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Article 1

Coverage

This Agreement applies to investment measures related to trade in goods only (r eferred to in this Agreement as "TRIMs").

1.2 "investment measures"

1. In *Indonesia – Autos*, the Panel examined the consistency of certain Indonesian measures with the TRIMs Agreement. Indonesia argued that the measures at issue were not trade-related investment measures within the scope of the TRIMs Agreement. The Panel rejected Indonesia's argument. First, the Panel found that the term "investment measures" is not limited to measures taken specifically in regard to foreign investment:

"We note that the use of the broad term 'investment measures' indicates that the TRIMs Agreement is not limited to measures taken specifically in regard to foreign investment. ... [N]othing in the TRIMs Agreement suggests that the nationality of the ownership of enterprises subject to a particular measure is an element in deciding whether that measure is covered by the Agreement as a TRIM. The TRIMs Agreement is not concerned with subsidies and internal taxes as such but rather with local content requirements, compliance with which may be encouraged through providing any type of advantage. Nor, in any case, do we see why an internal measure would necessarily not govern the treatment of foreign investment."

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2. In examining whether the measures in question were "investment measures", the Panel in *Indonesia – Autos* reviewed the legislative provisions relating to these measures. The Panel found that the measures at issue fell within any reasonable interpretation of those terms:

"On the basis of our reading of these measures applied by Indonesia under the 1993 and the 1996 car programmes, which have investment objectives and investment

within the meaning of the TRIMs Agreement because they relate to investment in a different manner.

With respect to the arguments of Indonesia that the measures at issue are not investment measures because the Indonesian Government does not regard the programmes as investment programmes and because the measures have not been adopted by the authorities responsible for investment policy, we believe that there is

