

# High Level Meeting

## *Within the Framework of the ASEM Economic Ministers' Meeting (ASEM EMM)*

### Chair's Statement

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1. A High Level Meeting within the framework of the ASEM Economic Ministers' Meeting took place in Rotterdam, the Netherlands from 16-17 September 2005. The meeting was introduced by Mr. Laurens Jan Brinkhorst, the Deputy Prime Minister and Minister of Economic Affairs for the Netherlands, and Mr Ian Pearson MP, Minister of State for Trade for the UK. It was chaired by Mr Dirk Bruinsma.

Senior Officials responsible for Trade and Investment attended from thirteen Asian countries, with Indonesia and Korea acting on their behalf as coordinators, And from the twenty-five Member States of the European Union, coordinated by the United Kingdom, in its role as President of the Council of the European Union, and the European Commission.

2. In his opening remarks, Mr Brinkhorst recognised the importance of this meeting as an opportunity for the newly enlarged ASEM membership to discuss vital economic issues affecting trade and investment relations between the 39 ASEM Partners, in the run-up to the critical Hong Kong Ministerial. He also noted the need for ASEM Partners to consider their approaches to energy issues at a time of record oil prices, and pointed to the ever-increasing need to strengthen European-Asian relations in the light of global and regional economic developments.

#### **Strengthening the economic relationship**

3. China, as host of the 10<sup>th</sup> ASEM Senior Officials' Meeting on Trade and Investment (SOMTI 10) which took place in Qingdao from 18-19 July 2005, presented the main results and recommendations agreed by SOMTI Leaders.

ASEM Partners appreciated the efforts made to achieve progress during the past two years in the implementation of TFAP and IPAP, including the realisation of TFAP Goals for 2002-2004, as detailed in the SOMTI 10 Chairman's Summary.

5. In particular, they reiterated their intention to concentrate future activities on a limited set of high priority areas where immediate action could contribute to reducing or eliminating trade barriers. They also endorsed three new initiatives, namely, a forum and exhibition on tourism and investment co-operation to be organised by China, a seminar on tourism to be organised by Portugal, and a seminar on energy to be co-organised by Japan and the European Commission.

Moreover, ASEM Partners welcomed the offer by China to host the 5<sup>th</sup> ASEM e-Commerce Conference in 2006.

6. ASEM Partners welcomed the outcome of the ASEM Trade and Investment Expo held on September 7-11 in Xiamen, China, as a follow-up to the Hanoi Declaration.

### **Reinforcing Interaction with the Business Community**

7. Mr Christoffer Taxell, the Chair of the AEBF 10, which is scheduled to take place in Finland during 2006 in conjunction with ASEM6, raised a number of issues that are critical for business in both continents and where ASEM governments have a role to play. He emphasised his intention to attract substantive and representative participation by identifying a concise set of timely and interesting themes appropriate to Asian and European business interests.
8. ASEM Partners welcomed his efforts to improve the continuity and co-ordination of the AEBF, recognising that ensuring the continuing legitimacy and relevance of ASEM Economic Pillar activities requires a more active and substantive engagement from the business community, including closer interaction between business representatives and ASEM Leaders and Ministers. They encouraged business to pay greater attention to identifying objectives and activities of interest under the TFAP and IPAP, as well as in defining requirements for future Economic Pillar projects.

### **Addressing Opportunities and Challenges Arising from Global and Regional Economic Developments**

9. Noting the continuing rapid evolution of bilateral and regional trade agreements (RTAs) in both Asia and Europe, ASEM Partners examined the potential ramifications and influence on future relations between the two continents. In this respect, they stressed the importance of reinforcing existing coordination activities to promote a shared awareness of the benefits, as well as ensuring that mutual economic interest is not adversely affected.

10. During their discussion, ASEM Partners also considered the possible consequences of such developments for the multilateral trading system, in order to foster a collective understanding between ASEM members. While highlighting the important role that RTAs may play in building upon and enhancing WTO rules by promoting faster and more extensive liberalisation and integration efforts, they identified a number of good practices capable of assisting parties to an RTA in achieving such positive results and improving the quality of their RTAs. In particular, many delegations underlined the importance of working jointly to aim for better quality RTAs, and the need to make progress in clarifying and improving WTO rules for RTAs.

### **Developing Future ASEM Co-operation on the Field of Energy**

11. In recognition of the merit of the recommendation originating from the ASEM Task Force to consider common Asian and European energy concerns and foster a policy dialogue on energy-related objectives, a special session focusing on energy took place. This provided an initial opportunity for ASEM Partners to discuss the energy sector, with the aim of identifying relevant issues for future consideration.
12. This subject was introduced by Mr Jeroen van der Veer, Chief Executive of Royal Dutch Shell plc. In his remarks, Mr van der Veer underlined three challenges facing ASEM Partners: security of energy supply, the CO<sub>2</sub> debate, and the need for a stable and consistent framework for investment.
13. ASEM Partners expressed their interest in pursuing closer cooperation on this subject and welcomed the plans of Japan to organise a seminar on energy with the assistance of the European Commission in January 2006, building upon the work of JODI as facilitated by the IEF Secretariat.
14. During the discussions, the importance of a climate conducive to investment in refining capacity and several forms of renewable energy were highlighted. The importance of the framework of the Energy Charter Treaty was noted.

### **Encouraging Progress in the Doha Development Agenda**

15. ASEM partners asserted their undiminished commitment to an ambitious and balanced outcome of the Doha Development Agenda in 2006, which they considered a unique opportunity to further liberalise trade, whilst supporting development, on the basis of stronger multilateral rules. All WTO Members would need to act with a heightened sense of urgency and take a pro-active approach leading to a substantial step forward at the Hong Kong WTO Ministerial meeting on 13-18 December 2005.

16. Measurable progress should be made on all issues in the Doha Development Agenda, addressing the needs and interests of all WTO Members. In particular improved market access, especially for exports of interest to developing countries, would contribute to further growth and development.
17. With regard to agriculture, which is a central component of the DDA, parallel and balanced progress was needed on all three pillars. The importance of the proposal put forward by the G-20 on market access was noted. The ASEM Partners also reiterated their resolve and commitment to achieve substantial reductions in trade distorting domestic support, and to phase out all forms of export support within a credible timeframe. The issue of special products and the special safeguard mechanism as a concern was also raised.
18. As regards negotiations on non-agricultural market access (NAMA), ASEM Partners committed to continue to make substantive progress in achieving full convergence on core elements of modalities for NAMA, to bring about substantial and commercially meaningful improvements in market access. In particular, there was strong support for a Swiss formula with negotiated coefficients as the central tariff reduction mechanism to be applied on a line-by-line basis. The outcome should offer gains for all Members and address existing disparities between Members, including through lower and more uniform tariff levels between and within Members' tariff structures taking into account the principle of less than full reciprocity in reduction commitments. Special and differential treatment provisions that take into account special needs and interests of developing and least developed countries would also be necessary. ASEM Partners also noted the need for a common understanding of the voluntary sectoral initiatives that Members consider necessary, either to expand existing sectoral agreements with sufficient flexibilities for developing countries or to promote greater harmonisation than could be achieved through the formula in particular for some specific products or sub-sectors of interest to developing countries.
19. With regard to services, we recognise the need to intensify efforts to advance the negotiations towards a substantive final outcome. In this context, the issue of complementary approaches was also raised. Members that had not yet done so should immediately submit their offers.

20. On development, partners stressed the need to work towards adopting a meaningful package of special and differential treatment in Hong Kong including at least the 5 LDCs' proposals and the 28 proposals left over from Cancun. ASEM Partners noted that the special concerns of recently acceded members should be addressed effectively. Developed countries needed to improve the quantity, quality and co-ordination of trade-related development aid. An essential contribution to the development agenda of the round was an agreement on the objective of duty-free and quota-free market access for all exports from all LDCs by developed countries and developing countries in a position to do so.
21. Further trade liberalisation should proceed hand-in-hand with the strengthening and further development of WTO rules including on regional trade agreements. Anti-dumping disciplines were also raised, underlining that substantial results in this field are essential. The importance of beginning text-based negotiations at the latest from Hong Kong onwards was noted. The need for progress in the Geographical Indications negotiations was also raised.
22. On trade facilitation, Partners pledged to pursue negotiations actively, while recalling the importance of technical assistance and capacity building to developing countries to support the necessary reforms and their implementation. A meaningful package of provisions should be developed for adoption at Hong Kong so that text-based negotiations on Trade Facilitation can begin.
23. ASEM Partners also reiterated their continuing support for the urgent conclusion of the accession negotiations of Vietnam and Laos to the WTO.
24. ASEM Partners conveyed their appreciation for the role that Dr. Supachai Panitchpakdi played as Director-General of the WTO over the past three years and offered their full support to DG Pascal Lamy who took office on 1 September 2005.

### **Follow up and next meeting**

25. Finland informed the ASEM Partners of preparations for the ASEM Summit, to be held in Helsinki on 14-15 September 2006, which will provide Heads of State and Government with an opportunity to discuss the key issues relating to Asia-Europe economic co-operation. As outlined in the Kyoto FMM Chairman's Statement, questions relating to energy will be discussed at the Summit, and the issues of competitiveness and globalisation are also likely to be addressed.

ASEM Partners agreed that the next EMM should aim to be held prior to the ASEM6 Summit.