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The 10th ASEM Senior Officials Meeting on Trade and Investment

July 18-19, 2005 Qingdao, China

Chairman's Summary

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I. Introduction

1. The Tenth ASEM Senior Official Meeting on Trade and Investment (SOMTI 10) was held in Qingdao, China on 18-19 July, 2005. The Meeting was chaired by H.E. Mr. Yi Xiaozhun, Assistant Minister of Commerce, People's Republic of China. Senior Officials from 35 ASEM partners attended the meeting.

II. Review of ASEM Economic Pillar

The consolidated report on Trade Facilitation Action Plan (TFAP)

2. As mandated by SOMTI 9 and the Review of the Economic Pillar, the Economic Co-ordinators (Korea, Indonesia, the European Commission, and the United Kingdom Presidency of the EU) presented a consolidated report to SOMTI. The report summarizes and assess the activities held under the Economic Pillar since EMM 5 and makes recommendations for future ASEM economic activities.

3. As to the activities by the **Working Group on Customs Procedures**, it was reported that two meetings were held in the period 2002-2005, and the last one was held in Singapore in April 2005. The working group endorsed the TFAP Action Plan Deliverables 2004-2006, acknowledged the importance of harnessing Information Technologies for Trade Facilitation, noted the frequent use of the Single Window mechanism to enhance the efficiency in submission of documents for imports/exports, agreed to conduct a "Time Release Survey" for

Customs Clearance Facilitation, and recognized the importance of capacity building projects to enhance information sharing.

4. As to the activities by the **Working Group on Standards and Conformity Assessment**, four meetings were held between December 2002 and February 2005, with the last one held in Tokyo, in February 2005. The group intensified its efforts in information exchange by setting up a network of contact points, exchanged views on technical assistance programmes and focused on defining the requirements for products on ASEM markets as a Best Regulatory Practice. It also agreed on priority categories for the alignment of ASEM partners with international standards for key products, and agreed to identify a number of priority sectors for future work, including environmental standards.

5. As to the activities by the **Working Group on Intellectual Property Rights**, a seminar on protection and enforcement of well-known marks was held in Singapore in February 2004. The seminar agreed to develop an effective approach to law enforcement on well-known marks, which involves judicial authorities, police and customs as well as all relevant departments and agencies relating to IPR enforcement, and identified best practices for judicial enforcement, customs enforcement and police enforcement.

6. As to the activities by the **Working Group on Electronic Commerce**, the 4th ASEM Conference on E-Commerce was held in UK in February 2005. The conference agreed that: (a) the development of interoperable universal standards was vital for the future development of E-Commerce, (b) the ASEM partners had an important role in promoting the awareness of new technology applications, such as Radio Frequency Identification (RFID), (c) and ASEM could make useful contributions to benchmarking in this sector by drawing on the work in other international fora. SOMTI leaders also welcomed China's offer to host the next ASEM Seminar on e-Commerce in 2006.

7. As to the activities by the **Working Group on Distribution**, surveys were carried out in 2002-2004 to seek feedback from private businesses on existing barriers in the retail distribution sector, thus fulfilling part of its deliverables for 2002-2004. However, due to the poor response to the surveys, the identification and promotion of best practices for the retail distribution sector (the other half of the deliverables) could not be fulfilled. The next step forward in the area of Distribution would be to achieve greater transparency in regulatory requirements.

8. The Economic Co-ordinators suggested that TFAP facilitators should endeavour to better implement the Best Practice Guidelines in their future work and made the following recommendations: (a) to concentrate on a few high

priority areas where immediate actions for reducing trade barriers are needed, (b) to disseminate the results of activities through electronic means such as the ASEM “Infoboard”, (c) to enhance close interaction between experts and the business community, (d) to identify and recruit experts to respond to new priorities, (e) to stay in close collaboration with other facilitator(s) on this issue.

9. SOMTI leaders welcomed the work done by the Economic Co-ordinators and the working groups, which represented a good level of activity and the achievement of concrete results in their respective areas. They discussed the recommendations made in the Assessment Report and agreed that TFAP should maintain its activities for the period 2005-06. They endorsed the consolidated report in Annex 1 for submission to the Sixth Economic Ministers’ Meeting (EMM6) to be held in Rotterdam, Netherlands on September 16-17, 2005.

TFAP Concrete Goals for 2005-2006

10. Economic Co-ordinators presented the draft TFAP Concrete Goals 2005-2006 to SOMTI. SOMTI leaders exchanged views on the draft and agreed that a small number of action points should be identified to guide the activities of the Working Groups during 2005-06. SOMTI Leaders endorsed the paper in Annex 2 and asked the Economic Co-ordinators to review it before submission to EMM6.

Investment Promotion Action Plan (IPAP)

11. Japan briefed SOMTI on the results of the ASEM Public Private Partnership (PPP) seminar, jointly hosted by Japan and France in May 2004 in Tokyo, with the aim to share practice and experience in promoting PPP projects in ASEM countries.

12. SOMTI leaders noted that only one seminar had been held since the last SOMTI meeting and called for more activities to be conducted to promote mutual investment flows for greater economic growth in the region. In light of this, they expected that the ASEM Trade and Investment Exposition to be held in September in China would provide more investment opportunities among ASEM partners. They also discussed the next steps for the implementation of IPAP and agreed to further strengthen the cooperation in investment promotion among ASEM partners.

III. Follow-up of the Hanoi Declaration

a) The recommendations made by the Task Force.

13. SOMTI leaders commented on those recommendations which relate to trade and investment, submitted by the Task Force at the Fifth Asia-Europe Meeting (ASEM5) held in Hanoi in 2004.

14. SOMTI leaders appreciated the effort made by the Task Force to table thoughtful recommendations in ASEM with a view to pushing the ASEM Economic Pillar forward. They noted the constructive recommendations to continue discussions on energy in the framework of the Economic Pillar and to create an ASEM Virtual Promotion Center for Trade, Investment and Tourism, subject to positive assessment of its feasibility. They agreed to follow up on these recommendations and develop specific plans, where practical and feasible, to achieve concrete results. In this context, Japan, as the host of the Seventh Foreign Ministers' Meeting (FMM 7), reported that the setting up of an ASEM Virtual Secretariat had been agreed by the ASEM Foreign Ministers.

b) Other New Proposals

15. SOMTI leaders discussed the new ideas proposed by their colleagues in the areas mentioned in the Hanoi Declaration. In particular, they welcomed the initiatives on Tourism (a Seminar proposed by Portugal and a Forum proposed by China) and on Energy (a Seminar proposed by Japan and co-facilitated by the European Commission) to take place next year. Referring to the energy issue, SOMTI leaders welcomed the initiative by The Netherlands to include a first discussion on this item at the EMM6, which should focus on trade and economic aspects of the energy issue.

c) ASEM Trade and Investment Expo

16. China briefed the SOMTI on the preparation of ASEM Trade and Investment Expo to be held on September 8-11 in Xiamen, China, to promote closer ASEM Economic Partnership. SOMTI leaders appreciated China's efforts in organizing such an event and agreed to encourage active participation of their relevant government institutions and business sectors in the event.

IV. Business Participation in ASEM

a) Preparations for AEBF 10 and future involvement of business communities in ASEM

17. Ms. Päivi Luostarinen from Confederation of Finnish Industries, representing the Chair of AEBF10, reported on the preparation of the next AEBF to be held in Finland in 2006 and made suggestions on how to improve the participation of the business community in the ASEM process. SOMTI leaders welcomed Finland's offer to host AEBF X and made suggestions on how this meeting could proceed.

18. SOMTI leaders also discussed how to facilitate the interaction between public and business sectors at AEBF. They recognized that the effectiveness of the current mechanism by which AEBF develops recommendations and solicits ASEM partners' feedback needs to be thoroughly reviewed in view of the fact that it has only played a limited part in facilitating Asia-Europe business relations. Other means of interaction with improved effectiveness should now be earnestly explored. The mechanism by which AEBF develops recommendations would be enhanced if it could focus on a small set of priority issues on which officials can concentrate their efforts, and by the development of closer links between the AEBF and Economic Pillar activities at all levels.

V. WTO-DDA Negotiations

21. SOMTI leaders recalled ASEM leaders' reaffirmed commitment to an open and fair multilateral trading system under the World Trade Organization (WTO), and the need to further strengthen ASEM collaboration and coordination on WTO-related issues for a successful conclusion of the WTO Doha negotiations. The commitment remains strong. SOMTI leaders firmly believed that the successful conclusion of the Doha negotiations would provide a unique opportunity to further liberalize trade through improved market access, strengthened multilateral trade rules and integration of the development dimension into all areas of the negotiations.

22. SOMTI leaders stressed the importance of a successful WTO Ministerial Conference in Hong Kong, China in December to achieve an ambitious and well-balanced outcome from the Doha Development Agenda by the end of 2006. Recognizing this, SOMTI leaders suggested that WTO issues should be a top priority when ASEM Economic Ministers meet at EMM6 in September, and their discussion should focus on the key issues of negotiations, in particular agriculture, non-agricultural market access (NAMA), services, rules, trade facilitation and development issues. SOMTI leaders emphasized that it is important for ASEM Economic Ministers to issue a self-standing and focused Declaration when they convene at EMM6 to convey a strong and positive

political message on the importance of progress in the DDA in the run-up to the Hong Kong WTO Ministerial Conference.

23. SOMTI leaders noted the progress made at the WTO Informal Ministerial Meeting held on July 12-13 in Dalian, China, and emphasized that remaining issues should be addressed with a heightened sense of urgency by WTO members in order to push forward the negotiations in a balanced way and achieve an ambitious and meaningful outcome at the Hong Kong WTO Ministerial Conference. SOMTI leaders also underlined that, to achieve a good foundation for the Hong Kong Ministerial, substantive progress should be made by the end of July 2005 across the DDA issues.

24. SOMTI leaders reaffirmed their full support for ASEM members' universal membership to the WTO and thus for the early accession of Vietnam and rapid progress towards the accession of Laos into the WTO.

VI. Regionalism and Multilateralism

25. SOMTI leaders exchanged latest information on regional development in both Asia and Europe, and discussed the relationship between ever-deepening regional integration and the multilateral trading system.

26. The European Commission and EU Member States briefed on recent and forthcoming developments in the European Union with regard to its regional and bilateral economic integration activities.

27. China informed the SOMTI of the latest development in the establishment of a China-ASEAN Free Trade Area. China recalled that the establishment of the China-ASEAN Free Trade Area would contribute to the economic growth of China and ASEAN countries, as well as that of other ASEM partners.

28. Japan briefed SOMTI on the recent development of its Economic Partnership Agreement (EPA) negotiations with ASEM partners in Asia. Japan stated that the EPA negotiations are being carried out with the aim of complementing the multilateral trading system under the WTO, and that Japan's EPA policy will contribute to the strengthening of competitiveness of East Asian economy and its industrial development in conjunction with FTA networks among ASEM partners in the region.

29. Korea informed the SOMTI of its development of FTAs with other ASEM members. Korea is in pursuit of FTAs that are consistent with the WTO rules and that also cover a comprehensive range of areas such as services, investment,

government procurement and intellectual property rights. With ASEM members, the FTA negotiation with Singapore concluded in November 2004 and negotiations with ASEAN and Japan are ongoing.

30. Indonesia, as the Chair of ASEAN, informed the meeting of the latest development in ASEAN economic integration and its external regional integration efforts with other ASEM partners.

31. SOMTI leaders recalled the ASEM leaders' commitment to open and fair multilateral trading system under the WTO, which is the most powerful tool to reap the gains from trade. It is also the only way to ensure full integration of all countries, regardless of their economic size or their level of development. In this respect, SOMTI leaders considered that the rapid development of FTA/RTAs, both in Asia and Europe, should not lead to an undermining of the multilateral trading system or the creation of distortions in international trade.

32. SOMTI leaders however noted the benefit of comprehensive and high quality FTA/RTAs to broaden trade liberalization. They agreed that ASEM should play an active role in the area of FTA/RTAs through, inter alia, exchanging information, experience and best practices among its members that would promote a common understanding. In view of this, they considered that this complex issue deserves a thorough discussion by Ministers.

VII. Preparation for EMM6

33. The Netherlands briefed the SOMTI on progress in the preparation for the EMM6 to be held in Rotterdam, 16-17 September 2005. SOMTI leaders appreciated the Netherlands' offer to host the first EMM in the wake of ASEM enlargement and gave their strong commitment to ensure that the meeting would go ahead as planned. They also requested the Economic Co-ordinators to maintain close contact with the organizers in The Netherlands to facilitate the preparation for the EMM6.

34. Japan briefed SOMTI on the results of the discussion on the future of ASEM at the 7th Foreign Ministers' Meeting (FMM7) held in Kyoto, in which sustainable development including environment and energy security was identified as one of the areas of substantive co-operation based on "Asia-Europe Partnership to Tackle Global Challenges." It was recalled that FMM 7 invited ASEM Economic Ministers to decide on prioritised areas in their mandates to follow up on the Hanoi Declaration.

35. SOMTI leaders concurred that it is important to ensure that all ASEM

Economic Ministers participate in the discussion at EMM6.

VIII. Other Items

37. SOMTI leaders welcomed the offer by Finland to host the next SOMTI in 2006.