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COMMISSION STAFF WORKING PAPER

Fourth Asia Europe Meeting Summit in Copenhagen,
September 22-24, 2002 (ASEM 4):

Unity and Strength in Diversity
1. INTRODUCTION

In confirming their commitment to this unique bi-regional dialogue process, Heads of State or Government and the President of the European Commission at the third ASEM Summit in Seoul\(^1\) (October 2000) had instructed foreign ministers to ensure that the ASEM process not only should be intensified but also become more interactive and informal. The latter aspect was addressed by Foreign Ministers based on a working paper of the European Commission ("VADEMECUM") proposing improvements in the management of the process while fully respecting the Asia Europe Co-operation Framework (AECF 2000). The scope of issues covered by ASEM was broadened particularly through two ad hoc meetings of ministers of the environment and of ministers in charge of managing migratory flows. By the time of ASEM 4, the core ministerial meetings in the process, the ones of foreign, economic and finance ministers, will have taken place twice since ASEM 3, thereby fulfilling the Summit’s recommendation to intensify the bi-regional exchanges.

In its new Strategic Framework on Enhanced Partnerships between Asia and Europe the Commission had confirmed

"the importance which it attaches to the ASEM process\(^2\), and the scope which it offers for enhancing Asia-Europe dialogue and co-operation on a basis of equal partnership and mutual respect. The ASEM process has offered an excellent example of inter-regional co-operation, and we will continue to work to ensure that it can make progress in each of its “three pillars” (political, economic and social). In particular, we should draw fully on ASEM's potential as a forum for an informal exchange of views promoting increased understanding and enhanced co-operation, and to use this to build concrete achievements in the various priority areas identified in the Asia-Europe Co-operation Framework adopted at the Seoul Summit. ASEM also offers an important opportunity to strengthen and broaden public engagement in Asia-Europe relations\(^3\), and we should encourage parliamentary and civil society participation in this process.\(^4\)

In implementing this pledge to make better use of the ASEM process and to broaden public engagement, the Commission is preparing to contribute Euro 3.5 million to the Asia Europe Foundation (ASEF)\(^5\) in Singapore, whose mission is to enhance mutual understanding between the two regions, in fostering personal contacts and cultural exchanges. ASEM 3 had already commended the work of ASEF in recognising “the important role played by ASEF in

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\(^1\) See: The European Commission’s Priorities for the ASEM III Summit and Beyond as well as the Chair’s Statement of ASEM 3:

http://Europa.eu.int/comm/external_relations/asem/summits/asem3_priorities.htm
http://Europa.eu.int/comm/external_relations/asem/summits/asem3.htm

\(^2\) Most recently in the Commission Working Document “Perspectives and Priorities for the ASEM Process into the New Decade” (COM(00) 241, 18.4.00).

\(^3\) Useful work in these areas has already been taken forward, for example through ASEF (the Asia-Europe Foundation) and through independent NGO activities, and through AEBF (the Asia-Europe Business Forum)


\(^5\) http://www.asef.org
promoting people-to-people contacts, intellectual linkages and cultural exchanges between Asia and Europe since its establishment in February 1997, and reaffirmed their full support for ASEF’s role as a key vehicle in increasing mutual understanding between the two regions.\textsuperscript{6} This assessment was confirmed by an evaluation of the Foundation by independent experts carried out on behalf of the EC.

Furthermore, the European Commission supported various events in Europe in the preparatory process for the Summit targeted to implicate civil society from Asia and Europe such as the Consultative Forum on ASEM 4\textsuperscript{7} which underlined the need for strengthening the social dimension in the process.

2. **INTERNATIONAL EVENTS HAVING AND IMPACT ON POLITICS**

The outstanding political event since ASEM 3 in October 2000 was the unprecedented terrorist attack on the United States on September 11, 2001, the day after the ASEM Economic Ministers had finished their meeting in Hanoi. Several challenges arise for the upcoming ASEM Summit as it will be the first meeting of Asian and European Heads of State or Government and the President of the European Commission after the tragic events.

Politically, all ASEM partners support the US position on the need to fight international terrorism. However, the support for the war in Afghanistan has shown some nuances. While the two big Muslim countries, Indonesia and Malaysia, and also Vietnam and China were not supportive of the war, they support the international coalition against terrorism. On the European side, only a few European partners participated militarily in the operations. However, Europe is very engaged in reconstructing Afghanistan and in fighting poverty, one of the root causes of terrorism.

Economically, the downturn of many economies had begun well before September 11, but the general insecurity created greatly contributed to deepen and broaden the downturn, as well as the synchronisation of business cycles in the major economies in Europe, USA and Asia.

Culturally, the Islamic camouflage used by the perpetrators for attempting to justify the terrorist attack has lead to tensions and even occasional outbreaks of violence between Muslims and Non-Muslims, aggravating the existing lack of understanding between followers of this world religion and others. ASEM as a dialogue process, bringing together not only two regions but also different religions, civilisations and cultures, offers the chance to take up these main problems in an open manner. Leaders could send a strong signal to the public opinion in both regions, that issues relevant to peace and security are discussed and an intercultural dialogue is being developed.

Addressing these issues will contribute to mutual understanding and to raising mutual awareness without focusing exclusively on the September 11 events one year later as most of the issues mentioned above can very well be integrated in the existing ASEM work program necessitating only a few adaptations or broadening of the agenda.

**Migration Conference**

\textsuperscript{6} ASEM 3 Chair’s Summary, paragraph 17.
\textsuperscript{7} Brussels, May 6-7, 2002.
At the Seoul Summit, leaders expressed their commitment to addressing global issues of common concern such as managing migratory flows in a globalised world, and endorsed the initiative of a Ministerial Conference on Co-operation for the Management of Migratory Flows between Asia and Europe, co-sponsored by China Spain and Germany. This meeting, held on 4-5 April 2002 in Spain, marked the start of a dialogue on migratory flows between the Asian and European ASEM partners and resulted in a political declaration (the Lanzarote Declaration) which will lay the foundation for further common actions in this field. Under the Danish Presidency a meeting of Director Generals responsible for migration of the ASEM partners will meet to discuss the implementation of the various concrete measures for cooperation mentioned in the Lanzarote Declaration which include the sharing of strategic information on migratory flows, the establishment of a network of contact points and future meetings on expert level on illegal migration and false documents.

3. **INTERNATIONAL EVENTS HAVING AN IMPACT ON TRADE**

**International developments**

The launch of a new round of WTO negotiations in November 2001, the Doha Development Agenda, represents the most significant development for international trade to occur during the past two years. It is an important step towards comprehensive trade liberalisation and the strengthening of the rules-based trade system, which has sent a strong political signal of confidence in the multilateral international system, helping to restore business confidence following the terrorist attacks of 11 September and the global economic downturn.

As seven out of ten Asian ASEM partners are developing countries, the Doha Development Agenda is of strong relevance to the ASEM process. The Agenda focuses on development, both on the direct trade interests of many of our developing ASEM partners, as well as on sustainable development in the system. The new negotiating agenda reflects the interests and concerns of developing countries: tariff peaks, export subsidies, and trade defence measures. This round will also encompass negotiations in such areas as investment, government procurement, trade facilitation, competition policy and the environment. Equally important, there is a valuable implementation package to enable the least developed and developing countries to reap the benefits of the international trade system, including existing and new WTO rules. In addition, there is a continued need for trade related technical assistance and capacity building and of ensuring coherence between the results of the Doha, Monterrey and Johannesburg Conferences.

These are all highly relevant issues which will facilitate trade and investment flows between the EU and Asian regions. The dialogue and activities which take place within the ASEM Economic Pillar deal with similar issues, and ASEM thus provides a forum for substantive co-operation and co-ordination between ASEM partners during the forthcoming multilateral negotiations.

In 2001, Asia was the EU’s largest regional trading partner for imports, the second largest export destination and in 2000 the third-largest regional investment destination.

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8 [http://Europa.eu.int/comm/external_relations/asem/min_other_meeting/mmg.htm](http://Europa.eu.int/comm/external_relations/asem/min_other_meeting/mmg.htm)
9 Data based on first eleven months 2001.
10 Data 2000: US 54.8%; AMLAT 12.1%; ASEM 5.5% (ASEAN 1.8%, Japan 1.8%, Korea 1%, China 0.9%); Candidate countries 4.9%
Developments in Asia

Although regionalism has not been a priority for East Asia in the past, there are many recent initiatives likely to influence economies in the region in the future. A key development concerns the entry into force (April 2002) of the ASEAN Free Trade Agreement (AFTA) for the six original signatories (Thailand, Singapore, Malaysia, Indonesia, Philippines and Brunei), creating a free trade area for ASEAN members with import tariffs ranging between 0 – 5%, covering almost all their internal merchandise trade, and bringing the average Common Effective Preferential Tariff rate to 3.57%. Laos, Cambodia, Vietnam and Myanmar are granted longer implementation periods to reduce their tariff lines.

China’s agreement with ASEAN to create a common Free Trade Area (FTA) within ten years was announced in November 2001. Japan has also reinforced its ties with ASEAN by proposing a Japan-ASEAN Comprehensive Economic Partnership within five to ten years, consisting of a broad-based bilateral engagement with a political component but without a free trade commitment at this stage. A watershed free trade agreement with Singapore signed in January 2002 will ensure that Singaporean exports to Japan will be 94% tariff free in value terms and 98% tariff free in covered items. In return, Singapore has abolished all tariffs for Japanese goods. Singapore is negotiating FTAs with the United States, Canada, Mexico and Australia. Economic co-operation between Japan, Korea, and China has also recently been on the increase, with a precedent set by holding a Trilateral meeting between leaders last year. Bilateral or tripartite FTAs are now being discussed in political and academic circles.

Each regional integration association has to find its own balance between the autonomy of its members and their solidarity with each other, and not all will resemble the EU model. Nonetheless, economic regionalism should be complementary and add value to the multilateral system. Regional initiatives in East Asia will hopefully provide an efficient mechanism to diversify and expand industries, attract foreign investors, and capitalise on natural resources, while creating the skilled and well-paid jobs critical to develop internal consumer demand.

China’s entry into the World Trade Organisation (WTO) will not only further strengthen the nearly universal institution, but also support Chinese efforts for structural reform. Vietnam is intensifying their accession negotiations.

Developments in Europe

From a European perspective, the introduction of Euro banknotes and coins has been a significant event and a major success. On average, more than 95% of cash payments were being made in Euros only two weeks after the introduction of the new notes and coins. The Euro has produced tangible benefits for the Euro area economy: a macroeconomic policy framework that ensures stability; low inflation and low interest rates; progress in the development and integration of national financial markets; greater resilience to external shocks, and increased transparency and competition in the EU single market.

A single currency for the world’s largest trading power is also a significant advantage for third countries, simplifying commercial and investment relations between the Euro zone and its trading partners. The accessibility of the Euro zone, now a genuine single market with a single currency, has therefore improved significantly. It also contributes to more balanced international monetary relations, where having an integrated, open European capital market further benefits foreign borrowers and investors.
The recent spring 2002 forecast of the European Commission predicts a gradual recovery as confidence returns, depleted inventories are rebuilt and international trade picks up. Private consumption holds the key for the recovery gaining momentum. However, unemployment is expected to rise temporarily and the inflation rate will be slow to fall below 2%. On the whole the recovery will be moderate in 2002 (+1.4%) since the restraining factors will take time to resolve themselves. Exports are held back by the still low level of external demand, investment is hampered by uncertainty and households hesitate to spend as they fear unemployment and the rise in prices will be felt on real income. The forecast for the growth rate in 2003 is +2.9%.

4. INTERNATIONAL EVENTS HAVING AN IMPACT ON FINANCE

Most interesting is the growing debate in Asia on macroeconomic and financial issues, including how to prevent crises, and how to stabilise exchange rates. This has been initiated and pushed forward in the ASEAN context but has been broadened recently as Korea, China and Japan have also taken part in the discussions. It has also been an important item for discussion among the ASEM Finance Ministers at their last meeting in Kobe, and it will again figure on the agenda of their Copenhagen meeting in July 2002. Much of what is being done and discussed in Asia, including the ASEAN surveillance process, financial support arrangements and regulatory co-operation in the banking system forms part of the EU’s experiences in the lead up to full economic and monetary union.

Already in the early seventies, long before the adoption of the goal of a single currency, the EU put in place various arrangements for closer monetary co-operation, including short-term swap arrangements, long-term balance of payments support and a new institution, the European Monetary Co-operation Fund. With the creation of the European Monetary System in 1979, co-operation was strengthened significantly, and financial assistance instruments were reinforced.

However, the lesson learnt in Europe during the 1992-1993 Exchange Rate Mechanism crisis was that only monetary arrangements, in a context of an ever-increasing degree of liberalisation of capital movements, were not effective. They lacked sufficient backing by co-ordinated macroeconomic policy and sufficient structural reforms. This has been the main lesson of European economic and monetary history since the end of the Bretton Woods System and until the entry into force of the Maastricht Treaty. The drive to adopt the single currency, with its ensuing focus on improving both nominal and real convergence of the European economies provided the real impetus for strong policy co-ordination and ensuring lasting macro-financial stability in the EU.

An ASEAN macroeconomic surveillance procedure, backed by regular dialogue of Finance Ministers on the basis of assessments provided by the ASEAN Secretariat, could become an important policy instrument. Peer group pressure, based on a commonly agreed analysis has certainly been a very useful tool in the EU. Co-operation in Europe has been most effective when backed by strong, independent and respected institutions, and when conclusions and recommendations made by Member States to one another are made public, thereby reinforcing peer pressure.

The design and development of an autonomous ASEAN financial support mechanism, based on swaps arrangements and repurchase agreements, must be made carefully, especially given the still large disparities between members of ASEAN+3. Reaching lasting macroeconomic
and financial sector stability in a group of countries as diverse as ASEAN+3 implies by necessity to focus on real convergence. In the European Union, the Single Market programme was an ambitious programme of far-reaching structural reforms in almost all sectors of the economy. Coupled with the positive impetus provided by world trade liberalisation (Uruguay Round), this provided a key support for the eventual success of full Economic and Monetary Union and the introduction of the Single Currency; and this was possible while pursuing both nominal and real convergence.

Therefore ASEM partners could co-operate to develop common action plans in addition to the trade liberalisation agenda, in particular in the financial sector and capital movements. Making use of the European experience without transferring any model from one region to the other, much could be achieved to reduce financial vulnerability by broadening the existing cooperation on strengthening prudential regulations and increasing competition in the financial sector. The already mentioned successful introduction of the Euro will be an additional stimulus.

**Kobe Research Project**

At the third ASEM Finance Ministers Meeting in January 2001 in Kobe (Japan), Ministers encouraged cooperative activities in the economic and financial field, such as sharing experiences and lessons in fostering regional economic and monetary co-operation in Asia and Europe. In this connection, the Ministers launched the Kobe Research Project, which is designed to facilitate inter-regional cooperative research and study activities on topics of mutual interest, such as regional monetary co-operation, exchange rate regimes under Asia-Europe co-operation. Preliminary results were presented at conferences in Tokyo (March 2002) and Frankfurt (April 2002). The Executive Report containing policy recommendations will be submitted to the Finance Ministers Meeting in Copenhagen (July 2002).

**ASEM Trust Fund**

Following the last Summit and the third Finance Ministers’ meeting in Kobe, the second phase of the ASEM Trust Fund has been launched. Contributions have already been paid-in by a number of ASEM partners (United Kingdom, Finland, Denmark) while other partners have announced contributions (European Commission, Sweden, Thailand) all adding now up to about 31 million Euro. The EC contribution will amount to 20 million Euro, up from 15 million for the first phase of the Fund. The ASEM Trust Fund will continue to fund technical assistance and training, provided as a matter of principle by ASEM experts, to assist ASEM recipient partners in sustaining their efforts in the reform of financial and corporate sector policies and institutions and in the reform of social policies and institutions. In contrast to the first phase, the World Bank which is managing the Fund will have to increase in-country leadership and ownership, add a genuine ASEM dimension, and raise the visibility of the Fund, as part of the overall efforts to raise the awareness of peoples in Asia and Europe of the ASEM process. As part of improved management, efforts will be made to seek synergies with similar activities supported through comparable financial mechanisms run by ASEM partners.

5. **INTERNATIONAL EVENTS HAVING AN IMPACT ON INTERNATIONAL ENVIRONMENTAL DIALOGUE**

In the field of international environment policy, the main developments of relevance to ASEM concern:
The process engaged by the World Summit on Sustainable Development (Johannesburg August -September 2002);

The Kyoto Protocol and the process of its ratification (ratification by the European Community and its Member States on 24 April 2002) and the ongoing efforts to foster the entry into force of some important multilateral environment agreements (MEAs).

Evaluation of the ASEM Environment Ministers' Meeting

For the first time, ASEM Environment Ministers met on 17 January 2002 in Beijing and established common ground on many issues on the international environmental agenda as reflected in the Chairman’s Statement.

There is growing awareness in Asian members of ASEM that threats to the environment demand strong action at all levels, including at national and regional levels. There is a growing recognition that environmental protection must be an integral part of economic development policies, and that prevention and up-stream approaches are more efficient and cost-effective that remedial action.

The meeting delivered a strong message on climate change stressing the importance of early ratification of the Kyoto Protocol and of seeking its entry into force in 2002 and of strengthening domestic efforts to tackle climate change. Furthermore, ministers called for the early ratification and entry into force of the Cartagena Protocol on Biosafety and the Persistent Organic Pollutants Convention. The strong interest for the World Summit on Sustainable Development (WSSD) and the wish to strengthen international governance in the field of environment and sustainable development expressed by ministers was another important message in view of Johannesburg.

ASEM partners expressed their willingness to continue this dialogue as the potential and opportunity for environmental co-operation between Asia and Europe are considerable. Fields such as poverty eradication, energy and environment, water, combating desertification, forest degradation including land and forest fire and illegal logging, release of chemicals into the environment, urban environment, bio-safety, coastal and marine protection, cleaner production technologies, and ecological conservation, climate change, and environmental policies and legislation, and promoting sustainable livelihood were identified as areas of common concern and for future co-operation. In line with ASEM policy existing co-operation and dialogue instruments and mechanisms have to be used. Setting up new ones is only considered when a well-identified niche offers real prospects for value-added by ASEM partners.

Science and Technology

The Ministerial Meeting on Science and Technology (1999, Beijing) initiated a useful process encouraging research and the setting up of networks in areas directly related to sustainable and equitable development and with a close connection with the globalisation process. Action was targeted on key priority domains identified by the above mentioned ASEM Science and Technology Ministerial Meeting, namely forestry, water, food safety, aquaculture, clean and sustainable industrial production. ASEM partners are engaged in setting up networks (ASEM

http://europa.eu.int/comm/external_relations/asem/min_other_meeting/env_min.htm
platforms) and developing means of combing various financial means inside and outside of the ASEM process to facilitate these tasks.

Bi-regional scientific and technological cooperation promoted by these ASEM platforms goes beyond the development of new technologies, to include interdisciplinary research on policy and management options to address key societal issues of common interest to ASEM partners. In this way cooperation in science and technology becomes fully integrated with political, economic and cultural cooperation.

6. RESULTS AND DELIVERABLES EXPECTED FROM THE FOURTH ASEM SUMMIT

Taking these developments outlined above into account, the European Commission invites other ASEM partners to join in efforts to reach concrete results in all areas of ASEM activities at the upcoming ASEM Summit in Copenhagen

Politics

• Engage in a thorough discussion of the underlying root causes for the spread of international terrorism, paying particular importance to the New Security Issues. Outlining a common approach and possible co-operation on measures to tackle the sometimes related transnational crimes, as explained in the thematic cluster on transnational crimes, while upholding human rights would provide a useful basis for further work by experts. Dealing with the social root causes of transnational criminal behaviour and terrorism, such as poverty, lack of basic education, persistent un- or underemployment, lack of sustainable economic growth, would make use of the comprehensive nature of the three ASEM pillars.

• Encourage ASEM partners to subscribe to efforts to increase security particularly in the field of civil aviation and sea transport. Since civil aircraft were used as a weapon of terror, ASEM partners should encourage all partners to subscribe to multilateral efforts to reduce the risk of recurrence, especially those based on the common standards in the field of civil aviation security, in particular Annex 17 of the International Civil Aviation Organisation (ICAO) Chicago Convention which sets international standards and recommendations in the field of civil aviation security. Furthermore, it is equally important to support the creation of an effective international legal framework for the battle against terrorism in the domain of sea transport. Therefore ASEM partners should support the initiatives at the International Maritime Organisation (IMO) as well as in the framework of the International Labour Organisation (ILO) and the World Customs Organisation (WCO) with a view to achieve multilaterally accepted measures.

• Reach an understanding to use the ASEM process to intensify informal consultations before and during international conferences or meetings, but also on an ad hoc basis, when issues or problem of common concern arise, thereby building on the consultative mechanism in the context of the United Nations General Assembly agreed by ASEM Foreign Ministers in Beijing (May 2001) in order to increase mutual trust and co-operation.

• Translate the findings of these discussions into short and concise political declarations on international terrorism, related new security issues and on specific regional problems, such as the Korean Peninsula.
• Setting into motion through a special retreat session at the Summit a process working towards a better understanding between Asian and European cultures in facilitating building bridges, turning variety into an asset, while stressing unity in diversity. Thereby taking advantage of the unique composition of ASEM, which brings together different civilisations and cultures for the purpose of dialogue.

• Endorse work done by officials under the guidance of ASEM Foreign Ministers to render the process more effective, meetings more focussed and efficient, to allow for informality and to foster interactivity. As ASEM is a dialogue process, there is no need to go on record, but Heads of State or Government could have an open discussion with partners in areas covering all three pillars of ASEM. Hence records of the meetings should be factual, political statements should be clear and concise, presented separately to increase their visibility. Care will be taken, to develop ASEM activities in parallel with the dialogue process to avoid that they become independent prestige programmes. Thus, consolidating and implementing ongoing useful activities is more in the interest of the credibility and efficiency of the process than a proliferation of activities.

• Initiate a reflection process concerning the management and organisation of the ASEM process with Foreign Ministers in view of the enlargement of the ASEM and make recommendations to ASEM 5 in Hanoi.

• Taking into account the importance of the bi-regional relationship, Heads of State or Government should commit themselves personally to increase efforts to ensure a higher visibility and recognition of the ASEM process for the general public. The European Commission will continue to maintain a comprehensive website on ASEM affairs, containing all official documents issued at various events.

• Launching a competition to develop a common logo for the whole ASEM process, to be developed jointly by Asian and European partners, will contribute to giving ASEM a corporate identity and to raising public awareness of the process.

**Migration and other Justice and Home Affairs Issues**

• Building upon the before mentioned Lanzarote Declaration where the ASEM partners confirmed their commitment to further work in the area of migration, Leaders could suggest intensifying co-operation. Leaders could underline the need for ASEM partners to meet at the level of Director Generals responsible for migration matters to identify the most effective way to implement the cooperation measures agreed in the Declaration, which include the sharing of strategic information on migratory flows, the establishment of a network of contact points and future meetings at expert level on illegal migration and false documents.

• Paying particular attention in the field of cooperation to the more vulnerable groups of women and children. ASEM partners have already been active in this area, inter alia in the initiatives covering trafficking in women and children and the ASEM child welfare initiative.

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12 An overview of ASEM activities carried out since ASEM 3 is in Annex.
• Implementing fully the other initiatives linked to justice and home affairs, particularly the fight against human trafficking and terrorism.

**Economics, Trade and Social Matters**

• Send a strong political signal expressing the conviction that the transitory shock of September 11 is diminishing and that policy stimuli through fiscal policies and loosening of monetary policies the business community and financial markets are gaining confidence which has to be bolstered. Joint actions should address the medium-term effects of the crisis, such as higher insurance and transportation costs and increased risk aversion. In this context special attention should be paid to overcoming structural impediments to raising employability and consequently employment.

• Confirm that social and employment issues are an integral part of the ASEM work programme of the economic pillar and encourage therefore the enlargement of scope of and the participation in the dialogue on social matters, including gender issues. The EU’s diversity and experience of trying to combine economic dynamism with social justice could be the basis for a dialogue and exchange of best practices on the links between trade, investment aid and sustainable development. To this end special meetings ranging from expert to ministerial level as appropriate could be envisaged.

• Strengthen efforts to improve market access and investment conditions in Asia and Europe by taking measures to build a business climate conducive to trade and investment, intensifying co-operation on sustainable development and improving co-ordination on scientific and technical co-operation thereby contributing to the creation of employment opportunities.

• Achieve commitment and identify mechanisms to increase collaboration of ASEM partners in the successful completion of the negotiations by 2004 of the Doha Development Agenda (DDA) of the WTO.

• Reinforce efficient use of existing ASEM instruments in defining key priorities and refocusing activities for the 2002-2004 work programmes of the Trade Facilitation (TFAP) and Investment Promotion Action Plans (IPAP), based on a review and assessment of the progress and benefits of previous results. Encourage the establishment of roadmaps in the expert working groups which define precise steps and timetables to achieve concrete results.

• Agree on the need to better exploit the TFAP work programme results through the establishment of a TFAP website, where each TFAP working group could publish results of interest to the business community.

• Encourage the economic operators to engage more actively in the two-way feedback in the ASEM economic dialogue at all levels – from working groups to ministerial meetings, in order to ensure that activities are business-driven and to obtain more focused and practical recommendations from industry. This would also strengthen private-sector co-operation between the two regions in their mutual interest, through more intensive contacts between economic operators (particularly SMEs).

• Support for the further development of the strategically important Trans Eurasian Information Network (TEIN) in providing the required high capacity to channel the bi-
regional research and education network related cable-based telecom traffic, achieving interconnections among all Asian ASEM partners, and to assure the financing of the project.

**Finance**

- Strengthening our dialogue on economic and financial policy, and encourage sound policy reform in the financial and corporate sector. Europe's own experience in regional cooperation on economic and financial policy may be of particular interest to Asia, and we should in addition encourage Asia to take maximum advantage of the new possibilities offered by the Euro.

- Development of common action plans in addition to the trade liberalisation agenda, in particular in the financial sector and capital movements to reduce financial vulnerability by broadening the existing co-operation on strengthening prudential regulations and increasing competition in the financial sector.

**Environment**

- Review the results of the World Summit on Sustainable Development with a view to contribute to their implementation and contribute to ensuring coherence between decisions taken in the spheres of multilateral trade policy and international development aid policy and sustainable development.

- Reinforce the commitment on ratification and early entry into force of some multilateral environment agreements (MEAs) such as the Kyoto Protocol, the Protocol on Biosafety, Convention on Persistent Organic Pollutants, Convention on Prior Informed Consent procedures concerning trade of dangerous chemicals and pesticides.

- Underline the importance of ASEM policy dialogue on environmental matters as highlighted by the meeting of ASEM Environment Ministers; make use of the ideas emanating from the work carried out by the Asia Europe Environment Technical Center (AEETC) during its pilot phase.

- Continue developing synergies between the environment policy dialogue with work carried out in implementing the relevant ideas and follow-up of the ASEM Science and Technology Ministerial Meeting.

**People-to-People**

- Engage in a broad-based and forward-looking exchange of view on advancement of human resource development, educational exchanges and the concept of lifelong learning, emphasising education as a factor for employability and alleviation of the adverse consequences of globalisation, while linking this back where appropriate with the fight against terrorism and related transnational crimes.

- Encourage wider participation of the peoples of Asia and Europe in the ASEM process, through enlarging the basis to include representatives from civil society and other sectors of society as well as in enlarging the scope of themes in including social issues into the ASEM dialogue.
• Task Foreign Ministers (in their capacity as overall managers of the ASEM process) to prepare a proposal on modalities to implement this wider participation described above.

• Invite parliamentarians of all ASEM partners to regularly debate the advancement of the ASEM process and to associate themselves more closely to the work carried out. The regular meetings of Young Parliamentarians organised under the auspices of ASEF as well as the resumption of the Asia-Europe Parliamentary Meetings (ASEP) could form a useful basis for these endeavours.

• Reconfirm the important role of the Asia Europe Foundation in fostering people-to-people contacts, cultural exchanges and in bringing representatives of civil societies together and assure the Foundation’s financial sustainability to enable its management to develop a concrete long term work programme.

7. **CONCLUSIONS**

In its sixth year ASEM has become a more mature process, allowing fruitful discussions among policy makers at political and official level. As ASEM was originally conceived as a summit driven top-down approach, the bottom-up dimension which will not only assure wider participation but also more attention by the public has to be added. The realisation of the goals formulated in this Working Paper would contribute to the process, which is complementing the “comfort level” necessary for policy makers to engage in a process, which is not so much result but understanding oriented. Communicating that a dialogue process among equals is not just a “talk shop” but a deliverable not easily achieved in other fora as it is preparing the ground for common actions in the interest of the peoples of Asia and Europe, is a taunting task, requiring the active engagement of all ASEM partners at all levels.

In the final analysis, Asian and European Heads of state or government and the President of the European Commission have to sincerely believe in the importance of Asia for Europe and *vice versa*: they must show trust and respect for dialogue to assure success of the process.

To this end tools, as described in this paper or as outlined in the VADEMECUM, can help in the management and organisation of the process. ASEM activities properly linked to the dialogue and grouped in clusters may help to raise awareness of the process through providing deliverables. However, these instruments cannot substitute for genuine interest.

Setting goals and timetables for transforming ideas into action, developing effective reporting mechanisms using score cards and peer review and elaborating best practices could be additional tools to render the ASEM process more effective while respecting its dialogue character.

The public debate in the aftermath of September 11, 2001 has clearly shown that one of the strength of the ASEM process, engaging peoples of various cultures and civilisation, religions and of the experience of countries in different state of development in order to draw unity and strength from diversity is a rare asset in international relations which merits further development.

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14 The European Parliament has already established a practice of discussing ASEM matters in plenary as well as in parliamentary delegations. Cf. Resolutions passed on ASEM 3: http://www3.europarl.eu.int/omk/omnsapir.so?prg=Titref&APP=PV2&LANGUE=EN&TYPEF =Titref&YEAR=06&FIND=ASEM&FILE=BBILO&PLAge=1

15 The next meeting will take place in Venice/Italy, November 17-20, 2002.
ANNEXES

Activities since ASEM III

I. MINISTERIAL MEETINGS AND THEIR PREPARATORY MEETINGS

1. Foreign Ministers

Foreign Ministers’ Meetings
- In Beijing on 24-25 May 2001, in Madrid on 6-7 June 2002

Senior Officials’ Meetings
- In Stockholm on 25-27 April 2001, in Lanzarote on 2-3 April 2002

Coordinators’ meetings
- In Stockholm on 5-6 March 2001, in Beijing on 4-5 April 2001, in Madrid on 1st February 2002 and in Brunei on 2 August 2002

2. Economic Ministers

Economic Ministers' Meetings
- In Hanoi on 10-11 September 2001, in Copenhagen on 18-19 September 2002

Senior Officials' Meetings on Trade and Investment (SOMTI)
- In Brussels on 4-5 July 2001, in Bali on 16-17 July 2002

Economic Coordinators’ Meetings
- In Stockholm on 1-2 March 2001 and in Madrid on 15-16 April 2002

3. Finance Ministers' Meetings

Finance Ministers' Meetings
- In Kobe on 13-14 January 2001 and in Copenhagen on 5-6 July 2002

Finance Deputies' Meetings
- In Baiona (Spain) on 10 June 2002

Finance Core Group Meetings
- In Washington on 28-30 April 2001 and on 20-21 April 2002

4. Other Ministerial Meetings

Ministerial Meeting on Environment in Beijing on 17-18 January 2002
Meeting of Senior Environment Experts in Bangkok on 13-14 September 2001
Ministerial Conference on Cooperation for the management of Migratory Flows Europe-Asia in Lanzarote on 4-5 April 2002
Meeting of Senior Justice and Home Affairs experts in Lanzarote on 3-4 April 2002
ASEM Migration Experts Group in Beijing on 25-26 February 2002

II. OTHER MEETINGS

1. Political Cluster

- Third Asia Europe Young Parliamentarians Meeting in Bali on October 2001
- ASEM Informal Seminar on Human Rights in Bali on 12-13 July 2001

2. Justice and Home Affairs Cluster

- Symposium on Law Enforcement Organs' cooperation in combating Crimes in Beijing on 17-19 September 2001
- Meeting of ASEM Law Enforcement Agencies on Child Welfare, in Guangzhou on 10-12 November 2001

3. Globalisation Cluster

- Round Table on Globalisation in Seoul on 28-29 May 2001

4. Economic and Social Cluster

- Asia-Europe Business Fora
  in Singapore on 8-9 October 2001, in Denmark on 19-20 September 2002,
  Steering Committee meetings in Singapore on 25 June 2001 and 7 October 2001, in
  Copenhagen on 10 December 2001 and 7 June 2002
- ASEM Trust Fund Evaluation Meetings
  in Bangkok on 12-13 March 2002; in Washington on 19 April 2002

  Trade Facilitation Action Plan (TFAP) Meetings
- ASEM Customs Directors-General and EC in Stockholm on 2 July 2001
  Customs Working Group on Enforcement
in Brussels on 16-17 March 2001, in Kuala Lumpur on 26-28 February 2002

Customs Working Group on Procedures

in Bangkok on 24-27 April 2001 and in Brussels on 11-12 March 2002

- TFAP first seminar on E-commerce in Korea on 26 October 2001 and second e-commerce Seminar in Finland on 23-24 September 2002

- TFAP Meeting on Standards and conformity

  TFAP seminar on Standards and conformity Assessment in Brussels 28-29 November 2001 and in Beijing on 10-11 April 2002

- TFAP on Digital Opportunity in Tokyo on 22 March 2001

- TFAP Thematic Meeting on Government Procurement in Tokyo on 23 March 2001

- TFAP Seminar of IPR Enforcement in Hanoi on 16-17 May 2002

- TFAP SPS Workshop on pest risk analysis in Beijing on 20-21 May 2002

  SPS Veterinary Workshop in Noordwijk on 9-10 July 2002

  SPS Wrap-up and Evaluation Session in Noordwijk on 11-12 July 2002

- WTO trade facilitation Seminar in Kuala Lumpur in 28 June 2001

  Investment Promotion Action Plan (IPAP)

  - Investment Experts' Group (IEG)

  in Brussels on 3-4 July 2000, in Bali on 15-16 July 2002

- Second Asia Europe Young Entrepreneurs Forum in Singapore on 7-8 October 2001

- Seminar on Changing World Economy in Tokyo on 15-16 March 2002

5. Cultural and Human Resources Cluster

- ASEM Life Long Learning


  Closing Conference in Singapore on 2-4 July 2002

- Duo ASEM Fellowship Programme.

  Meeting of experts in Seoul on 9-10 April 2001
Duo-Korea and Duo-Singapore programs launched in November 2001

Duo-France program launched in March 2002

- Seminar on Cultural Heritage Training in Madrid on 5-7 June 2001

- ASEM Young Leaders Seminar

  in Kuala Lumpur on 8-12 October 2001 and in Berlin on 23-28 June 2002

6. Information Technology Cluster

- Seminar on information technology & telecoms in Bangkok on 9-10 May 2001

- Trans EurAsian Information Network.

  Meeting of experts in Seoul on 27-28 March 2001 and in Brussels on 25-26 March 2002

7. Environment Cluster

- Asia-Europe Environmental Technology Center Pilot Phase Guidance Group (AEETC PPGG)

  Meetings in Bangkok on 7-8 December, in Stockholm on 28-29 June 2001 and
  in Bangkok on 30 January 2002

- ASEM Senior Environment Experts’ Meeting in Bangkok on 7 May 2002

- Science and Technology Cooperation on Forestry Conservation and Sustainable
  Development in Guiyang, Guizhou on 20-21 July 2001

- Workshop on Conservation and Sustainable Use of Forests in Chiang Mai on 19-22
  April 2002

- ASEM Conference on Public Participation in Environmental Policies in Bangkok on
  10-12 June 2002

- Workshop on Water Management Issues in Changsha (China) on 10-13 June 2002

8. Asia-Europe Foundation

- Board of Governors Meetings

  in Lisbon on 10-11 May 2001, in Brunei on 19-20 October 2001, in
  Salamanca on 24-25 May 2002
EU COMMERCIAL RELATIONS WITH ASEM ** (mn ecu/euro)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>EU INFLOW</th>
<th>Average yearly % Change</th>
<th>EU OUTFLOW</th>
<th>Average yearly % Change</th>
<th>BALANCE</th>
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</table>

EU FOREIGN DIRECT INVESTMENT WITH ASEM**

**excluding Brunei and Vietnam (no data available)

*** negative flows denote disinvestment

<table>
<thead>
<tr>
<th>YEAR</th>
<th>EU IMPORTS</th>
<th>YEARLY % CHANGE</th>
<th>EU EXPORTS</th>
<th>YEARLY % CHANGE</th>
<th>BALANCE</th>
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<tbody>
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</tr>
</tbody>
</table>

EU TRADE IN GOODS WITH ASEM**

* World excluding Intra-EU trade
SHARE OF EU TRADE IMPORTS & EXPORTS (2000)

- Russia: 3.3%
- Candidates: 13.6%
- Africa: 7.6%
- Latin America: 5.3%
- Japan: 2.3%
- ASEAN: 5.6%
- South Korea: 2.1%
- China: 4.9%
- Rest of the World*: 33.5%
- USA: 11.9%
SHARE OF EU FDI OUTFLOWS (AVERAGE 1997-2000)

- USA: 54.9%
- Rest of the World*: 20.1%
- ASEM: 5.1%
- ASEAN: 1.8%
- China: 1.8%
- Korea: 1.0%
- Japan: 1.8%
- AMLAT20: 12.1%
- Russia: 2.1%
- Candidates: 4.0%
- Africa: 0.5%