

Eighth ASEM Senior Officials Meeting on Trade and Investment (SOMTI 8)

Chair Statement*

17 July 2002, Bali, Indonesia

I. Introduction

The Eighth ASEM Senior Officials Meeting on Trade and Investment (SOMTI 8) was held in Bali, Indonesia on 17 July 2002. The Meeting was chaired by Indonesia and was attended by Senior Officials from all 26 ASEM partners. Senior Officials welcomed the presence of Mr. Christensen, President of the forthcoming Seventh Asia Europe Business Forum (AEBF), which will take place in Copenhagen on 18-20 September 2002.

II. Trade Facilitation Action Plan (TFAP)

2. Report of Activities of TFAP Working Groups. The Co-Facilitators of TFAP working groups, which met prior to the SOMTI 8, reported on the activities in their respective areas of concern, recommended future work and made proposals to further improve the effectiveness of the implementation of TFAP.

3. As regards the **Working Group on Intellectual Property Rights**, France and Thailand presented the activities in this area, focusing mainly on developing a paper on intellectual property rights (IPRs) issues, synthesizing national measures on IPRs, and organizing an expert group on enforcement. The Working Group highlighted a number of issues, including:

- the need for a qualitative assessment of IPR violations;
- the necessity of a global approach on enforcement given the diversity of enforcement systems among ASEM Partners; and
- cross-border nature of counterfeiting requiring an enhanced international cooperation

Senior Officials endorsed the concluding benchmarks discussed by the Working Group.

4. Senior Officials also noted that Japan had submitted a proposal in APEC on the establishment of an APEC IPR Service Centre Network which aims to provide a one-stop shop for general information for possible legal actions against IPR infringements.

5. Japan and the European Commission reported about the activities in the **Working Group on Customs Procedures** covering the following areas, among others: implementation of the HS 2002 version of the tariff nomenclature, promotion of transparency by improving and updating the ASEM Customs Procedures Database, holding of the Second ASEM Seminar on Simplification and Harmonization of Customs Procedures, and improving the predictability and adoption of modern customs techniques. It was also reported that work will continue on some of the deliverables, such as providing one-stop service for cargo clearance procedures, which had not yet been achieved. Senior Officials noted that Indonesia will host a Seminar on the Harmonization and Simplification of Customs Procedures and the 7th Meeting of the Procedures Working Group in 2003.

6. The work done in the **Working Group on Standards and Conformity Assessment** was presented by Thailand, Korea and the European Commission. Activities in this particular area take place in meetings and seminars where the following exercises, among others, are being undertaken: central inventory of standardization systems; country reports on alignment with international standards; exchange of experiences on Mutual Recognition Agreements; guidelines on best regulatory practice and technical cooperation; and consideration of new topics such as standards for the environment and for services. The presentation also highlighted a number of issues, which included the lack of a mechanism to make publicly available results from the meetings/seminars, the need for greater involvement by target audiences (e.g. AEBF), the need for good coordination to avoid potential overlaps (e.g. standards and SPS and e-commerce), and better exploitation of the forum offered by ASEM to coordinate in the area of technical cooperation.

7. Japan and Germany reported on a seminar on **government procurement** and information technology (IT) which was organized in March 2001 in Tokyo, thus addressing the goal to organize seminars and

workshops on government procurement. This event offered an opportunity to improve the exchange of information on central government procurement procedures and facilitate access to information about procurement opportunities through electronic procurement, satisfying the key priorities of this working group. Future goals for 2002-2004 are under consideration and will be proposed prior to EMM4.

8. China, Thailand and the Netherlands presented the activities of the **Working Group on Sanitary and Phytosanitary Measures**, in particular the results of the ASEM/TFAP/SPS Wrap-Up Seminar held in Noordwijk, the Netherlands on 11-12 July 2002. The Seminar came up with recommendations on how to enhance cooperation in the area of SPS, which include: increasing networking among the members of the working group and schedule meetings back-to-back with international meetings such as the WTO Working Group on SPS, Codex Alimentarius and the OIE; increasing private sector involvement in the activities of the working group; exchanging views on the possible recognition of equivalence; including capacity building; and enhancing transparency in the area of SPS.

9. Korea and Finland outlined the progress made in the **Working Group on Electronic Commerce** concerning e-commerce and formulation of policy recommendations on creating a favourable regulatory environment to catalyze the rapid growth of e-commerce between the ASEM countries. The First ASEM Seminar on e-Commerce was held in Seoul, Korea in October 2001. The Second ASEM Seminar on e-Commerce, which will be held in September 2002 in Helsinki, Finland, will focus on the three (3) themes identified by AEBF and ASEM officials as the most urgent issues that needed to be addressed by policy-makers to facilitate e-commerce in ASEM countries. These are: *promotion of user confidence*, *promotion of cyber security* and *intellectual property rights in e-commerce*. The Helsinki seminar will be followed by an ASEM e-Commerce Officials' Meeting where it is expected that recommendations arising from the seminar on the key issues identified will be agreed upon.

10. In the **distribution** priority area, Belgium and Singapore will continue to seek feedback from private businesses on the existing barriers and to identify best practices in the retail sector.

11. Senior Officials welcomed the work done by the individual working groups. They discussed the reports of the working groups and the evaluation of the implementation of concrete goals for TFAP in the period 2000-2002. Senior Officials also noted the following recommendations raised by TFAP:

- a. With regard to the types of activities carried out in the TFAP experts groups, seminars and workshops are important mechanisms to improve mutual understanding and exchange views on issues covered by the relevant working groups. It may also be useful to consider the possibility of identifying areas where it is appropriate to develop joint projects for a deeper collaboration in the priority areas under TFAP, such as the work on geographical indications in the IPR group, food testing in the SPS group, best regulatory practice in the standards group, and cyber security in the e-commerce group.
- b. In order to promote greater availability of TFAP results to a wide audience, TFAP materials should be made available through electronic means, which may include eventually setting up a common website.
- c. TFAP activities would benefit from increased 2-way interaction between the TFAP experts groups and the business community. As well as ensuring that AEBF is invited to participate in expert group meetings, links could be improved by encouraging representatives from the TFAP working groups to present their activities to the relevant groups in AEBF meetings, as well as potentially holding joint meetings between the TFAP working groups and their AEBF counterparts.
- d. Involvement of knowledgeable experts is essential to promote meaningful dialogue in TFAP meetings. To foster a wider participation of experts in the working group meetings, efforts should be made to schedule working group meetings back-to-back with international meetings, when appropriate, also taking into account the importance of having a balance between meeting taking place in Asia and Europe and the additional benefits of holding meetings in developing countries.
- e. The TFAP process would benefit from improved networking and coordination by making available and maintaining the contact details of all TFAP co-facilitators. Consideration should be given to exploring the possibilities for future TFAP activities to become more effective and efficient through the establishment of a central system for networking and coordination.
- f. TFAP activities should also consider the potential benefits of addressing the coordination of technical cooperation and capacity building exercises between ASEM partners.
- g. The consolidated progress report on the TFAP (2000-2002) will be circulated to all partners before EMM4.

12. **Generic Barriers to Trade**. Senior Officials noted the reports made by some ASEM partners on the reduction of the **Generic Trade Barriers**, which were based on the consolidated and prioritized list of

major generic trade barriers adopted by SOMTI. Some partners included in their reports the progress made in implementing their WTO commitments.

13. Senior Officials agreed that a comprehensive report on the measures taken by ASEM partners to address the major generic barriers to trade should be made to the ASEM Economic Ministers. The Coordinators were requested to prepare such report and circulate the same to all ASEM partners two weeks before the EMM4 in Copenhagen in September 2002.

14. **Deliverables for 2002-2004.** Senior Officials exchanged views on the draft TFAP Concrete Goals 2002-2004 which will be submitted to the EMM4 in Copenhagen. Some ASEM partners were of the view that ASEM's deliverables should be linked with the WTO in the light of the forthcoming round of negotiations. While recognizing the importance of linking ASEM's work with the developments in the WTO, some ASEM partners emphasized that the basis of SOMTI's work is on trade facilitation between Asia and Europe and therefore specific activities of TFAP should continue to focus along this line.

15. In view of this, some partners expressed the view that concrete goals and deliverables for 2002-2004 should be geared towards trade facilitation. Senior Officials agreed to give ASEM partners adequate time to review the draft document on the deliverables and submit their inputs to the Coordinators within one month.

16. Senior Officials agreed to submit TFAP's Evaluation of the Concrete Goals for 2000-2002, the comprehensive report on the major generic barriers to trade and TFAP's Work Programme for 2002-2004 to the EMM4 in Copenhagen in September 2002 for endorsement/approval.

III. Investment Promotion Action Plan

17. The Chairman of the 6th Meeting of the Investment Experts Working Group (IEG 6) briefed Senior Officials on the results of their meeting held prior to the SOMTI 8. The IEG 6 Chairman's Statement appears as **ANNEX 1**. Senior Officials welcomed the progress made in implementing the Investment Promotion Action Plan (IPAP) and the measures adopted to overcome obstacles to investments and to implement the Most Effective Measures (MEM). Senior Officials were confident that such measures should improve the framework for investment and provide the environment conducive to attracting greater FDI flows.

18. Senior Officials noted that the IEG had extensive discussions on WTO-related investment policy issues, investment-related recommendations of the AEBF, in particular on exhorting multilateral financial institutions to make extra effort to stimulate private investments in ASEM countries, and addressing the Public-Private Partnership within the IEG and the conference on Public-Private Partnership which is being organized by Singapore to develop Asia's public infrastructure. Senior Officials also noted the assessment of the ASEM Invest Online and the ASEM Connect websites.

19. The Senior Officials supported the views of the IEG on the importance of the active participation of the private sector in balancing Pillars 1 (investment promotion) and 2 (investment policies and regulations). They concurred with the IEG decision to strengthen the linkage between the IEG and the AEBF through interactive discussions.

20. Senior Officials commended IEG on the progress made in the area of investment. Discussing the future of the IEG, they requested the IEG to discuss the matter further and submit its recommendations prior to the next IEG meeting. SOMTI's recommendations on the eventual continuation of IEG's work after the expiry of its current mandate in 2003 will be subsequently submitted at the next ASEM Economic Ministers meeting.

21. In connection with the discussion on the future of the IEG, some ASEM partners emphasized the need to form a small group to review the supporting structure for SOMTI, IEG/IPAP and TFAP. The Senior Officials agreed that this matter could be considered during the next SOMTI meeting taking place before EMM4.

IV. Interaction with the Asia Europe Business Forum (AEBF)

22. The President of AEBF 7, Mr. Christensen, briefed Senior Officials on the activities of the AEBF, which included the restructuring of the various working groups under its purview. Senior Officials noted that AEBF currently has the following working groups: trade, investments, financial services, information technology, infrastructure, life science and healthcare, and food and environment. Mr. Christensen also presented the business community's expectations of the ASEM process and its preparations for the forthcoming AEBF and EMM4 meetings in Copenhagen in September 2002.

23. On the Public-Private Partnership in Developing Asia's Public Infrastructure Conference being organized by Singapore, Senior Officials agreed to give ASEM partners more time to consider the proposal, particularly on the funding aspect of the proposal. The partners were also requested to provide Singapore with inputs on how to further develop the conference programme, and possible speakers and sponsors for the conference.

24. Senior Officials noted the Asia Europe Cooperation Framework 2000 as the guidelines for ASEM projects.

V. WTO Matters

25. Senior Officials had a fruitful exchange of views on the current developments in the WTO, preparations for the Cancun WTO Ministerial Conference and the impending round of multilateral trade negotiations, expressing their interest in maintaining steady progress in the negotiations. They underscored the importance of technical assistance and capacity building exercises in promoting a better understanding of the issues that will be covered by the new round and recognized the importance of having developing countries identify their capacity building needs. They also noted that the areas/issues identified at the Ministerial Conference in Singapore should also be included in the capacity building exercises.

26. Senior Officials exchanged views on the developments in the international steel market, in particular the safeguard measures on steel products taken by the US government. They agreed that measures inconsistent with the WTO rules should be eliminated immediately.

27. ASEM partners reiterated their call for the early accession of Vietnam to the WTO.

VI. Recent Economic Developments in Asia and Europe

28. China, Japan and Korea shared their experiences on economic integration in East Asia which included regional and bilateral arrangements (i.e. free trade areas and closer economic partnerships) that have been finalized and those which are currently being negotiated. European partners supported the efforts of Asian partners to increase integration, highlighting the positive impact on trade and investment flows between the two (2) regions. Senior Officials called on ASEM partners negotiating regional and bilateral free trade arrangements to ensure that such arrangements complement multilateral trade rules and are consistent with the WTO.

29. The EU explained their policy regarding regional trade arrangements, indicating that their first and over-riding priority is the Doha Development Agenda negotiations and that they would not undertake any new commitments before the conclusion of these negotiations. However, the EU would be ready afterwards to look at possibilities for new agreements.

30. EU updated the Senior Officials on the status of the enlargement negotiations. EU expressed optimism that, by November 2002, the Union will be expanded with the admission of ten (10) European countries. EU pointed out that said enlargement would translate to a significant reduction of barriers to trade and investment in the new Member States and better market access for the EU's trade partners.

VII. Digital Divide

31. Senior Officials exchanged views on the digital divide among ASEM partners. Senior Officials noted the various suggestions made by Korea on bridging the digital divide between developed and developing ASEM partners, namely: learning from the experiences of other regional blocs; building infrastructure and connectivity which includes capacity building in the short-term; public-private partnership, including the possibility of involving the AEBF in the process; developing action plans and strategies to strengthen market and enhance human capacity; monitoring specific projects/proposals relevant to implement the Leaders' decision. In view of the funding implications of some of the proposals, Senior Officials agreed to study said proposals further. ASEM partners were requested to provide the next SOMTI chairman with their inputs in time for the EMM4 in September 2002.

VIII. Preparations for the Fourth Meeting of the Economic Ministers (September 2002, Copenhagen)

32. Denmark briefed the Senior Officials on the preparations made in connection with the EMM4 in Copenhagen in September 2002.

33. Regarding the future of the Economic Pillar, Senior Officials noted the proposal to review the supporting structure for SOMTI, IEG/IPAP and TFAP, and to consider this matter further during the next SOMTI meeting taking place before EMM4.

*) This Chairman's Statement is the sole responsibility of the SOMTI 8 Chair.