



Designing the Way Ahead

Report of the Informal ASEM Senior Officials' Meeting on Trade and Investment Egmont Palace, Brussels, 15-16 February 2011

Upon the tasking of the ASEM Leaders, meeting at the ASEM 8 Summit in Brussels, and at the invitation of Belgium and of the European Commission, ASEM Senior Officials for Trade and Investment (SOMTI) gathered informally in the Egmont Palace in Brussels on 15-16 February 2011.

Pursuant to their mandate, they pursued the objective of identifying the scope and range of possible new activities designed to promote sustainable development. They met on an agenda which comprised the following items :

- liberalisation of trade in environmental goods and services
- technology cooperation
- incentives, government procurements and feed-in tariffs
- carbon pricing/carbon market mechanisms
- fuel subsidies
- any other issue

At the outset, ASEM Senior Officials for Trade and Investment emphasized the importance of an early conclusion of the WTO Doha Development Agenda.

The discussions would suggest that further work might be envisaged as follows:

- There might be merit in pursuing work looking beyond traditional goods and services liberalization issues. Senior Officials noted the importance of a holistic approach in order to promote sustainable development. This would include predictable regulatory environments that offer guarantees to foreign direct investment carrying technology and know how. This would also include adequate intellectual property protection that would reward innovation. There would be further benefit in discussing issues affecting trade and investment in environmental goods and services. Beyond trade commitments, there would be scope for advancing regulatory cooperation, encouraging convergence of industry

standards, including for emerging technologies, and promoting awareness and demand for environmental goods and services.

ASEM Senior Officials for Trade and Investment reaffirmed the shared objective that sustainable development policies should not lead to arbitrary or disguised restrictions on international trade.

- Regarding science and technology cooperation, Senior Officials recommended that further attention be given to opportunities offered by structured cooperation and funding mechanisms. Involving the Asian Development Bank and similar bodies would strengthen initiatives in this field. Senior Officials identified issues that may constitute obstacles to deeper cooperation. Among these, unequal capacities, omissions in intellectual property protection, slow standard setting mechanisms, visa mechanisms affecting mobility of scientists, and rules on transfers of scientific material and samples were quoted as examples that could be further studied. Suggestions were given of further action to improve the policy environment for deeper science and technology cooperation. Taking into account the limitation in resources and the desirability of developing concrete projects, it was recommended to focus on a limited number of sectors as a start. Food and energy security were quoted as areas of choice but also water management and health were mentioned. It was thought important to build on existing initiatives. A special effort of exchange of information on ongoing projects might be envisaged. After this, participants to current projects could invite scientists and experts from other ASEM members to join in, pursuant to mutual agreeable arrangements, with a view to further developing exchange of technology, of know how and of best practices.
- There was a sense among Senior Officials that government policies have a considerable impact on the pursuit of sustainable development objectives, yet on occasion, trigger misunderstandings and concerns with partners in international agreements. There is scope for increasing dialogue on the use of economic incentives such as price mechanisms, subsidizing policies and other measures designed to foster more sustainable patterns of production and consumption. There also appears to be considerable scope for mobilizing in favor of investments in energy generation in countries where renewable resources to this day are largely unexploited.
- Senior Officials noted that an increasing number of ASEM members are gathering experience with policies aimed at reducing carbon emissions, including carbon market mechanisms. The information provided by the European Commission on the European emission trading system was appreciated and positive comments were given on the European clean development mechanism. Still, additional exchange of information appeared desirable, including at expert level. This would help address issues and concerns that arise when ASEM participants pursue non-identical policies to discourage damaging emissions. It would also

provide useful information in cases where similar mechanisms are being envisaged or implemented.

- The phasing out of fossil fuel subsidies is the object of international discussions, in particular in the G-20 and in APEC. Information was shared on the activities of the Group of Friends of Fossil Fuels Subsidy Reform composed of New Zealand, Denmark, Sweden, Norway and Switzerland, which conducts public outreach activities on the basis of independent fact finding. Senior Officials were of the opinion that ASEM should not focus on the phasing out of the subsidies themselves. Rather, ASEM could make a contribution by assisting in the sharing of experiences and best practices in the design and implementation of transition processes that are required when the use of fossil fuel resources by a sizeable part of the population is to be abandoned in favor of other resources.

Senior Officials took the opportunity to exchange views on the future of their work. It was emphasized that the economic and trade relationship was very important for both regions. Business opportunities opening up as a consequence of major investment programs in a number of ASEM Countries were highlighted. A similar argument was made about the potential of reducing the part of logistics expenditure in trade in goods. The development of standards and regulations, also in the light of sustainable development concerns, was identified as an issue requiring continued attention. Possibilities to further facilitate trade were indicated. There were also suggestions that further dialogue on the trade policies pursued by ASEM partners would be useful. Special attention was requested for the needs of developing countries in the field of capacity building. All Senior Officials agreed that the private sector should be associated to the future work of the ASEM SOMTI. Yet, in the absence of concrete consultation mechanisms, it was at this stage difficult to suggest a clear way forward.

The feeling among Senior Officials was that further consideration should be given in the capitals to these and possibly other ideas for future work on trade and investment issues within ASEM.

This informal meeting agreed that a formal session of the Senior Officials for Trade and Investment should be called, in order to ascertain the intentions and plans of ASEM partners on the future work program.

Senior Officials welcomed the communication from the Republic of Korea who will host the third ASEM Forum on Climate Change and Green Growth in Fisheries and Aquaculture to take place in Busan on 16-17 November 2011. This initiative will also be presented at the ASEM Senior Officials' Meeting to take place in Tokyo on 28-29 March 2011.

Senior Officials expressed gratitude to Belgium and the European Commission for the opportunity of this informal meeting giving the occasion of a necessary and useful exchange of views. They concluded on the desirability to report on this meeting to the ASEM Senior Officials' Meeting to take place in Tokyo.