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**Co-chairmen's summary from the ASEM Senior Officials Meeting on Trade and Investment (SOMTI), held in Brussels on July 25, 1996**

1. The ASEM Senior Officials Meeting on Trade and Investment (SOMTI) was held in Brussels on July 25, bringing together senior officials from ten Asian countries (ASEAN countries, China, Japan and Korea), the fifteen EU member states and the European Commission. This informal meeting, which was one of the first follow-up events to the Asia-Europe summit held in Bangkok on March 1-2 this year, was co-chaired by Directors General Horst G Krenzler and Juan Prat from the European Commission, and John Walsh, Director - General for Trade of the Department of Tourism and Trade, Ireland, acting as representative of the Presidency of the Council of the European Union.

The Bangkok summit had called for SOMTI to focus "on ways to promote economic cooperation between the two regions, and in particular liberalisation and facilitation of trade and investments, with an initial emphasis on WTO issues".

This first meeting of SOMTI was thus devoted to two key areas, namely

- the WTO and in particular to the WTO Ministerial, which will be held in Singapore in December, 1996,
- other measures to facilitate trade and investment between Asia and Europe.

## **2. WTO**

ASEM partners reaffirmed their commitment to cooperate towards a successful outcome of the WTO Ministerial Conference in Singapore.

### **Implementation of the Uruguay Round.**

ASEM partners agreed that full and timely implementation of the Uruguay Round commitments is a matter of key importance. At the same time there was a feeling that implementation of new rules resulting from the Uruguay Round agreements, would inevitably need to be judged gradually and over time, in accordance with the provisions of the relevant agreements, and that in those areas where developing countries were entitled to longer periods of time it would still have to be completed. In this context, they recognised the role which technical assistance can play in helping to overcome problems associated with implementation in developing countries. ASEM partners agreed that this process needed to be closely and continuously monitored. Satisfaction was expressed with the way the dispute settlement mechanism, considered a major achievement of the Uruguay Round, has functioned so far.

### **Ongoing work and built-in agenda.**

The exchanges touched upon various subjects of the built-in agenda and the ongoing WTO work. Our exchanges confirmed that this agenda was already balanced and comprehensive and that in many cases clear timescales were already laid down for further work. These should become the core of the WTO's work programme which would lead to a process of further liberalisation in the multilateral context. As regards unfinished business, especially in the area of services negotiations, there was widespread regret that more progress had not been possible in recent months. We agreed that the Conference should urge all participants to make maximum efforts to agree on definitive solutions for

a successful conclusion in accordance with the agreed deadlines. ASEM partners agreed on the importance of achieving progress on the issue of trade and environment on the basis of a balanced report from the Committee on Trade and Environment.

#### **Other issues for the work programme.**

- There was a substantive exchange of views on the inclusion of trade and investment in the WTO work programme. Arguments were presented in favour of establishing a working group to begin discussion on these matters, with a view to analysing problems and seeking possible convergence of attitudes as regards multilateral solutions. Some participants put forward views that any discussions should be an educative process and should ensure a balance in the rights and obligations of investors and the recipient countries.
- Similarly, the meeting proceeded to a discussion on whether the work programme should include trade and competition issues, on the lines of recent proposals in Geneva. Given that these issues were relatively new to many of the participants, the initial exchange of views in this area was mainly of an exploratory nature and the need for further exchanges of information in this area has been emphasised.
- ASEM partners had a brief exchange on trade and development issues. These will be of importance in the context of the Singapore Conference, both in connection with all the other points mentioned above and in the more general objective of encouraging the more effective integration of developing countries, and especially the least developed, in the trade system. Some participants expressed the view that greater efforts needed to be made in this context, and that more advanced developing countries also had their own contribution to make.
- There was general agreement that regional initiatives and regional trading arrangements could have a significant impact on the multilateral trading system. While they were an important and dynamic element in promoting growth in world trade, it was necessary to ensure that they were applied in full conformity with the relevant WTO rules and did not introduce trade diversion into the system. To this end the rules should be clarified, both as regards goods and services, and further strengthened. Participants expressed support for the recently established WTO Committee on Regional Trade Arrangements, part of whose task would be to consider longer term systemic issues in this area.
- As regards new accessions, there was general agreement that the WTO should aim to achieve a more universal membership, and that more needed to be done to accelerate the process of negotiation with non-members. It was particularly important to work for the early integration of a number of significant large economies into the WTO system, on the basis of an appropriate balance of rights and obligations, and effective market access commitments.

### **3. Other measures to facilitate trade and investment**

#### **Investment facilitation and Investment promotion**

Thailand provided a report on the outcome of the first meeting of the ASEM Working Group on Investment Promotion (WGIP), held in Bangkok on July 7-9. ASEM partners noted the proposed content of the Investment Promotion Action Plan (IPAP), including the emphasis on the need to improve the investment climate in order to generate greater investment flows in both directions and help the realization of development objectives of host countries, as well as the conclusion that the IPAP should focus on two broad pillars of activity, namely investment promotion, and investment policies and regulations. With regard to the first pillar, they suggested that it would be important to take stock of

existing or planned promotional programmes and, where gaps existed, consider the development of appropriate new programmes, as well as to enhance the flow of information on investment opportunities. With regard to the second pillar, they suggested that IPAP should include efforts to enhance transparency, for example by an analysis of existing investment regulations in ASEM countries, while noting that these efforts would not of course prejudice any discussions in this area in multilateral fora.

#### **Customs Cooperation**

SOMTI also heard a report from China on the ASEM Customs Directors General and Commissioners Meeting, held on June 21 in Shenzhen. ASEM partners expressed appreciation of the progress made in Shenzhen, particularly highlighting the work initiated on cooperation in the simplification and harmonisation of customs procedures. They saw an increasingly important role for customs authorities in addressing both the issues of simplification and harmonisation of customs procedures in Europe and Asia in view of world wide trade liberalisation, and in combatting drug trafficking and other customs offenses which could jeopardise the social, fiscal and economic interest of ASEM partners.

#### **Trade facilitation**

ASEM partners considered ways to promote greater trade between Asia and Europe and to facilitate and liberalise trade between the regions, including the feasibility of establishing a Trade Facilitation Action Plan (TFAP) which would inter-alia aim to reduce non-tariff barriers and promote trade opportunities between the two regions, while complementing and building upon work already being carried out at the bilateral and multilateral level. They asked the Philippines and the EU (Presidency and Commission) to elaborate a proposal for this Plan, including the priority issues to be covered, the mechanisms to bring it about and the time frame for the first stages of its implementation. One more Asian partner may wish to participate in this work.

The TFAP should be considered further at the next SOMTI and at Ministerial level in 1997.

### **3. Other areas of economic cooperation**

China presented to the meeting its ideas on the establishment of a study group on enhancing technological exchanges and cooperation, particularly in the areas of agriculture, environmental protection, and technological upgrading and improvement of enterprises. ASEM partners welcomed these ideas which could form an important basis for the further discussion of this issue. China indicated her intention to host an experts' meeting on these topics in the first half of 1997.

ASEM partners also heard a report by France on the preparations of the Asia-Europe Business Forum which will be held in Paris on 14/15 October.

#### **4. Follow - up**

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ASEM partners agreed that SOMTI was not a one-off event, but the beginning of the continuing ASEM process to enhance trade and investment flows between Asia and Europe. It was agreed that the next meeting of SOMTI will be held in Asia next Spring.

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The Bangkok Chairman's Statement called upon Senior Officials to promote economic cooperation between Asia and Europe, while using this term in a very broad sense. While the primary focus of SOMTI should be on the regulatory and facilitation aspects of trade and investment, some felt that a proper forum is needed in which to address these broader economic cooperation issues. It was suggested that ASEM partners should consider this topic further, and communicate their views to Coordinators with a view to discussing this again at the appropriate time.

