

Sixth ASEM Senior Officials Meeting On Trade and Investment (SOMTI VI)

Chair's Statement

Seoul, 13 May 2000

Introduction

1. The sixth ASEM Senior Officials' Meeting on Trade and Investment (SOMTI VI) was held in Seoul on 13 May 2000 under the chairmanship of Mr. Eui-Yong Chung, Korea's Deputy Minister for Trade of the Ministry of Foreign Affairs and Trade. The meeting was attended by senior officials from all 26 ASEM partners, consisting of ten Asian countries, the fifteen EU Member States and the European Commission.
2. In view of the upcoming third ASEM Summit to be held in Seoul on 20-21 October 2000 (ASEM III), senior officials focused on the preparation of the economic areas to be discussed at ASEM III as well as the achievements made in respect of the Trade Facilitation Action Plan (TFAP) and the Investment Promotion Action Plan (IPAP). Building on the results of the second Economic Ministers' Meeting (EMM II) held in Berlin last year, they discussed the following agenda items: Trade, Investment, Synergies between TFAP and IPAP, Interaction with Business, WTO Matters, Recent Economic Developments, and Preparations for the third ASEM Summit.

Trade

3. Senior officials welcomed the achievements made in the different priority areas of TFAP. In particular, they reviewed the progress report on the work carried out in the first Seminar on Public Procurement in Berlin (14-15 September 1999); the third Meeting on Standards and Conformity Assessment in Brussels (4-6 October 1999); the second Seminar on Quarantine and SPS Procedures in Beijing (23-26 November 1999); the fourth Meeting on Standards and Conformity Assessment in Bangkok (28 February to 1 March 2000); the second Seminar on Intellectual Property Rights in Nakornratchasima, Thailand (16-18 March 2000); and the fourth Working Group Meeting on Customs Procedures in Brussels (14-15 April 2000). They also noted a report prepared by Belgium and Singapore on the impediments to trade in the distribution sector among ASEM partners. They noted that a seminar on Industrial Districts and International Technology Transfer was held in Bari, Italy on 4-5 October, 1999 in cooperation with China. They looked forward to further progress being made in the third Seminar on Quarantine and SPS Procedures on 11-14 September 2000 in The Hague, the fifth Meeting on Standards and Conformity Assessment at the end of September - beginning of October 2000 in Brussels and the second seminar on customs procedures to be held during the first half of 2001 in Thailand.
4. Senior officials emphasised the importance of achieving substantive progress in the seven priority areas of TFAP in order to reduce non-tariff barriers (NTBs) and transaction costs and promote trade opportunities between the two regions. They reviewed a report on the overall evaluation of TFAP with a view to providing recommendations to ASEM III on appropriate adjustments to be made to the TFAP priority areas. Upon assessing the status of "deliverables" and goals achieved under each of the priority areas, senior officials expressed satisfaction at the progress made particularly in such areas as customs procedures, standards and conformity assessment, and

quarantine and SPS procedures, and agreed to continue work in all the seven priority areas. Based on the discussions during the meeting, senior officials added e-commerce as an additional priority area to TFAP, taking into account that ASEM is not a rule-making forum. They noted that the issue of anti-dumping was raised by some partners as a possible additional priority area and instructed Economic Coordinators to consult on whether and how the issue should be addressed within the SOMTI process. They instructed the (Economic) Coordinators to update the report on the overall evaluation of TFAP in light of the evaluation made by SOMTI and to update the TFAP Shepherds' factual report, for submission to ASEM III. (Economic) Coordinators were also instructed to add a new annex, Annex III, to TFAP (with the new heading "consolidated 'deliverables' /concrete [goals for 2000-2002](#)") with the cooperation of the facilitators and the Shepherds.

5. Senior officials reviewed the consolidated and prioritised list of the major generic barriers to trade among ASEM partners prepared by the Economic Coordinators on the basis of individual lists compiled by each ASEM partner with input from the business community. In line with the practical approach to achieving the goals of TFAP advocated at EMM II, ASEM partners will report individually and voluntarily to SOMTI, once a year, on the measures taken to address these priority barriers so as to provide a basis for substantive discussion of the general progress made in this area annually, to start at SOMTI VII.

Investment

6. Senior officials looked forward to the continued work of the IEG in implementing the Investment Promotion Action Plan (IPAP), including investment promotion activities, progress reports on Most Effective Measures (MEM) to attract FDI and addressing the obstacles to investment identified by the business sector, in order to improve the investment climate in the two regions.
7. In this context, senior officials welcomed the results of the fourth IEG Meeting (IEG IV) held on 11-12 May 2000 in Seoul just prior to SOMTI VI. They agreed that progress as being made in the implementation of IPAP in both Pillar I and Pillar II. Recognising the need to build on the achievements made, they noted in particular:
 - The upgrading of the Virtual Information Exchange (VIE) to include IEG contact points, progress reports on MEM, progress reports on national investment regimes, the generic list of obstacles to investment as identified by the private sector and a link to ASEMConnect;
 - The need for all of the information, including that contained in the VIE, to be kept up-to-date and for ASEM partners to urgently complete the existing list of Business-to-Business Exchange Programmes;
 - The quality and quantity of the progress reports on MEM, which are essential means to achieving the goals of IPAP, and MEM as a useful benchmark for discussing the changes made in investment regimes;
 - The reports on the national investment regimes by partners complementing the MEM discussion; and
 - The usefulness of reports by many partners of obstacles to investment as identified by the private sector and looked forward to the compilation of a consolidated generic list.

8. Senior officials considered the work done by IEG to be successful and particularly commended the steps taken to increase transparency, especially through the VIE, and its efforts to improve national investment promotion and policies through discussion of MEM.
9. In addition to the foregoing actions, SOMTI also tasked the IEG to start addressing at IEG V, in conformity with the recommendations of EMM II, the obstacles to investment as identified by the business sector in order to enhance the investment climate by inter alia improving investment policies and regulations.

Synergies between TFAP and IPAP

10. Based on a discussion paper, senior officials had an exchange of views on the synergies between IPAP and TFAP. In doing so, they recognized that trade and investment issues are closely connected and, often, difficult to separate when examining them as contributing factors to economic growth. In particular, they appreciated the fact that if a country is perceived as being open in terms of trade facilitation, this will have a significant impact on creating a climate favourable to investment. Similarly, they expressed the view that the removal of obstacles to investment will more than likely lead to an environment which is appealing for enhanced trade activities.
11. Senior officials agreed that the current work programmes under TFAP and IPAP, particularly initiatives aimed at the removal of generic trade barriers and the promotion of trade opportunities under TFAP and the identification of MEM to attract FDI as well as of obstacles to investment under IPAP, could be part of the synergies to be gained in examining the two Action Plans together. Emphasising the importance of coherence between TFAP and IPAP, they also noted that understanding the linkages between the priorities and goals of TFAP and those of IPAP will contribute to their effective implementation. While they noted that TFAP and IPAP should remain separate, they also noted that the concerns of developing countries should be taken into account when implementing the two Action Plans.

Interaction with Business

12. Senior officials noted the participation of representatives from the fourth AEBF in SOMTI VI and reiterated their conviction of the importance of enhanced linkages between the Forum and the government sector of ASEM.
13. In this context, senior officials reviewed a report on the follow-up measures taken in regards to the recommendations of AEBF IV on matters of importance to the business community. They noted with satisfaction that progress was being made in implementing many of those recommendations and asked the SOMTI Chair to inform AEBF V on the comments made on the recommendations of AEBF IV in Seoul. They also assessed ways to improve interaction with business such as through ASEMConnect and the establishment of permanent working groups of AEBF, and asked the representative of AEBF IV to convey the comments made by partners to AEBF V.

14. Senior officials welcomed a report from Austria on the status of preparations for AEBF V to be held in Vienna on 29-30 September 2000. They noted that the meeting could provide a very good occasion for business people to discuss WTO issues such as investment and competition as well as supporting capacity building of developing members with the involvement of academia and government people.
15. Senior officials noted a suggestion that the AEBF provide opportunities for SMEs such as business matching programmes so that the Forum could create practical benefits to business persons attending the meeting.
16. Finally, senior officials noted the request made at EMM II for the AEBF to draw up an analysis of best practice conditions governing private sector involvement in the infrastructure field and to submit recommendations to SOMTI regarding such conditions. However, since AEBF V will not be held until after SOMTI VI, senior officials agreed to discuss this matter at the next SOMTI.

WTO Matters

17. Senior officials confirmed the importance in the global economy of a multilateral rules-based trading system as embodied in the World Trade Organisation (WTO). In this context, they stressed that the WTO should provide a framework for the full and faithful implementation of past trade negotiations, particularly the Uruguay Round agreements, and function as an effective forum for further negotiations among WTO Members in respect of their multilateral trade relations. Senior officials recognised the important role of the ASEM process in complementing and reinforcing efforts to that end.
18. Senior officials noted with regret the failure of the WTO Ministerial Conference in Seattle in 1999. They agreed that concrete steps are necessary to rebuild confidence in the multilateral trading system of the WTO. As a first step, senior officials reaffirmed the need to address the issues of implementation and capacity-building, which are of immediate concern to developing and least-developed countries. They welcomed the recent moves in the General Council and agreed to pursue these initiatives vigorously in the coming months.
19. Senior officials also noted that negotiations on agriculture and services had started on time, as foreseen by the respective WTO Agreements. They welcomed the positive and constructive manner in which the required works in the context of these negotiations have so far been carried out and pledged to actively pursue these negotiations in good faith. Senior officials recognized that more meaningful and balanced results within a reasonable timeframe can be achieved if negotiations were conducted as part of a new round. In this regard, there was also a general understanding among them that further progress in the mandated negotiations would in turn have a positive effect on such multilateral negotiations.

20. Senior officials therefore continued to support vigorous efforts aiming at a timely launch of a new round of multilateral trade negotiations. The negotiating agenda should reflect an overall balance, which responds to the interests of all WTO Members, including developing country Members. This would more likely be achieved by an inclusive approach to the agenda setting, with no a priori exclusion of subjects of interest to individual WTO Members, seeking to secure WTO's continued relevance in the context of the globalised world economy. Senior officials acknowledged that the negotiating agenda should not seek to predetermine specific negotiating results. They shared the view that open and constructive dialogues among all WTO members would be necessary to lay the ground for the necessary consensus decision on the launching of a Round.
21. Senior officials reaffirmed their support for universal membership of the WTO. In that regard, they agreed that all current accession negotiations should be accelerated, in particular for ASEM non-WTO Members, aiming at mutually acceptable market access commitment and adherence to WTO rules.
22. Senior officials also emphasized the importance of obtaining broader support for further trade liberalization. They shared the view that the ASEM process, through its informality, multi-dimensionality and its emphasis on equal partnership, could be a useful and effective means for all sectors of society in Asia and Europe to improve their understanding and awareness of the contribution made by a rules-based trading system towards sustainable economic development.

Recent Economic Developments

23. Senior officials noted that matters of key interest to European partners included: lessons drawn from the recent Asian economic crisis; the trend towards greater regional economic cooperation and the prospects for regional economic integration in Asia; and the Asian experience concerning the influence of new technologies on business start-ups, particularly in relation to e-commerce. They noted the e-ASEAN initiative aimed at promoting collaboration in info/communications technology and e-commerce in the markets of ASEAN members. For Asia, senior officials noted that matters of concern or interest included: the impact of recent trends relating to the euro on Europe's economy and also on trade and investment in ASEM countries; and the development of preferential trade agreements between the European Union and other regions or countries.
24. Senior officials had a fruitful discussion on the implications of the economic recovery and adjustment in Asia on global as well as Asia-Europe inter-regional trade and investment flows. Although the worst of the Asian economic and financial crisis appears to be over, senior officials stressed the critical importance of being vigilant in completing the reform measures undertaken in the corporate, banking and financial sectors so as to avoid setbacks and create a climate for sustained recovery. They nevertheless noted that recent economic developments were promising and that trade between Asia and Europe appeared to show positive signs of growth, with new opportunities for further expansion and diversification.
25. Senior officials also discussed the current status of the euro on trade and investment between Asia and Europe. They expressed their belief that the euro will play an increasingly greater role

in the future as a world trading currency for exports, imports and direct investment, alongside the dollar and the yen. With the recovery of the Asian economies, senior officials expressed the view that the euro may lead to a new economic dynamism that could result in further deepening of economic relations between ASEM partners. Senior officials were also briefed on APEC 2000 as an activity by Asian partners to further their work in the area of regional cooperation.

26. Senior officials noted with appreciation that this continued exchange of views between Europe and Asia on issues of mutual interest and concern will undoubtedly serve as a valuable means to foster greater understanding and cooperation between the two regions and firmly establish SOMTI as a forum for constructive dialogue on key economic issues.

Preparations for the Third ASEM Summit

27. Senior officials noted that ASEM III could potentially herald a renewed Asia-Europe partnership in the new millennium. Following the recovery of the Asian economies and the continued dynamism in Europe, senior officials shared the view that ASEM III will set the stage for enhanced dialogue and cooperation between the two regions in this era characterised by globalisation and rapid developments in information and technology.

28. In this context, senior officials reviewed the status of preparations for ASEM III. In particular, they
 - i. welcomed Korea's report in respect of the administrative and logistical preparations for the Summit;
 - ii. took note of Korea's presentation on the economic items on the indicative list of topics and a skeleton of the economic portion of the Chair's Statement for ASEM III;
 - iii. reviewed the progress made in an updated comprehensive Asia-Europe Cooperation Framework (AECF), including the results of the recent SOM in Lisbon, and made further progress on the economic part;
 - iv. noted with appreciation a number of proposals submitted by partners on new economic initiatives as follows:
 - Korea proposed (1) a Trans-Eurasia Information Network project, (2) Supportive Measures for the Facilitation of E-Commerce, (3) an ASEM Framework for Economic and Technical Cooperation, (4) an Initiative to Address Gaps in Development, (5) an ASEM Roundtable on Globalisation, (6) Outreach Programs Aimed at Promoting Awareness of the Benefits of Liberalised Trade and Investment, (7) a Cooperation Center for Small and Medium-Sized Enterprises, and (8) an ASEM Trade and Investment Week;

- V. discussed the issue of the attendance of Economic Ministers at the preparatory Ministerial meeting. Senior officials noted that the precedents of ASEM I and ASEM II regarding the attendance of Economic Ministers at the preparatory ministerial meeting could also be applied to ASEM III.

29. Senior officials noted that these matters should be addressed within the ASEM process in the period leading up to ASEM III.

Any Other Business

30. Senior officials noted with appreciation the invitation by Sweden and the European Commission to organise SOMTI VII in April 2001 in Belgium.