



**AEBF10
CHAIRMAN'S STATEMENT
11 September 2006**

The 10th Asia-Europe Business Forum (AEBF10), Helsinki

Chairman's Statement

Presented at the Closing Plenary Session on 11 September 2006

The 10th Asia-Europe Business Forum was held in Helsinki on September 10-11, in parallel with the ASEM 6 Summit. The Forum was chaired by Mr Christoffer Taxell, the President of the Confederation of Finnish Industries.

Hundreds of leading business representatives and government officials from both Asia and Europe participated in the Forum.

AEBF10 participants were invited to meet the ASEM 6 Heads of State and Government at the ASEM 6 Summit Reception on 10 September 2006.

Mr Wan Jifei, the Chairman of the China Council for the Promotion of International Trade (CCPIT), welcomed the participants to the next AEBF to be held in Beijing, China, in 2008.

The participants stressed the need to ensure continuity of AEBF dialogue between the AEBF meetings. This could be ensured through a permanent secretarial liaison and by focused actions under the flag of the AEBF. In addition, and in order to further strengthen the visibility of the AEBF, the participants adopted the logo of the 10th meeting as the permanent logo of the AEBF.

General themes

The general theme for AEBF10 was Partnership for Sustainable Growth. This reflected the joint task of the two regions to work together to create conditions for growth, which is economically, socially and environmentally sustainable.

Globalisation and new challenges have brought Europe and Asia closer together. The forum emphasized that the AEBF countries need to reinforce the co-operation in a determined way to remove obstacles and grasp the new economic opportunities that are present.

AEBF10 discussed issues in plenary sessions concerning globalisation, competitiveness, energy and multilateralism. They all relate to the joint challenges to which AEBF countries need to find joint solutions, as has been recognised in the agenda of the ASEM 6 Summit.



There is a lot that businesses from Asia and Europe can learn from each other. Differences between the two regions and the benefits and obstacles this creates for companies were also discussed in the plenary sessions.

The need for increased interaction between governments and AEBF representatives has often been recognized. The AEBF10 Chair was represented in the 10th Senior Official Meeting on Trade and Investment (SOMTI) in Qingdao, China in July 2005, and in the Economic Ministers' Meeting (EMM) in Rotterdam in September 2005.

The AEBF has repeatedly suggested practical measures on how to increase the interaction between officials and the AEBF, with the AEBF producing more focused and realistic recommendations that their governments need to properly implement.

In view of that, the preparations for AEBF10 were conducted in close contact with the official side of the ASEM process. The number of Working Groups was limited to five and the discussion topics were carefully chosen to reflect the most relevant issues for business and to create focused recommendations.

The AEBF participants also expressed their concern about the lack of efficient implementation of AEBF recommendations and urged the ASEM governments to vigorously step up their actions to this end.

On the basis of the two-day discussions, the AEBF produced a set of recommendations to be submitted to the Heads of State and Government. The Chairman of AEBF10 will present these recommendations to the ASEM 6 Summit, together with Mr Wan Jifei, the Chairman of CCPIT, on September 11th.

The three key messages of AEBF10 are the following:

- Firstly, business needs confidence to work in a stable and predictable regulatory and economic environment, where obstacles to trade in goods and services as well as investment will be removed. The best framework for this is provided by the multilateral trade regime. Business leaders strongly urge all ASEM governments to contribute to saving the WTO Doha negotiations, which are in considerable difficulties.
- Secondly, business asks the ASEM governments to support competitiveness of companies by removing discriminatory rules and treatment and by abiding by the agreed common rules. Fair competition and a stable regulatory environment supported by good governance are necessary for business. Particular attention should be paid to the problems and needs of SMEs. Free trade is the key for boosting growth and prosperity in our societies.
- Thirdly, business draws serious attention to a joint challenge – how to ensure the availability of environmentally sound energy at a reasonable price. They agreed that all energy options should be kept open to ensure energy security and that the latest technology should be exploited to increase energy efficiency.

In addition, each working group produced the following recommendations:



TRADE WORKING GROUP

Customs Regulations

- Customs regulations should be simple, effective and transparent. Therefore, countries that have not yet done so should accede to and implement the Kyoto and Istanbul Conventions and introduce electronic customs in view of the benefits they provide for trade and international exchange.
- Customs should introduce the principles and practices of the Arusha Declaration, thus enhancing predictability and effectiveness in the application of customs procedures and equal treatment of customers.

Technical Regulations, Standards and Conformity Assessment (SCA)

- In order to solve some basic problems in removing technical barriers to trade, ASEM should discuss the need for a new international, intergovernmental organisation for the development of international standards and guidelines for Good Regulatory Practice to be used for regulatory purposes at the national level, and especially, for the development and administration of international conformity assessment systems.
- The WTO members should give further consideration to the proposal for a NTB mediation mechanism, currently being discussed in the WTO. The objective should be a voluntary and efficient way of dealing with increasing amounts of NTBs affecting business.

Intellectual Property Rights

- Both in Europe and in Asia, governments should establish and maintain a strong and cost effective patent system and enhance enforcement of patents in order to safeguard fair legal procedures and to ensure that proper licensing principles are followed.
- Governments and businesses should take additional action to more efficiently combat counterfeiting and piracy and to increase public awareness of the damages these activities cause, by creating a concrete action plan, including appropriate education, training and enforcement programmes.

INVESTMENT WORKING GROUP

- Business stresses the importance of engaging in a continuous process of discussion between governments and the business community, and the necessity of a concrete follow-up and implementation of the recommendations developed in the Forum e.g. workshops about energy efficiency or PPP (see Hanoi conclusions). The institutional integration of the business community should be reinforced.



- Business is convinced that policy guidelines for investment, developed recently by international institutions such as the OECD or by some ASEM countries, can serve as a useful tool to attract investment. They can advise the development of coherent policy approaches across all the policy areas that have an impact on investment. We encourage AEBF governments to apply the best practices identified hereby.

In this context, business invites the Europe-Asia business community to open an active dialogue on CSR within the framework of the AEBF. A report should be made for the next meeting in 2008.

- Business encourages future EU-Asia bilateral/regional free trade agreements (FTAs) to cover investment rules to ensure non-discriminatory treatment of FDI between the ASEM countries. The business community should be invited to develop joint recommendations for governments.

FINANCIAL SERVICES WORKING GROUP

- Liberalisation of financial markets is vital and will enhance economic growth globally as well as for individual countries, both developed and developing. Transparent domestic rules, administrative procedures and reliable information are essential elements to liberalising financial services. Regulatory regimes, even restrictive ones, should be made more transparent.
- A supervisory culture needs enforcement in both EU and Asian countries. Better supervisory convergence between these two regions will also help businesses to operate more transparently and efficiently. Prudential limits should be based on a foreign bank's total capital instead of on its branch's capital, in case the foreign bank's home supervisory authorities have implemented Basel or equivalent standards.
- The change-over to IFRS as a reporting tool in listed companies both in Europe and in Asia is a welcome development. However, it should be borne in mind that the IFRS reporting system is based on the information needs of the investors. Any efforts to introduce the IFRS code as a mandatory regime for unlisted SMEs should be opposed as an undue obligation. An internationally accepted rating system should be installed to facilitate SMEs financing.

INFORMATION AND COMMUNICATION TECHNOLOGY WORKING GROUP

- ICT's established potential to contribute to productivity increase, competitiveness, development of new private and public services, sustainable development and equality should be fully utilized. ICT is a significant instrument for all areas of society, business, public administration and citizens. The AEBF recommends to ASEM governments the adoption of ambitious and compatible national ICT policies that are placed high in their political agendas and to commit themselves to enforcing them.



- The policies should be directed to facilitating market access by lightening the regulatory framework, intensifying international co-operation in the reduction of non-tariff barriers, enabling open access, digital interoperability and convergence, and the promotion of international standards.
- Information and network security are concerns that are increasingly having an effect on all aspects of ICT. The AEBF underlines the importance of the data protection and network security issues that need to be tackled not only nationally but at the ASEM level as well.
- Attention should also be paid to promoting, innovating and benchmarking new rapid developments such as digitization of public services, electronic invoicing, banking and customs in partnerships between Asian and European governments and businesses. The application of ICT in SMEs should especially be encouraged.

INFRASTRUCTURE WORKING GROUP

Energy is fundamental to our civilization, and economic and social development is dependent on reliable, affordable and clean energy.

- More concrete interactions, co-operation programmes and ways of collecting and transferring information on new and better solutions for energy efficiency in all sectors, including transportation, are needed. The role of governments, supported by the private sector, is essential to establish proper incentives to promote energy efficiency.
- All environmentally sound energy options including renewables and nuclear power have to be available in order to ensure energy security and sustainable growth.
- The global climate change combating regime should be formulated in a way that safeguards a level playing field and that avoids distortion of competition at global markets.