



## **The 7th ASEM Economic Ministers' Meeting (ASEM EMM7)**

### **Chair's Statement**

Seoul, Korea, 21-22 September 2017

1. The 7<sup>th</sup> ASEM Economic Ministers' Meeting (EMM7) was held in Seoul, Korea on 21-22 September 2017, under the chairmanship of H.E. Paik Ungyu, Minister of Trade, Industry and Energy of the Republic of Korea. It was attended by economic and trade Ministers from 21 Asian countries, with Pakistan and the Philippines acting as Asian coordinators, and from 30 European countries, coordinated by European Commission and Estonia in its role as the Presidency of the Council of the European Union, and by the EU Trade Commissioner and the Deputy Secretary-General of ASEAN. Ministers warmly welcomed the participation of the World Trade Organisation (WTO), Organisation for Economic Cooperation and Development (OECD), United Nations Industrial Development Organisation (UNIDO), Asian Development Bank (ADB).
2. H.E. Lee Nak-yeon, Prime Minister of the Republic of Korea, attended the opening ceremony and made welcoming remarks. In his speech, H.E. Prime Minister Lee emphasized that the EMM7 bears a great significance as it resumes after a 12-year break, especially when the global economy faces new challenges such as the rising protectionism and the spread of the 4<sup>th</sup> Industrial Revolution. He further hoped that cooperative framework for co-prosperity among developing and developed countries are devised through the revitalized ASEM EMM. He also expressed that Korea, as it shifts toward a human-centered economy, will do its best for achieving more inclusive growth in the region.
3. Since its establishment in 1996 as an intergovernmental forum between Asia and Europe, ASEM has grown into a major global socio-economic forum, accounting for more than half of the world's GDP, trade, and population. The EMM was established as a platform dedicated to discussing relevant economic issues including trade and investment matters

within the ASEM region. This EMM is the first since 2005. Its revitalization this year is particularly timely and meaningful in view of the structural changes in the world economy over the recent years, including the increased relevance of global supply chains, the rising protectionism, and the dawning of the 4<sup>th</sup> Industrial Revolution.

4. This EMM continues the spirit of regional cooperation within ASEM, following the 50<sup>th</sup> and the 60<sup>th</sup> anniversaries this year of, respectively, ASEAN and the EU, which are ASEM's two largest constituent subgroups, and lays a foundation for productive discussions at the 11<sup>th</sup> Ministerial Conference (MC11) of the World Trade Organisation (WTO) to be held in December this year.
5. Against this backdrop, Ministers adopted as the theme of this EMM “Reconnecting Asia-Europe: Innovative Partnership for Inclusive Prosperity” and the following three discussion topics: (1) Facilitating and Promoting Trade and Investment, (2) Strengthening Economic Connectivity, and (3) Sustainable and Inclusive Growth.
6. Ministers welcomed the discussions at the side-events held in conjunction with this EMM, namely the 14<sup>th</sup> Conference of the Asia Europe Economic Forum (AEEF), where experts from Asia and Europe discussed ASEM’s medium to long-term trade and investment visions; the 3<sup>rd</sup> Global Eco-Innovation Forum of the ASEM SMEs Eco-Innovation Center (ASEIC), where governments, international organisations, and businesses gathered to discuss concrete measures for successful eco-innovation by SMEs within the ASEM region; and the 2<sup>nd</sup> ASEF Young Leaders Summit of the Asia-Europe Foundation (ASEF), where the region’s young minds shared their ideas on “Access to Youth Employment”.

## **Facilitating and Promoting Trade and Investment**

### *Supporting the Multilateral Trading System*

7. Trade is acknowledged as a key engine for growth, development, and job creation in ASEM economies, and further the open and rules-based multilateral trading system centered on the WTO has made a significant contribution to global prosperity and inclusiveness. Ministers adopted a dedicated Ministerial Statement on supporting the multilateral trading system, including with regard to a successful WTO MC11 and to the full implementation of the WTO Trade Facilitation Agreement (TFA). Ministers stressed in the statement their commitment to fight protectionism. Ministers reiterated their commitment to stand firm against unfair trade practices.

8. Ministers also emphasized the importance of maintaining the relevance of the WTO to keep pace with developments in the current global economy.

#### *ASEM-Wide Trade and Investment Facilitation*

9. Recognizing that the ASEM Trade Facilitation Action Plan (TFAP) and the ASEM Investment Promotion Action Plan (IPAP) are major ASEM accomplishments, Ministers took stock of the work carried out by the ASEM Customs Directors-General and Commissioners Meeting and its Working Group on Customs Matters (AWC) in implementing the TFAP and welcomed the effective contribution of Customs to facilitating trade. Ministers noted that significant changes have occurred in the world trade environment since the last EMM, such as the entry into force of the WTO TFA, the recent rise of protectionist tendencies, and the increasing number of trade agreements involving ASEM partners. Against this backdrop, Ministers agreed to work together and to consider possible priorities and directions for future economic cooperation within ASEM, including how to deal with the existing TFAP and IPAP in consultations with the relevant ASEM experts groups and the Asia-Europe Business Forum (AEBF).
10. Ministers recognized the need to revitalize cross-border investment within the ASEM region and welcome discussion on dialogues in investment policymaking. In this regard, Ministers encouraged exchange of information and the sharing of best practices on policies and regulations that support a more predictable and transparent investment climate.
11. Ministers took note of the value of AEEF as a platform for dialogue among experts, and of the discussions during the 14<sup>th</sup> AEEF Conference on medium to long-term visions of trade and investment cooperation within ASEM.

#### **Strengthening Economic Connectivity**

12. Recalling the ASEM Leaders' decision at the 11<sup>th</sup> ASEM Summit (ASEM11) in 2016 to foster connectivity within the ASEM region in all dimensions, Ministers appreciated the presentations by the ADB on economic connectivity and agreed that increased focus on economic connectivity will contribute to ASEM's relevance.
13. Ministers welcomed the establishment of the ASEM Pathfinder Group on Connectivity (APGC) at ASEM11 to mainstream connectivity in all dimensions, and took note of the outcomes of the first meeting held in Brussels on 21 June 2017 and the second meeting held in Nay Pyi Taw on 6 September 2017.

14. Ministers agreed to further cooperate in areas of common interest with a focus on greater connectivity and trade, including:

*Digital Connectivity:* Ministers took note of the ongoing initiatives for regional and sub-regional cooperation within subgroups of ASEM to promote digital connectivity and shared the understanding that digitalization provides new opportunities for economic growth: by facilitating cross-border trade that contributes to the growth of industries and heightens industrial productivity. Against this background, Ministers agreed on the importance of enhancing multilateral work on e-commerce, including by using the opportunity offered at MC11 to take the necessary steps to revitalize the work in the WTO.

Ministers also agreed on the need for intensified efforts to ensure that everyone has an opportunity to reap the benefits of the digital economy. In particular, they reiterated the importance of bridging the digital divide, supporting the free flow of information while respecting applicable domestic and/or international legal frameworks for privacy and data protection, and ensuring data security. Referring to the Chair's Statement of the 11<sup>th</sup> ASEM Summit, Ministers noted the role of the ASEM Trans Eurasia Information Network (TEIN) as a pilot platform for enhancing the digital connectivity in the ASEM region. Ministers also noted the ASEM High-Level Forum on Digital Connectivity with the theme "Unleashing Potential for Innovative Growth," held in Qingdao on 19-20 June 2017.

*Physical Connectivity:* Ministers reaffirmed that physical connectivity plays an important role for development, as it connects individuals to opportunities, enlarges markets for goods and services, and enhances other forms of connectivity. Ministers stressed the importance of quality infrastructure investment on mutually-agreed terms and conditions while addressing social and environmental impacts and aligning with economic development strategies. Ministers also noted that great potential exists in trade and investment related to transboundary energy networks in the ASEM region.

*FTA networks, GVCs, and Institutional Connectivity:* Ministers recognized the ASEM region's pivotal role in FTA networks and noted that research on the GVC structure within the ASEM region could be useful to deepen the economic analysis of Asia-Europe connectivity. In this regard, Ministers welcomed the initiative by ERIA to conduct a study on the GVCs in the region, the outcome of which could be reported to ASEM SOMTI.

Ministers further recognized that enhanced institutional connectivity could contribute to the effectiveness of physical and digital connectivity.

## **Sustainable and Inclusive Growth**

### *4<sup>th</sup> Industrial Revolution*

15. Acknowledging that the 4<sup>th</sup> Industrial Revolution would bring about fundamental technological changes of which all ASEM partners could be beneficiaries with regard to creating new and better jobs, increasing productivity, and seizing growth opportunities, Ministers welcomed the presentation by Korean Chair of the "Seoul Initiative on the 4<sup>th</sup> Industrial Revolution" and noted that the paper prepared by Korea in this regard annexed to the Chair's statement provides a useful contribution in view of future discussions in this area. They highlighted that, by facilitating discussions and exchanges of experiences, the Initiative can offer paths or methods by which ASEM countries, in particular developing economies, could make the most out of the new opportunities, for instance by analyzing and forecasting structural changes in GVCs, conducting assessments of impacts on trade and investment, as well as enhancing capacity and cooperation to cope with emerging challenges.
16. Ministers welcomed the Korean proposal to hold an ASEM event for comprehensive, concrete and in-depth discussion on the development of the initiative in Seoul in 2018 with the participation of interested ASEM partners and international organisations.

### *Sustainable Supply Chains*

17. Recalling discussion in relevant international fora (such as the 5<sup>th</sup> ASEM Labour and Employment Ministers' Conference of 2015, the 105<sup>th</sup> Session of the International Labour Conference of 2016, and etc.) and that the promotion of responsible management of global value chains plays an essential role in moving forward towards making trade contribute to sustainable development, Ministers expressed their strong support for fostering sustainable value chains including through responsible business conduct in line with relevant internationally agreed guidelines and principles in this area. In particular, they referred to the OECD Guidelines on Multinational Enterprises, the ILO Tripartite Declaration of principles concerning multinational enterprises and social policy, and the UN Global Compact, the UN Guiding principles on business and human rights.

18. Ministers concurred that the promotion of sustainable value chains is also complementary to other initiatives in support of international governance on labour and environmental matters, in a manner which is compatible with national laws and practices, in particular with regard to adhering to and effectively implementing relevant international standards, such as the ILO core labour standards and standards relating to occupational health and safety.

### *Labour*

19. Acknowledging their common understanding on strengthened cooperation in the area of labour including with regard to decent work, and on the need for adhering to and effectively implementing the ILO core standards and ratified Conventions, Ministers supported the exchange of best practices in related areas.

### *Climate Change*

20. Notably, Ministers reaffirmed their commitment to take action on climate change and to work with all relevant stakeholders in this regard. They reiterated ASEM partners' strong commitment to ensure the swift and successful implementation of the Paris Agreement of 2015. Ministers also stressed the importance of strengthening partnerships to this end with international institutions such as the Multilateral Development Banks, the Green Climate Fund (GCF) and the Global Green Growth Institute (GGGI).

### *Sustainable Development*

21. Acknowledging the importance of the 2030 Agenda for Sustainable Development for ending poverty, protecting the planet, and ensuring prosperity for all, Ministers highlighted that ASEM partners should play a leading role in ensuring that their commitments are well implemented.

22. Ministers reaffirmed that Aid for Trade (AfT) could contribute to inclusive growth in terms of promoting productive capacity, connecting firms to international markets, expanding trade, and strengthening the contribution of trade to reducing poverty through the creation of new jobs, noting in particular the needs of LDCs. Against this backdrop, Ministers reiterated the necessity of flexible and close collaboration among ASEM partners through AfT programs.

### *Micro, Small and Medium Enterprises (MSMEs)*

23. Ministers stressed MSMEs' leading role in job creation, economic growth, and prosperity in both developed and developing countries. Ministers underscored that MSMEs should make the best use of the opportunities provided by digitalisation and innovate themselves to be small, fast and strong competitors in the global arena on a level playing field. Ministers expressed strong support to internationalize MSMEs by fostering their participation in regional and global value chains. This could be achieved by providing better access to information, improving their access to local digital infrastructure and enabling them to reap the benefits of FTA networks. Also, Ministers encouraged officials in charge of MSME policies within the ASEM region to share best practices and related knowledge in the appropriate fora, including in the WTO.
24. Ministers took note of best practices and cooperative methods on MSMEs' eco-innovation in ASEM suggested at the 3<sup>rd</sup> ASEIC Global Eco-Innovation Forum and challenges and opportunities for youth and entrepreneurs in ASEM at the dawn of the 4<sup>th</sup> Industrial Revolution discussed at the 2<sup>nd</sup> ASEF Young Leaders Summit.

### **ASEM Governance**

25. Ministers concurred on regularly holding the EMM, which should in principle take place once every two years so to report to the ASEM Summits. The SOMTI would meet once or twice a year as needed to follow-up on or prepare for the EMM.
26. Ministers agreed to report the results of the 7<sup>th</sup> EMM to Leaders at the 12<sup>th</sup> ASEM Summit in Brussels, Belgium, to be chaired by the European Union, in 2018. Ministers agreed that the 8<sup>th</sup> EMM would be held in Europe in 2019. Ministers highlighted the importance of having standing items on future EMM agenda to review progress made on discussed areas.

### **Annex**

- A. Seoul Initiative on the 4<sup>th</sup> Industrial Revolution