

Annotations to the Priorities for ASEM Economic, Trade and Investment Cooperation

Priority 1: Updating and improving the Trade Facilitation Action Plan (TFAP) and Investment Promotion Action Plan (IPAP)

Overview

Economic cooperation has been identified as one of the three pillars for ASEM since its origination. As two cornerstones for the economic pillar, the Trade Facilitation Action Plan (TFAP) and Investment Promotion Action Plan (IPAP) were developed between 1996 and 1998, which provided big momentum to trade and investment cooperation among members and achieved meaningful outcomes.

Now nearly 18 years have passed since the adoption of the two action plans, while significant changes have taken place in Asia and Europe and across the world. The integration of Europe has advanced with the expansion of EU. In Asia, regional integration efforts have also made big strides with the formation of ASEAN Economic Community and Eurasian Economic Union. The World Trade Organization (WTO) launched the Doha Development Agenda in 2001 and has made solid progress towards its conclusion, including the Bali Package, the Trade Facilitation Agreement (TFA), the Nairobi Package, etc. Free Trade Agreements (FTAs) proliferated in the region and beyond, boosting trade and investment in the world yet causing the spaghetti bowl effect. Furthermore, services has become the major driver of economic growth in the world, and global value chains (GVCs) have become a dominant feature of the world economy.

Now that the TFAP and IPAP received no update for nearly two decades, it is fairly necessary that members assess the two action plans according to the new developments, add new elements to them and translate the plans into concrete actions. For TFAP, members could deliberate and deepen cooperation on implementation of the TFA, customs procedures, electronic commerce, paperless trading and single window system, etc. For IPAP, members could launch new collective actions to improve the investment environment, such as simplifying procedures and reducing requirements for cross-border investment. It is also essential that the TFAP and IPAP provide more guidance for

cooperation on services, GVCs, small and medium-sized enterprises (SMEs), intellectual property and technological innovation, so on and so forth.

For discussion

1. What major changes have taken place since the adoption of TFAP and IPAP in 1998, and how these changes affected trade and investment activities of Asian and European economies?
2. What contents in the TFAP and IPAP should be updated?
3. What new issues could be incorporated into the TFAP and IPAP?
4. In what way should members cooperate to better implement the TFAP and IPAP?

Priority 2: Fostering Connectivity in Trade Perspective

Overview

When ASEM Leaders convened at the 10th ASEM Summit held in Milan, Italy in October 2014, they “underscored the significance of connectivity between the two regions to economic prosperity and sustainable development” and reiterated commitment to “strengthening trade and investment relations for stronger economic connectivity between both regions”¹. Later, the First ASEM Industry Dialogue on Connectivity was held in May, 2015 in Chongqing, China. Representatives of business, government and academia from ASEM members delivered the *Chongqing Initiative on Advancing Asia Europe Connectivity through Innovation*, in which they advocated forging an open trade and investment regime between Asia and Europe as an important pillar of comprehensive connectivity, as well as deeper Asia-Europe cooperation in the industry chain, value chain and innovation chain. In November 2015, ASEM Foreign Ministers agreed in Luxembourg to mainstream connectivity into all relevant ASEM cooperation frameworks and to further explore the possible establishment of a working group on connectivity.

In order to implement the above mandates, it is high time that members’ trade officials explore specific actions to foster connectivity across the Eurasia in trade perspective. Members are welcome to propose areas and issues on which members could possibly

¹ Chair’s Statement of the 10th ASEM Summit: Responsible Partnership for Sustainable Growth and Security

collaborate and achieve concrete progress, such as Model E-Port, Asia-Europe transport and trade corridors, cross-border trade facilitation, and new forms of logistics cooperation, while complementing the work that might be taken by other fora under the umbrella of ASEM Connectivity.

For discussion

1. What are members' views of the aforementioned cooperation areas?
2. Are there other initiatives in which members could cooperate to foster greater connectivity?
3. How can SOMTI complement the work that might be taken by other fora, e.g. a possible working group on connectivity, under the umbrella of ASEM Connectivity?

Priority 3: Enhancing pragmatic economic cooperation

Overview

Promoting results-oriented cooperation is fundamental to the continuous, stable and effective ASEM economic cooperation. The world economy witnessed a flourish in services, industrial upgrading, technological innovation, e-commerce, and SMEs, etc., which created new growth points and are playing a bigger part in boosting economic growth. In this light, members could enhance pragmatic cooperation on these issues which could produce meaningful concrete outcomes, increasing opportunities for economic development in the region. Take e-commerce for instance, members could explore the possibility of setting up a Cross-border E-commerce Dialogue Platform, to strengthen policy exchange on e-commerce, enhance cohesion and cooperation of e-commerce enterprises among members, promote facilitation of cross-border e-commerce customs procedure, encourage investment in e-commerce infrastructure, improve e-commerce supporting services system, and conduct capacity building on e-commerce.

For discussion

1. What are effectively ways for pragmatic cooperation in the region?
2. What other issues could be addressed through result-oriented cooperation?

Priority 4: Multilateral trading system and the Doha Development Agenda

Overview

The WTO just passed the twentieth anniversary since its establishment. At the 10th Ministerial Conference of WTO (MC10) concluded last December, Ministers underlined the crucial importance of the rules-based multilateral trading system and reaffirmed the pre-eminence of the WTO as the global forum for trade rules setting and governance. Based on the concrete outcomes of the Bali Package and Nairobi Package, while bearing in mind the Doha Development Agenda is yet to be concluded, it is important for ASEM, as a major regional cooperation platform that accounts for nearly one third of WTO members, to ponder on the question of how to provide stronger support to the multilateral trading system and contribute to swift conclusion of the Doha Development Agenda.

For discussion

5. What specific actions could ASEM take to help better implement the recent outcomes of the WTO?

6. How could ASEM provide stronger support to the WTO towards the swift conclusion of the DDA negotiations?

Priority 5: Regional development

Overview

Both Asia and Europe regions have gone through rapid developments in numerous areas, to name a few, the ASEAN Economic Community came into shape this year and EU launched the Investment Plan in late 2014. Integration efforts have yielded remarkable outcomes in both regions, especially on the part of Asia, major members have established FTAs with each other, including ASEAN, China, Russia, India, Japan, Korea, Australia and New Zealand, which has greatly reduced the costs of doing business in the region, facilitated the free flow of goods, services and people across the region and brought tangible profits to both enterprises and people.

Through sharing experiences and information on regional developments between Asia and Europe, members could possibly identify better opportunities to enhance cooperation and learn from each other.

For discussion

1. What are the potential impacts of major regional development arrangements, such as ASEAN Economic Community, the EU Investment Plan and regional FTAs?
2. What experiences could be borrowed between Asia and Europe to foster sound development of both regions? How could the arrangements in different regions complete each other?
3. What possible arrangements could be undertaken for all ASEM members?