

Second ASEM Senior Officials Meeting on Trade and Investment (SOMTI II)

Chairman's Summary

June 6 1997, Tokyo, Japan

1. The Second ASEM Senior Officials Meeting on Trade and Investment (SOMTI) was held in Tokyo on June 6, under the chairmanship of Japan (Directors General Yoshiji Nogami and Yasuo Hayashi), bringing together senior officials from ten Asian countries (ASEAN countries, China, Japan and Korea), the fifteen EU member states and the European Commission. Following up to the discussions at the first SOMTI held in Brussels on July 25 last year, and paying attention to the approaching ASEM Economic Ministers' Meeting scheduled on September 27-29 this year, ASEM partners discussed mainly IPAP, TFAP, WTO related issues and preparation for the EMM, with a view to making a substantial contribution to the second ASEM in London next spring.

2. Issues Related to Trade and Investment

a. Investment Promotion Action Plan (IPAP)

ASEM partners welcomed the IPAP formulation process to date, emphasizing the importance of striking a balance between investment promotion and the enhancement of the investment environment in order to increase two-way, market-driven investment flows between Asia and Europe and thus sustain and promote economic growth in both regions. A draft IPAP was discussed on the basis of proposals from Thailand and comments by other partners, with understanding shared on the principles on investment contained in the draft. ASEM partners underlined the importance of developing discussion on investment promotion and the improvement of the investment environment. They also agreed to convene the Second Meeting of the IPAP Working Group in Luxembourg at the end of July with a view to finalizing the draft for consideration at the EMM. A suggestion was made that, while avoiding the proliferation of Working Groups in following up ASEM activities, the EMM should establish an investment experts group of government officials under SOMTI, which would interface with the private sector through the Business Forum and also monitor the follow-up to the IPAP. This suggestion will be considered further so that the EMM will be able to make a decision in this regard.

b. Trade Facilitation Action Plan (TFAP)

ASEM partners welcomed the TFAP proposals elaborated by the shepherds on the basis of comments from the ASEM partners and expressed appreciation for their efforts. They discussed the contents of the proposals and confirmed the general principles, purposes and priority areas suggested by the shepherds. ASEM partners requested the shepherds to further elaborate these proposals (including the development of implementation mechanisms) as soon as possible in further coordination among ASEM partners, so that the initial consolidated TFAP could be discussed at the EMM in September with a view to having this finalized for adoption at the second ASEM in April next year as a tangible achievement in the ASEM process.

Japan presented the results of the Customs Working Group on Procedure held in Brussels on March 21-22, 1997.

3. WTO-related Issues

ASEM partners affirmed the importance of the Singapore Ministerial Conference of December 1996, as well as the second Ministerial Conference in 1998 (which year would also see the 50th anniversary of the multilateral trading system, providing an opportunity to assess its major contribution to the growth of the world economy). They reiterated that the ASEM process should complement and reinforce efforts to strengthen the open and rules-based trading system embodied in the WTO. In this context, it will be important for the ASEM process to contribute actively to these efforts.

(1) Future Course of Liberalization

With regard to the built-in agenda, ASEM WTO members affirmed their commitment to engage in the necessary analysis and exchange of information related to the WTO agreements as well as to examine the issues arising from the implementation of commitments. ASEM partners reaffirmed their support for further liberalization efforts under the WTO, including this fall's review on ITA, as well as the expanded participation of ASEM partners in existing initiatives.

In this context, they acknowledged, in particular, the importance of a stable and transparent financial infrastructure to ensure growth and development of all economic sectors. ASEM WTO members looked forward to progress in the Financial Services Negotiations with significant results on a full MFN basis by December 1997. They encouraged improved offers to be tabled by the July date established in Geneva.

(2) Follow-up to the SMC

ASEM partners welcomed that the three Working Groups established at the SMC have begun their work. With regard to the WG study on transparency in government procurement taking into account national policies, ASEM partners agreed to aim at identifying elements for inclusion in an appropriate agreement, and to report on their progress to the next Ministerial Conference of the WTO.

ASEM partners agreed that the work programs of the Working Groups on Trade and Investment and on Trade and Competition should also be substantive and in line with the mandate of the SMC.

ASEM partners agreed that the work on trade facilitation under the WTO should inter alia comprise, in the initial phase, the completion of ongoing work on rules of origin as well as the observance of the agreed deadline concerning pre-shipment inspection and customs valuation. ASEM partners further agreed that the WTO Secretariat should continue its fact-finding in the area of trade facilitation. They will explore the possibility of developing an ASEM contribution to the WTO's work in this field.

ASEM partners endorsed the efforts arising from the Singapore Ministerial Declaration to integrate the least developed countries into the global trading system, to consider favourably enhancing their market access through various means and on an autonomous basis and to improve their capacity to take advantage of the opportunities such integration creates. Substantial involvement of advanced developing countries with higher national income in such efforts was particularly encouraged.

(3) Accessions

ASEM partners confirmed their support for universal membership of the WTO and the early accession of applicants among ASEM partners based on effective market access commitments, through negotiations, while preserving the integrity of WTO rules.

(4) Regional Integration

ASEM partners reaffirmed the primacy of an open, multilateral trading system under the WTO. ASEM partners acknowledged that regional trade agreements complementary to the WTO and consistent with its rules can promote further liberalization of trade and investment. In order to safeguard the complementarity of the regional trade agreements to the multilateral trading system, further clarification and strengthening of the WTO rules involved is desirable.

4. Preparation for the ASEM EMM

The ASEM EMM places importance on the improvement of the trade and investment environment as one of its main goals. Japan reported on the current situation of EMM preparation on the basis of the results of the Preparatory Meetings for the EMM, and ASEM partners exchanged views on this.

(1) General Aspects

ASEM partners commended the initiatives of the Preparatory Meetings among the four coordinator countries and agreed to the attached draft EMM agenda. ASEM partners also agreed that the EMM should be of an informal nature in order to facilitate a free exchange of views. It was acknowledged that since the EMM will be the first meeting of Economic Ministers, Ministers should in principle focus on the promotion of understanding, the establishment of areas of common interest, and the discussion of overall priorities and perspectives.

ASEM partners shared the view that Economic Ministers should have a general exchange of views on WTO issues at the EMM to identify and develop areas of common interest without entering into negotiations, given the informal nature of the ASEM.

(2) Specific Agenda Items

a. The Economic Relationship between Asia and Europe in General

ASEM partners discussed the overall subject of economic cooperation within the ASEM framework, including principles, objectives and mechanisms, on the basis of Japan's concept paper, which expresses Japan's views on the policy tasks involved in ASEM economic cooperation, and the ASEAN proposal for an Economic Cooperation Framework. ASEM partners recognized that both the ASEAN proposal and Japan's paper could play a useful role in stimulating the Ministers' discussion of overall priorities and perspectives. They welcomed the offer by Japan and Singapore to prepare an integrated discussion paper on this basis (a draft of which would be made available at the 4th Preparatory Meeting in Luxembourg).

b. Interaction with Business

ASEM partners agreed that, in the economic aspects of cooperation in the ASEM framework, interaction with business was of crucial importance. Therefore, the EMM should discuss the recommendations resulting from the ASEM Business Forum, held in Paris on October 14-15, 1996, and the ASEM Business Conference, to be held in Jakarta on July 8-10, 1997. In this context, ASEM partners welcomed the suggestion that the EMM provide an opportunity for discussion between Economic Ministers and the senior members of the ASEM Business Forum. Thailand reported on preparation for the second Business Forum meeting, which will be held in November in Bangkok, and Indonesia reported on preparation for the above Business Conference.

c. Trade and Investment / WTO

Considering Agenda Item 3 of this SOMTI II, ASEM partners agreed that Economic Ministers should discuss the IPAP and TFAP, as well as WTO-related issues, at the coming EMM.

d. Infrastructure Development

ASEM partners welcomed two related initiatives in this field, namely the Business Forum initiative for an infrastructure task force (Paris, June 4, 1997), and the Symposium on the Financing of Infrastructure Projects (Frankfurt, September 3, 1997), and looked forward to hearing the results of these meetings.

e. Sustainable Economic Growth, including Energy and the Environment

ASEM partners shared the view that discussion under this agenda item should address general questions of interest to both regions, such as sustainable development, energy, waste management and environmental issues. China reported on the results of the Asia-Europe Expert Meeting on Technological Cooperation held in Beijing on April 24-25. ASEM partners underlined that intensified science and technology cooperation is essential for enhancing economic links between Asia and Europe.

5. Follow-up

ASEM partners agreed that the next SOMTI will be held in February 1998 in Europe. This would facilitate preparations of the second ASEM in terms of economic cooperation and, in particular, liberalization and facilitation of trade and investment.

Appendix

ASEM Economic Ministers' Meeting - Draft Agenda

September 27-29, 1997, Makuhari, Japan

1. The Economic Relationship between Asia and Europe in General
2. Interaction with Business
3. Trade and Investment
4. WTO-related Issues
5. Infrastructure Development
6. Sustainable Economic Growth; including Technological Cooperation, Energy and Environmental Issues