ASEM: 4th Economic Ministers Meeting (EMM 4) Copenhagen, 18/19 September 2002

Chair’s Statement

1. The fourth ASEM Economic Ministers’ Meeting (EMM 4) was held in Copenhagen on 18th and 19th September 2002. It was attended by Ministers for Economics, Trade and Industry from ten Asian countries, with Viet Nam and China acting as Asian co-ordinators, and the fifteen Member States of the European Union, co-ordinated by Denmark, in its role as President of the Council of the European Union, and the European Commissioner responsible for Trade.

2. The meeting was chaired by Mr. Bertel Haarder, Danish Minister for European Affairs. In his welcome speech, he emphasized the importance of consolidating the Asia Europe partnership and expressed hope that the fourth ASEM Economic Ministers Meeting could contribute to further strengthen co-operation and flows of trade and investments between Asia and Europe.

3. Ministers welcomed the participation of Dr. Supachai Panitchpakdi, Director-General of the World Trade Organisation, who spoke during the Official ASEM EMM Dinner regarding the Doha Development Agenda and the perspectives for a successful outcome of the Doha Round and of Mr. Park Yong-oh, Chairman of the 8th Asia Europe Business Forum (AEBF 8), reporting on the developments of AEBF 7, which was held in parallel with EMM 4 in Copenhagen.

Strengthening of the Economic Relationship between Asia and Europe

4. The concrete goals for the 2000-2002 ASEM Trade Facilitation Action Plan (TFAP) having now expired, Ministers expressed their satisfaction that a majority of these objectives have been addressed via the organisation of work shops and seminars covering customs procedures, standards and conformity assessment, sanitary and phytosanitary issues, public procurement, electronic commerce and intellectual property rights. The implementation of these TFAP concrete goals over the last two years has strengthened the dialogue and understanding, laying the foundations for increased co-operation between Asia and Europe over a wide range of economic and trade issues. Ministers endorsed the evaluation, which is attached to this chair statement, of the activities and results accomplished under the TFAP during the past two years.

5. Stating their intention to build on the successful work conducted by TFAP in the previous period and to continue these efforts in a number of priority areas, Ministers endorsed the concrete goals for 2002 - 2004 which are attached to this Chair’s Statement. In particular, Ministers supported the new initiative described in the concrete goals for the Customs Procedures Group to minimise the use of paper and provide an environment suitable for paperless customs procedures, in line with the request made by Ministers during EMM 3, as well as adapting modern customs techniques, such as risk management, to facilitate movement of goods.

6. Ministers recognised that the increased attention to be given to ASEM multilateral and regional economic relations may need to be reflected appropriately in existing TFAP and IPAP activities. Ministers therefore tasked SOMTI to identify those activities where our co-operation could be deepened prior to EMM 5.

7. Ministers reviewed developments in the ASEM Investment Promotion Action Plan (IPAP), noting the contribution that IPAP has made to enhancing mutual understanding of investment framework on both continents.

8. Ministers expressed their interest in the organisation of a seminar about Public Private Partnerships, given the relevance of this topic in the context of the World Summit on Sustainable Development and of the World Water Forum.

9. Ministers endorsed the decision taken by the Investment Expert Group during its meeting in Bali in July 2002 to conduct an in-depth assessment and consultation regarding the future work programme of the group, in view of the expiration of the current mandate of the Investment

10. Recognising the need for greater balance in the activities carried out under TFAP and IPAP, Ministers tasked SOMTI to identify concrete promotional activities to further stimulate trade and investment flows.

11. The digital divide is an issue which encompasses various sectors and spans the political, social, and cultural fields. Ministers noted that a lack of infrastructure and computing equipment perpetuates the digital divide in some Asian countries. Ministers recognised the need for the digital divide to be taken into account under all three pillars of ASEM. In this regard, Ministers discussed various mechanisms to address this complex issue, including the activities of international organisations where the digital divide is high on the agenda, such as the UN ICT Task Force and the forthcoming World Summit on Information Society, where ASEM members expect to play an active role. Ministers also noted that there has been concrete progress made in the economic pillar, particularly in the ASEM TFAP working group on electronic commerce, and a number of initiatives on IT capacity building and establishing information networks among ASEM partners were being implemented by individual or groups of ASEM partners.

WTO

12. Ministers recalled the support of ASEM leaders and the complementary efforts within the ASEM process leading to the successful launch of a broad and balanced round in Doha last year. They expressed their undiminished commitment to a strong, open, transparent and fair multilateral-rules-based trading system as embodied in the WTO, and highlighted the importance of the Doha outcome as a unique opportunity to further liberalise trade on the basis of stronger multilateral rules. Ministers underlined the need for all WTO Members to take a pro-active approach in order to make substantial progress in the ongoing negotiations, so as to conclude this round successfully in the agreed three year timeframe. Strong political will and a commitment to engage constructively in the negotiations and other elements of the Doha work programme were considered to be key conditions to achieve these objectives. Ministers welcomed the positive and constructive manner in which the negotiation process had been started and pledged to pursue these negotiations actively and in good faith.

13. With the aim of reaching satisfactory results at the 5th Ministerial Conference in Cancin in September 2003, Ministers stressed their commitment to ensure balanced progress on all issues in the Doha agenda. Ministers agreed that adherence to the concept of the Single Undertaking throughout the negotiating process remains the cornerstone of this round, enabling the interests of all WTO Members to be reflected, and ensuring that further trade liberalisation, and the strengthening and further development of WTO rules go forward together in a mutually reinforcing manner, so as to stimulate economic growth, enhance predictability, manage the challenges of globalisation, and support sustainable development.

14. Ministers stressed that the development dimension and the needs of developing countries and least developed countries should continue to be a central component of the WTO work programme by, inter alia, addressing the issues of implementation and special and differential treatment, which are of immediate concern to developing and least-developed countries. Ministers further underlined the importance they attach to trade-related technical assistance and capacity building measures and the need to improve the quantity, quality and co-ordination of trade related development aid - all of which were crucial issues to help developing countries to fully participate in the negotiations and to benefit from their results.

15. Reiterating their support for universal membership of the WTO, Ministers agreed that current accession negotiation of some Asian countries such as Vietnam should be accelerated, aiming at mutually acceptable market access commitments and adherence to WTO rules and by fully taking into account their specific conditions and needs.

16. Ministers also emphasised the importance of the ASEM process that, through its informality, multi-dimensionality and its emphasis on equal partnership, could be a useful and effective means for all sectors of society in Asia and Europe to improve their understanding of each others’ positions on various issues of the DDA. ASEM Ministers recognised that there was an interest to better understand their respective positions on the WTO work programme and promote a
successful outcome to that work, particularly in the run up to Cancun. They noted that the three proposals made in this respect by Japan, the European Commission and China all reflected this aim and were complementary to one another.

They therefore agreed to a flexible process of consultation and dialogue on WTO issues between their senior capital-based and Geneva-based officials responsible for WTO affairs.

In this connection, Ministers noted that senior officials should finalise arrangements for this dialogue based on the following events:

- The proposal by the European Commission for two rounds of consultations on the DDA one in the autumn in Asia and one in Europe back to back with SOMTI.
- The proposal by Japan for an ASEM symposium on multilateral and regional economic relations in the spring of 2003, and including participants from business and academia.
- The proposal by China for an ASEM high level conference on agricultural cooperation, with a preparatory expert meeting.
- Subject to additional guidance given on the occasion of EMMS, a further stocktaking in the last quarter of 2003, after the Cancun ministerial, in order to determine the direction and scope of the consultative process for 2004.

This dialogue will take place under the auspices of the SOMTI mechanism, since the prime value-added should be to enhance the SOMTI’s dialogue on these subjects.

17. Ministers shared their serious concerns about the safeguard measures on steel products taken by the US government. They noted that the measures have resulted in a chain reaction of safeguard measures throughout the world, and this has been generating adverse impacts on the global trade in steel products. They agreed that the US measures, clearly inconsistent with WTO rules, should be eliminated immediately. Ministers also recognised that these phenomena were linked to an underlying problem of uneconomic steel capacity and market distorting measures. Addressing this could help reduce tensions affecting the world steel market.

Future perspectives for the ASEM economic pillar

18. Ministers remarked that, since its inception in 1996, the ASEM Economic Pillar has acted as a vital forum for co-operation on a wide range of economic issues concerning Asia and Europe, including the facilitation of trade and investment flows, and has involved the launch of a number of significant new joint initiatives. As a mutual understanding and a common vision for the continued development and deepening of the partnership between the two regions has evolved, these activities have reached a stage where it becomes appropriate to assess the direction and priorities for our future collaboration together, and to consider ways in which our working methods could be made more efficient and effective.

19. On this occasion, Ministers endorsed the proposal by Senior Officials on Trade and Investment to task Economic Co-ordinators with a review of the current priorities and activities carried out under the ASEM Economic Pillar in order to formulate recommendations for the next EMMS.

Global Economic Developments

20. ASEM Ministers reviewed recent economic developments and events which have had an impact on both Asia and Europe. They observed that the economies of Asian ASEM partners are growing at a more rapid pace than anticipated following last year’s economic slowdown and that this growth has become more balanced. For the EU, GDP growth in the first half of this year has been weaker than anticipated. A moderate recovery is expected in the first half of 2003, driven mainly by domestic demand. Sound economic fundamentals will underpin sustainable medium and long term growth prospects.
21. Ministers welcomed the results of the World Sustainable Development Summit (WSSD) in Johannesburg as a successful global pact which builds upon the launch of a new development agenda for multilateral trade negotiations in Doha by recognising the potential role of trade liberalisation, underpinned by greater market access, development-oriented trade rules and technical assistance, as a powerful tool to fight poverty while ensuring a more responsible use and protection of natural resources. Ministers reiterated the importance of converting the Summit’s action plan into real results. Trade policies can make a significant contribution to these goals by promoting public and private financing and finding innovative approaches to environmental, health and consumer protection.

22. Ministers exchanged views on regional and bilateral economic initiatives, noting that the moves towards economic integration in Asia are becoming increasingly active in recent years. This process has been taking place mainly in the form of “ASEAN+ n”, reflecting the traditional position of ASEAN as leader in discussions on economic integration in Asia. Recently, the discussions involving bilateral FTAs among Asian ASEM partners are also gaining momentum. Another newer phenomenon is the enhanced development of regional economic integration in East Asia. The process of economic integration in Asia raises many challenges, such as how to harmonise the different stages of development and how to institutionalise this integration. In this regard, Ministers agreed that further exchanges of views on regional integration would be beneficial.

23. The European experience of regional initiatives has been a deep and comprehensive regional integration process, involving the regulatory integration of domestic markets. While the liberalisation of import and export duties has taken place, it is the accompanying elimination of non-tariff barriers and regulatory harmonisation and convergence which has ensured that extensive benefits in terms of competitiveness and welfare have been achieved over the medium to longer term. The lesson for the European Union has been that the simple removal of tariffs is not sufficient in itself to fully achieve the potential gains from participation in regional trade agreements, particularly the dynamic advantages from competition, investment and economies of scale.

24. Ministers recognised the added value which can be provided by regional economic integration by enhancing co-operation between neighbouring countries which share common values and views in order to create large domestic markets and thus foster new opportunities for growth and diversification in their economies. A purely regional approach to trade liberalisation and rule-making cannot substitute for the multilateral process in all respects, but should serve as a complementary instrument which increases the scope of countries to benefit from the multilateral trading system. The evolution of regional economic initiatives in Asia and Europe, in compliance with the disciplines established by the WTO, can be expected to improve trade and investment flows between Asia and Europe. Following the successful conclusion of the Doha negotiating round, region to region co-operation should be enhanced, including through new steps aimed at further economic integration between the two regions.

25. Ministers informed each other of their experiences with the implementation of the euro. They noted that while the most substantial impact of the euro had naturally been felt within the EU itself, the euro has also had a substantial global influence, including in Asia. The euro is the second most important international currency, hence it is becoming a major reserve currency, one of the main currencies for the denomination of international financial flows, and a vehicle currency in foreign exchange markets. Ongoing structural economic and financial reforms will improve conditions for its international use. The strong trade ties between the EU and Asia suggest that there is scope for increased use of the euro in Asia. Furthermore, increasing EU investment in Asia and further facilitation of financing of Asian countries in the EU will also contribute to consolidating the status of the euro as an international currency.

Interaction with business

26. The chairman of the 8th Asia Europe Business Forum (AEBF 8), Mr. Park Yong-oh reported on the proceedings of AEBF 7, highlighting the need to facilitate trade and investment flows between Asia and Europe.
27. Ministers discussed and commented on the recommendations of AEBF 7.

28. Ministers took note that the AEBF annual meeting was organised for the first time in parallel with EMM 4 and expressed their opinion that this organisation allowed for a closer interaction between the business community, politicians and officials from trade and economic ministries. Organising simultaneous AEBF and EMM events might provide a useful model for the future.

Next Meeting

29. Ministers thanked China for its offer to host the next Economic Ministers Meeting which will take place in 2003.