



Fourth Asia-Europe Business Forum Chairman's Statement

Seoul, September 29-October 1, 1999

The Fourth Asia Europe Business Forum (AEBF IV) was successfully held in Seoul from September 29th to October 1st, 1999. Mr. Park Yong-Oh, chairman of AEBF IV, chaired the Forum and around 200 leading business people and government representatives from Asia and Europe participated. AEBF IV was especially meaningful not only because it took place at the threshold of a new century but also because it provided an opportunity for business people to review the recent developments in both regions and to seek a new partnership between Asia and Europe. The participants shared the same opinion that a new partnership between Asia and Europe should be based upon strong economies in both regions, kept fully open for a freer flow of trade and investment. By inputting the private sector's opinions and ideas on business priorities into the ASEM process, AEBF is committed to ensure effective ASEM response to the economic challenges. This commitment can be achieved by fostering closer links between AEBF and ASEM.

AEBF IV is composed of 6 Working Groups: Trade, Investment, Financial Services, Infrastructure: Telecommunications & Information Technology, Industrial Technology Cooperation, and Small and Medium Enterprises (SMEs) and each Working Group submitted a report on its discussion results and recommendations.

The AEBF IPAP Task Force, which was operated based on the agreement of the 1st Steering Committee of AEBF IV, presented a report on the implementation of ASEM Investment Promotion Action Plan (IPAP). The results of a survey on "Mobility of Business People" and "Investment Impediments," conducted by the Federation of Korean Industries (FKI), the host organization of AEBF IV were also reviewed at the AEBF IV. Based on these reports, practical and specific recommendations for the implementation of ASEM Trade Facilitation Action Plan (TFAP) and IPAP were adopted at the AEBF IV. Participants agreed that, through closer consultation and discussion between the AEBF and the government side of ASEM, the TFAP and IPAP should be further implemented. In order to share practical and valuable information and investors' cross-regional investment experiences, the first ASEM Decision-Makers Roundtable was held in conjunction with AEBF IV

AEBF IV has also adopted the AEBF Guidelines, which allow AEBF to enhance the efficiency and consistency of the operation process and the implementation of a follow-up mechanism. In the absence of a standing secretariat for AEBF, these Guidelines should play the role of a compass for future AEBF navigation.

The establishment of Contact Points for the AEBF would be regarded as an important step in establishing a network among delegates and supporting business



organizations. This would allow for more efficient communication and for tapping future business opportunities. These Contact Points would also be used as an important channel to secure dialogue continuity with ASEM in general, and trade and investment matters in particular.

AEBF IV agreed to submit the recommendations of each Working Group as follows:

1. Trade

Rationale

Enhancing Asia Europe inter-regional trade flow of goods and services has been a major objective within the AEBF. The primary objective of the Trade Working Group of AEBF IV is to provide private sector input for implementation of the Trade Facilitation Action Plan (TFAP).

Recommendations

- To cope with difficulties resulting from the Asian financial crisis, especially its negative repercussions on trade, trade finance should be enhanced, and the use of the Euro in Asia Europe inter-regional trade should be encouraged.
- In order to simplify and harmonize custom procedures, the Trade Working Group recommended to create a database of regulations related to customs practices and to update it regularly. For standards and conformity assessment, enhancement of Mutual Recognition Agreements (MRAs) in specific sectors is recommended.
- Creation of a common structure for national websites on public procurement will facilitate transparent and fair access to public procurement markets. For greater mobility of business people among ASEM partners, streamlining the visa processing and regulations on temporary residence is required.

2. Investment

Rationale

The Investment Working Group recognizes that FDI strengthens and stabilises economies and that the primary consideration in all investment decisions is Return on Investment.

Recommendations

- Recommend policy improvement in the following areas: Economic and Political Stability; Investment Promotion and Protection; Liberal



Regulatory Environment; Open Administrative System and Non-discriminatory Treatment; Transparency and Policy Predictability; Efficiency of National Administration; Economic Environment and Infrastructure Improvements.

- More specifically it is recommended that APEC-type business travel cards for businessmen be issued and equal access to information, common standard of vehicle emissions and the same set of rules for the retention of pledged assets be ensured for foreign investors.
- The Investment Working Group also recommends that there should be fair and accurate media reporting in both Asia and Europe, which should enhance better understanding and facilitate investment promotion. In addition, the facilitation of SME investment, an important contributor to FDI flows, is recommended.

3. Financial Services

Rationale

The Working Group gave recognition to significant recovery in economies and financial sector of crisis-affected Asian countries, and encouraging prospects for continued economic growth.

Recommendations

- The adoption of the Basle Core Principles for Effective Banking Supervision is strongly recommended.
- Dialogue should be encouraged between debtors and creditors to give both parties incentives for an orderly assessment of debt burdens in preference to the instigation of court proceedings.
- Strong government sponsorship is vital to the development of local capital markets.
- The Working Group recommends a new approach that emphasizes the demand side of the equation: assistance and advice should be provided to SMEs to enable them to be more qualified in accessing financial resources.

4. Infrastructure: Telecommunications & Information Technology

Rationale

With the new millenium just around the corner, the importance of information technology and telecommunications is gaining weight, as an efficient platform and infrastructure for all business sectors of trade, investment promotion,



finance and technology cooperation. The Forum found that information sharing and utilization of technological and managerial resources, and investment promotion are three important IT&T-related issues to be addressed by AEBF.

Recommendations

- As for information sharing, the Forum agreed that e-commerce and SME-related activities are important targets. The Forum also recommended ASEM to set up databases for this purpose.
- As a sign of technological cooperation, the Forum proposed training of technical human resources and international business managers, exchange of experts, free consulting programs to SMEs, etc., for the development of Europe and Asia.
- To promote investment, the Forum agreed that the current difficulties of telecom markets entry in both regions should be alleviated. Requirements for AEBF to consider for this purpose are liberalization of market potential, licensing and frequency aspects, foreign ownership and management influence, etc.

5. Industrial Technology Cooperation

Rationale

The working group recognises that Industrial Technology Cooperation is of great significance for promoting trade and investment between the two regions. As knowledge for dynamically efficient industrial production needs to be acquired from different origins, firms have become less and less capable of supplying all the necessary technological knowledge on their own. As a result, cooperation in the area of industrial technology now matters more than ever.

Recommendations

- The transfer of technology should be stimulated but on a commercial and mutually acceptable basis.
- There should be a better understanding of legal systems (contracts and other associated laws) which would facilitate the move into more contractual arrangements. Enforceable mechanisms are needed to protect IPR.
- All member countries should take a proactive role in learning each other's business and national cultures in order to increase understanding and trust.

6. Small and Medium Enterprises (SMEs)



Rationale

It is well recognized that SMEs comprise the core economic activity of all countries. We believe that it is in the best interest of both Asian and European SMEs to pursue growth and prosperity in tandem.

Recommendations

- The government of all ASEM members should be encouraged to provide viable financial schemes by lowering interest rates, subsidizing transaction costs and tapping unused venture capitals.
- To strengthen SMEs' competitiveness through linkage and partnership of SMEs, it was recommended to establish a list of SME experts and to create a cluster of companies.
- It was recommended that patent procedure be standardized and that a patent in one ASEM member state be recognized by all ASEM partners.
- Personnel exchange programs, conferences, trade missions and Asia-EU partenariat were recommended for the globalization of SMEs.
- *Cooperation in technology and finance between the two regions and different Working Groups is recommended

The participants expressed their conviction that the Forum should contribute to generating a more favourable business environment in which the economies of both regions can prosper in the years to come. They are convinced that business people should be major players in developing the Asia Europe relationship based upon a new partnership founded on the strength of diversity and mutual understanding.

In order to meet future challenges, the participants shared the same opinion that a long-term vision for cooperation should be developed. In this process, they reiterated the importance of more active involvement of business people in the ASEM process under the adopted AEBF Guidelines.

Austria will host AEBF V in 2000, and Singapore will host AEBF VI in 2001. Denmark has offered to host the AEBF VII in the year 2002 together with the ASEM Summit meeting.

.