

# Fifth ASEM Senior Officials Meeting on Trade and Investment (SOMTI V)

## Co-Chairs' Summary

Brussels, 7-8 July 1999

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### Introduction

1. The fifth ASEM Senior Officials Meeting on Trade and Investment (SOMTI V) was held in Brussels, 7-8 July 1999. The meeting was attended by senior officials from all 26 ASEM partners and co-chaired by Mr. Hans-Friederich Beseler, Director General of the European Commission and Mr. Leif Fagerlös, Under Secretary of State for External Economic Relations of Finland, the current Presidency of the Council of the European Union.
2. Noting the return of more stable economic conditions to emerging market economies, SOMTI V advanced work on ASEM economic initiatives in preparation for the second Economic Ministers Meeting (EMM II), 9-10 October 1999 in Berlin and ASEM III, 20-21 October 2000 in Seoul. Senior officials reviewed developments in the trade and investment environment since their meeting in February 1999. The agenda included, inter alia: Trade and Investment, WTO matters, Global Economic Developments, interaction with business, economic aspects of the Asia-Europe Vision Group Report, and preparations for EMM II.

### Trade

3. Senior officials reviewed the work carried out to date within the various Trade Facilitation Action Plan (TFAP) priority areas and endorsed the proposed follow-up activities. They welcomed the key findings of the Seminar on Simplification and Harmonisation of Customs Procedures in Manila (23-25 Feb 1999); the Meeting on Standards and Conformity Assessment in Korea (10-12 March 1999), and the Seminar on Intellectual Property Rights in Paris (24-25 June 1999). They looked forward to upcoming events, including the Seminar on Public Procurement in Germany (14-15 September 1999), and another meeting on Standards in Brussels (4-6 October 1999), followed by a visit of Asian ASEM officials to European standards bodies. They noted plans to hold a Seminar on Industrial Districts and International Technology Transfer in Italy (4-5 October 1999) and a second meeting on SPS in China in November 1999.
4. Senior officials reviewed the different priority areas of TFAP and emphasised the importance of achieving substantive progress in all these areas by EMM II. Recalling that TFAP had identified "goals and deliverables"[ As set out in Annex 1 to the TFAP Framework ] which could be achieved by ASEM III, they also discussed the merits of adjusting the TFAP agenda to be more forward-looking and focus on concrete steps towards the removal of trade barriers. Therefore, Senior officials instructed TFAP Shepherds to prepare an interim report for EMM II both on the status of TFAP deliverables in the seven priority areas, as well as on other possible areas for increased emphasis, such as services, within the TFAP context. Senior officials agreed that TFAP related work should continue to complement and contribute to the work in other international fora, such as WTO and WCO.
5. SOMTI recognised the need to address in a more concrete manner the non-tariff barriers to trade encountered by the business community. A proposal by the European Commission to this effect was discussed. Senior officials tasked Economic Coordinators to elaborate further this idea, based on comments by partners during the course of SOMTI V, and to develop a paper for the Senior Officials Meeting on the eve of EMM II outlining the modalities for ASEM to address non-tariff barriers to trade.

### Investment

6. Senior officials welcomed the results of the third IEG Meeting (IEG3) held in Brussels just prior to SOMTI V, on 5-6 July 1999, and noted in particular:

- i. the test launching of the Virtual Information Exchange (VIE) Website, developed by the European Commission. They urged all ASEM partners to complete and/or update their submissions to the website as necessary, in time for its official launching at EMM II.
  - ii. progress reported by Singapore on ASEMConnect, and IEG's agreement to assist in submitting the outstanding business databases URL addresses to Singapore by end July 1999 so that the website can be fully completed and launched at AEBF IV as planned.
  - iii. IEG3's concrete accomplishment of a non-binding factual list of those national investment promotion and policy initiatives which have been found to be most effective in promoting inward investment, based on reports by all ASEM partners on those practices which have been most effective in their individual cases. Underlining the importance of creating conditions conducive to foreign investment flows, in order to stimulate a country's economic growth and prosperity, and bearing in mind the principles and objectives set out in the Investment Promotion Action Plan (IPAP). Senior officials referred the list to EMM for Ministers' endorsement as benchmarks for partners in attracting foreign direct investment, and for their consideration of concrete follow-up.
  - iv. further progress in developing a compilation of existing ASEM business to business exchange programmes.
  - v. the continued sharing of investment experiences based on presentations by Belgium, China, Indonesia, Ireland, Japan, the Philippines, Singapore and the exchange of views on investment policy reforms of ASEM partners. Thailand also briefed the meeting on the ASEAN Investment Area.
1. The meeting discussed the future of the IEG, which was created to assist SOMTI in following up on the initiatives under IPAP. Senior officials considered that IEG has played a valuable role, and should continue to monitor and discuss investment trends and policy issues among ASEM partners. In line with the recommendations of SOMTI 4, 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, building on the work programme defined at IEG 1 and taking into account in a balanced manner both regulatory approaches and investment promotion aspects. In this context, Senior Officials requested EMM to extend the mandate of IEG by a further two years.
  2. SOMTI also tasked Economic Co-ordinators to clarify the role of shepherds in facilitating the implementation of IPAP/IEG under SOMTI.

#### **WTO-Related Issues**

3. Senior officials reaffirmed the primacy of the rules-based Multilateral Trading System embodied in the World Trade Organisation (WTO). They noted the growing support for further broad-based negotiations with the view to achieving an overall balance of interests of all members and held a fruitful discussion on many of the issues and concerns for both Asian and European partners to be taken up in the negotiations. Among these were the implementation of the results of the GATT Uruguay Round, as well as new areas which might be addressed if there is consensus within the WTO membership. Senior officials underlined the importance of public support for continued liberalisation of trade in a multilateral framework. They also agreed that particular attention needs to be paid to Least Developed Countries. They see EMM II as an important stage on the way to the third WTO Ministerial Conference in Seattle, 30 November - 3 December 1999. SOMTI acknowledged the opportunity and timeliness of the upcoming ASEM Economic Ministerial Meeting to pave the way and contribute to a successful outcome of the Seattle Ministerial Conference.
4. Senior officials reiterated their belief that it is in the interests of the WTO as a whole to redouble efforts to ensure participation in broad-based multilateral trade negotiations of as many new members as possible. They agreed that the outstanding accession negotiations should be accelerated in accordance with mutually acceptable market access commitments and the observance of WTO rules, with a view to achieving a universality of WTO membership.

#### **Global Economic Developments**

5. Senior officials discussed the trade and investment implications of economic adjustment and recovery in Asia. Concentrating on post crisis developments, since in most ASEM partner

- countries the crisis appears to have bottomed out, they underlined the need to complete the reform measures undertaken in response to the crisis, which have been essential to the economic rebound of the countries most affected by the crisis. Senior Officials underlined also the need to concentrate on the lessons learned and on the measures necessary to help to prevent a similar crisis from recurring, and on the importance of restoring dynamic two-way trade and investment flows between Europe and Asia.
6. Senior officials recognised the **ASEM Trade and Investment Pledge**, agreed at ASEM II in London, as having been important in helping alleviate the negative effects of the crisis. They reaffirmed their commitment to maintain this Pledge and pursue further multilateral liberalisation efforts,
  7. Senior officials took note of the progress achieved through projects financed by the **ASEM Trust Fund**, in both the financial and social sectors, for the seven Asian ASEM countries most affected by the crisis. With pledged contributions amounting to some €42m, the Trust Fund has already approved more than 60 individual actions, amounting to some €37 million. Senior officials reiterated the imperative need for full participation of beneficiary countries in the identification and implementation of Trust Fund activities, and confirmed that this should be fully addressed in the upcoming Trust Fund consultative meeting to be organised by the World Bank on 22 July.
  8. Senior officials welcomed the continuing bilateral and multilateral assistance extended by the international community to support economic recovery efforts in Asia. They welcomed Japan's financial support, in particular the New Initiative to Overcome the Asian Currency Crisis, which includes a financial support package of US\$ 30 billion.
  9. Concerning the **EFEX network**, which is facilitating the identification and recruitment of European and Asian ASEM financial sector expertise to assist Asian countries in implementing necessary reforms, ASEM partners were urged to circulate information on EFEX within national administrations to raise awareness about EFEX and to communicate the missing contact points to the EFEX clearing house.
  10. Following a presentation by the European Commission, Senior Officials also discussed the implications for trade and investment of the internationalisation of the euro and the yen. They expressed the hope that, in the future, monetary and financial policies would take a more balanced approach towards the three main world currencies, helping create a more stable financial environment for global trade and investment.

#### **Interaction With Business: Asia Europe Business Forum (AEBF)**

11. Senior officials welcomed the presence of an AEBF representative during the IEG and his valuable contribution to the discussions, and reiterated the importance of enhanced linkages between the Asia-Europe Business Forum (AEBF) and the Government Sector. They welcomed the designation of AEBF Contact points, as had been recommended by Singapore and France at SOMTI IV. These enhanced linkages are a positive step toward enhanced communication and understanding between officials and the business community, and Senior Officials underlined the importance of concrete input from AEBF in both IPAP and TFAP. They noted the recent example of the TFAP Seminar on IPR in Paris, in which the participation of business representatives helped lead to concrete action, including proposals for the development of contact points and a web site, which will enhance transparency and communication among partners. They also instructed IEG to continue to follow closely issues raised by the business community through AEBF.
12. SOMTI reviewed the status of official actions already taken regarding previous AEBF recommendations, and agreed to report on this to AEBF on a regular basis. They welcomed the non-paper prepared by the European Commission as a means to facilitate exchanges with AEBF. Senior officials instructed SOMTI Co-ordinators to follow-up with AEBF Contact Points regarding AEBF recommendations and other matters of importance to the business community.
13. Senior officials look forward to the results of the second AEBF Steering Committee meeting, to be held on 27-28 August 1999 in Seoul, which will lay the groundwork for AEBF IV to be held in Seoul on 29 September - 1 October 1999. They welcomed Germany's decision to further improve communication between AEBF and official ASEM by inviting AEBF representatives to EMM II. Germany has invited the Chair of AEBF IV to report on that meeting's conclusions, as well as on the status of the implementation of AEBF III recommendations, and the incoming Chair of AEBF V to outline AEBF's future plans.
14. Senior officials called on AEBF to continue developing a process to allow for continuity between the meetings, permitting it to advance its work while being careful to avoid a duplication of efforts by the Working Groups on Trade and Investment and the Taskforces on TFAP and IPAP. SOMTI also called on AEBF to complete the nomination process of individuals to provide liaison

with co-ordinators, as agreed at SOMTI IV. They looked forward to hearing at SOMTI VI a report on preparations for AEBF5.

#### **Vision Group Report**

15. SOMTI noted the report of the Asia-Europe Vision Group, whose independent experts had been tasked by ASEM II to develop a medium to long-term vision, which would help guide the future direction of the ASEM process into the 21<sup>st</sup> century. With reference to the report of the Asia-Europe Vision Group, Senior officials identified several potential key priority themes in the economic sphere which they commended to Ministers for particular consideration at EMM II. These included dialogue and cooperation in such fields as:
  - trade liberalisation and investment promotion, including both multilateral issues and other measures to facilitate and encourage Europe-Asia two-way trade and investment flows, taking into account different levels of development;
  - strengthened dialogue with business and among business, on which the views of AEBF would be of particular importance
  - cooperation in priority industrial sectors, focusing on high-technology sectors of common interest; and
  - dialogue on important socio-economic issues.
1. These possible priority themes will be taken up for further consideration by Senior Officials on the eve of EMM II in order to help prepare the discussion by Ministers.

#### **Preparation Of The Second Economic Ministers' Meeting (EMM II)**

2. Germany, as host of EMM II, to be held in Berlin October 9-10, 1999, briefed SOMTI on the state of preparations and distributed relevant information material.

#### **Follow-Up**

3. Senior officials welcomed the invitation by the Republic of Korea to host SOMTI VI in Seoul in May 2000 (tentative).

Hans-Friederich Beseler, Leif Fagernäs  
European Commission  
Presidency of the European Union, Brussels, 8 July 1999