



**EMM 5: 013**

**Fifth ASEM Economic Ministers' Meeting  
Chair Statement**

**July 23-24, 2003**

**Dalian, China**

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## **Chair Statement**

Dalian, China, 23<sup>rd</sup> – 24<sup>th</sup> July 2003

1. The fifth ASEM Economic Ministers' Meeting (EMM 5) was held in Dalian, China on 23<sup>rd</sup> and 24<sup>th</sup> July 2003. It was attended by Ministers for economic affairs, trade and industry from ten Asian countries, with Viet Nam and Japan acting as Asian coordinators, and the fifteen Member States of the European Union, coordinated by Italy, in its role as President of the Council of the European Union, and the European Commissioner responsible for Trade. The meeting was chaired by H.E. Mr. Lu Fuyuan, Minister of Commerce of China.
2. H.E. Mme. Wu Yi, Vice Premier of China attended the opening ceremony and made a welcoming remark. In her speech, H.E. Mme. Wu briefed the meeting on the economic achievement China has made and is going to make this year in spite of the difficulties caused by the outbreak of SARS epidemic. She stressed the important role ASEM has played in creating a new Asia-Europe partnership and building a greater understanding between the peoples of both regions. She further emphasized the significant contribution that the EMM5 can bring to the multilateral trading system, in particular, to the forthcoming 5<sup>th</sup> WTO Ministerial Conference to be held in Cancun, Mexico in September 2003. She also expressed the hope that Ministers at the EMM5 could further discuss and explore the great potentials for further economic cooperation by identifying new priorities and directions for ASEM's future work.
3. Ministers welcomed the participation of Amb. Sun Zhenyu, Permanent Representative of China to WTO, who briefed the meeting on the latest development of the WTO negotiation in Geneva, and of Mr. Kyu-Huang Lee, the representative of the 8th Asia Europe Business Forum (AEBF 8), and of Mr. Toyoo Gyohten and Mr. Zhang Yunling, members of ASEM Task Force on Closer Economic Partnership.

### **Global Economic Developments**

4. Ministers had an extensive discussion on the prospects for the global economic development and their impact on both Asia and Europe. They noted that the recent outbreak of Severe Acute Respiratory Syndrome (SARS) has caused serious damages to economic activities in short term in Asia. Services involving face-to-face contact have been dealt a severe blow by the widespread fear of infection through such interactions. Tourism, transportation (particularly airlines), and retail business have been the hardest hit sectors. However, Ministers concluded that the adverse impact on the medium and long-term economic development of the region could be minimized if effective and necessary measures and actions in the area of public health, trade, tourism and movement

of goods and business people could be implemented. Ministers also observed that the growth prospects for the EU economy remain adversely affected by international developments, contributing to low business and consumer confidence. A moderate recovery is expected in the second half of 2003. The EU intends to deepen its structural reform agenda further, and sees this a critical part of its strategy to foster growth.

5. Ministers noted the continuing evolution of the RTAs among ASEM partners. In Asia, the process taking place mainly in the form of "ASEAN+X" has been strengthened, and the moves towards economic integration and institutionalization in Asia are becoming increasingly active. The plurilateral and bilateral FTAs among Asian ASEM partners have been in progress, such as, the Republic of Singapore and Japan reached the Agreement for A New-Age Economic Partnership, and China and ASEAN signed the Framework Agreement on ASEAN-China FTA. Ministers emphasized that bilateral or regional initiatives should not be favoured over multilateralism, as well as the need to ensure that all agreements are compatible with WTO obligations. The EU highlighted certain interesting aspects of their model of integration and suggested possible areas where it might be relevant and interesting to intensify the sharing of experiences with Asian partners. Ministers agreed that ASEM should further exchange developments and views on RTA/FTAs and regional integration.
6. Ministers were briefed on the current status of the enlargement process of the European Union, with particular emphasis being given to the expected positive impact of enlargement on trade relations with Asian partners. The European Commission carefully noted the concerns expressed by Ministers regarding the potential adverse effects for Asian partners on trade and investment with the enlarged EU, in particular the newly-acceding Member States, by making full use of existing mechanisms for consultations including those under the WTO agreements. Noting such concerns on the part of Asian exporters, the EU pledged to continue to be an open trading partner, with an expanded single market of 450 million people sharing the same tariffs and trade rules from the date of their accession. Asian exporters who already meet current EU standards will therefore have immediate access to an even larger market. Asian trading partners were reassured that there could be many potential benefits for their trade and investment with an enlarged EU, including a lower average level of tariffs and expanded quotas, as well as the application of the EU's Generalised System of Preferences by the new countries. Any potential trade diversion or creation effect should already have substantially taken place over the past few years in the run-up to enlargement.

## **WTO**

7. Ministers acknowledged that progress had been made in some areas of the ongoing WTO negotiations, but expressed concerns on the slow advancing of other issues. They noted in particular that some important deadlines on the substantial issues had been missed, that this had posed serious concerns over the road to the Cancun Ministerial Conference and that efforts were needed on all sides to ensure the necessary progress to conclude these

negotiations in time.

8. Ministers recalled the unique role played by ASEM partners in contributing to a better and balanced international economic environment after the successful launch of the DDA. They reiterated their strong commitments to a strong, open, transparent and fair multilateral trading system under the WTO and highlighted the importance of the successful conclusion of an ambitious round to revitalize the world economy through further trade liberalization and strengthening of the rules-based multilateral trading system.
9. Ministers reiterated the importance to continue addressing the development dimension and the needs of developing and least-developed country members which are at the core of the DDA. In this context, Ministers recognized that more efforts are needed to address development issues in the DDA, and stressed the need to further strengthen the work on technical assistance and capacity building activities so as to help developing countries participate more effectively in the DDA negotiations and implement the WTO agreements.
10. Ministers stressed that it was imperative for Asia and Europe to join hands in meeting those challenges and showing strong political will to cooperate constructively in all elements of the Doha work program. Ministers agreed to work closely in order to ensure a positive outcome in Cancun with a view to achieving a single undertaking agreement which is broad and well-balanced on market access, rules making and development-related issues before 1 January 2005 as mandated by Doha Ministerial Declaration. In the run up to Cancun, ASEM members urged all WTO members to express more flexibility and accountability to engage in the negotiations and work on the substantial issues in a positive manner, and thereby to ensure the necessary decisions prior to and at Cancun itself on issues such as agriculture and non-agricultural market access, TRIPS and public health, special and differential treatment, implementation, dispute settlement understanding, environment, geographical indications and all the four Singapore issues and other elements of Work Programme.
11. Ministers highlighted the fruitful discussions on the DDA among ASEM WTO experts (January 2003 in Hanoi and June 2003 in Paris) and the ASEM symposium on multilateral and regional economic relations held in March 2003 in Tokyo. They are looking forward to the success of the high level conference on agriculture cooperation to be held in China.
12. Ministers decided to continue the meetings of WTO experts during the coming year and tasked Economic Coordinators to consult with ASEM partners, after the Cancun Ministerial Conference, to determine the nature and scope of the consultative process.
13. Ministers reiterated their support for universal membership of the WTO, and agreed that current accession negotiation of Viet Nam should be accelerated, aiming at mutually acceptable market access commitments and adherence to WTO rules and by adequately

taking into account their specific conditions and needs.

14. ASEM Partners engaged themselves to ensure necessary process to make Cancun Ministerial Conference a success.

### **Review of the Economic Pillar**

15. In their last meeting in Copenhagen, Ministers tasked Economic Coordinators with a review of the current priorities and activities carried out under the ASEM Economic Pillar in order to formulate recommendations for EMM 5. Ministers endorsed the SOMTI 9 Recommendations on the Review of the Economic Pillar (Annex 1) and adopted the following findings and propositions in the Paper:
  - The broad mandate and objectives of the Economic Pillar remain appropriate;
  - The mandate and objectives of the Economic Pillar will remain the subject of continued reflection, in conjunction with the work of the Task Force on a Closer Economic Partnership;
  - Economic Ministers continue to meet on an annual basis when there is a substantive agenda for Ministers;
  - Senior Officials on Trade and Investment meet annually, regardless of the EMM timetable, and devote the essential part of their meetings to policy debate, while fulfilling their essential tasks of preparing for EMM and overseeing the progress and implementation of all activities under the Economic Pillar;
  - The Economic Coordinators will be charged with an enhanced coordination role to confer with ASEM partners and identify issues for SOMTI policy debate or procedural decision;
  - The achievements under the Economic Pillar in creating opportunities for sustained dialogue among experts in particular fields are of lasting value. Such dialogues will be maintained and focused on carefully defined, time-limited projects. Projects facilitators should report in writing to Senior Officials on Trade and Investment annually, and at least one month in advance of Senior Officials Meeting on Trade and Investment (SOMTI), and should keep Economic Coordinators fully informed of progress at all times.
16. Ministers also adopted the recommendations regarding implementation of the Trade Facilitation Action Plan (TFAP), future ASEM activities relating to investment and the WTO, and further involvement of business communities, which were discussed in corresponding agenda items and addressed respectively in Annex I.
17. Ministers also recognized that there are other areas of cooperation that may serve to complement efforts in intensifying trade and investment flows between Asia and Europe; including areas of transportation, information and communications technology (ICT) and human resource development (HRD).

18. Ministers encouraged all Partners and related fora to follow-up with the recommendations in their future work and tasked SOMTI to monitor the implementation of the recommendations and report the outcomes to EMM 6 in 2004. Ministers welcomed the proposal by SOMTI to share their recommendations with ASEM Task Force on Closer Economic Partnership and believed that further reflection by interested parties on the activities and orientations of the Economic Pillar would enable ASEM to regain dynamism and focus.

### **Activities on TFAP and IPAP**

19. Ministers reviewed progress in the implementation of TFAP. They welcomed the achievements made in the different priority areas of TFAP towards the realization of TFAP deliverables for 2002-2004. Ministers in particular noted the outcomes of the following work, seminars and meetings held in TFAP areas:
- The 8<sup>th</sup> ASEM Meeting on Standards and Conformity Assessment in Brussels Belgium, 10<sup>th</sup> –12<sup>th</sup> December 2002;
  - The 2<sup>nd</sup> ASEM Seminar on Electronic Commerce in Helsinki Finland, 23<sup>rd</sup> September 2002;
  - The 2<sup>nd</sup> ASEM TFAP Electronic Commerce Officials' Meeting in Helsinki Finland, 24<sup>th</sup> September 2002;
  - The informal meeting on SPS held in conjunction with the 26<sup>th</sup> meeting of the SPS Committee in Geneva on 3<sup>rd</sup> April 2003;
  - The TFAP report on Customs Procedures, which reviewed members' progress in paperless customs procedures and adoption of modern customs techniques, such as risk management.
20. Ministers expected the successful outcomes of up-coming ASEM meetings with TFAP agenda, including the 5th ASEM Customs DG-Commissioner Meeting in Seoul, Korea, the Customs Procedures Working Group meeting and the 3rd Customs-Business Seminar on Simplification and Harmonisation of Customs Procedures in Jakarta, Indonesia. The Customs-Business Seminar is a direct response to a particular deliverable of the customs area of TFAP. Ministers expressed their sincere appreciation to Asian Development Bank (ADB) for the organisation's generous support to the up-coming seminar as well as two previous occasions in the past.
21. Ministers acknowledged the progress made by the past ASEM IPAP activities in enhancing mutual understanding of investment framework on both regions. Recognizing the continuing importance of increasing investment flows between the ASEM partners and the need for a focused, ambitious framework, Ministers endorsed the recommendations made by SOMTI for future investment related activities and requested the Investment Contact Point (ICP) Shepherds to co-ordinate the actions taking place under the new framework during the coming year.

22. In view of the economic scales of ASEM Partners and great complementarity between the two regions, Ministers anticipated that more concrete outcomes in trade and investment promotion are attainable in future. In this connection, Ministers decided that facilitators of TFAP priority areas should submit to SOMTI progress report of their respective areas by May 2004, including summaries of progress, recommendations emerged, next steps planned and guidance required from SOMTI. Ministers also asked Economic Coordinators to examine those reports alongside various suggestions made by ASEM partners in certain sectors relating to trade and investment facilitation, as well as other potential areas of economic cooperation which have yet to be explored in the context of ASEM. The key criteria for this examination should be the availability of ASEM partners to take responsibility for each project and the possibility to fill potential gaps in the current activities. The results of the examination will be submitted to next SOMTI for endorsement, then to EMM 6 for adoption.

### **ASEM Task Force on Closer Economic Relations**

23. Ministers welcomed that ASEM Task Force on Closer Economic Partnership convened its first meeting in Madrid Spain on 6<sup>th</sup> May 2003. Ministers informally exchanged views with the members of the Task Force present on their perspectives on the ASEM economic pillar. Bearing in mind that the Task Force would submit their recommendations in a report to Leaders in 2004, Ministers called for all parties to provide the Task Force with inputs, as appropriate, in the run-up to the ASEM V.

### **Interaction with business**

24. The representative of the AEBF 8 briefed Ministers on the recommendations made during AEBF 7 as well as the preparatory status of AEBF 8, which will take place in Seoul Korea in fall 2003. Ministers discussed the recommendations of AEBF7 and welcomed the efforts of some ASEM fora, including inter alia SOMTI and IEG, in addressing the recommendations of AEBF.
25. Ministers encouraged that business sector be involved more consistently in the ASEM work at all levels, and that views of business to ASEM priority objectives should be given full weight in selecting economic pillar projects. Ministers noted that in respond to such a call, Asia-Europe High Level Economic Forum was successfully held in Dalian on 22<sup>nd</sup> July 2003.

### **Next Meeting**

26. Ministers agreed that the Sixth EMM (EMM6) be held in Rotterdam, Netherlands from 16-17 September 2004. Ministers also agreed to report the outcomes of EMM 5 to the Fifth Asia-Europe Meeting to be held in Hanoi Vietnam in 2004.
27. Ministers concurred that economic coordinators at ministerial level should take

responsibility for proposing new approaches for a more operational EMM6. All Ministers undertook to provide ideas to their economic coordinator colleagues before the end of December 2003.