

Chair's Report on the Preparatory Meeting for the 12th ASEM SOMTI¹

1. On January 18, 2016, the Preparatory Meeting for the 12th ASEM Senior Officials' Meeting on Trade and Investment (SOMTI) was held in Beijing, China. The meeting was attended by senior officials or their representatives of China, European Union, Republic of Korea, Lao PDR, Mongolia, Myanmar, Netherlands and New Zealand. It was co-chaired by Ambassador Zhang Xiaokang, ASEM Senior Official of China and Mr. Sun Yuanjiang, ASEM Senior Official on Trade and Investment of China, with the co-sponsorship of Mongolia and Republic of Korea. The purpose of the meeting is to have preliminary informal discussions on preparations for the 12th SOMTI. The participants exchanged their views on priorities for ASEM economic, trade and investment cooperation, possible agenda items of the 12th SOMTI, as well as other key arrangements for the SOMTI.
2. The co-chairs underpinned in their opening remarks that economic cooperation is one of the three pillars identified by ASEM Leaders since the very start of ASEM and has produced successful outcomes in the early years. In view of the absence of the economic pillar for over a decade and repeated calls for its revitalization, the co-chairs called on members to take firm actions to foster a strong economic link of Asia and Europe, starting with relaunch of the SOMTI and Economic Ministers' Meeting (EMM). They recognized the preparatory meeting as an important and concrete step in this endeavor.
3. Mongolia and Korea indicated that it is high time for ASEM to revitalize the economic pillar and promote economic connectivity of Asia and Europe, which would bring tremendous economic benefits to both regions. The European Union (EU) stressed the importance of setting a substantive and balanced agenda for future EMM and creating added value to existing trade and investment discussions in other fora. EU maintained that the preparatory meeting was an occasion to exchange views informally to clarify the picture and identify potential

¹ *Disclaimer: This report is prepared with a view to reflect the discussions at the preparatory meeting for the 12th ASEM SOMTI held on 18th January in Beijing. It does not mean to prejudge the final decisions regarding the SOMTI and EMM.*

topics for SOMTI, and that EU was not in a position to reach agreement or take any decision at this stage. Taking note of EU's position, the co-chairs clarified that the preparatory meeting was of brainstorming nature to facilitate the preparations for the agenda of SOMTI and EMM and would not make final decisions since the views of other ASEM members would be sought at a later stage.

4. The participants exchanged views on priorities for ASEM economic, trade and investment cooperation, in particular the six priorities proposed by the co-sponsors and EU, which are: a) Updating and improving the Trade Facilitation Action Plan (TFAP) and Investment Promotion Action Plan (IPAP), b) Fostering connectivity in trade perspective, c) Enhancing pragmatic economic cooperation, d) Multilateral trading system and the Doha Development Agenda, e) Regional development and f) Sustainable trade and investment. The participants in general showed their interest and support for the inclusion of the above six priorities in the agenda of the 12th SOMTI, while some participants requested more time to study.
5. On the priority of updating and improving the TFAP and IPAP, China suggested that ASEM deliberate and deepen cooperation on implementation of the Trade Facilitation Agreement (TFA), customs procedures, electronic commerce, paperless trading and single window system, etc. China also proposed the TFAP and IPAP provide more guidance for cooperation on services, GVCs, small and medium-sized enterprises (SMEs), intellectual property and technological innovation. Korea suggested increasing synergy of elements between the TFAP and TFA, while revitalizing the Investment Experts' Group (IEG) to foster substantial discussions on investment. Lao PDR proposed to add more pillars to the current IPAP and highlighted the impact of TBT and other NTMs on trade facilitation.
6. On the priority of fostering connectivity in trade perspective, some participants highlighted business engagement, customs procedures and trade facilitation, and institutional connectivity and people-to-people connectivity. EU proposed to have discussions on technical standards, transparency in public procurement, anti-corruption, legal and regulatory certainty under this topic. New Zealand updated the participants about the circulation of the non-paper on the ASEM

Working Group on Connectivity. It was also noted that regulatory connectivity was a focus in other regional fora.

7. On the priority of enhancing pragmatic economic cooperation, all participants acknowledged the importance of business engagement in promoting pragmatic economic cooperation. Some participants proposed SMEs, e-commerce and global value chains could be areas for pragmatic cooperation. New Zealand suggested that perhaps there were some current regional or international activities such as the World Bank Group's "Ease of Doing Business" Index that the SOMTI could be considering promoting among its ASEM members. Lao PDR suggested some mechanisms such as working groups could be set up in different sectors to promote discussion and result-oriented cooperation.
8. On the priority of multilateral trading system and the Doha Development Agenda, although they were commonly touched upon by other international fora, some participants suggested that discussions on this topic should not be missing in ASEM. ASEM members were encouraged to be creative and make contributions to identifying areas that ASEM could complement the multilateral trading system.
9. On the priority of regional development, there was a general sense that members could conduct information exchange on regional development for the SOMTI and EMM, for instance, the ASEAN Economic Community, among other free trade agreements and investment treaties in the region.
10. On the priority of sustainable trade and investment, EU clarified the main activity under this topic would be policy and information exchange, instead of negotiation of rules and standards.
11. On the possible agenda items of the SOMTI, the participants agreed that those priorities discussed at the preparatory meeting could be useful references in preparing the draft agenda. The comments from all ASEM members should be sought at a later stage. It was pointed that ASEM is not a negotiating platform and should not negotiate any binding rule or discipline on certain issues. Furthermore, efforts should be made to avoid unnecessary duplications with work in other fora.

12. Regarding the 12th SOMTI, Mongolia agreed to host the forthcoming meeting and proposed two members, one from Asia and one from Europe, to take up the co-chairmanship, because its own resources would be already stretched in hosting the 11th ASEM Summit. Mongolia explained that the host would take charge of logistic arrangements while the chair would be responsible for preparing all the documents for the SOMTI. EU suggested that the chair should be Asian members, because Europe hosted the last SOMTI. China indicated its willingness to take up the chairmanship subject to the agreement of all ASEM members. China further proposed to form a “Friends of the Chair” (FoC) Group for SOMTI Preparation consisting of the eight members present and other members that might be interested. The FoC Group would carry out preliminary discussions on the key issues and assist the chair in preparing documentation for the SOMTI. It is deemed appropriate by the meeting that the Asian chair could start work on drafting the agenda as long as there is no objection from Asian members.
13. On the date and site of the 12th SOMTI, Mongolia tentatively suggested the meeting be scheduled in Ulaanbaatar in late November or early December subject to approval by a new cabinet to be established following the parliamentary elections in June, 2016.
14. With regard to the record of the preparatory meeting, EU and Netherlands stressed the informal nature of the meeting, while other participants were supportive of or comfortable with developing a summary or report. The co-chairs pointed out that the summary would genuinely reflect the discussions of the meeting, without prejudice to future decisions of ASEM members. They clarified the purpose of the summary was to provide a reference check for all ASEM members to understand what had been discussed at the meeting, which would be useful in their decision-making and lay a sound basis for the preparation of SOMTI. The co-chairs indicated that a disclaimer would be incorporated into the summary so as to make this point clear. No objection was made to the circulation of the summary (Chair’s Report) to all ASEM members.
15. Participants thanked China for hosting the preparatory meeting. They looked forward to the 12th SOMTI in Mongolia at the end of this year and were willing to play an active role in supporting preparations for the meeting.

Annexes:

- A. Remarks by Ambassador Zhang Xiaokang at the Preparatory Meeting
- B. Annotated Agenda of the Preparatory Meeting
- C. Annotations to the Priorities for ASEM Economic, Trade and Investment Cooperation
- D. List of Participants