the expected volume of documents to be registered for the Pilot System is as follows:

- Initial registration: Approximately 50,000 pages
- Additional registration: Approximately 30,000 pages per year
- Additionally registered document retention period: 10 years
- Total number of pages expected: 350,000 pages (50,000 + 30,000 x 10)
- Total number of expected documents: 70,000 documents (on the assumption that one document contains 5 pages)

The system has been designed to allow a wide margin in the expected volume of documents described above.

(j) Digitization of the existing WTO-related documents

The existing paper documents that are currently stored within DTI have been digitized so that they can be readily searched at the start of system operation. Each document's attributes, necessary for system registration, have been extracted and registered in the Pilot System.

(k) Presumed users

Users of the pilot information-sharing system can be divided into Primary Users and Secondary Users. The main users are Primary Users, and the system is aimed to increase the efficiency of the work of these users so that they can register and search for information in the system. Secondary Users have access to search function but not to register function. In the future, however, system design will allow a portion of Secondary Users to conduct the same operations as Primary Users in the system.

(l) Server environment

To ensure security, the intranet and Internet web servers are run on separate hardware, as listed below:

- Intranet web server (1 unit)
- Internet web server (1 unit)
- Database server (2 units)
- Backup server (1 unit)

(m) Network environment

The Pilot System has been designed based on the existing LAN at DTI.

- While BITR and BPS are in the same building, BIS, in a separate building, is linked through the internal LAN of the DTI.
- In order to ensure the security of registered documents, two sets of database servers will be prepared. Only those documents with low confidentiality will be stored in the database server for outside users, which will enable access from the Internet.

(n) Client PCs

Due to limited number of personal computers (PC) at BITR, BIS and BPS, PCs are shared by more than one official. To improve the efficiency of WTO information sharing through the Pilot System, 30 sets of PCs has been provided through this TA Program, so that the main users have individual-use PCs to register, update, search, and view WTO-related information.

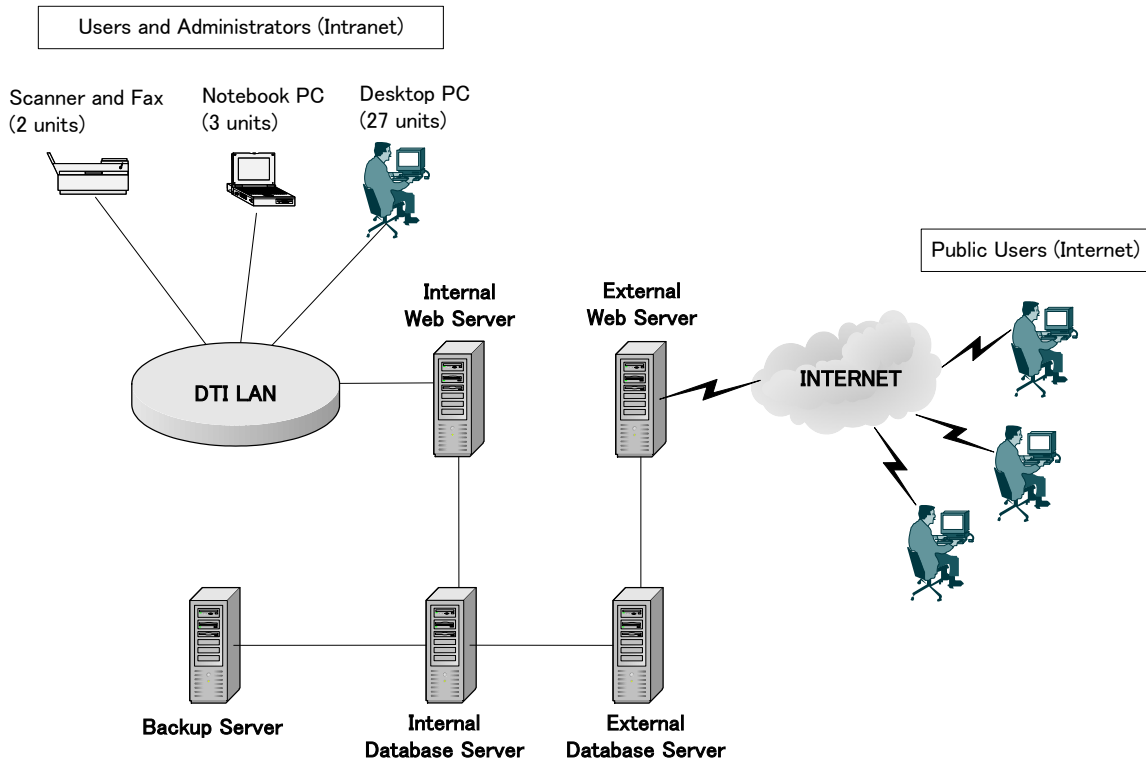
(o) Scanner

To efficiently digitalize WTO-related paper documents, three high-speed, auto-feeding scanners have been provided to DTI. These are installed in the BITR and BPS where most WTO-related documents are received and sent. The system



configuration of the Pilot System is as follows:

**Figure -2 System Configuration of the Pilot System**



### 2.1.3 Development of Pilot System

The development of Pilot System was carried out in two stages; through “Alpha version” and “Beta version”. The Alpha version was a prototype which covered all user screens but did not operate as a system, and the Beta version was a system which covered all standard features and worked under the actual DTI network environment, prior to the final version. Opinions and requests from both the staff members and their DTI counterparts were discussed and taken into consideration at each stage of the development of the Alpha, Beta, and final versions.

- Introduction of the Alpha version: October 16<sup>th</sup>, 2003
- Introduction of the Beta version: December 11<sup>th</sup>, 2003
- Introduction of the Final version: February 24<sup>th</sup>, 2004

#### **2.1.4 Digitization of the existing WTO-related documents**

The existing WTO-related paper documents presently stored within DTI were digitized, and the document attributes necessary for system registration were extracted to make WTO-related information available for sharing from the start of the Pilot System operation. This was done in order to create an environment conducive to the sharing of WTO-related information. DTI took the initiative to implement this task while the TA consultant team maintained its role in providing advice.

In accordance with the above mentioned, WTO-related information has been collected, arranged and digitized. These preparations were made to ensure that at the same time that the Pilot System became operational.

#### **2.1.5 Technical assistance for the Management and Future Expansion of the Pilot System in the DTI**

##### **(1) Start of Official Operation**

Together with the official release of the pilot system, a System Turnover Ceremony was held at DTI on February 24<sup>th</sup>, 2004. The demonstration of the system was made for the officers of BITR, BIS, BPS and MIS, in order to emphasize the convenience of using the system. The level of interest and expectations of both BIS and BPS, especially with regard to information dissemination and sharing with their outside constituency, was higher than initially anticipated, and we foresee a positive utilization of the system.

##### **(2) Creation and Distribution of Manuals**

As part of the preparations for the eventual utilization, operations, maintenance and management by DTI of the pilot system developed and created under this assistance, we have created System Administrators Manual, System Operators Manual and System Users Manual, which were distributed to the various DTI bureaus. These manuals will likewise be used as text books for the training seminars which will be implemented from here on.

### (3) Implementation of Training

As part of the preparations for the eventual utilization, operations, maintenance and management by DTI of the pilot system developed and created under this assistance, we are implementing training seminars for system utilization, and methods for the operation, maintenance and management of the system.

The training for System Administration will be divided into two: for System Administrators and for System Operators. Assistant Director Benedictos is the person responsible for oversight of all System Administrators and System Operators, and will appoint replacements upon reassignment of assigned administrators and operators.

### (4) System Support within DTI

As part of system operations support, in order to promote utilization of the pilot system, and to ensure proper operation, maintenance and management of the system within DTI as well as answer questions from users, the following support will be provided:

- (a) Software Maintenance
- (b) Hardware Maintenance
- (c) Support for Digitization
- (d) Periodic Reports on System Operations

## **2.2 Capacity Building for Agriculture and SPS <Component 2>**

### **2.2.1 Overview of the program**

After a series of the discussions with the counterpart officials of the Department of Agriculture and resource persons from the Ministry of Agriculture, Forestry and Fisheries, Japan, a three-day seminar with six sessions was delivered during the period August 4-6, 2003 in Manila. The main objectives of the seminar included the following:

- a) To provide participants, from both public, including quarantine officers of major regional air / seaports and private sectors, a deeper understanding on the Agreements on Agriculture and SPS measures;
- b) To give the participants a better understanding on quarantine procedure, and the distribution system of plant and animal products in Japan; and
- c) To assist government officials in carrying out risk analysis under SPS measures.

The Seminar was divided into six sessions. The 2nd session on “Distribution System of Agricultural Products in Japan” was based on a commitment by Japan as a part of “the ASEAN Plus 3” activities.

- 1) General Understanding of the Agreement on agriculture
- 2) Distribution System of Agricultural Products in Japan
- 3) General Understanding of the SPS Agreement
- 4) The Situation of Livestock Industry and Animal Quarantine System of Japan
- 5) Plant Quarantine System in Japan
- 6) Food Safety and Risk Analysis

Special attention was paid for the Seminar materials as participants were expected to diffuse the gained knowledge back in their office and regions. Not only copies of Power point presentation image but also reference documents were distributed for further understanding.

## **2.2.2 Program implemented**

During the three-day program, with six sessions, the number of participants totaled 118, consisting of officials from the Department of Agriculture, the Department of Trade and Industry, relevant government authorities, representatives from the private sector, congress, and a farmer's organization. The followings are the outline of the seminar.

### (a) The First Day (August 4, 2003)

#### Session 1: General Understanding of the Agreement on Agriculture

The speaker, Mitsuki Shindo of the International Economic Affairs Division, Ministry of Agriculture, Forestry and Fisheries (MAFF) of Japan first updated the audience on the Mini-Ministerial Meeting in Montreal, Canada where the European Union (EU) and the United States (US) presented a joint proposal on agriculture agreement. This proposal included proposed levels of tariff cuts, a position on TRQ (Tariff Rate Quotas) and exemptions of sensitive products. He then presented the structure of the Agreement on Agriculture and covered basic feature of the Agreement. Using the additional handout, the commitment of the Philippines and EU was explained. He specifically pointed out the issue of Safeguard and Special Safeguard, and briefly explained the case of Japan. In addition to these main issues, the speaker also highlighted the outline of Doha Development Agenda and key elements of success for the Fifth Ministerial Meeting at Cancun.

#### Session 2: Distribution System of Agricultural Products in Japan

The speaker was Dr. Akitoshi Kimura, Principal Consultant of the Marketing Research Department of the Marketing and Research Institute for Agricultural Cooperative. The presentation outlined the present circumstances and the future challenges in Japanese agriculture as well as the distribution system of agricultural products in Japan. The speaker also highlighted the function of Japanese agricultural co-operatives that organize almost all agriculture producers throughout Japan. The speaker then illustrated a wide range of distribution channels of agricultural products in Japan, for example, the distribution system for fresh vegetables and fruits through the central wholesale markets and local wholesale markets, showing several photographs of

distribution sites at a central wholesale market. He also highlighted the distribution system of rice as a staple food product, and beef as an example meat product.

(b) The Second Day (27th of August 2003)

Session 3: General Understanding of SPS Agreement

Mr. Ryosuke Hirooka, Assistant Director of International Economic Affairs Division, MAFF of Japan, outlined the framework and general understanding of the SPS Agreement which covers rights and obligations, harmonization, transparency, dispute settlement, equivalence, notification procedures, and Special and Differential Treatment. The speaker further explained the benefits from the implementation of the SPS agreement on the aspect of consumers, developing countries and exporters/importers. He then briefly showed how Philippine products were sold in Japan. The participants raised specific questions related to the Japanese experience with the SPS related Dispute panel, such as the codling moth problem with US Apples. The rest of the questions were pertaining to the following issues:

Session 4: The Situation of Livestock Industry and Animal Quarantine System of Japan

The speaker was Ms. Mari Iwanaka, Animal Quarantine Officer, Risk Analysis Section Animal Quarantine Service, MAFF Japan. The presentation was composed of three parts, animal health administration system, animal health measures within the borders and the animal quarantine system. She also added the current training system of animal quarantine officers in Japan. Her presentation began with an outline of the present state of the Japanese livestock industry as well as the veterinary system. The speaker then touched on the legal framework related to the animal quarantine system in Japan. She went into a more detailed explanation of the procedures relating to animal health measures and specifically discussed Classical Swine Fever (CSF), Foot and Mouth Disease (FMD), and Bovine Spongiform Encephalopathy (BSE). Then, she went onto explain the animal quarantine system starting from the legal framework, organization structure, and the detailed procedures of both import and export inspection. Lastly, she highlighted the significance of risk analysis and briefly explained the case of FMD in EU countries.

The moderator highlighted that the Japanese experience of developing strong capability to timely inspect and control diseases taught the importance of in-depth

surveillance. In addition, she pointed out that in-country measures should be as rigorous as border measures.

(c) The Third Day (28<sup>th</sup> of August 2003)

Before starting the morning session, several minutes were spared for the question of the US-Japan Dispute Case on codling moth left unanswered from the previous day's session. Mr. Hirooka explained the background that the US complained of Japan's refusal to accept green apples due to the possibility of codling moth entry in Japan. Despite the risk analysis conducted and succeeding bilateral consultations, the US was dissatisfied with the results. A Panel was constituted to hear the case which later moved to an Appellate Body. Both concluded that Japan's basis for rejecting US apples did not have sufficient scientific basis. From the Japanese government point of view, it was worthwhile to challenge even though the process was long and costly, if only in order to prevent possible harm and justify the current quarantine measure. Mr. Hashimoto explained the newly introduced quarantine measure, Concentration Time Value or CT product following the advice of the Appellate Body.

Session 5: Plant Quarantine System in Japan

Mr. Hiroaki Hashimoto, Senior Researcher of the Research Division of the Yokohama Plant Protection Station with MAFF Japan, as the fifth speaker, began by announcing the resumption of importation of papaya from Mindanao after a ten-month suspension. This resulted from the detection of larvae of fruit fly but thanks to efforts from both sides, Japan decided to dispatch a quarantine officer at short notice for a final check.

The speaker began by introducing the chronology of legislation on the Plant Quarantine system in Japan. Then, recent figures of import inspection volume were introduced, and the latest reform of the plant quarantine system was highlighted. The detail procedure of the import, export and domestic plant quarantine systems were also described. The new issues such as Methyl Bromide and its alternatives, the past experience of eradicating the quarantine pests and monitoring measures were also illustrated. In conclusion, current efforts in training and research were explained.

## Session 6: Food Safety and Risk Analysis

The last speaker was Dr. Kazutaka Yamamoto, Senior Researcher with the Food Hygiene Team of the Research Planning and Coordination Division and Carbohydrate Laboratory Food Material Division National Food Research Institute, Japan. The presentation was divided into the four parts, a) food safety and risk analysis, b) case study of risk analysis, c) competence of Testing Laboratories, and d) food safety administration in Japan. The concept of food safety was explained by using the case of developed countries and international trade agreements. Further, the role of the Codex Alimentarius Commission and the structure and contents of the risk analysis, which consist of risk assessment, risk management and risk communication, were introduced. Then, a Danish case of *Campylobacter* in chickens was introduced as a case study. Further, competence of testing laboratories was explained as this involves the import and export control of foods. Lastly, recent developments in food safety administration in Japan since the BSE outbreak were outlined. Problems still prevailing in Japanese regulatory agencies were discussed.



## **2.3 Capacity Building for GATS <Component 3>**

### **2.3.1 Overview of the Program**

Based on the needs identified in II 2.3 of this report, NEDA and other service-related agencies, and the TA Consultant Team had a series of meetings during the 1st field survey (Inception Mission) in December 2002, the Perpetration Mission in May 2003, and before and after the “Phase I” workshops in June 2003. After the consultations, the schedule of activities comprising the GATS component was developed (refer to “Structuring Activities of Component 3 (GATS)”).

#### **(1) Enhancing capacity of service related governmental agencies**

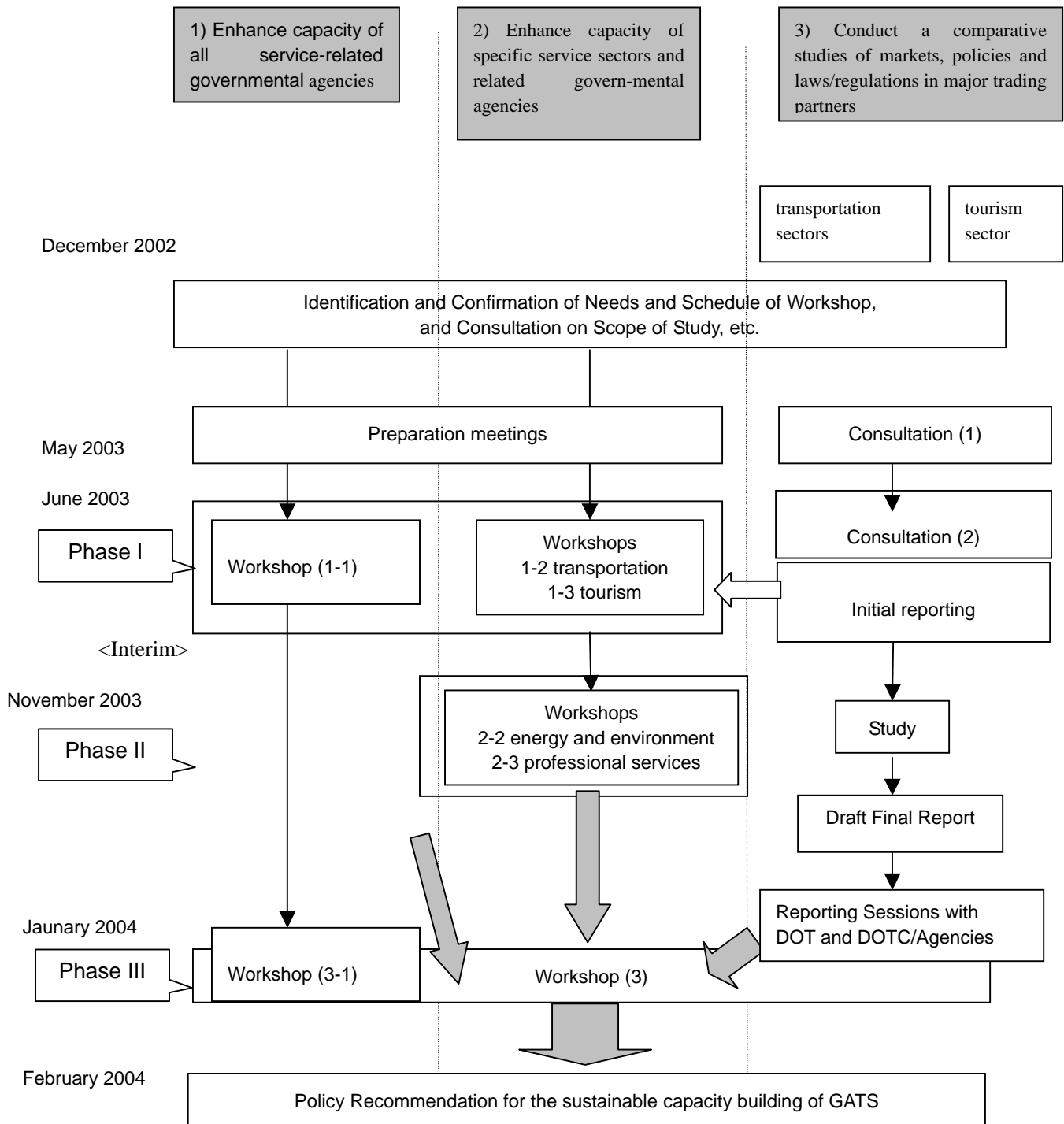
Two workshops for officials of NEDA and IAC-TS member agencies were programmed. These workshops are meant to: share information on the progress of GATS negotiations; provide ideas on how to deal with the negotiations; improve understanding of the schedule of commitments; and discuss the economic impact of services trade liberalization.

#### **(2) Enhancing capacity on specific service sectors**

Four one-day workshops on specific service sectors (i.e., tourism, transport, energy and environment, and professional services) were also planned on the basis of consultations with the Philippine government. The purpose of these workshops is to assist in preparing for the on-going and future GATS negotiations. Government officials and private sector representatives from the targeted sectors have been identified as participants to the workshops.

Each planned workshop took into account the outcome of the consultations with the Philippine government, the prioritized needs and the state of play of the GATS negotiations. Of significance to NEDA is how to develop a negotiating position and strategy for GATS negotiations, and how to assess “requests and offers.” DOT and DOTC signified their interest on: 1) the overall picture and status of services negotiations; 2) the present situation in the tourism and transport industries in the Philippines; and 3) technical problems in dealing with the negotiations.

**Figure -3 Structuring Activities of Component 3 (GATS)**



(3) Conducting comparative study of markets, industry policies and liberalization in the transport and tourism services sector

In addition to holding workshops, the TA team, with the collaboration of local

experts, also considered the conduct of comparative studies on markets, industry policies and extent of liberalization in the transport and tourism services sectors. The studies are intended to: 1) provide an overview of market situations; 2) analyze industrial and competition policies; and 3) analyze the approach to liberalization with respect to maritime transport services in Japan, United States, European Union and Thailand, and tourism services in ASEAN countries vis-à-vis the Philippines. Both studies focused on “competitiveness”.

The Studies have been launched and the initial reporting was done during the workshops for tourism and transportation in June 2003.

### 2.3.2 Pre-Session and Workshops I

#### (1) Program and contents of Pre-Session

Prior to the workshops in Phase I the TA Team organized a pre-session in two parts for administrative officials who are not familiar with the WTO and GATS. These pre-session introduced and responded to queries on the WTO system and the provisions of the agreement on services.

Date	Target	Venue	Participants
June 5 P.M.	DOTC, DOT	DOT	20 officials from NEDA, DOTC (incl. ATO, PPA, CAB) and DOT
June 6 P.M.	Marina and business representatives	Marina	12 officials from MARINA and maritime industry representatives

#### (2) Program and contents of Phase I

In accordance with the work plan of the GATS components, workshops on horizontal issues, tourism-related and transport services were held on June 9, 10 and 11, 2003, respectively. Major counterparts and the number of participants for each workshop were as follows:

Date	Sectors	Counterparts	Number of participants
June 9	All Service Sectors	NEDA	45
June 10	Tourism Services	DOT	28
June 11	Transportation Services	DOTC	45

The program agenda for each workshop was set by the basis of close consultations with NEDA, DOT and DOTC (incl. its attached agencies).

(a) Workshop for All Service Sectors (June 9, 2003)

A total of 45 officials from service-related governments/agencies and bureaus participated in the workshop.

Session 1: Overview of the Current GATS negotiations

Mr. Hartridge gave an overall picture of the WTO “Doha Round” and the negotiations on services, agriculture and textiles, which are the major agenda of the Round. As for the services negotiations, he mentioned that in general, negotiations are progressing smoothly in Geneva, although some groups who believe that negotiations are a threat to development have expressed opposition. He also touched on the status of submission of initial requests and offers (deadline was end-June, 2002), and expressed the view that careful consideration is needed for formulating offers since other WTO members’ requests tend to call for further liberalization from the initial offers circulated.

Session 2: Developing a Negotiation Position and Strategy

Mr. Hartridge explained that the most important step in formulating requests is to hold dialogues with concerned government agencies and the key stakeholders in the service industry. He said that negotiators could be more properly equipped if they are aware of industry needs and the impediments or barriers that are present in the market. Mr. Hartridge also cited the necessity to introduce restrictions to ensure market stability and consumer protection prior to liberalization. In preparing offers, he suggested that a country should first examine the internal market to determine where to induce competition and investment because the purpose of liberalization should be to promote a country’s own economic welfare. Mr. Hartridge further explained that besides bilateral request-and-offer negotiations, informal groups of delegations meet to discuss specific sectors or issues. These are called “informal friends meetings”. GATS committees negotiate on multilateral issues.

(b) Workshop on Tourism Services (June10, 2003)

A total of 28 officials and representatives from DOT central office, DOT regional offices, and tourism-related associations (mostly from the hotel industry)

participated in the workshop.

#### Session 1: Principles and understanding the GATS

Mr. Hartridge discussed the terms of reference of the Doha Round and clarified its difference from the Uruguay Round. He explained the coverage of the GATS, the rights and obligations under the agreement, and the agreement's importance to the tourism industry. Utilization of the GATS was encouraged for the promotion of investments and exchange of tourism industry personnel (hotels, restaurants, etc.) within the GATS framework.

#### Session 2: Liberalization – The Philippines Tourism Industry and other ASEAN countries

Mr. Supangco of the TA team presented the state of the Philippine tourism industry, and an analysis of its competitiveness compared to other ASEAN nations. Questions were raised particularly by the hotel industry representatives on the present status of Philippine commitments on tourism, and on how the restrictions on foreign investment should be assessed.

#### Session 3: Facilitating Investment and Manpower Development in the Hotel and Restaurant Sector - An Agenda for GATS

Mr. Hartridge informed the participants of the status of the negotiations on tourism. He also mentioned the importance of being present at “informal friends meetings”.

#### (c) Workshop on Transportation Services (June 11, 2003)

Forty five (45) officials and representatives (two-thirds from DOTC-related departments and agencies and one-third from transportation-related industrial groups) participated in the workshop.

#### Session 1: Overview on the current negotiations

Mr. Hartridge gave a brief presentation on the GATS intended particularly for the participants from the private sector, and provided information on the current status of negotiations in transport services, an update on the results of services negotiations, and requests made to the Philippines.

### Session 2: Transportation Industry of the Philippines

Atty. Pimentel reported on the Philippine maritime transport industry, the relevant laws/regulations affecting maritime service providers which are presently being reviewed due to its inapplicability and restrictive provisions, and current initiatives to boost the Philippines' maritime sector.

Mr. Porvenir Porciuncula, Chief of Economic Planning and Research, Civil Aeronautics Board (CAB), talked on liberalization policy with respect to the Philippine air transport sector. He identified the limited knowledge on the WTO-GATS, and regulatory conflicts as the problems confronting the liberalization of the sector.

### Session 3: Review and Assessment of Requests and Offers by Other WTO members

Mr. Hartridge again discussed the assessment of requests and offers by other WTO members, relating this to inter-modal transport services.

### Session 4: Introduction of the Study on Transportation

Mr. Ernesto Gorospe of the TA Team introduced the study to be undertaken on the competitiveness of the Philippine air and maritime transport services. He also briefed the participants on the current state of affairs in these sectors, including policy reforms to promote competition and limitations on market access.

## **2.3.3 Phase II**

### (1) Program and contents of Workshops II

Workshops on energy and environment-related services and professional services were held on November 6 and 7, 2003, respectively. Major counterparts and the number of participants for each workshop were as follows:

Date	Sectors	Counterparts	Number of participants
November 6	Energy and Environment-related Services	NEDA, DOE, DENR	50
November 7	Professional Services	NEDA, PRC	50

The program for each workshop was prepared in consultation with NEDA, DOE, DENR and PRC.

#### (a) Workshop on Energy and Environment-related Services

Fifty (50) officials and representatives from the NEDA, DOE, DENR, and energy and environment-related associations participated in the workshop.

##### Session 1: A Review of GATS

As an introduction, Mr. Hartridge referred to services as “infrastructures” of trade in goods, stating that efficiency of service delivery leads to improved competitiveness of traded commodities. He then talked on the provisions and principles of the GATS, and the status of the negotiations on services, citing that the latter could be affected by the failure of the WTO Ministerial Conference in Cancun.

##### Session 2: Current State of Environment-related Services in the Philippines

Assistant Director Fernandino Concepcion of DENR made a presentation on the current state of environment-related services in the Philippines, including the incentives available under the Clean Air Act, and restrictions under the Philippine Constitution on the exploration of natural resources.

##### Session 3: Current State of Energy Services in the Philippines

Assistant Secretary Lasse A. Holopainen of DOE gave a brief overview of the Philippine energy sector, particularly the current situation with respect to power generation, transmission and distribution. He stated that the DOE has been encouraging investments in the energy sector (goods and services) through various laws. There are also pending bills in Congress in support thereof.

##### Session 4: Technical Aspects of Scheduling of Commitments for Energy and Environment-related Services

Mr. Hartridge explained the technical aspects of scheduling commitments, taking other countries’ schedules as examples, and pointing out the mistakes that are often committed in making entries.

##### Session 5: Request and Offers

He also discussed the request and offer approach to negotiations, making use of requests and offers made by countries on energy and environment-related services as examples.

(b) Workshop on Professional Services (November 7, 2003)

Fifty (50) officials and representatives from the NEDA, PRC, Professional Regulatory Boards, accredited professional organizations, DOLE, DOTC, DFA, UNDP, and other bodies concerned with professional services attended the workshop.

Session 1: A Review of GATS

Mr. Hartridge introduced the GATS, stating that it is one of the agreements under the WTO that has become the least controversial due to its flexibility, i.e., member countries are free to decide how fast and how far they want to liberalize.

The participants were informed that professional services is the biggest component of the sectoral classification list. Of the 42 committed services for the sector, engineering services has the most number of commitments, while nursing/midwifery has the least. The importance of making commitments was pointed out. Mr. Hartridge also expounded on the disciplines on domestic regulation in the accountancy sector, the barriers to trade in accountancy services and on Mutual Recognition Agreements (MRA).

Session 2: Technical Aspects of Scheduling of Commitments for Professional Services

Mr. Hartridge made detailed explanations on the classification system for services, the commitments made by major countries, and how to interpret the modes of supplying services, especially Modes 3 and 4 in the schedule of commitments. He also explained the Guidelines for Mutual Recognition Agreements in the Accountancy Sector as well as Disciplines on Domestic Regulation in the Accountancy Sector adopted by the WTO Council for Trade in Services in 1997 and 1998, respectively.

The afternoon session focused on the process of negotiations, the movement of natural persons, difference in opinions between developed and developing countries in the handling of workers and of visas.

Session 3: Request and Offers

Mr. Hartridge expressed the view that the request and offer negotiation process could slow down due to the failure in the WTO Ministerial Conference in Cancun. A DFA representative reiterated the necessity of understanding the advantages of acceding to the GATS and promoting the interests of developing countries including the



Philippines, but mentioned that there is still strong opinion that market access secured through participation in FTAs may be a better arrangement.

### 2.3.4 Phase III

#### (1) Program and contents of Workshops III

The following functions were held in January 2004 with the assistance of NEDA, DOT and DOTC:

Date	Sectors	Counterparts	Number of participants
January 22 (half day)	Reporting and Discussion Session on Tourism Services	DOT	50
January 26-27 (two days)	Technical Session – Simulation workshop on Request and Offer Negotiations (the “Technical Session”)	NEDA	40
January 28 (half day)	Reporting and Discussion Session on Transportation Services	DOTC	30
January 29 (one day)	Seminar on Liberalization of Trade in Services (the “Seminar”)	NEDA	90

Refer to “2.3.4 Studies” below for Reporting and Discussion Sessions on Tourism Services (January 22) and Transportation Services (January 28).

#### (a) Technical Session – Simulation Workshop on Request and Offer Negotiations (the “Technical Session”)

This session was designed by the TA Team with the assistance of NEDA for the members of the IAC-TS. The objective of the exercise was to strengthen the IAC-TS members’ understanding of the GATS negotiation process and strategies, and to improve their negotiating skills by ensuring they gain a thorough understanding and appreciation of the procedures involved in services trade negotiations.

#### DAY-1, AM; Opening and Background Explanation

NEDA Assistant Director-General Margarita R. Songco, the Philippines’ chief

negotiator for the GATS, opened the session. Recalling the activities under the first two phases of the program, she emphasized its importance in understanding the more practical aspects of the request-offer approach, including the formulation and assessment of requests and offers, and the management of request-offer negotiations. Mr. Tanaka of the TA team then presented an overall picture of JICA's capacity building activities.

Mr. Hartridge followed with a presentation in several parts: i) the current situation of the GATS negotiations; ii) the request and offer negotiation process; and iii) the linkage of GATS Articles XVI to XX to the schedule of commitments. The presentation provided a basis for the simulation workshops.

1) Day-1, PM and DAY-2: Continuation of Technical Session (January 26 and 27, 2004)

The forty (40) participants from the IAC-TS member-agencies were divided into four groups, with each group corresponding to a country at a certain level of development and with specified characteristics. The objectives of the simulation workshop were explained by Mr. Ishida who stressed the importance of developing a negotiating strategy, while Ms. Maki Kunimatsu, GATS Component Leader of the TA Team, clarified the rules and mechanics.

Each group was provided with a "Fact Sheet" containing the economic condition, industry situation, laws and policies of the country, as well as its GATS schedule of specific and horizontal commitments on financial and tourism-related services. Additional information was also provided pertaining to changes in economic conditions, amendment of laws, the issuing of positions by industry associations, among other topics, for consideration during the course of the simulation exercise. Based on the given information, each group proceeded to work as follows:

- 1) identification of development objectives and negotiation strategy
- 2) development of requests to its trading partner
- 3) bilateral consultations on tabled requests and seeking clarifications thereon
- 4) formulation of offers to its trading partner
- 5) bilateral negotiations based on requests and offers tabled
- 6) review of negotiation process and outputs, assessment by each group
- 7) group presentation and evaluation

(b) Seminar on Liberalization of Trade in Services (the “Seminar”)

A total of ninety (90) participants from the business sector, NGOs, academe, and officials from other government agencies not familiar with the GATS attended the seminar. The seminar sought to enlighten these groups on the significance of liberalizing international trade in services, and to introduce the GATS to achieve fruitful dialogues between the government and various stakeholders.

Mr. Honeck, Counselor, Trade in Services Division, WTO, gave a presentation on “Services Liberalization, Development and Enhancement of Competitiveness” which comprised three parts: (i) an introduction to trade in services and some aspects of liberalization and development; (ii) an overview of the GATS agreement; and (iii) a conclusion which expressed that a reliable and predictable framework for world services trade is in place.

Mr. Hartridge, for his part, briefed the participants on the achievements under the GATS, including the negotiations on financial services, basic telecommunication services and movement of natural persons. He also shared his analysis of the impact of politics on the negotiations. Issues raised included the pressure from a third party, and how to utilize the negotiations to develop competitiveness.

The afternoon session was devoted to a panel discussion on “GATS Negotiations as a Step for a Stronger Service Industry”. The discussions began with a presentation by Dr. Cal, JICA consultant and Chairman, Desarrollo Internationale Consult, Inc., on the findings of the maritime and air transport sector study undertaken under the program. Dr. Ong, Vice Chair of the Philippine Chamber of Commerce and Industry served as reactor, while Mr. Hartridge and Mr. Honeck participated as commentators. Concerns brought up by the participants pertained to the need for the study on transport to assess the impact on workers of the liberalization of air and maritime transport services; if citizenship is a discriminating factor when it comes to attracting foreign investment; and the importance of consulting with stakeholders prior to the negotiations for purposes of identifying possible areas for liberalization and the specific amendments required to Philippine laws.

### **2.3.5 Studies**

The results of the comparative studies on tourism-related and transport services were presented provided direction particularly for policy reform in order to be competitive in the international trade of transport and tourism services.

The reporting sessions were held at the DOT and DOTC on January 22<sup>nd</sup> and 28th, with officials from tourism and transport-related agencies and associations in attendance. Reactors to the study on tourism were representatives from the HRAP, PEZA, NUWHRAI, and AIT. Representatives from the MARINA, CAB, and ATO reacted to the study on transport during the presentation.

## **2.4 Capacity Building for SG/AD <Component 4>**

### **2.4.1 Overview of the Program**

The four-day workshop was held from July 7 to 10, 2003, at the Inter-Continental Hotel Manila. Forty-five participants representing governmental agencies in the Philippines attended the Workshop. Representatives from agencies such as the BTR-DTI, the Board of Investment, the Court of Tax Appeal, the Office of Solicitor General, and the House of Representatives (Congress) were included in the participant list in addition to the originally targeted three authorities.

Speakers were invited from Wilmer, Cutler & Pickering (WC&P) in Washington D.C./Brussels, University of Shizuoka in Japan, and PricewaterhouseCoopers (PwC) in Manila. Attorneys Leonard Shambon and Axel Desmedt from WC&P took charge of most parts of the workshop, mainly focusing on technical and practical aspects from the point of view of their professional backgrounds. Ms. Yuka Fukunaga, Assistant Professor of Shizuoka University, introduced various cases of DS from an academic viewpoint, and managed a moot court session. Attorney Jeremy Gatdula from PwC contributed to the workshop by presenting his knowledge about Philippine laws and practices obtained from the Survey and his daily collaboration with both public and private sectors.

### **2.4.2 Practice of the Workshop**

(a) The 1<sup>st</sup> day (July 7, 2003)

#### Session 1: Safeguard (SG) and Anti-dumping (AD) Proceedings (1) – Introduction, SG and AD Proceedings in the Philippines –

After a brief introduction session on the structure of the course from Atty. Leonard Shambon and Atty. Axel Desmedt, WC&P, the first session was on the Safeguard and Anti-Dumping Proceedings in the Philippines. This was conducted by Atty. Jeremy I. Gatdula, Senior Trade Consultant from PwC. Atty. Gatdula discussed Safeguard and Anti-Dumping Proceedings in the Philippines with the objective of providing brief explanations on several issues of the relationships between international and municipal laws; familiarity with the requirements and effects of the WTO rules on domestic laws; and the position of Philippine laws with regards to international laws.

## Session 2: Safegrd (SG) and Anti-dumping (AD) Proceedings (2) - Common concepts –

The second session was handled by Atty. Leonard Shambon and Atty. Axel Desmedt, from WCP, and dealt with Safeguard and Anti-Dumping Proceedings. Specifically, Atty. Shambon outlined the legal authorities on safeguard and anti-dumping measures; why do we have these laws; what are ‘like products’, and other topics. He gave examples on these measures, particularly on problems that arise on like products, by looking at the US case.

On the other hand, Atty. Desmedt gave more specific explanations and exercises on like products. He stressed that there is a divergence of approaches on the issue of like products. Tax discrimination cases are closer to competition issues, while like products cases are closer to customs cases. Four sample cases were presented for the following products: footwear; bicycles; carbon and alloy; and standard, line and pressure pipes.

(b) The 2<sup>nd</sup> Day (July 8, 2003)

## Session 3: Special aspects of SG and AD Proceedings (1) : AD Particulars

On the 3rd Session, more detailed presentations were focused on the particulars of Anti-Dumping, which dealt on prospective versus retrospective systems, lesser duty rules, new shippers’ review, and management of overseas investigations, market and non-market economies, and the status of developing countries in this regard.

## Session 4: Special aspects of SG and AD Proceedings (2) : SG Particulars

Special aspects of safeguard particulars were taken up, including fair trade, political aspects, general or selective measures, quotas or duties, compensation, monitoring of adjustment of domestic industry, and how these will apply to developing countries.

(c) The 3rd Day (July 9, 2003)

## Session 5: Case Studies of Dispute Settlement (DS) (1)

Atty. Desmedt discussed in detail all about WTO dispute settlement, its general overview and advocacy. It was stressed that a case against a non-WTO member country can not be accepted. Major changes from GATT were explained very vividly, as well as who are the important players or actors in the settlement.

Session 6: Case Studies of Dispute Settlement (DS) (1) (continued), Case Studies of Dispute Settlement (DS) (2)

The original time schedule was slightly changed to continue the discussion on dispute settlement. Atty. Desmedt started on the steps to be considered in bringing a case to the WTO. He also discussed consultations that may be brought up by any member country, which he stressed should be handled very carefully. He spoke on how cases are handled from both the plaintiff's and the defendant's side, how panelists are selected, and how a request is drafted, and all details on these topics.

Moot court

The participants were divided into four groups. There were two hypothetical cases; in each case had one group played the role of complainant and the other the role of defendant.

Case #1(SG case): GROUP 1 (complainant) *versus* GROUP 2 (defendant)

Case #2(AD case): GROUP 3 (complainant) *versus* GROUP 4 (defendant)

The presented cases were the safeguard measure by the United States against lamb meat imports (case#1) and an EU anti-dumping petition for Indian bed linen (case #2).

(d) The 4th Day (July 10, 2003)

Session 7: Case Studies of Dispute Settlement (DS) (3)

Assistant Prof. Yuka Fukunaga of University of Shizuoka presented the 7th session, which was originally planned to concern on Case Studies regarding dispute settlements, specifically the lecture on the US Line Pipe Safeguards. Assistant Prof. Fukunaga opted to present these real cases and reviews of these cases on Trade Remedies instead. She also discussed an actual case on zeroing and computing the dumping margin.

Moot court – Second exercise

The participants retained the same grouping as in the previous exercise. There were also two hypothetical cases, wherein the previous complainants became the defendants for this cases, and vice versa.

Case #1(SG case): GROUP 2 (complainant) *versus* GROUP 1 (defendant)

Case #2(AD case): GROUP 4 (complainant) *versus* GROUP 3 (defendant)

The simulated cases involved the imposition by Australia of safeguards in the form of tariff rate quotas against Philippine pineapple exports (case#1), and an Australian anti-dumping case against car stereo systems with embedded CD players from Malaysia (case#2)..

#### Session 8: Discussion for capacity improvement in technical, institutional and organizational aspects

Discussions focused on capacity improvement in technical, institutional and organizational aspects. The participants were asked to give their view of how their different agencies would be able to cope with all that the WTO will require, and how they will be able to improve regarding the application of trade remedy laws. Atty. Gatdula discussed what the relationship of the public sector vis-à-vis the private sector on the trade liberalization program is. The following are the participants' ideas on how their respective agencies can improve their capacity to adapt to the program.

- More seminars, capacity building, training on tools on Safeguard and Anti-Dumping; More specific discussions and computations;
- Trainings to address the limited knowledge on law, domestic and international; Additional lawyers and technical staff;
- Improved access to accurate data necessary for decision making, including import, studies, WTO documents, systems of access to information, and industry profiles
- Amend IRR pertaining to period of investigation; the allowed 120 days time frame of WTO is too short;
- More support from the commercial attaché in data verification and obtaining data needed for the investigation;
- Addressing the political pressures on SG & AD cases;
- Establishment of better institutional linkages between and among the various concerned agencies of the government;
- Observance of actual practices in other countries that are successful, like Japan.
- Budget – Advise concerned agencies to go through the proposal of each agency as presented to the DBCC, so as to get approval from congress. In order that WTO concerns are in the budget, specifically site these in the budget;
- Have an advocate within the Committee on Appropriations;



- Fine line between safeguards and anti-dumping measures on the one hand, and trade protectionism on the other hand; A balance between these issues and see through the benefits of the economy as a whole;
- Congress' role is oversight; Thus, Congress questions if these safeguards and anti-dumping measures work and to whose interest do these works? Is it for someone's vested interest or for the economy as a whole?
- Transfer of knowledge from experts to strengthen the government personnel abilities to conduct trade remedy cases;
- Strengthening technical working groups for the SG &AD cases;
- Intensify dialogue with other private sector industries such as the FPI to facilitate the investigation of cases;

#### Closing Remarks

After conferring a certificate of completion for this workshop to each participant, Atty. Edgardo B. Abon, Chairman of the Tariff Commission, gave his closing remarks, noting that the workshop has been very vital in the government's aim to be fully prepared in facing trade liberalization, globalization and all things in this respect.

## **2.5 Capacity Building for TBT <Component 5>**

### **2.5.1 Overview of the Program**

The TA Consultant Team conducted the 1<sup>st</sup> field survey in the Philippines from December 2 to 11 in 2002 to consult with related organizations on the assistance method and agenda to be covered, on the occasion of the Inception Mission. At the meeting, it was clarified by BPS that a workshop needs to be held to enhance the Philippine government's capacity to efficiently implement the Agreement. BPS also mentioned that priority should be placed on enhancing the TBT-related knowledge of government officials responsible for the development of technical regulations, on raising the private sector's awareness with respect to technical barriers to trade and their impact on business, and on creating an environment for strengthening the national coordinating committee on the TBT Agreement.

In order to make this assistance program beneficial and effective, the TA Consultant team decided to focus on the following three points;

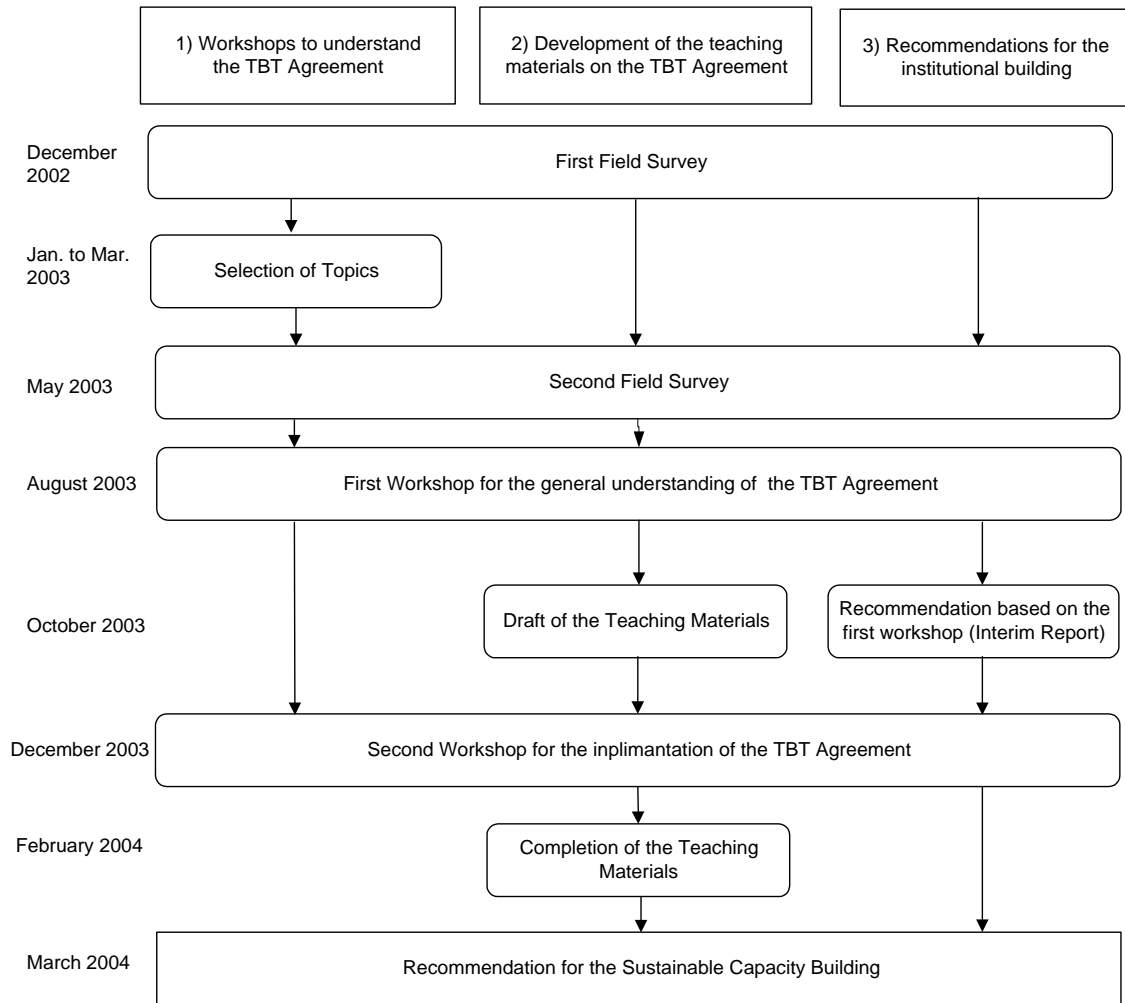
- 1) Holding workshops to enhance understanding of the TBT Agreement
- 2) Developing a teaching material on the TBT Agreement to complement the workshops
- 3) Making recommendations for the institutional capacity building

First, the TA Consultant Team planned to conduct a series of workshops for government officials and private sector representatives to enhance understanding of the TBT Agreement. Topics covered in the workshops were decided in consultation with the BPS and other technical institutions.

Second, the TA Consultant Team developed a booklet, containing useful information on the TBT Agreement, so that an appropriate knowledge transfer would be continued in a sustainable way within the Philippine government. Consulting with the BPS, the TA Consultant Team decided to include an explanation of important articles of the TBT Agreement, notification procedures, and recent topics on the TBT Agreement. In developing the booklet, the TA Consultant Team took problems peculiar to the Philippines into consideration, utilizing Japanese resources such as the Japanese Standards Association, which has expertise on the TBT Agreement and other standard-related issues in Japan.

Third, based on some outputs and outcomes derived from the assistance activities described above, the TA Consultant Team has made recommendations on institutional capacity building regarding TBT-related issues for the Philippine government. The comments from speakers of the workshops, the counterpart agency (BPS), and participants of the two workshops were taken into consideration in preparing the recommendations.

**Figure -4 Flow of Knowledge Transfer Activities in Component 5**



## **2.5.2 Workshop (1)**

The two-day Workshop (1) was held from August 20 to 21, 2003. There were 33 participants, representing seven governmental agencies in the Philippines as well as the private sector attending the first Workshop. The speakers were from Japanese METI and the TA Consultant Team, while BPS also provided a speaker to present the Philippine's circumstances in implementing the TBT Agreement.

### Session 1: Rights and obligations under the TBT Agreement

#### 1-1: Understanding the TBT Agreement: Coverage and Important Articles

Mr. Masaki Oda, a TA Consultant Team member, presented in detail the general principles and structure of the WTO Agreement, the principles and coverage of the TBT Agreement, including the preparation, adoption and application of technical regulations by central government bodies, and the establishment of a national enquiry point. He also clarified the differences between the TBT Agreement and the SPS Agreement.

#### 1-2: Economic Impact of the TBT Agreement on Trade

Mr. Arata Kuno, a TA Consultant Team member, first illustrated how it would be if the world were to have no international standards and what the impact would be on importing countries. Thereafter, he clarified the benefits of international standards utilizing a conceptual model. Consequently, a linkage between international standards and the TBT Agreement was presented, with emphasis on the advantages to an economy of adopting international standards as national standards.

### Session 2: Implementation of the TBT Agreement

#### 2-1: Notification Procedures and the National Enquiry Point of the TBT Agreement

Mr. Kuno started the session with the rights and obligations of Notification Authorities and National Enquiry Points under the TBT Agreement. He also covered the actual implementation of the TBT Agreement in Japan.

#### 2-2: TBT related Dispute Settlement Cases

Mr. Oda gave examples on TBT related dispute settlement cases. He pointed out that to date there have been only two cases on the TBT Agreement, namely the EC-Canada Asbestos case and the EC-Peru Sardine case. He introduced in detail the Sardine case, emphasizing that description of food could be regarded as a technical

regulation by other member countries, and that any WTO member country could also appeal to the panel/ appellate body against another member.

### 2-3: Current situation on Implementation of the TBT Agreement in the Philippines

Ms. Victoria Campomanes, Chief of the Standards Data Center and National WTO TBT Enquiry Point at BPS, discussed the current state of the implementation of the TBT Agreement in the Philippines. She explained the structure of BPS, implementation of the TBT Agreement in the Philippines, development of infrastructure for standards/standardization, the role of the BPS as a national enquiry point, and current problems faced by the Philippines in implementing the Agreement.

### Session 3: Current discussion regarding the TBT Agreement

#### 3-1: Current Topics in the TBT Committee

The current topics within the TBT Committee were presented by Mr. Naotake Fujishiro, Deputy Director of the International Team, from the Standards and Conformance Unit of the Ministry of Economy, Trade and Industry of Japan. Several participants showed interest in the eco-labelling issue, the relationship between the labor safety requirement and the TBT Agreement, and the efficient participation of developing countries in international standardizing activities, such as in ISO/IEC.

### Session 4: Group Discussion/Workshop

The participants were divided into six groups. Each group was given one of three themes on which to develop solutions and asked to make a 10-minute presentation. Each theme was addressed by two groups, and they were asked to discuss their results with each other. The themes given to the groups were:

Theme1: The role of the National Coordinating Committee on the TBT Agreement

Theme2: How to enhance effectiveness and efficiency of the Notification System

Theme3: How to make use of TBT Agreement for Domestic Stakeholders

Each theme was presented by two groups, after which senior officials of the BPS and Japanese experts offered some comments. Afterward, it was discussed that these proposals made by the six groups, including comments made by speakers, would be considered as a basis of BPS's action program on implementing the TBT Agreement.

### **2.5.3 Workshop (2)**

Considering the result of questionnaire survey conducted at the first workshop, comments from speakers and BPS, TA Consultant Team decided to focus the second workshop on new issues concerning the TBT such as labelling and MRA, as well as on developing further understanding of rights and obligation under the TBT Agreement. It was also decided that, in the case of TBT rights and obligations, discussion in groups of 5-6 people from different organizations elaborating solutions for problems by referring to the original text of the Agreement would be conducted to complement one-way speakers.

There were 37 participants representing 13 public and private organizations, and speakers were from the Japanese METI, the TA Consultant Team and BPS..

#### Session 1: Further Understanding of the TBT Agreement

##### 1-1: Labelling Issues under the TBT Agreement

Mr. Oda presented some examples of existing labelling systems around the world, the relationship between labelling issues and the TBT Agreement, WTO members' concerns, and some implications for developing countries.

##### 1-2: Recent Reform of Technical Regulation and Coordination among Government Agencies in Japan

Mr. Kuno introduced a trend of regulatory reforms/deregulation in the field of standards and conformity assessment policy in Japan. He also presented the concept of performance-based requirements incorporated into technical regulations, as well as the current coordination mechanism among regulatory agencies in Japan.

#### Session 2: Mutual Recognition Agreement (MRA)

##### 2-1: Legal and Economic Background of MRAs and Japanese Experiences

Mr. Kuno and Mr. Oda explained mechanisms of various types of MRAs, the relationship between the TBT Agreement and MRAs, the costs and benefits of MRAs, and Japan's experiences on MRAs.

##### 2-2: The Philippine's experiences and perspective on MRA with other ASEAN Countries

Mr. Isagani Erna, Supervising Trade-Industry Development Specialist,

International Relations at BPS presented the Philippine's experiences in participating in regional MRA such as ASEAN/ACCSQ and APEC, as well as its experiences in bilateral MRAs/MOUs with other countries.

### Session 3: Current Discussion in the TBT Committee

#### ➤ Result of the Third Triennial Review of the TBT Agreement

Mr. Naotake Fujishiro, Deputy Director of the International Team, Standards and Conformance Unit of METI presented an outline of the workshop on labelling held in October 2003 in Geneva, as well as an outline of discussion on the third triennial review on the TBT Agreement in the WTO/TBT committee. These were followed by the introduction of a revised JIS marking system in Japan. Concerning the new JIS marking system, participants raised questions on how foreign conformity assessment bodies were stipulated in the new law. It was also asked if the Underwriters Laboratories (UL) standard, which is an American standard, can be regarded as an international standards in the context of the TBT Agreement.

### Session 4: Group Discussion for Implementation of the TBT Agreement

In this session, the participants were divided into six small groups comprising participants from different organizations. Each group was asked to develop solutions to tackle a problem (theme) given by the TA Consultant Team, and to make a 10 minutes presentation respectively.

After an explanation of the purpose and methodology of the activity by the TA Consultant team, each group started their discussion to develop possible solutions. Finally, each group made a presentation using PowerPoint software and exchanged views with other groups.

First, groups A and B presented on the theme "How to tackle new technical barriers in foreign markets" and demonstrate several solutions. Following these presentations, groups C and D presented on the theme "How to participate in international standardizing activities" and finally, groups E and F presented on the theme "How to enjoy/comply with the rights and obligations of the TBT Agreement when introducing a new technical regulation." It was again decided that these solutions and proposals made by the six groups, taking note of comments made by speakers, would be considered a basis of BPS's action plan on implementing the TBT Agreement.

## **2.6 Formulation of Action Plan <Component 6>**

### **2.6.1 Kick off Seminar**

As the first event under the Capacity Building Program for Implementation of the WTO Agreements in the Philippines, the Japan International Cooperation Agency (JICA) and Department of Trade and Industry (DTI) of the Philippines jointly organized a one-day “Kick-off” Seminar. This Seminar was recognized as the initial opportunity for formulation of common perspectives among government officials as to the benefits of the WTO regime – which shall become the basis for planning/designing further activities through identification of prior issues and motives. The following is a description of the highlights of the Seminar.

#### **(1) Overview**

The Seminar, titled “WTO System and the Philippines” was held on 5 March 2003 at the Mandarin Oriental Hotel, Manila. (The Seminar was designed based on the discussion at the inception Wrap-up Meeting on December 10, 2002, at the Bureau of International Trade Relations, DTI.) An invitation was issued to a wide range of participants in order to enhance interest of the relevant government agencies, and 134 participants attended the Seminar, including various government agency officials from DTI, the Tariff Commission, the Bureau of Customs, NEDA, the Intellectual Property Office, the Department of Foreign Affairs, the Department of Environment and Natural Resources, the Department of Labor and Employment, the Department of Agriculture, the Department of Agrarian Reform, the Department of Transportation and Communication, the Office of the President, Banko Sentral ng Pilipinas, and other relevant government and private sector organizations.

The key speakers from Japan were, Prof. Mitsuo Matsushita, Professor of Law, Seikei University, (Former Member of the Appellate Body of the WTO), and Mr. Hiroyuki Yoshiya, Deputy Director, Multilateral Trade System Department, Trade Policy Bureau, METI. Mr. Thomas Aquino, Undersecretary, DTI, and Mr. Angelo Salvador M. Benedictos, Assistant Director, DTI, took part from the Philippine side. Seminar moderators were Atty. Edgardo B. Abon, Chairman, Tariff Commission, and Ms. Angie M. Sta. Catalina, Department of Foreign Affairs.



The seminar consisted of two sessions, Session 1, which covered the whole morning and which started immediately after the opening ceremonies and Session 2, which started after lunch break and continued up to 5:00 P.M.

## (2) Opening Session

The seminar was opened by Mr. Thomas Aquino, Undersecretary, DTI., and Mr. Hirohiko Takata, Deputy Resident Representative of JICA Philippine.

For his opening address, Usec. Aquino expressed appreciation for the generosity of the Japanese Government in its capacity building program for APEC-members and developing countries, including not only the Philippines but also prior recipients of the programs in Thailand, Indonesia and Malaysia. The capacity building program of Japan was an offshoot of the multilateral commitment, specifically of APEC-member developed countries, to help APEC-member developing countries in their bid for trade liberalization. According to Usec. Aquino, Japan, having long and extensive experience in international trade surely has a wealth of experience to share and lessons from which to learn. He expressed confidence that the Philippine Government will gain knowledge to further improve its capability to implement the agreements under the WTO.

For his part, Mr. Takata relayed the interest of the Japanese Government, which is to support trade liberalization especially in the ASEAN Region through the WTO. For this purpose, JICA developed the technical cooperation program to help developing countries realize the gains of joining and fulfilling their commitments to the WTO. Under this program, JICA will bring in experts with experience on different aspects of the WTO Agreements.

## (3) The First Session

At the first session of the Seminar presentation, Prof. Mitsuo Matsushita, former member of WTO Appellate Body, elaborated significance of the WTO system in multilateral trade regimes, focused on the rights and obligations under WTO Agreements. In his presentation, Prof. Matsushita stressed the importance of the role of the Dispute Settlement mechanism based on the rule of law in trade. He also introduced the nature of trade remedies as a measure to mainly deal with unfair trade practices, and

some relevant issues like environment, food safety, the proliferation of FTA and RTA, and intellectual property, issues which are considered to be at the frontier of the WTO.

Mr. Angelo Salvador M. Benedictos, Assistant Director of DTI, took over the session with a presentation on the current circumstances and issues in the Philippines on implementation of the WTO agreements. He made a very comprehensive presentation on this subject, explaining the historical perspective, objectives, functions, basic principles and structure/membership of the WTO, and elaborating the main elements of the agreements and the Philippine commitments.

#### (4) The Second Session

The second session started with a presentation by Mr. Hiroyuki Yoshiya, Deputy Director of Multilateral Trade Systems, METI, in Japan. He explained the proceedings of the negotiation at Doha Development Agenda (DDA), introducing its three major objectives. Concluding his presentation, Mr. Yoshiya stressed following three points: 1) the importance of a successful conclusion of DDA, 2) the necessity to implement WTO Agreements, 3) the importance of capacity building. With comments from Prof. Matsushita and Mr. Benedictos, and response by Mr. Yoshiya to those comments, Q&A was conducted with moderation by Ms. Angie M. Sta. Catalina, Department of Foreign Affairs of the Philippines.

After the Q&A, Mr. Hidekazu Tanaka, leader of JICA TA Consultant Team, explained the objectives and content of this capacity building program. Finally, The Kick-Off Seminar was closed with remarks from Director Kabigting delivered by Asst. Director Benedictos.

#### **2.6.2 Wrap-up Seminar**

The Program was culminated in a Wrap-up Seminar conducted by the Japan International Cooperation Agency (JICA) in coordination with the Department of Trade and Industry (DTI) of the Philippines. This seminar was held at the Makati Shang-rila Hotel on 19 February 2004. The seminar aimed at summarizing and assessing the results of the series of activities that comprised the Capacity Building Program and reviewing how it has contributed to the Philippine Government as a whole in enhancing its capacity to maximize the benefits from the WTO system and minimize obstacles to

trade. It was also an opportunity for respective counterparts to share their views on these issues as well as further capacity building activities to be addressed for the next step. The following discussion summarizes the highlights of the Wrap-up Seminar, while a separate detailed report has been prepared to include the results and an evaluation of the whole Technical Assistance conducted for the Program.

#### (1) Overview

The seminar was well attended, with 83 representatives of various Philippine Government agencies and organizations that have been actively involved in the series of workshops and seminars under the Program.

Aside from delegates from the JICA Philippine Office, there were also attendees from other foreign donor agencies including the Canadian International Development Agency (CIDA), the United States Agency for International Development (USAID), and the European Union (EU).

#### (2) Opening Session

The participants were welcomed by Mr. Osamu Nakagaki, of the JICA Philippine Office, Dr. Thomas Aquino, Undersecretary for International Trade of the Department of Trade and Industry, and Mr. Hidekazu Tanaka, JICA WTO C/B Consultant Team Leader.

Mr. Osamu Nakagaki, on behalf of JICA, welcomed and expressed appreciation for the presence of all delegates to the Wrap-up seminar. Mr. Nakagaki reiterated that the success of the Program will only be achieved if there is a harmonious working relationship between all agencies and organizations concerned, as well as among the public and private sector stakeholders to foster greater cooperation and unity. He expressed a desire that the Inter-Agency information sharing system would be efficiently in place to ensure the benefits of trade and industry that the WTO agreements offer to the global community.

The next speaker, Dr. Thomas Aquino, thanked the JICA and the Government of Japan for sponsoring this Technical Assistance Program for the Philippines. Dr. Aquino addressed the year-long activities of the Program. He recalled that his

understanding is that as a goal, understanding the agreements is within everybody's reach. However, applying this understanding to specific situations is where capacity building would be needed. He encouraged the active participation of the participants to steer further interest in the areas covered with the hope of obtaining possible assistance if deemed appropriate.

An overall review of the program was presented by Mr. Hidekazu Tanaka. Mr. Tanaka discussed in detail the background, the purpose, and the outline of the Technical Assistance. He expressed how the program enhanced the understanding of the WTO Agreements. Also, being a bilateral assistance, the Team tried to emphasize and introduce Japanese experiences in dealing with the WTO Agreements.

### (3) Component Review

#### (a) Information Sharing System Component / Overall CP

– Mr. Angelo Salvador M. Benedictos, Assistant Director, BITR -DTI

Mr. Benedictos described BITR's role in the Capacity Building Program. The BITR was responsible for overseeing the completion of the different project components. He shared how the Technical Assistance Program evolved, with the strong initiative of Undersecretary Thomas Aquino, for BITR to work out a package or a proposal for submission to JICA through the National Economic Development Board in 2001. Concerning the component program, the WTO-Related Information Sharing System or RISS was created in order to enhance organizational capabilities within the agencies to improve the existing system and facilitate the implementation of WTO agreements. The challenge now lies in the hands of the bureaus in how to maximize the use of the facilities and publicly share available WTO information not only with concerned agencies, but also with the interested public.

#### (b) TBT Component

– Ms. Victoria S. Campomanes, Chief, WTO TBT Enquiry Point, BPS

Ms. Campomanes opted to first present brief background information on the operations of the WTO Enquiry Point and the areas where difficulties have been encountered that led to this Technical Assistance Program. Then she announced that, to facilitate the implementation of the agreement and have closer coordination with the

stakeholders, BPS has come up with an action plan based on the evaluation and recommendation of JICA for the effective implementation of the TBT Agreement.

This Action Plan is concentrated on three areas:

- (1) Strengthening of the National Coordinating Committee on WTO/TBT;
- (2) Implementing knowledge transfer activities with the government;
- (3) Involving BPS leadership in encouraging private sector participation in standardization activities.

(c) GATS Component

– Ms. Brenda R. Mendoza, Director , Trade Industries and Utilities Staff, NEDA

Director Mendoza summarized the GATS component activities of this TA Program. Above all, she pointed out that the highlight of all these activities particularly for the inter-agency committee was the simulation on the “Request-Offer” approach to services trade negotiations. Ms. Mendoza mentioned that where the GATS is concerned, advocacy is crucial.

Director Mendoza’s recommendations were as follows:

- Continue upgrading the capacity of the IAC-TS member agencies on the GATS and the committee as a whole by identifying areas for further enhancement of capacity, equipping the agencies with the needed analytical tools and techniques, establishing a data-base system, and extending DTI’s WRISS to the IAC-TS.
- Establishment of a Services Network, possibly patterned after that of Japan.
- Conduct of Trainings for trainers into sustained capacity building activities, which are intended not only to train other people but also to study WTO-related issues.
- Extension of the GATS capacity building seminars to other service sectors.
- Conduct of useful studies to the work of the IAC-TS should continuously be supported to make the service sectors internationally competitive..

(d) SPS Component

– Mr. Jerome D. Bunyi, Senior Economist, Economic and Policy Analysis Division,

DA

According to Mr. Bunyi, the objectives of the seminar were achieved as supported by the survey conducted, but, in some part, expectations were not sufficiently met on the discussions on WTO and SPS, as well as the importation rules and guidelines in Japan. This may have been due to a lack of time and perhaps to communication difficulties. The involvement of quarantine officers from the region was appreciated by JICA through the program.

The recommendations for future work on agriculture include: (1) addressing the institutional bottlenecks; (2) upgrading skills and human resource development; (3) strengthening data-base management and information dissemination, particularly for the agricultural field workers and the farmers; and (4) provision of support mechanisms to ease agricultural trade barriers.

For future funding, the DA suggests a follow-up training on risk assessment; an in-depth applied approach on risk assessment to include risk communication, formation dissemination, management and control; team building and workshop between DA, BOC, DOH to effectively implement customs and quarantine laws and WTO Agreements; and, an upgrade of the SPS web portal to include not only SPS but also WTO-related documents.

(e) AD/SG Component

– Mr. Emmanuel A. Cruz, Director and Concurrent Head Executive Assistant, Tariff Commission

Mr. Cruz extended the Commission's appreciation for the seminar, and his desire that the lessons learned would be share with other parties also involved with the WTO-related work. The recommendations were several: (1) creation of a technical working group for an inter-agency cooperation among the three implementing agencies of the trade remedy laws; (2) promotion of public- private cooperation through setting up of fair trade center; and (3) improvement of access to accurate and recent data.

– Mr. Luis Catibayan, Director, BIS, DTI

Director Catibayan recalled what had been discussed in the seminar seven

months previous. His overall assessment of the program was that it has been useful, informative and very understandable, and that it has broadened the participants' knowledge of the technical and procedural aspects of SG and AD laws to avoid possible future disputes.

Director Catibayan recommended having more capability building programs, possibly from other donor agencies present, with BIS to act as secretariat. He elaborated in detail on the three recommendations mentioned by Director Cruz.

#### (4) Interests for further Capacity Building Activities

Various comments on future requests were collected through the post-seminar questionnaire.

## **Recommendations**

### **1. Evaluation and Recommendation for Each Component**

#### **1.1 Enhancement of Inter-Agency Information Sharing <Component 1>**

##### **1.1.1 Evaluation**

WTO-related Information Sharing Pilot System (WRISS) was successfully installed at DTI on 24 February 2004, for the sharing and dissemination of WTO-related information. With the provision of this technical assistance, DTI is now able to enhance its capacity for implementation of WTO agreements. The following results were achieved in the course of the technical assistance activities until the official turnover of the Pilot System:

- Positive cooperation from the DTI counterpart was obtained for technical assistance with this component.
- In the design and development of the system, discussion and operation with the DTI counterpart was possible, which enabled technical assistance for system design, practical methods for development, and management for development.
- Through the cooperation of the DTI counterparts, TA Team was able to organize, digitize, and register into the system a number of their existing documents (some 2500 documents) before the system became operational. By doing this, an environment was created where the individual officers became aware of the advantages of using the information sharing system.
- The User, System Administrator and System Operator Manuals were prepared for full utilization of the system. The developed manuals are easy-to-use and easy-to-understand, since the developments process was fully involved with DTI counterparts.
- By using the Manuals, the foundations were laid for the implementation of training for Pilot System Users, Administrators and Operators.
- By appointment of the System Administrators, and System Operators, an organization was created in order to ensure timely response and countermeasures in the event of troubles and problems related to operation of the Pilot System.



However, it should be noted that the implementation of the Pilot System do enhance the information sharing aspect, which is an infrastructure for capacity building for implementation of WTO agreements. In order to fully utilize the system of WTO-related information, each individual officer is required to utilize the Pilot System. This begins with the individual officers registering their information, resulting in greater operational efficiency for all.

With the installation of the Pilot System, the actual use of the system has just begun. A key concept for each officer is to have the awareness to share their information. On this basis, the recommendations were made for DTI to enhance their structure for sharing information through computer systems.

### **1.1.2 Recommendations**

#### **(1) Pilot System Maintenance and Management**

##### **(a) Continuous review on utilization and provision of periodical brief training/brush-up opportunities among users**

- It is recommended that discussions are to be held on a continuous basis, with all the constituents informed on the system utilization conditions (number of users, number of registered documents, incident reports, etc.) through the regular monthly System Operations Meeting. The main officers responsible for Pilot System Operations, System Administrator, and System Operators are to participate in these Operations Meetings.
- The systems developer, ADTX Systems will provide support for the regular monthly meetings until March 2005. It is necessary for DTI to likewise gain the technology and know-how from ADTX Systems for understanding system utilization conditions and analysis during the support period.
- Aside from understanding utilization conditions, it is also important to conduct periodic system user training, particularly for those officers who are not too sure about using the system.

(b) Set up a supervising team for system utilization/operation with proper rules/mechanisms on management of uploading new documents

- It is strongly recommended that the document properties (category, key words, summary, etc.) are properly created each time a new document is registered in the Pilot System.
- At all times, there should be a Management Team for the Pilot System, composed of the officers responsible for system operations, system administrator and system operators from BITR, BIS, BPS and MIS. This Management Team will conduct a periodic check of the documents registered in the Pilot System, and confirm if appropriate document properties are being created and registered into the system.

(c) Prepare the systematic structure to provide resolving/improving measures to the difficulties raised from actual operation and experiences

- It is expected that various problems will be encountered in utilizing this Pilot System. Whatever the case, if nothing is done to resolve the problem, the users will lose the confidence of the users, making the system a useless one. In order to avoid this, the system Management Team must discuss and implement countermeasures in a timely manner. Also, the cause and countermeasures must be summarized in a report, with the information shared to other team members as a means to avoid the occurrence of the same problem.

(d) Promote system use from top to bottom

- It is also recommended to have a top to bottom guide for utilization of the Pilot System for all DTI officers. For example, instructions can be given to compile reports on WTO-related information using this Pilot System—and effective means for giving the officers the opportunity to use the system.

(2) Pilot System expansion

Initially, the Pilot System is designed to be accessed only within the DTI LAN, for security purposes. However, the design also allows for the possibility of access from outside the LAN in the future. From the standpoint of capacity building for

implementation of WTO agreements, one of the concerns is the creation of information sharing with other relevant government offices outside of DTI.

(a) Create common platform of discussion among DTI for system expansion

With the System Management Team playing a crucial role, a committee tasked to study the future expansion of this Pilot System is recommended to be created to define the vision and methods for future expansion. Among the items to be discussed are the following:

- Define the extent of other agencies which will be granted access to the WRISS Pilot System
- Define the access contents (Viewing only, Document Registration, Editing and Deletion, etc).
- Define the technical concerns (Program Revision, Additional Hardware, Infrastructure, others)
- Define the operational concerns (Revision of operational flow, Expansion of System Management Team, etc.)

(b) Create common platform for discussion among DTI and other related governmental agencies

- When the vision and means for expansion are defined within DTI, preparatory committees must be set up with related government agencies. It is important that such discussions are to be held so that the expanded future system structure will be convenient and secured, not only for DTI, but for the other related government agencies.

## **1.2 Capacity Building for Agriculture and SPS <Component 2>**

### **1.2.1 Evaluation of the Seminar**

The evaluation of the seminar, which aims at the capacity building for the implementation of the Agriculture/SPS Agreements, is based on 1) the outcome of the questionnaire survey to the participants, 2) the evaluation by the counterpart officials through the comments, and 3) the comments from the speakers.

#### **(1) Outcome of the Evaluation Sheets from the participants**

A Questionnaire survey was conducted primarily to assess the quality of the contents covered, handout materials, and also grasp how the knowledge acquired from the seminar would be disseminated and utilized. The major findings in the questionnaire survey were as follows.

Most of respondents answered that the Seminar met their expectation in each session and most responded that the session contents were useful. Sessions focused more on specific Japanese experiences were most appreciated as indicated by more than 80% of respondents answering that they were satisfied with Session 2 (Distribution System of Agricultural Products in Japan) and Session 6 (Food Safety and Risk Analysis). Regarding distributed materials, approximately 90 % of respondents answered very useful to all six sessions.

However, about 70% respondents expressed difficulties in disseminating the knowledge systematically due to a lack of budget and resources to organize training programs back in their offices / regions. They reported that as a result, they will share the knowledge at personal level.

For further improving DA's capacity building, respondents expressed the importance of a continuous training program, the laboratory or apparatus for animal and plant quarantine and for food safety, and opportunity to know Japanese experience in the relevant areas. It was also requested that Japan and the Philippines should come up with an exchange program for technical staff.

## (2) Evaluation by Counterpart Officials

Participated regulatory agencies specially showed gratitude for the contents and materials which elaborate the experience of Japan. This is because there were not many materials available in English about the Japanese legal framework or regulatory agencies. Some remarked that the comprehensive explanation of Japanese quarantine and distribution system were excellent references for further integrating in the Philippine setting. In addition, detail on the mechanism of how Japanese competent authorities develop and maintain personnel capability for new and challenging areas raised an awareness of the significance of continuous training in the area.

## (3) Comments from speakers

Having recognized the competency of individual participating officials, especially from central offices with fair educational backgrounds, speakers pointed out the weakness of problem solving capacity as a regulatory agency. It is noted that the participants raised questions regarding the manner of to receiving assistance from donor countries or how to acquire special treatment for the implementation of provisions of the agreement. One of speakers commented that the Philippine government needs to have an appropriate investment plan for conducting the risk analysis required.

Nevertheless, the speakers found that the overall contents were effectively contributed to improve the basic understanding of the participants. Through the active QA sessions, lecturers learned of the huge knowledge gap between those who asked basic questions and the key counterpart officials who were able to add explanation regarding the Philippine context. Therefore, speakers concluded that follow-up capacity building activities within the Philippines should be made. The distribution materials prepared with best efforts for the Seminar should be utilized as a reference for the training program to be planned by DA or private sectors.

### **1.2.2 Recommendations**

An effort to move from the imbalance in agricultural trade has to be made without halt. Increasing competitiveness of domestic agricultural sector as well as strengthening the control at the border has to be tackled. While agricultural sector reforms requires various, this program would like to highlight the capacity building at

the border. Thus, recommendation on quarantine service as well as food safety which urgently requires harmonization of the SPS agreement is addressed on three issues : (1) Appropriate institutional building and enhance of the competitiveness of agricultural products; (2) Upgrading the technical skill through enhancing the human resource development; and (3) Strengthening the information sharing system

#### (1) Appropriate institutional building

In order to make SPS / quarantine activities efficient and responsive to the needs of stakeholders, overlapping functions of regulatory agencies need to be streamlined with necessary legislative action.

Enhancing the control over smuggling has been addressed due to the fact that increased smuggled agricultural products not only damage the domestic prices of the food market, but also endanger the safety of the food supply as they are not quarantined. The linkage between Bureau of Customs and Quarantine Services needs to be strengthened in order to implement customs and quarantine operation based on laws including relevant WTO Agreements.

Laboratories in strategic locations need to be built across the country to support local stakeholders on product standardization and food safety. Necessary investments for upgrading equipments are also important issue to be tackled. Although DA pointed out repeatedly the lack of financial resources, this has to be prioritized with best effort in order to minimize risk for export commodities as well as products for the domestic market.

#### (2) Upgrading technical skill through enhancing human resource development

By using the materials distributed and the basic knowledge delivered through the program, participants are recommended to conduct subsequent training sessions on return to their offices. Materials provided in the Seminar can be utilized for further undertakings. Participation in a donor sponsored SPS training courses could be one opportunity

The other opportunities will be to send experts to foreign competent regulatory agencies or research institutes for training. This will directly upgrade the technical skills

and access the measures that specific countries currently use to tackle newly emerged issues such as GMO and organic food.

Many participants are keen to have an opportunity to learn Risk Analysis in depth. More detailed lessons can be shared through advanced seminars for experts. There were also specific requests to further study Pest Risk Analysis data management. In order to comply with international standards such as Codex, IPPC and OIE, the Philippine government requires further continuous discussion among the regulatory agencies as well as external experts.

### (3) Strengthening the information sharing system

#### (a) Improving the present information system infrastructure

One essential factor for implementing the agreements smoothly is to have appropriate tools to share knowledge among relevant agencies. Knowledge management for related bureaus and regional offices is a key to improving the status of compliance. Regular newsletters to provide updated information on WTO agreements and related international standards need to be disseminated through newsletters and through e-newsletters in the near future. The recently developed SPS Information System web portal requires further investment in due course as it still has limited capacity in order to increase transparency and to effectively disseminate information.

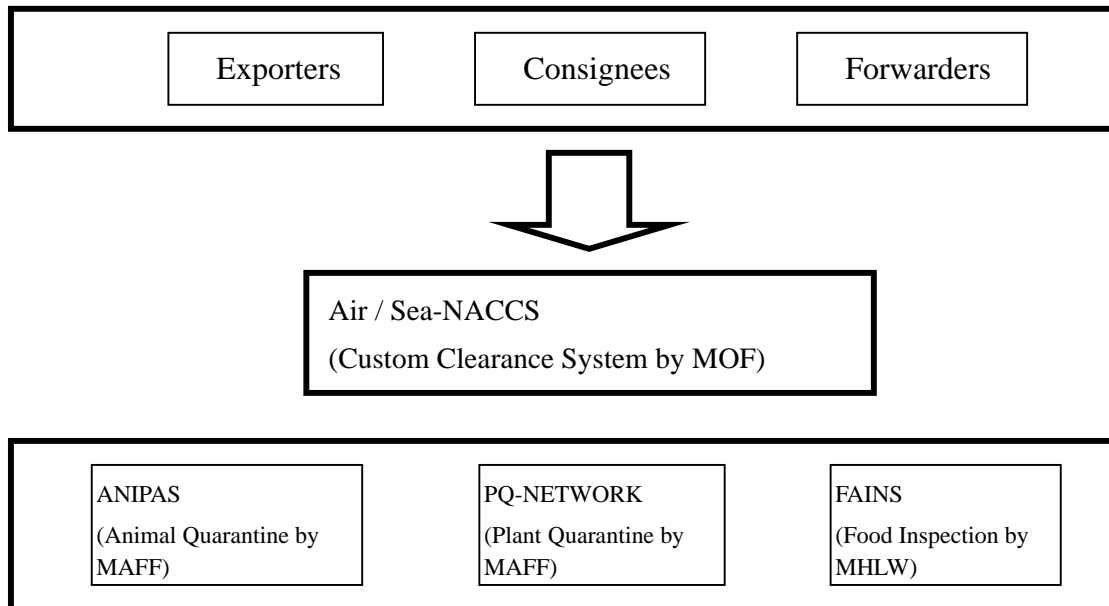
#### (b) Unification of network system for quarantine service and customs

One of the major problems under current border measures in the Philippines is the increase in smuggling, particularly of agricultural products. The problem is hard to control without comprehensive network between Bureau of Customs and relevant quarantine services. Establishing a network within the Department of Agriculture and other related regulatory agencies such as the Department of Health, and the Bureau of Customs should be materialized. It is recommended to take a step to establish a comprehensive network for quarantine service and customs at borders.

Recent Japanese experiences for establishing unified computer systems, called a“ Single Window System” for import procedure will be worth examining. The following figure describes the “ Single Window System” of Japan.

Building the network for the quarantine and custom systems will contribute to improve the WTO-conformed SPS measures in the Philippines. At the same time appropriate training for those who operate the system is equally important.

**Figure -1 Outline of Single Window System in Japan**



MOF: Ministry of Finance, MAFF: Ministry of Agriculture, Forestry and Fisheries, MHLW: Ministry of Health, Labor and Welfare



## **1.3 Capacity Building for GATS <Component 3>**

### **1.3.1 Overview of the Evaluation of GATS Component Activities**

GATS component activities were evaluated through: 1) the distribution of survey questionnaires to participants; b) discussions with the NEDA, DOT and DOTC as workshop co-organizers; c) comments from resource speakers; and d) the TA Team's observations. Results derived there from indicated the following:

- a. On the program in general, observations were as follows:
  - Prior to the program, the number of officials and technical staff with knowledge on the GATS was limited. Concerned agencies had little or no background on negotiating and were not fully aware of the costs and benefits of services trade liberalization.
  - Through the program, more government agencies and private sector organizations have become acquainted with the provisions of the agreement, and informed of the benefits and costs of acceding thereto. With the greater knowledge acquired, concerned government agencies may be expected to be more confident in voicing out their respective positions in IAC-TS discussions.
  - The agendas for the three phases of the program were appropriate. Through consultations with the concerned government agencies, workshop topics were carefully identified, and the workshop approaches designed to suit the needs of the participants.
  
- b. Use of the sector-specific approach in explaining the GATS is very effective. As such, there has been an expression of desire from the participants to mount similar workshops for their respective sectors (e.g., health, education, agriculture-related services, communications services) and to expand or modify the coverage of workshop topics as appropriate for the sectors. For this purpose, consultations would be critical. For those sectors that are considered new or "emerging" and/or highly controversial, however, one-day sessions were not able to cover all topics of interest, rather the sessions provided the opportunity to launch future actions for more comprehensive capacity building (e.g., energy, the environment, professional services).

- c. Similarly, simulation of the request-offer approach to services trade negotiations proves worthy of further pursuit. This has effectively provided insights on the art of negotiating, including weaknesses that will have to be addressed through capacity building to make the most out of the rounds of services trade negotiations.
- d. Advocacy on the GATS is crucial in forging strategic partnerships between the government, private sector and civil society aimed at strengthening and reaping the most benefit from Philippine participation in international trading agreements.

### **1.3.2 Recommendations**

Based on the observations and evaluation's findings, the following recommendations are submitted for consideration:

#### **(1) Inter Agency Committee on Trade in Services (IAC-TS)**

Further strengthen the capacity of the IAC-TS being the primary body for coordinating and formulating Philippine negotiating positions on the liberalization of international trade in services.

- (i) The capability to assess the implications of liberalizing a particular service sector; to gauge whether one would be in a winning situation or disadvantaged position during the course of negotiating; and to evaluate the benefits and costs or impact of services trade liberalization are definitely new areas where capacity enhancement needs to be introduced.
- (ii) Technical staff need to be equipped with analytical tools and techniques that are appropriate for serving the aforementioned purposes. In addition, tools or methodologies for analyzing, interpreting and assessing requests and offers, as well as limitations on market access and national treatment imposed by trading partners would further improve abilities to effectively negotiate.
- (iii) Enhancing the capacity particularly of the NEDA Secretariat to perform economic/technical analysis, and undertaking studies on the services sectors where the country has made commitments should be complemented by the development and installation of an efficient database on all Philippine service sectors, whether committed to or not under the GATS. The database should be able to service the data needs of the IAC-TS member agencies as well as the

other stakeholders, and that of the NEDA Secretariat as IAC-TS Chair, the lead negotiator for services trade, and as enquiry point on matters pertaining to the GATS. Critical information on conditions prevailing in the domestic and global economy that have a bearing on the international trade in services should likewise be captured by the database.

- (iv) Access to WTO-related information and information on domestic laws is critical for allowing the IAC-TS to perform its tasks. In this regard, extension of the DTI's information sharing system developed under Component I to the NEDA Secretariat and other IAC-TS member agencies is suggested.
- (v) Capacity should be built among IAC-TS member-agencies on efficient and effective ways of holding consultations with their constituents on the liberalization of their respective sectors, and on establishing strong relationships with other government agencies, the private sector, academics and non-government organizations.

## (2) Establishing a services network

Explore the possibility of establishing a services network patterned after that existing in Japan, European countries, or the US for purposes of: (i) promoting discussions/dialogues/ exchange of views on services liberalization; (ii) monitoring and gaining access to the most recent information on services negotiations; (iii) strengthening coordination and networking between and among government agencies and the private/business sector; and (iv) providing inputs to the government with regard to barriers faced by service suppliers in foreign service markets, among other topics.

## (3) Training for trainers

The conduct of training for trainers to sustain capacity building activities is recommended. It would be necessary to train a pool of experts on the GATS who will not only train other people but will also be able to study WTO-related issues and advise the country's negotiators on possible positions to take on these issues. The availability of such a pool of experts could also address the problem of changes in the assignment of personnel who have undergone trainings on the GATS.

#### (4) Extension of service sectors and geographical extension

The extension of GATS-related capacity building activities to other services sectors including those considered as “new” and “emerging” (e.g., education, health, communication, professional services) since the program was initially limited only to a few sectors. The trainings should also be opened to relevant government agencies and private stakeholders located in areas outside Metro Manila.

#### (5) Studies

Continue to support the conduct of studies that would be useful to the work of the IAC-TS. Those aimed at evolving strategies to further develop and make the services sectors internationally competitive, at assessing the benefits and costs of liberalizing a particular sector, and at recommending policy reforms on the liberalization of service sectors, among other topics, would be of assistance to the committee.

## **1.4 Capacity Building for SG/AD <Component 4>**

### **1.4.1 Evaluation of the Program**

#### **(1) Evaluation by the participants**

The TA Team distributed a questionnaire survey to the participants of the workshop to evaluate its outcome. 31 participants out of 45 participants responded to the questionnaire. The results can be summarized as follows.

- 1) Most respondents (96.5%) answered that the workshop has fully met the expectations. They (92.5% of the respondents) also felt that they have very much acquired new knowledge from the workshop, and 96.1% found the workshop very useful for the Philippines. While there were many participants who had attended similar seminars/workshops conducted by other donors, governments and the WTO, this workshop was felt very useful for them (94.4%).
- 2) The most beneficial topic in the workshop were: moot court exercises, as well as matters such as the speakers on Elements of the Anti-Dumping and Safeguards Agreements, Dispute Settlements and Overseas investigations..
- 3) The participants' answers with regard to the diffusion of knowledge acquired from the workshop were quite positive, suggesting that it should be conducted through personal dissemination (76.7%), giving speakers (36.7%) and planning for training courses/workshops (23.3%). Answers to the question for better capacity building revealed that seminars (55.6%), workshops (70.4%), joint study/research (48.1%) and dissemination of information (37.0%) were equally considered necessary.

The outcome of the questionnaire survey indicates that the workshop was useful and informative to the most participants, while there is a need for further capacity building with somewhat permanent framework or mechanism.

## (2) Evaluation by the speakers

The speakers highly appreciated the participants' contribution to the workshop, though noting that participants were of varying levels of knowledge. The management and communication ability of the counterpart agency was also evaluated.

As recommendations for future capacity building, one speaker pointed out that this workshop was good for 'enlightenment', and it is the task to make a more practical and useful program beyond 'enlightenment'. Another comment was that the Philippine administration needs help in putting together a basic 'library' or documentation service on WTO law, and this would allow them to keep up with new development in WTO work by studying materials on their own.

## (3) Evaluation by the counterpart organization

BIS-DTI evaluates the outcome of the program as follows:

- 1) The outcome of the workshop indicated that indeed it was very informative to the participants, and enhanced understanding of the principles of the WTO.
- 2) Through the seminar the staff gained more knowledge on the technical and procedural aspects of safeguards and anti-dumping laws to avoid possible disputes.
- 3) Different government agencies were able to meet their counterparts which in turn helped in building coordination and cooperation among them.
- 4) It would be very helpful to have a follow-up training on related capacity building program on safeguards and anti-dumping measure to further improve capacity for the implementation of safeguards and anti-dumping measures.

Judging from the above evaluations by participants, speakers and counterpart organization, the workshop has achieved the expected goal of providing government officials with practical knowledge and correct understanding of SG/AD measures, and incentives to maintain and improve them.

## **1.4.2 Recommendation**

### (1) Further implementation of seminars and training courses

Further implementation of seminars and training courses on SG/AD (and DS) for government officials, in particular, judges, judicial and technical staffs in concerned agencies such as OSC, Court of Tax Appeals, and Bureau of Customs, which have not been much involved so far, is recommended. At the same time, further seminar and training course on more advanced technical subjects for the core agencies' officials are needed. BIS-DTI and Tariff Commission can facilitate and conduct these seminars and training courses. The texts delivered at the workshop could be utilized and further elaborated for this purpose. At the same time, opportunities to attend seminars and workshops organized by donors and international organizations should be taken by all the officials dealing with trade remedies.

### (2) Establishment and operation of the technical working group

A technical working group consisting of all related government agencies to enhance inter-agency cooperation and information sharing is recommended to be established as the formal organization assigned by Department Order or Memorandum of Agreement. The working group is expected to undertake the revision of AD/SG legal and procedural framework<sup>7</sup>, and moreover, to function as a focal point to coordinate various interests and opinions among government agencies. This working group is desired to hold periodical meetings, exchange information, set agendas to discuss, and monitor/evaluate the progress of institutional/procedural revision. To operate the technical working group successfully, BIS-DTI is recommended to play the role of secretariat. It is also highly recommended to utilize the information sharing system, which is to be developed under the Capacity Building Program.

### (3) Promotion of the public-private cooperation through the permanent framework

The establishment of a permanent framework for the public-private

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<sup>7</sup> The possible topics for the discussions are as follows; introduction of public interest review system against the negative finding of the Tariff Commission by the President, extension of the duration for AD/SG examinations and so forth.

cooperation is recommended. As one model of this permanent framework in Japan, there is the Fair Trade Center, which was established as a non-profit and non-governmental organization. The Center functions as an arena for information and opinion exchange between government and industry, collects and accumulates information, conduct seminars and workshops, and gives consultation to member companies. To achieve these functions as the focal point for public-private cooperation, this center is required to have an extensive network of various human resources, not only from the government and industry, but also from the academic and legal circles. The center may be practically developed by strengthening the function of the existing industry associations in the Philippines. It is also possible to build this center as a virtual network utilizing the existing extensive network of industry associations to make it, and thus reduce initial cost. With the positive initiative by the government, perhaps the above-mentioned technical working group, such strengthening of the existing organization's function could be expected to be achieved in a relatively short period.

#### (4) Improvement of access to accurate and recent data

It is needed to improve access to accurate and recent data necessary to make determinations in AD and SG cases and also to facilitate applications by the private sector. These would include import studies, WTO rulings by panels and the Appellate Body, industry profiles, and a monitoring of the practices done in other countries. To this aim, close cooperation and information exchange with the Bureau of Customs, commercial attachés in diplomatic establishments abroad, as well as representatives in Geneva is indispensable. While data and information would be concentrated and accumulated in government agencies such as BTR-DTI or others, they should be made available to the private sector, and utilized for research and analysis conducted by such a 'Fair Trade Center' in the Philippines.



## **1.5 Capacity Building for TBT < Component5 >**

### **1.5.1 Evaluation of the Program**

Through the series of workshops, a general understanding of the TBT Agreement and importance of international standards by governmental officials has improved. It should also be mentioned that participants, including those from the private sector and other governmental agencies other than BPS, have gained knowledge on the rights and obligations of the TBT Agreement, especially through active participation in the group discussion. In addition, as majority of the participants attended both the first and second workshops, they are now expected to be able to become trainers in their organizations and to play an important role in transferring their knowledge to other officials who were not able to could not participate in the workshops.

On the other hand, TA Consultant Team recognized that the coordination mechanism among stakeholders left room for further improvement. In maximizing national interests of the Philippines, it is especially indispensable for the private sector to be actively involved in standardization activities and related public policies, as standards themselves are utilized primarily by the private sector.

As an evaluation of this Program by the participants and our counterpart (BPS), the following points have been pointed out through the questionnaire survey and wrap-up meeting conducted/held after the workshops:

- For a majority of the participants, it was the first time to attend a workshop on the TBT Agreement (65%), and their motivation to participate in this workshop was to gain general knowledge of the Agreement (100%) and to exchange views with speakers and other participants (62%). It also became clear that majority of the participants were satisfied with the contents of this workshop (96%).
- This Program was reported to be seen as a trigger to disseminate the importance of the Agreement and to vitalize coordination among the relevant agencies in the Philippines, as participants from different organizations and different sectors could come together and establish a human network.
- This Program was useful for the participants to realize that there were not only obligations but also many rights for member countries under the TBT Agreement. Especially, they became aware that developing countries could assert their rights

against developed countries. They learned this through the introduction of TBT related dispute settlement cases.

- By participating in interactive Q&A sessions and group discussions, the participants had opportunities to recognize TBT related issues as their own issues, not somebody else's business.
- After the first workshop, the national coordinating committee on TBT Agreement, which had been rather inactive for sometime, was reopened at BPS's own initiative. After the second workshop, BPS showed their will to further revitalize the committee in near future

Speakers of workshops made comments as follows;

- Workshop attendants are expected to become trainers to transfer their knowledge gained from this Program to other officials in respective organizations who could not attend this workshop.
- Ultimately, participants of the workshops should reflect their knowledge in the national standard and conformance policy. In addition, it is important to revitalize the national coordinating committee on TBT Agreement and to create sound environment to promote private sector participation in this policy field.

Judging from comments described above, TA Consultant Team evaluates this component as following;

- Key government officials who currently/potentially have interests in the TBT Agreement have acquired a certain level of knowledge on the Agreement through this Program. The next important step is to utilize their knowledge for policy implementation in this field. Through strengthening the institutional capacity of BPS, it is time for the government to push forward with their standard and conformance policies securing consistency with WTO Agreements.
- Especially, in enjoying/complying with the rights/obligations of the TBT Agreement, it is crucial for stakeholders to coordinate activities, including private sector, and to set common/standard operational procedures within the government necessary for efficiently implementing the Agreement.
- Finally, it is also important for BPS to continue its effort to share necessary information and knowledge with relevant government agencies as well as with private sector, and to enlighten the stakeholders as to the importance of the TBT Agreement and international

standardization activities to these stakeholders.

### **1.5.2 Recommendation**

The TA Consultant Team recommends the following three points, based on the observation and outcomes during this Program:

- 1) Strengthening of national coordinating committee on TBT Agreement
- 2) Implementation of knowledge transfer activities within the government
- 3) BPS's leadership in encouraging private sector's participation in standardization activities

#### **(1) Strengthening of National Coordinating Committee on TBT Agreement**

To efficiently and effectively implement the TBT Agreement, it is indispensable to establish a sound coordination mechanism between BPS and other stakeholders including private sector and other regulatory agencies in charge of mandatory/voluntary standards and conformity assessment procedures. BPS, as a national enquiry point and a notification authority of the TBT Agreement, should obtain/disseminate necessary information from/to relevant agencies and private sector, and this mechanism cannot work well without a coordination mechanism and shared operational procedures.

BPS is now intending to reorganize the national coordinating committee on the TBT Agreement. While the TA Consultant Team regards such efforts as one of the outcomes of this Program, we recommend BPS to take initiative for strengthening and hold meetings periodically.

In case that the Philippine does not notify information on proposed technical regulations to the WTO in an appropriate manner, due to lack of knowledge or awareness of WTO rules or lack of necessary procedure within the government, this could bring about unnecessary dispute with other member countries and unnecessary administrative/business costs to the country. To avoid such risk, BPS is recommended to take initiative to upgrade the common procedures, if necessary, and inform them to other agencies utilizing the coordinating committee.

## (2) Implementation of Knowledge Transfer Activities within the Government

As mentioned above, it is indispensable for every government officials involved with the TBT Agreement to correctly understand rights and obligations under the Agreement. This is a necessary condition or prerequisite for making the whole system work and enjoying the benefits of WTO rules.

While the national coordinating committee is able to set a strategy for the knowledge transfer program, BPS officials are expected to play major role as actual trainers utilizing materials and the handbook provided during this Program. In addition, it will be beneficial to create an environment for self-learning by disseminating the *TBT handbook* to officials involved, so that it can be available for reference.

## (3) BPS's Leadership in Encouraging Private Sector's Participation in Standardization Activities

It is important to promote the private sector's participation in both national and international standardization activities, as they are the ones who primarily enjoy the benefits of standardization. The private sector in the Philippines, however, does not recognize the benefits of participating in standardization activities, largely due to a lack of information and other technical and financial constraints. BPS and relevant agencies are recommended to create a mechanism to promote private sector participation in standardization activities and to try to reflect their views and technological know-how in standardization activities.

As a first step, representatives from private sector are recommended to be appointed as members of the national coordinating committee on the TBT Agreement, and BPS is to provide appropriate information on TBT issues to them. Second, BPS and other relevant agencies are recommended to encourage industrial associations to establish expert groups to discuss standards and conformity issues and the impact of these businesses, and also to participate actively in national and international standardizing activities. In addition, considering the movements to foster MRAs among ASEAN countries, and between other bilateral partners, inviting comments on MRAs from private sectors could also contribute to increasing private sector's awareness of the importance of standards and conformance issues.

## **1.6 Formulation of Action Plan <Component 6>**

### **1.6.1 Essential Elements for Action Plan**

With regard to the over-all Action Plan approached in the activities of the Component 6, as agreed at the inception meeting, it is presented in the nature of suggestions and checkpoints as follows. These checkpoints are to serve and be referred to as the basis (essential elements) for formulation of a detailed Action Plan by the Philippine authorities in the foreseeable future.

The following are the condensed highlights recognized from the monitoring of individual component activities that should be referred as to the key issues to be included in the Checklist of the Action Plan for further Capacity Building activities: i) preservation of consistency in objectives of activities, ii) consideration of appropriateness of scale of activities, iii) due formulation and operation of collaborative scheme among related entities (among governmental agencies, between private and public sectors, between central and regional governments), iv) introduction of PDCA Cycle for sustainable Capacity Building activities. The further effort and consideration has to be taken on each of above points in terms of the aspect related to a) human resource development, b) strengthening institutional orientation, and c) efficiency in information sharing.

#### **(1) Preservation of Consistency in Objectives of Activities**

It is the very essential element to preserve the consistency in objectives of Capacity Building activities in order to make them as efficient and effective as possible.

Taking the case of the WS program in this Program as an example, the first phase of human resource development (HRD) is provision of Workshops (WS) to increase the level of understanding of participants. The second phase of HRD is dissemination of information by the participants to their work places. These two phases are usually recognized; however, there must be the third and fourth phases, which are more important to sustain this undertaking. The third phase is the stage of designing and introducing a scheme to maintain this skill sharing process. This phase is not only an HRD stage but also a stage for institutional strengthening. The fourth phase is to assist this institutional orientation in terms of efficiency and continuity for further activity.

This forth stage is the stage for information sharing and sustainable program designing. It is important that this series of phases be taken into account when the whole activity is designed. And the time frame shall be well considered accordingly.

In order to realize those activities, resource constraint is always a bottleneck in activating the idea. In this respect, support by international organizations and/or bilateral assistance is still a useful resource for the Philippines. Given a clear idea for Capacity Building, it is also vital for the recipient side (the Government of the Philippines) to consider and design how each assisting program relate each other preserving the consistency with over-all principle to achieve one goal, with the conduct of a series of activities in one project.

## (2) Consideration of Appropriateness of Scale of Activities

It is vital to have clear vision on the objectives to be achieved throughout the Capacity Building activities. It should be done at the initial stage of designing. To balance the ideal objectives and reality, it is also essential to foresee feasible objectives in terms of availability of resources; that is to say, consider the resources of people, goods, capital and information.

Especially in case of ODA related assisting project, this consideration shall be reviewed with special attention. As for ODA related projects, there is a tendency to be a little ambitious compared with the realistic capacity to maintain the benefits of the project after the end of the project with existing resources. This is due to a natural desire to maximize the opportunity. However, in reality, it is only actually during the project that a recipient country can receive extended resources from assisting organizations. Cases like this could end up as offering mere ad-hoc base assistance without involving self-supporting functions and leave less benefit than expected after all. The existing resources, and perhaps realistically expected resources in the near future, shall be considered at the initial stage of activity design. And this should be well compared with the ideal objectives of the project.

### (3) Formulation and Operation of Collaborative Scheme Among Related Entities

#### (a) Among Governmental Agencies

In the Government of the Philippines, there are certain collaborative schemes among governmental agencies already in operation, such as the inter-ministry level taskforce with regard to WTO negotiation on Trade in Services (Inter-Agency Committee), or on TBT Agreement (National Coordinating Committee). These schemes should be utilized as useful platforms and/or gateways for further effective Capacity Building activities.

For example, it may be one of the imaginary programs that the collaborative scheme shall meet regularly and implement human resource development programs. The scheme members should bring the results back to their own ministry to disseminate common knowledge there. They should take program initiative in each respective department and evaluate activities for reporting and reviewing purposes in the collaborative scheme. In this way, the collaborative scheme will efficiently have not only a coordinating function but also take initiative in Capacity Building activities.

#### (b) Between Private and Public Sectors

In addition to the scheme above, it is also important to have collaboration between private and public sectors. Each respective ministry or agency has already developed networks with private sectors, mostly with industries falling under the direct authority of each ministry or agency. However, there is growing necessity to ensure networking between the inter-governmental and inter-private-sectoral scheme. In this case, further attention and guidance should be considered as to how the government side can assist in coordinating inter-private-sectoral activities. Certain programs could be considered to develop key organizing entities in respective private sector industries to generate private initiative for coordination among them.

#### (c) Between Central and Regional Governments

Besides the two collaborative schemes above, certain collaboration and/or efficient communication between central and regional governments is important. Considering the current trends decentralization, apart from the increase of control from

the central government, it is more and more important to share common perception and knowledge between central and regional governments, especially in issues related to international negotiations, such as the WTO.

For example, possible means of collaboration are as follows: designing continuous program at the central government side on Capacity Building to bridge the central and regional governments, effective use of the Internet to share the common understanding and/or procedural issues, and some exchange programs to substantiate internet communication.

#### (4) Introduction of PDCA Cycle for Sustainable Capacity Building Activities

It is important for the Capacity Building activities to adopt appropriate process to support continuity and self-sustenance while providing solutions to the issues and advancing itself. The PDCA Cycle Process is known as the process of same kind. It is the upward spiral of a four step cycle: i) planning/initial stage (Plan), ii) activity conducting stage (Do), evaluation/modification stage (Check), and implementation stage (Action). At the last stage, after implementation, identification of issues to be covered in the further action is considered. It is generally recognized that this way of thinking or consideration can be effectively adopted in the ordinary work. However, it is important that the process be adopted as a methodological procedure and/or system.

For example, the PDCA Cycle Process can apply to the over-all assistance Program as follows. 1) the Kick-off Seminar can be recognized as the step of formulation of common perception on issues of priority and motivations that could serve as the starting point of activities planning and designing ( Plan ) , 2) individual component activities can be the step to implement these plans ( Do ) , 3) the Wrap-up Seminar can be the step for identification of prior issues to be dealt with for the further actions reflecting on the reviews of balancing the capacity and the level of information sharing as a whole ( Check ) . The implementation of the “Plan” based on the recommendations in individual components could serve as the last step( Action )and this step would lead to a restart of the cycle.

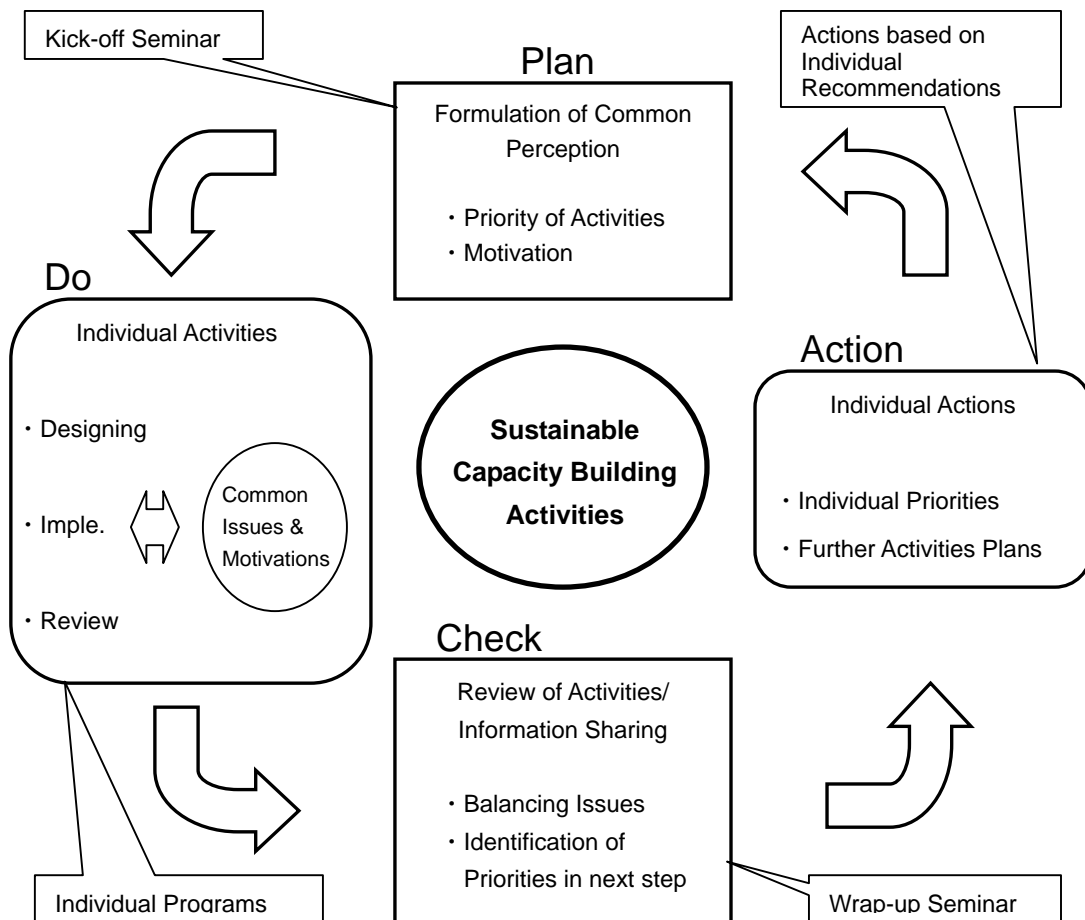
#### **1.6.2 Overview of the Action Plan**

The recommendations for each component indicated individually in the



previous chapters have corresponding action plans, which can be combined as a whole action plan into one chart as in the following chapter. This chart shall be recognized as the Government's C/B Action Step in PDCA cycle shown in the previous section (4). The coverage of actions at this time is subject to the scope of the Program, thus, it does not form a comprehensive Action Plan of the Government; however, it can provide certain basic idea and/or model for the future over-all Action Plan. It is important to make the cycle round in each individual area (component). However, it is also beneficial to integrate individual actions of cycle into one at large movement in terms of enhancement for synergistic effect of the actions and the governmental motivation as a whole. For the further undertaking in the administrative authority, these should be an attempt to substantiate and promote the Action Plan by including other areas that have not covered in this Program.

**Figure -2 Conceptual PDCA Cycle Process Applied to the Over-all Program**



## 2. Action Plan

### 2.1 Information Sharing System <Component 1>

**Table -1 Action Plan for Component 1 (Information Sharing System)**

Recommendation Item	Action	Implementation Schedule
(1) Pilot System Maintenance and Management	1) Continuous review on utilization and provision of periodical brief training/brush-up opportunities among users	short-term
	2) Set up a supervising team for system utilization/operation (certain rules/mechanisms on management of uploading new documents)	short /mid-term
	3) Prepare the systematic structure to provide resolving/improving measures to the difficulties raised from actual operation and experiences	short /mid-term
	4) Promote system use from top to bottom	as needed
(2) Pilot System expansion	1) Create common platform of discussion among DTI for system expansion	short /mid-term
	2) Create common platform for discussion among DTI and other related governmental agencies	mid/long-term

## 2.2 Agriculture and SPS <Component 2>

**Table -2 Action Plan for Component 2 (Agriculture and SPS)**

Recommendation Item	Action	Implementation Schedule
(1) Appropriate institutional buildings	1) Consolidate inter-regional setting in order to strengthen the quarantine / food safety administration both central and regional governments	short/mid-term
	2) Streamline the relevant organizations after analyzing the overlapping mandate	short/mid-term
	3) Enhance the control over the smuggling of the agricultural products	short/mid-term
	4) Plan the investment for building laboratories in strategic locations across the country and upgrading equipments in order to minimize risk for products	mid/long-term
(2) Upgrading the technical skill through enhancing the human resource development	1) Conduct various training/seminars for the stakeholders: government officials, private sectors and farmer's organizations especially in the regions by the trained resource persons in the central government. The materials obtained by the donors and international agencies need to be utilized at the maximum.	short-term
	2) Strengthen the knowledge of the Risk Analysis through establishing a training mechanism	short-term
(3) Strengthening the information sharing system	1) Strengthen the knowledge sharing mechanism to comply with international standards. Plan the E-link among the Department of Agriculture, the Bureau of Food and Drugs under the Department of Health and the Bureau of Customs including those in the regions for effective quarantine inspection and food control information system	short-term
	2) Upgrade the current DA SPS Information Web Portal to increase transparency and to effectively disseminate information	mid/long-term

## 2.3 GATS <Component 3>

**Table -3 Action Plan for Component 3 (GATS)**

Recommendation Item	Action	Implementation Schedule
(1) Further strengthening the capacity of Inter-Agency Committee on Trade in Services (IAC-TS)	1) Strengthening the capacity to assess the implication of liberalizing a particular service sector; to gauge whether one would be in a winning situation or disadvantaged position during the course of negotiating; and to evaluate the benefits and costs or impact of services trade	mid/long-term
	2) Knowledge enhancement of technical staffs to be equipped with analytical tools and techniques to deal with negotiations	mid/long-term
	3) Enhancing the capacity of the NEDA Secretariat to perform economic/technical analysis, and undertake studies on the services sectors and installation of an efficient database on all Philippine service sectors (should also be able to service the data needs of the IAC-TS member agencies as well as the other stakeholders)	mid/long-term
	4) Access to WTO-related information and information on domestic laws is critical for allowing the IAC-TS perform its tasks (e.g. extension of the DTI's information sharing system developed under Component I to the NEDA Secretariat and other IAC-TS member agencies)	mid/long-term
	5) IAC-TS member-agencies should be capacitated on efficient and effective ways of holding consultations with their constituents on the liberalization of their respective sectors, and on establishing strong relationships with other government agencies, the private sector, academe and non-government organizations	mid/long-term
(2) Establishing a service network	Explore the possibility of establishing a services network for purposes of: (i) promoting discussions/dialogues/exchange of views on services liberalization; (ii) monitoring and gaining access to the most recent information on services negotiations; (iii) strengthening coordination and networking between and among government agencies and the private/business sector; and (iv) providing inputs to the government with regard to barriers faced by service suppliers in foreign service markets, among others.	mid/long-term
(3) Trainers' training	The conduct of trainers' trainings for sustain capacity building activities to train a pool of experts on the GATS who will not only train other people but will also be able to study WTO-related issues and advise the country's negotiators on possible positions to take on these issues.	mid-term
(4) Extension of capacity building activities	The extension of GATS-related capacity building activities to other services sectors including those considered as "new" and "emerging" (e.g., education, health, communication, professional services) The trainings should also be opened to relevant government agencies and private stakeholders located in areas outside Metro Manila.	mid/long term
(5) Studies on services	The conduct of studies that would be useful to the work of the IAC-TS, aiming at evolving strategies to further develop and make the services sectors internationally competitive, at assessing the benefits and costs of liberalizing a particular sector, and at recommending policy reforms on the liberalization of service sectors, among others, would be of assistance to the committee	short-long term

## 2.4 SG/AD <Component 4>

**Table -4 Action Plan for Component 4 (SG/AD)**

Recommendation Item	Action	Implementation Schedule
(1) Further implementation of seminars and training courses	1) Identifying and listing the members who need seminars/training courses	short-term
	2) Development of the seminar/training course schedule	short/mid-term
	3) Maintenance and revision of the texts	mid/long-term
(2) Establishment and operation of the technical working group	1) Strengthening the framework and clarifying of the mission of the technical working group	short-term
	2) Considering how to utilize and enhance the information sharing system	short/mid-term
	3) Monitoring and evaluation of proposed institutional/procedural revision	middle/long-term
(3) Promotion of the public-private cooperation through the permanent framework	1) Examination of the Fair Trade Center in Japan	short-term
	2) Collecting opinions from private sector, etc.	short/mid-term
	3) Setting-up a joint study team with private sector	mid-term
	4) Accumulating knowledge and information by networking	mid/long-term
	5) Establishment and operation of the Fair Trade Center in the Philippines	mid/long-term
(4) Improvement of access to accurate and recent data	1) Review of the current data/information collecting and sharing system and identification of the bottleneck	short/mid-term
	2) Improvement of the bottleneck (mid/long-term).	mid/long-term
	3) Promotion of data/information sharing with private sector	long-term

## 2.5 TBT <Component 5>

**Table -5 Action Plan for Component 5 (TBT)**

Recommendation Item	Action	Implementation Schedule
(1) Strengthening of National Coordinating Committee on TBT Agreement	1) Identifying and listing the issues needed to be discussed in the National Coordinating Committee	short-term
	2) Defining mission, strategy, annual goal of the Committee, and setting frequency of Committee's meeting	short-term
	3) Identifying and listing the candidates from both public and private sectors for members of the Committee, and appointing them as members	short-term
	4) Appointing a BPS official as a person responsible for Committee's secretariat work	short-term
	5) Holding the meetings periodically	mid/long-term
	6) Drafting a procedural guideline/manual for handling TBT notifications and enquiries, and providing it to the relevant agencies	long-term
(2) Implementation of Knowledge Transfer Activities within the Government	1) Identifying and listing the government officials who are actually and potentially involved with the TBT agreement, and who should participate in the additional knowledge transfer activities	short-term
	2) Disseminating the TBT handbook to agencies/officials involved	short/mid-term
	3) Holding workshops/seminars for the officials identified	mid/long-term
(3) BPS's Leadership in Encouraging Private Sector's Participation in Standardization Activities	1) Identifying and listing the persons (executive/managing class) from private companies and industrial associations who might have interests in participating/observing the Coordinating Committee	short-term
	2) Inviting them to the Committee's meeting regularly, providing appropriate information on TBT issues to them, and asking/exchanging views on this matter	mid/long-term
	3) Establishing a support mechanism for private sector to appreciate the benefits of standards and to participate in domestic/international standardization activities	mid/long-term
	4) Encouraging industrial associations to establish expert group to discuss about desirable standards and conformity assessment system for their industries	mid/long term