

Seventh ASEM Senior Officials Meeting On Trade and Investment (SOMTI VII)

Co-Chair's Summary

Brussels, 4-5 July 2001

Introduction

1. The seventh ASEM Senior Officials Meeting on Trade and Investment (SOMTI VII) was held in Brussels on 4-5 July 2001 under the co-chairmanship of Mr. Roderick Abbott, Deputy Director General for Trade, European Commission and Mr. Hubert van Houtte, Ambassador, Ministry of Foreign Affairs, Belgium, the current Presidency of the EU Council of Ministers. The meeting was attended by senior officials from all 26 ASEM partners.

Review of the Third ASEM Summit

2. In preparing for the forthcoming third meeting of Economic Ministers in Hanoi on 10-11 September 2001, Senior Officials reviewed the progress made in implementing the initiatives agreed at the third Summit. Even at this early stage, good progress has been made and senior officials looked forward to their full implementation.

Following up on Leader's decision that ASEM Ministers will meet on a regular basis, normally once a year, senior officials, meeting on the eve of the third Economic Ministers meeting, will consider arrangements for the fourth meeting of Economic Ministers and submit their proposals to the Ministers.

Trade

3. Senior officials emphasised the importance of achieving substantive progress in the eight priority areas of the Trade Facilitation Action Plan (TFAP) in order to reduce non-tariff barriers (NTBs) and transaction costs and promote trade opportunities between the two regions. Senior Officials renewed their commitment to implement the 'deliverables' as set out in TFAP Goals 2000-2002 and as mandated by the Summit.
4. In line with the practical approach to achieving the TFAP goals advocated at the second meeting of Economic Ministers, ASEM partners reported to SOMTI on the measures they have taken to address the Generic Trade Barriers in the priority areas. Prior to SOMTI, partners had exchanged these reports. In discussing the reports, *inter alia*, the following issues were highlighted in the priority areas:
 - **Customs:** Japan presented a matrix of compliance, showing the present position in relation to the implementation of customs deliverables. The matrix indicates the need for further work in this area. The European Commission emphasised that it has virtually completed all required actions.
 - **Standards and Conformity Assessment:** The European Commission proposed that the next meeting be held in Europe in November 2001. SOMTI stressed the importance of alignment to international standards as a key factor in reducing non-tariff barriers to trade, in accordance

- with TFAP and agreed to accelerate work in this area. It was further agreed that the "new global approach", as developed by the EU, will be discussed at the next standards seminar, in addition to instruments which facilitate trade in this area, such as least trade restrictive conformity assessment and recognition of accreditation based on international principles and MRAs.
- **Intellectual Property Rights:** The meeting acknowledged that most partners are aligning their laws to the TRIPs agreement. One area of future work could be to discuss the differences between various national implementing legislation. In this regard, France, in co-operation with Thailand, announced the holding of a seminar on geographic indications in October 2001. SOMTI recognised law enforcement as a major issue to be addressed and suggested that an exchange of best practice, based on reports presented to SOMTI.
 - **Distribution:** There was a broad welcome for the reports on distribution which reflect the evolution of this sector in two ways: (1) the sector is adapting to consumer demands to provide value-added services and (2) the opening-up of the sector to foreign companies. While the reports are encouraging, there are still indications of discrimination against foreign-owned companies.
 - **SPS:** The importance of continuing the discussion on SPS issues was underlined. Improved transparency and the use of international standards has already been effective in reducing trade barriers. All partners were encouraged to continue to assist each other to maintain this progress. It would also be useful to explore ways of avoiding excessive reactions in emergency situations.
 - **Public Procurement:** SOMTI recognised the importance of continuing the discussions and exchange of experiences on transparency and accessibility to up-to-date government procurement measures and laws. Attention was drawn to the importance of the GPA as an efficient means of addressing barriers.
 - **Mobility of Business People:** several partners made Reports on the measures which they have adopted to facilitate the mobility of business people. Belgium explained that this is largely the preserve of individual member states of the EU, mentioned the operation of the Schengen system and indicated that efforts are underway to come to common practices. On the Asian side, partners provided information on national practices. Concerning the granting of visa for business people, Thailand asked the EU considering granting equal treatment to all nationals of Asian ASEM partners. In the context of the AEBF recommendation that ASEM should introduce an "ASEM travel card", similar to that which exists in APEC, it was noted that not all APEC members apply the travel card agreement.
5. Senior Officials agreed that the country reports should be made available through the European Commission's website in early August 2001. Amendments may be provided until 31st July 2001. The views of AEBF on these reports will be sought. TFAP co-facilitators are asked to consider the reports within the expert working groups and report back to SOMTI8. Partners will be invited to up-date their reports before SOMTI8, based on these deliberations and additional steps which they have taken to remove further obstacles to trade, in line with the agreed TFAP Goals 2000-2002. SOMTI agreed to further consider these and additional reports when senior officials meet on the margin of EMM3. The purpose of this meeting is to carry forward this debate, so as to achieve practical results.
 6. Senior officials welcomed the achievements made in the different priority areas of TFAP. In particular, they reviewed progress made since the third Summit. This included the Seminar on Public Procurement held in Japan on 23 March 2001; the meeting on the Customs Procedures Working Group in Bangkok on 26-27 April 2001, the second ASEM Customs seminar in Bangkok on 24-25 April 2001, [the Seminar on Trade Facilitation issues in the WTO](#) in Kuala Lumpur on 28-29 June 2001, the Customs Directors' General Meeting in Stockholm on 2 July 2001. Belgium and Singapore recalled that a forthcoming seminar on e-commerce and e-logistics will be held in Brussels on 24-25 September 2001. Korea informed partners on a planned seminar on e-commerce to be held in Seoul on 25-26 October 2001, in co-operation with Finland (who will organise a follow-up seminar in 2002). They looked forward to further progress being made in the various up-coming meetings and seminars in the TFAP priority areas.

Investment

7. Senior officials welcomed the results of the fifth Investment Experts Group (IEG) Meeting held on 3-4 July 2001 in Brussels, immediately prior to SOMTI VII. The co-chairs of IEG V reported on the outcome of the meeting. They reported on progress made in implementing the Investment

- Promotion Action Plan (IPAP), particularly on measures taken to overcome obstacles to investment, as specified in the Consolidated List of Obstacles to Investment as identified by the business sector and the measures taken to implement the Most Effective Measures (MEM) to attract foreign direct investment. In preparing for this exercise, partners have prepared and exchanged reports on the measures which they have taken to give effect to the MEM and the removal of obstacles to investment. IEG partners also reviewed the Virtual Information Exchange (VIE) and ASEMConnect websites. In order to enhance the visibility and accessibility of the VIE the decision was taken to change its name to "ASEM Invest Online - AIO" and partners agreed to make special efforts to promote the website.
8. SOMTI discussed the future of the IEG, which was created to assist SOMTI in following up on the initiatives under the Investment Promotion Action Plan. They considered that IEG has played a valuable role, and should continue to monitor and discuss investment trends and policy issues among ASEM partners. IEG should in particular enhance its role in discussing investment-related problems encountered by the business sector, as indicated by the Asia-Europe Business Forum, and address other specific issues of common interest to ASEM partners. Senior Officials agreed to suggest to Economic Ministers to extend the mandate of IEG by a further two years in accordance with the terms of reference as set out in the co-chair's statement of IEG5.
 9. Senior Officials took note that on 29 and 30 September 2000, Austria hosted the fifth Asia-Europe Business Forum, and a Conference on Trade, Investment and Competition organised by Japan and the European Commission, which were both held in Vienna. In the context of the Business Forum, the working group on investment underlined the importance of the ASEM Invest Online website (formerly Virtual Information Exchange) and encouraged partners to keep it updated. The Business Forum also stressed the importance of stable political and economic conditions in order to attract FDI. The legal framework, intellectual property rights transparency and non-discrimination, were also mentioned. The Conference on Investment and Competition stressed the need to address investment and competition within the agenda of the WTO new round, considering developing countries' concerns e.g. through flexibility, special and differential treatment etc.

Interaction with Business

10. Senior officials welcomed the participation of representatives from the Asia Europe Business Forum (AEBF) in SOMTI VII, whose delegation was led by Mr. Stephen Lee, President of AEBF VI, and reiterated their conviction of the importance of enhanced linkages between the Forum and the government sector of ASEM. The co-chairs asked the representatives of AEBF to convey the appreciation of SOMTI to members of AEBF for their positive contribution within the process and encouraged them to contribute to this important task.
11. Prior to the meeting of SOMTI, all partners submitted a response to the findings of AEBF V. These [replies](#) were endorsed and the co-chairs were requested to transmit them to AEBF VI for consideration.
12. Senior officials welcomed a report from Mr. Lee on the status of preparations for AEBF VI to be held in Singapore on 8-9 October 2001 and the intention of AEBF to concentrate their work on a limited number of issues in future. The aims of achieving continuity of discussion, high-level representation and business networking were highlighted as key aims of the meeting. In particular, there will be a special business match-making session for SMEs. Singapore has also created an AEBF VI website with e-conferencing capability.

Digital Divide

13. Senior Officials held a thorough discussion on the digital divide. The subject was introduced by Belgium. Japan reported on a seminar held in Tokyo on 22 March 2001 on Digital Opportunity. Korea informed partners on the outcome of an Expert Group Meeting on the Trans-Eurasia Information Network held in Seoul on March 27-28, 2001. It was recognised that the development of new digital networks brings many opportunities for development, together with exposure to greater competition. The recent ASEM IT Seminar and Asia Europe consultation meeting on ICT co-operation, held in Bangkok on 10-11 May 2001, was welcomed as a positive contribution to this debate.

WTO Matters

14. Senior Officials recalled the commitment of leaders at ASEM III to work for the launch of a broad new WTO trade round at the earliest opportunity. That commitment remains undiminished. Officials agreed that, in the present economic climate, a new round remains more necessary than ever, in order to promote further trade liberalisation and strengthen the rules-based WTO system. They agreed that this is the interest of all ASEM partners. Officials gave absolute priority to launching the new trade round at the forthcoming WTO ministerial conference in Doha. Officials agreed that strong political will and greater flexibility as well as frank and constructive dialogue among all WTO members would be necessary in building support for a Round and in shaping the outcome of Doha. APEC's commitment to work for the launch of a new round was recalled. There was a call for partners to go beyond individual priorities and show flexibility so as to achieve the necessary consensus among all members.
15. To reach consensus on the launch of a Round, officials agreed that the negotiating agenda must be balanced and sufficiently broad to reflect the interests and concerns of all WTO members, must be clear as to the overall objectives sought, and that the development dimension and the needs of developing countries should be a central component of that agenda. Senior officials support the positive and constructive manner in which the negotiations under the built-in agenda have been carried out and pledged to actively pursue these negotiations in good faith. In addition to the built-in agenda negotiations, the Round should also encompass further market access liberalisation, the improvement, further strengthening and further development of WTO rules, in order to enhance predictability, manage the challenges of globalisation and support sustainable development. They also recognised the need to address the interest and concerns of developing and least-developed countries through various means, including, *inter alia*, special and differential treatment, improved market access and technical assistance for capacity building to help these countries in the implementation process and to benefit fully from the results of the negotiations.
16. Senior Officials also welcomed the efforts being made in the WTO on questions of implementation and urged that further progress be made rapidly so as to sustain momentum in the WTO. They also supported efforts to improve transparency within the WTO process.
17. Senior Officials reiterated their support for the acceleration of current accession negotiations of ASEM non-WTO Members based on mutually acceptable market access commitments and adherence to WTO rules, taking into account specific conditions and needs of the acceding countries.

Recent Economic Developments

18. The European Commission informed partners about recent economic developments in the EU and the future outlook. Vietnam outlined the prospects for co-operation in priority industrial sectors, focusing on high technology sectors of common interest, as mentioned in the Asia Europe Co-operation Framework 2000, making use of the TFAP, IPAP and AEBF frameworks. SOMTI agreed to ask, in particular AEBF, to explore co-operation possibilities in these sectors and report back to the next SOMTI meeting.
19. The European Commission informed partners on recent developments in the global steel market, in particular with regard to possible restrictions on imports by a key world partner and the possible consequences of diversion of trade to the EU market. The EU called for continuous exchange of information and support to find a mutually satisfactory solution.

Fourth Meeting of Economic Ministers and Eight Meeting of SOMTI

20. Senior officials welcomed a report from Vietnam on preparations for EMM III to be held in Hanoi on 10-11 September 2001. The venue for the fourth meeting of Economic Ministers will be agreed by EMM3. They welcomed the offer by Indonesia to host SOMTI VIII.

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