

CHAIRMAN'S STATEMENT

INTRODUCTION

1. The Second Asia-Europe Meeting (ASEM 2) was held in London on 3-4 April 1998. It was attended by Heads of State and Government from ten Asian and fifteen European nations and the President of the European Commission, under the Chairmanship of the Prime Minister of the United Kingdom of Great Britain and Northern Ireland acting also as President of the Council of the European Union. Leaders were accompanied by their Foreign Ministers, members of the European Commission and other Ministers.
2. Leaders recalled their first Summit in Bangkok on 1-2 March 1996 (ASEM 1) when they resolved to build on the success of that Meeting by convening again in London in 1998 and in Seoul in 2000. They reviewed with satisfaction the progress made since their first Meeting in strengthening links between Asia and Europe. They reaffirmed, in a highly inter-dependent world, the role of ASEM in reinforcing the partnership between Europe and Asia in the political, economic, cultural and other areas of cooperation.
3. Drawing on the conclusions of the inaugural Bangkok Summit and consistent with the agreed Asia-Europe Cooperation Framework Paper, Leaders confirmed that the ASEM process should:
 - be conducted on a basis of equal partnership, mutual respect and mutual benefit;
 - be an open and evolutionary process; enlargement should be conducted on the basis of consensus by the Heads of State and Government;
 - enhance mutual understanding and awareness through a process of dialogue and lead to cooperation on the identification of priorities for concerted and supportive action;
 - carry forward the three key dimensions with the same impetus: fostering political dialogue, reinforcing economic cooperation and promoting cooperation in other areas;
 - as an informal process, ASEM need not be institutionalised. It should stimulate and facilitate progress in other fora; go beyond governments in order to promote dialogue and cooperation between the business/private sectors of the two regions and, no less importantly, between the peoples of the two regions; ASEM should also encourage the cooperative activities of think tanks and research groups of both regions.

With this in mind Leaders also welcomed the discussions at the Meetings of Foreign, Economic and Finance Ministers.

DEVELOPMENTS IN THE TWO REGIONS

4. Leaders attached high importance to remedying the financial and economic situation in Asia and reaffirmed their commitment to working together to address this global concern. To this end, a separate statement has been issued on the financial and economic situation in Asia which contains ideas and concrete initiatives on this matter.

5. Leaders discussed the progress made towards achieving European Economic and Monetary Union (EMU) as well as the launching of a European Union enlargement process. They noted the EU's firm intention that this would not lead to an inward-looking approach. They expected that the successful introduction of the euro would contribute to growth and stability of both Europe and the rest of the world.
6. Leaders recognised the growing interdependence of the economies and economic policies of the ASEM countries and agreed on the importance of deepening dialogue and cooperation between Asia and Europe. In this context, they welcomed the strengthened dialogue among the Finance Ministers and their Deputies on macroeconomic and financial issues including the opportunities and challenges presented by the introduction of the euro. In addition they agreed to cooperate to help their business communities prepare fully for the introduction of the euro.
7. Leaders noted that ASEAN celebrated its 30th Anniversary in 1997 by moving closer towards achieving the goal of embracing all nations in Southeast Asia ('ASEAN 10') with the admission of two new members. They welcomed the positive role played by ASEAN, with the cooperation of all its Dialogue Partners, in enhancing regional peace and stability, growth and social progress.
8. Leaders noted the outcome of the informal ASEAN Summit held in Kuala Lumpur in December 1997, including the adoption of the ASEAN Vision 2020. Leaders also noted the outcome of the informal meetings between leaders of ASEAN and the leaders of China, Japan and the Republic of Korea which have contributed to closer dialogue and cooperation within the region.

FOSTERING POLITICAL DIALOGUE

9. Leaders noted that the first meeting of ASEM Foreign Ministers in Singapore in February 1997 and subsequent meetings of Senior Officials had been the occasion for useful discussions of regional and international issues of common interest, and had contributed to the enhancement of understanding and friendship through a comprehensive political dialogue guided by the principles laid down by Leaders in Bangkok in 1996 and reflected in the paragraphs 5,6 and 7 of the Bangkok Chairman's Statement.
- Leaders noted with approval the expansion of Asia-Europe dialogues on general security issues. The ASEAN Regional Forum has carved an important role for itself in the discussion of regional security issues, and Leaders welcomed the substantial work already accomplished on confidence building measures. They looked forward to the ASEAN Post Ministerial Conference in Manila in July.
 - Leaders confirmed their resolve to pursue global political issues. They welcomed progress achieved already in work to promote effective UN institutional reform, with particular reference to the Secretary-General's Track II reform package and reaffirmed their continued commitment to cooperate in promoting reform with a view to reinforcing its pre-eminent role in maintaining and promoting international peace and security and sustainable development. Leaders took note of recent positive developments in the spheres of arms control, disarmament and non-proliferation, including the entry into force of the Chemical Weapons Convention and the opening for signature of the Comprehensive Test Ban Treaty. They underlined the importance of strengthening global initiatives on arms control, disarmament and non-proliferation of weapons of mass-destruction and their determination to deepen ASEM cooperation in these fields. Leaders reaffirmed their support for: the negotiations on measures to strengthen the Biological and Toxin Weapons Convention; an early start to negotiations in the Conference on Disarmament on a fissile material cut-off on the

basis of the agreed mandate; and the early entry into force of and progress towards the goals stated in the Comprehensive Test Ban Treaty.

- Leaders confirmed their commitment to pursue a more secure and stable international environment. In an increasingly inter-dependent world where regional problems could have world-wide impact, members of the international community are required to tackle those problems jointly. From this standpoint, Leaders discussed regional and international issues of common interest such as the situations in Cambodia, the Korean peninsula, in Bosnia and Kosovo, and enlargement of the EU. They expressed their opposition to all forms of racism and xenophobia, and agreed to intensify their efforts to contribute to peace, stability and prosperity through cooperation between Asia and Europe.

REINFORCING ECONOMIC COOPERATION

10. Leaders noted with satisfaction the substantial progress made since Bangkok in the furtherance of ASEM cooperation in the economic field, which forms the basis for a strong partnership between Asia and Europe. They welcomed various initiatives agreed at the first Economic Ministers' Meeting in Makuhari. They looked forward to the early implementation of the Investment Promotion Action Plan (IPAP), and of the Trade Facilitation Action Plan (TFAP), now adopted, and tasked Economic Ministers to supervise the implementation closely, recognising the economic diversity within and between Asia and Europe. Leaders also recognised the important role of investment in promoting growth in the two regions, and recalled the importance of programmes designed to promote two-way trade and investment between ASEM partners. They encouraged business to play an active part in the restoration of economic confidence and growth in the affected Asian countries, and to maintain and extend business investment activities in both regions. They welcomed all measures and initiatives designed to stimulate and facilitate two-way trade and investment flows.
11. Leaders emphasised the important contribution that increased trade and investment, based on open markets and firm adherence to applicable international rules could make to the early restoration of broad-based economic growth in the Asian region, as evidenced by the important achievements in the growth of the world economy which the development of the multilateral trading system had made possible over the past fifty years. They agreed to strengthen further the World Trade Organisation as the main forum for negotiation and to provide the means for further global liberalisation of trade within the multilateral framework. In this regard, they reaffirmed the importance of fully implementing all existing WTO commitments, including through fulfilment of the built-in agenda according to agreed timetables, and underlined their willingness to cooperate in making the WTO Ministerial Conference in Geneva this year a success, and to prepare an agenda for the next Ministerial Conference with a view to pursuing further trade liberalisation.
12. Leaders agreed that it was essential in a highly integrated world economy that all trading nations were Members of the WTO. They stressed that full participation in the WTO by ASEM partners will strengthen the organisation, and undertook to step up efforts in that direction with a view to obtaining an early accession of these nations to the WTO on the basis of congruous market access commitments and adherence to the WTO rules.
13. Leaders reaffirmed the important role of the business/private sector in strengthening economic linkages between Asia and Europe, and acknowledged the particular contribution made to this process by the Asia-Europe Business Forum since its inaugural meeting in Paris in October 1996. Noting with satisfaction the evidence of deepening business/private sector engagement in the ASEM process provided by the second Business Forum in Bangkok, the Leaders welcomed the

opportunity afforded by the third Business Forum in London both to build on the success of the Paris and Bangkok meetings and for the first time to bring ASEM Leaders and senior business representatives into direct dialogue. They expressed the need for the AEBF to continue the momentum of business-to-business exchanges created by the Asia-Europe Business Conference in Jakarta in 1997. Acknowledging the special needs of small and medium sized enterprises, Leaders looked forward to the Asia-Europe SME Conference to be held in Naples in May 1998 and further initiatives designed to foster full participation of SMEs in the ASEM process.

14. Since science and technology has increasingly become the key factor and chief engine for economic growth, and there is enormous potential for mutually-beneficial cooperation between Asia and Europe, Leaders noted various follow-up activities in this field and called for further efforts to strengthen technological cooperation between Asia and Europe. In this connection, a possible meeting of ministers for Science and Technology was discussed by Leaders.

14bis. Leaders further agreed that they should do more, collectively, to enlarge understanding of the consequences of the present crisis, including sending high-level business missions to the region for the purpose of encouraging investment. They underlined the importance of generating global confidence in the future of Asia's economies.

PROMOTING COOPERATION ON GLOBAL ISSUES

15. Leaders reiterated the importance which they attached to enhancing the ASEM dialogue on global issues such as human resource development, including management education, the fight against poverty, food supply, improvement of community health, employment, protection of the environment and promotion of sustainable development, and the fight against drugs and international crime and promotion of the welfare of women and children. They welcomed a series of new initiatives proposed in these areas. In this respect Leaders supported International Development Cooperation Targets including those agreed in various UN conferences, in particular the target to reduce by one half the proportion of people living in extreme poverty by the year 2015, as the basis for a collaborative international effort to eliminate poverty and to improve the living conditions of poor people.
16. Recalling the critical challenge posed by climate change, Leaders welcomed the Kyoto Protocol as an important step forward. They underlined the need for paid follow-up in preparation for the Buenos Aires Conference in November 1998.
17. Leaders agreed that addressing the issue of money laundering will contribute to transparency of the financial system and to efforts to combat drug trafficking and organised crime by attacking criminal assets. The development of policies against money laundering has been helped by the FATF's 40 Recommendations which are now an internationally accepted standard. They looked forward to enhanced cooperation between Europe and Asia in this area, including exchanges of experts and a joint study on organised crime's links with Asian and Western financial markets. They asked Finance Ministers to encourage this cooperation and review progress at their next meeting.
18. Leaders highlighted the importance of international cooperation to ensure that computer systems are millennium compliant particularly in sectors where system failures arising from the Y2K problem could cause social and economic dislocation.

PROMOTING COOPERATION IN SOCIAL AND CULTURAL ISSUES

19. Leaders affirmed the importance they attached to developing initiatives in the cultural and social fields in order to diversify further Asia-Europe Cooperation. They agreed that these initiatives should respond to and encourage the wide interest in strengthening links between the two regions shown by the public, think-tanks, research groups, universities and all sectors of society generally, thereby promoting the human dimension in ASEM.
20. Leaders welcomed the establishment of the Asia-Europe Foundation, and commended its work in promoting people-to-people contacts and enhanced intellectual and cultural exchange between the two regions. They welcomed the Foundation's initiatives such as the first Asia-Europe Young Leaders' Symposium, co-sponsored with Japan; the Editors' Roundtable in Luxembourg; the Cultural Forum in Paris; the Asia-Europe Lecture series; the first Europe-Asia Forum in Singapore; the launching of an ASEF website; the programme of cultural and arts events which will be held around ASEM 2. Leaders reaffirmed their support for the Foundation and recommended to their national institutions, foundations, corporations and other relevant non-governmental organisations that they cooperate with the Foundation.

TAKING FORWARD THE ASEM PROCESS

21. Building on the conclusions of ASEM I held in Bangkok, Leaders:
 - decided that discussions should continue on the timing and modalities concerning expansion of membership,
 - commissioned an Asia-Europe Vision Group to develop a medium to long term vision to help guide the ASEM process into the 21st century. Leaders noted that the Vision Group will hold its first meeting in Cambridge on 6 April 1998, and will submit its report to Foreign Ministers in 1999 then to ASEM 3 along with the Ministers' views on its recommendations,
 - adopted an Asia-Europe Cooperation Framework (AECF) to guide, focus and coordinate ASEM activities in political dialogue, the economic and financial fields and other areas,
 - adopted a Trade Facilitation Action Plan (TFAP) and an Investment Promotion Action Plan (IPAP), including the establishment of an Investment Experts Group (LEG),
 - launched an Asia-Europe Environmental Technology Centre to be located in Thailand,
 - emphasised the importance of continued work to develop policies and measures for cooperation in the other relevant fields such as infrastructure development, energy and the environmental sector with the objective of promoting sustainable economic growth,
 - welcomed the holding of further Asia-Europe Young Leaders Symposia in Baden/Vienna, Austria on 24-29 May 1998 and in the Republic of Korea in 1999 and Business Fora in Korea in 1999, in Austria in 2000 and in Singapore in 2001,
 - welcomed the establishment of the Asia-Europe Centre at the University of Malaya, Kuala Lumpur, Malaysia and took note of the intention to upgrade it to an Asia-Europe University,
 - took note of a report on the Trans-Asian railway network project coordinated by Malaysia.

22. Taking forward cooperation on major themes identified at ASEM I in Bangkok and in line with the priorities outlined in the Asia-Europe Cooperation Framework, Leaders:

- endorsed new initiatives to:

- hold an Asia-Europe Small and Medium-sized Enterprise Conference in Naples on 28-30 May 1998,
- establish the ASEMConnect electronic resource network for SMEs,
- promote the welfare of children. A meeting of experts in the UK in October 1998 will develop practical cooperation on child welfare issues, including the fight against commercial sexual exploitation of children,
- cooperate in combating illicit drugs, in particular to prevent the diversion of precursor chemicals and to support and encourage action against synthetic drugs,
- enhance and expand educational links in order to enable young people of the two regions to work together on common problems and projects as demonstrated by the pilot project involving young people in vocational training in schools in ASEM countries,
- strengthen cooperation on environmental issues with particular emphasis on: fresh water, forestry, climate change and sustainable development - including follow-up and implementation of the Rio Agreements, of Agenda 21, the Framework conventions on biodiversity and climate change, including follow-up to the outcome of the Kyoto Conference, and the Statement of Principles on Forests,
- take forward work in cooperation on environmental disaster preparedness including both short and long-term programmes, such as DIPECHO, to strengthen environmental disaster management capacities in Southeast Asia to enable countries to cope better with the threats posed by disasters affecting the natural environment including forest.

- and took note of the following new activities and encouraged their further development within the context of the Asia-Europe Cooperation Framework:

- protecting and promoting cultural heritage in ASEM countries, building on the conference/seminar to be held in London in May 1998. An ad hoc working group will meet in Vietnam in the autumn of 1998 to draft a relevant plan of action for the effective implementation of this initiative from 1999 onwards,
- holding of a seminar on the roles of the State and the market in Copenhagen before the Foreign Ministers' Meeting in 1999,
- promoting cooperation in information technology and telecommunications between Asia and Europe for better understanding and mutual benefits through setting up of an Asia-Europe Information Technology and Telecommunications Programme (AEITTP) to be coordinated by Thailand,
- cooperation in improving community health care. A seminar of experts in Vietnam in the third quarter of 1998 will discuss Asia-Europe cooperation in combining traditional and modern medicine and treatment for community health care,
- establishing a network of megacities of ASEM Partners to exchange views, information and experiences as well as to extend technical cooperation to support the sustainable development of these megacities. To this end¹ the first Asia Europe Forum of Governors of Cities (AEFGC) will be held in Thailand in 1999. This initiative as well as Singapore's initiative in convening a World Conference on Model Cities in 1999 would contribute to the success of the World Conference on Sustainable Urban Development which would be held in Berlin in the Year 2000,
- The establishment of ASEM Education hubs to encourage more academic exchanges between students of Asian and European universities, promoting exchanges of views and cooperation on the issue of sustainable agriculture through the setting up of an Asia-Europe Agricultural Forum (AEAF),

- the proposal from the Bangkok Business Forum for the establishment where appropriate of SME centres,
- establishing an Asia-Europe Management programme at the Asian Institute of Management, a Seminar on Labour Relations to be held in The Hague in October 1998, back to back with the ASEF Board of Governors' meeting at the time,
- the holding of a Seminar in the Philippines on "peace and society building" in areas that have been going through crisis and turmoil and whose development is the linchpin of efforts to maintain peace.

TOWARDS ASEM 3 AND BEYOND

23. Leaders confirmed their intention to meet again at ASEM 3 in Seoul, the Republic of Korea, in 2000, and decided to hold the Fourth ASEM in Europe in 2002. They noted that Foreign, Economic and Finance Ministers would meet in Germany in 1999 before ASEM 3.

London
4 April 1998
