

Third Senior Officials Meeting on Trade and Investment

Co - Chairmen's summary

Brussels, 5/6 February 1998

1) Introduction

The third ASEM Senior Officials Meeting on Trade and Investment (SOMTI) was held in Brussels 5/6 February 1998. The meeting was attended by senior officials from all twenty - six ASEM participants. It was chaired by Mr. H.F. Beseler, Director General for External Relations, Commercial Policy and Relations with North America, the Far East , Australia and New Zealand from the European Commission and Mr A.C. Hutton, Director General of Trade Policy, Department of Trade and Industry from the United Kingdom, acting also as representative of the Presidency of the Council of the European Union.

SOMTI 3 build on the results of the Economic Ministers Meeting held in Makuhari , Japan on 27/28 September 1997. In view of the forthcoming second ASEM Summit in London on 3/4 April 1998, the meeting focused on the preparation of the economic topics to be discussed at the Summit and initiatives in the economic area to be decided upon or initiated at the Summit. The agenda included: Trade and Investment, WTO matters, Interaction with the ASEM business dialogue, and preparation of the economic aspects of the London Summit. Particular attention was given to the implications of the financial crisis in Asia for trade and investment between Asia and Europe.

2) Trade and Investment

ASEM Economic Ministers had endorsed at their meeting in Japan in September 1997 a framework for an **ASEM Trade Facilitation Action Plan (TFAP)**, proposed for adoption by ASEM Heads of State and Government at the London Summit. The TFAP aims at reducing non - tariff barriers and transaction costs, as well as promoting trade opportunities between the two regions. Senior officials agreed on both the mechanisms for the implementation of TFAP and the concrete goals to be achieved between the London Summit and the third ASEM Summit in Seoul in the year 2000 in the identified priority areas. e.g. customs procedures; standards, testing, certification and accreditation; public procurement; quarantine and SPS procedures; intellectual property rights; mobility of business people and other trade activities. They recommended that the attached papers on concrete goals and implementation mechanisms be adopted by leaders together with the TFAP framework. Senior officials stressed the importance of a speedy implementation of the Action Plan and expressed their hope that prior to the London Summit individual ASEM partners would offer to take the lead in various initiatives in the different priority areas.

Senior officials also discussed working methods and priorities for the implementation of the **Investment Promotion Action Plan (IPAP)**, already endorsed by Economic Ministers and proposed for adoption by the London Summit. They urged a speedy implementation of the plan after London. For this purpose, they agreed to have the first meeting of the Investment Experts Group (IEG), as soon as possible after ASEM 2, and no later than the next SOMTI in Autumn 1998, to establish its schedule and plan of work, as was proposed by the IEG shepherds

3) WTO related issues

ASEM partners stressed the important achievements in the growth of the world economy that the multilateral trading system has made possible in the last fifty years. They agreed to strengthen further the WTO as the main forum for negotiation and to provide the means for continued liberalisation of trade within the multilateral framework.

ASEM partners reaffirmed their commitment to co-operate in making the WTO Ministerial Conference in Geneva this year a successful step towards strengthening the multilateral trading system. They agreed that the conference would represent an important opportunity to reinforce and build on the results achieved so far and to promote further the process of global liberalisation. They therefore will closely co-

operate in work within the WTO, to prepare a substantive agenda for the Ministerial Conference to be held in 1999, with a view to pursuing further trade liberalisation.

With regard to **the ongoing work and the built-in agenda**, ASEM partners welcomed the positive results achieved in 1997 and stressed the importance of their cooperation in obtaining them. They reaffirmed their willingness to closely collaborate towards implementing fully all existing WTO commitments, including through fulfilment of the built-in agenda according to agreed timetables, as a foundation for further multilateral trade liberalisation

ASEM partners are encouraged with the progress undertaken in the WTO working groups on Trade and Investment, Trade and Competition Policy, as well as Transparency in Government Procurement. They also agreed, in view of the growing importance of Trade Facilitation, that the planned WTO symposium on this subject should serve as useful input for the analytical work that the Singapore Ministerial Conference mandated the WTO to carry out.

On Information Technology, ASEM partners are firmly committed to the successful accomplishment of the schedule of work laid out in the agreement.

On trade and environment, a consensus emerged on its growing importance on the international agenda and on the need to achieve important progress in this field

ASEM partners reaffirmed the primacy of an open, multilateral trading system under the WTO, and that regional trade agreements complementary to the WTO and consistent with its rules can promote further global liberalisation of trade and investment.

Participants agreed that in a highly integrated world economy, it is essential to seek to ensure that all trading nations can become Members of the WTO. They decided therefore to step up efforts in that direction with a view to obtain an early accession of applicants on the basis of congruous commitments and adherence to the WTO rules.

Mindful of the current financial crisis, senior officials proposed to ASEM Leaders to pursue further liberalisation as the most effective antidote to any calls for protectionist trade measures in either Asia or Europe.

4) Trade and investment implications of the financial crisis in Asia

Senior officials had a substantial and productive discussion of the economic implications of recent financial developments in Asia. They listened with great interest to a report on discussions at the ASEM Finance Deputies Meeting in London the previous day. Recognizing the risks to trade and investment arising from the recent turbulence in certain Asian financial markets, the senior officials underlined the broader significance of these developments, which had material but manageable implications for the global economy and called for a global response. They welcomed also the active discussion in the Finance Deputies Meeting of possibilities for cooperation and sharing of experience in helping promote an early resolution of the crisis.

While noting the essential importance of immediate measures of structural adjustment and financial sector reform, the senior officials underlined the specific importance for trade and investment of maintaining open markets and resisting protectionism, in our two regions and in the world as a whole. In this context, they reiterated their determination to work for the expansion of business opportunities through the progressive removal of barriers to trade and investment, as illustrated in their earlier discussions of TFAP and IPAP, and of WTO issues.

Recalling also the historic transformation of Asia's economy in recent decades, and the continuing prospects for economic dynamism in the region based on sound fundamentals and sound and transparent policies, they looked forward to an early restoration of broad-based economic growth in Asia.

5) Interaction with the ASEM Business Dialogue

Senior officials welcomed the results of the second meeting of the ASEM Business Forum that took place in Bangkok on 13/14 November 1997. They were particularly pleased that recommendations from this meeting were action orientated and that business representatives were moving towards further concrete cooperation among themselves in the ASEM framework. This was clear from the decisions to establish a working committee to elaborate an electronic resource network for SME's (ASEM connect), to establish an Infrastructure Joint Standing Committee and a Trade Task Force. Close consultations were particularly important with regard to ASEM initiatives such as IPAP and TFAP which were designed to promote greater trade and investment flows between Asia and Europe.

Senior officials underlined the need to strengthen the dialogue between business and government and to ensure continuity of the Forum process. They looked forward to the third meeting of the AEBF, hosted by the United Kingdom in conjunction with the London Summit, and welcomed the opportunity thus created for business representatives to deliver their key messages to the Heads of State and Government. Senior officials also underlined the need to facilitate business for SME's and therefore welcomed the initiative by the Italian government to hold an ASEM SME Conference in Naples in May 1998. They also welcomed the readiness by partners to host future meetings of the Business Forum, namely in 1999 in Korea, in 2000 in Austria and in 2001 in Singapore.

6) Preparation of the London Summit

Senior officials discussed the economic issues that might be taken up at the London Summit. They expected that not only the financial, but also the economic implications of the Asian financial crisis would be a major focus of the leaders' discussion. Building upon the principles and policy objectives agreed by Economic Ministers at their meeting in Makuhari in September 1997, Senior officials took note of the priorities for the economic dialogue and co-operation in the ASEM context as outlined in the draft Asia - Europe Co-operation Framework to be finalised by the SOM in London and proposed for adoption by the London Summit. They also discussed a first draft work programme for the economic follow - up between the London and Seoul Summits.

7) Follow - up

The meeting agreed that the next SOMTI would already be held in autumn 1998, in Asia.