

## Privileged access for business lobbyists undermines ASEM's credibility

A backgrounder by Corporate Europe Observatory (CEO), 1 September 2006

---

Back-to-back with the official ASEM summit in Helsinki, a conference hosted by the Asia-Europe Business Forum is expected to bring together 300-400 business leaders on 10-11 September. Among the keynote speakers at this tenth edition of the Forum (AEBF10), hosted by the Confederation of Finnish Industries, are the president and the prime minister of Finland, as well as high-level representatives of the European Commission, World Trade Organisation and the Asian Development Bank.

In stark contradiction with the (AEPF), "the Business Forum is part of the official ASEM process."<sup>1</sup> As the AEBF website boasts, "the Forum involves government officials and business representatives in a direct dialogue".<sup>2</sup> Despite continued complaints from civil society about this unequal treatment, the government declaration from the previous ASEM summit (Hanoi, October 2004) reiterated strong support for the AEBF and called for further deepening of the business involvement in the ASEM process.<sup>3</sup> In addition to privileged access to governments during ASEM summits, the AEBF has, since the late 1990s, had a formal institutionalised role within key ASEM bodies such as the Senior Officials Meeting on Trade and Investment (SOMTI). During SOMTI meetings, AEBF leaders are present and their recommendations are discussed in detail.

The Asia-Europe People's Forum (AEPF), on the other hand, has no official status in the ASEM process, no access to SOMTI or other ASEM bodies and is often ignored at ASEM summits.<sup>4</sup> The Finnish government, which hosts this year's ASEM summit, is far more open to the AEPF than most hosts before it. It however remains to be seen whether steps will be taken to address the systematic imbalance in access and end the preferential treatment enjoyed by the AEBF.

The European Commission has from the beginning been a particularly eager supporter of the AEBF.<sup>5</sup> The AEBF's privileged status within the ASEM process is primarily based on the far-reaching support from European Commission and other EU government officials, who have in the past taken an active role in securing the continuity of the AEBF's work. The simple reason is that the involvement of business leaders adds momentum to the EU's own ambitions for the ASEM process, particularly its radical trade and investment liberalization agenda. Their

### **Pushing ahead with PPPs**

*The expansion of the role of the private sector in public services delivery in Asian countries via Public-Private Partnerships (PPPs) has been a key demand of the AEBF's working groups since the beginning. This was a major theme at the previous AEBF gathering (Hanoi, October 2004) and is likely to be no less of a priority in Helsinki, where Joachim Bitterlich, Executive Vice President of Veolia Environment, is a keynote speaker and chair of the Investment Working Group. Veolia, the world's second-largest private water operator, has a strong presence in China, where it runs more than 15 privatized water concessions in large cities. In most other East Asian countries, water privatization has become increasingly controversial due to the failure of high-profile privatization projects in Manila, Jakarta and other large cities. Veolia and other corporations hope to use the ASEM process to overcome skepticism about PPPs and privatization among Asian governments.*

Asian counterparts tend to see ASEM's economic pillar as a tool for increasing trade and investment flows without necessarily agreeing to sweeping deregulation. This vision also seems to impact upon their views of the AEBF. There are also different perceptions among the business participants: the Asian participants see AEBF more as "networking/match-making event", whereas European corporations expect the Forum to deliver concrete political influence such as changes in government trade and regulatory policies.

Political differences between European and Asian governments are undoubtedly one of the reasons why the AEBF is not considered sufficiently effective by European business leaders. Dissatisfaction with slow or limited implementation of AEBF recommendations has reduced the eagerness to engage and created 'business fatigue'. In 2003, the European Commission reacted to this by consulting with European corporations and lobby groups about how to increase their enthusiasm for ASEM. Among the proposals from business was to introduce a "form of scoreboard, to demonstrate that ASEM was achieving progress in addressing their priorities".<sup>6</sup> In 2004, an ASEM Task Force recommended "more effort should be made to intensify the input from the business sector to policy making".<sup>7</sup> They proposed turning the AEBF into "a more formalized business council" with a permanent secretariat for co-ordination, similar to the official business advisory council (ABAC) that exists within APEC (the US-dominated Asia-Pacific Economic Cooperation process). In response, the Forum at its previous gathering, two years ago in Hanoi, Vietnam, "decided to set up a core group, reinforcing AEBF as Business Advisory Council to ASEM".<sup>8</sup> The SOMTI meeting in July 2005, for instance, featured discussions on how to increase the effectiveness of the interaction between business and public officials, resulting in AEBF recommendations to focus on "a small set of priority issues on which officials can concentrate their efforts".<sup>9</sup>

This perceived lack of effectiveness should in fact be considered a blessing. The EU's treatment of the AEBF results in exclusive and privileged consultation processes that are at odds with democracy. A more successful AEBF process, with higher rates of implementation of the forum's recommendations, would only mean a deeper degree of policy capture and more flawed policies emerging from the ASEM process.

It should not be forgotten that the AEBF is only one of many EU-backed international business forums. The Mercosur-European Business Forum (MEBF), for instance, enjoys significant influence over EU negotiating positions in the ongoing trade talks with the bloc of Mercosur countries (Argentina, Brazil, Paraguay and Uruguay).<sup>10</sup> An EU-Latin America Business Summit was held parallel to the gathering of heads of state and government of the two regions in Vienna in May.<sup>11</sup> The Transatlantic Business Dialogue (TABD) offers corporations a channel to influence EU-US trade policy positions, including in the framework of the WTO. The list of such forums, in which the EU puts large corporations in the driver's seat, continues to increase.<sup>12</sup> There is also growing critique of the European Commission's habit of awarding privileged access and influence to lobby groups like the European Services Forum (ESF).<sup>13</sup> CEO has proposed the European Commission to undertake a thorough review of the AEBF and other examples of problematic *informal* "consultation practices".<sup>14</sup>

<sup>1</sup> [Asian and European Business Leaders in Partnership for Sustainable Growth](#), AEBF press release, 28 July 2006.

<sup>2</sup> [Asian and European business leaders discuss trade and economic co-operation](#), AEBF press release, 22 December 2005.

<sup>3</sup> “Consultations within the business community and beyond should be enhanced to ensure that any new steps have full backing from, and support of, those whom they are intended to benefit. We call on Economic and Finance Ministers, and the next AEBF Chair further to improve ways of interaction between businesses and governments.” [Hanoi Declaration on Closer ASEM Economic Partnership](#), Fifth Asia - Europe Meeting (ASEM), 8-9 October 2004.

<sup>4</sup> This lack of recognition is acknowledged as problematic and a missed opportunity in the study [ASEM in its Tenth Year: Looking Back, Looking Forward](#), published by the Japan Center for International Exchange and the University of Helsinki (March 2006).

<sup>5</sup> See for instance [Asia-Europe Business Forum - ASEM's Corporate Bias](#), CEO Issue Briefing, September 2002.

<sup>6</sup> Ninth ASEM Senior Officials Meeting on Trade and Investment (SOMTI 9), [Chair's Statement](#), 6 June 2003, Paris, France.

<sup>7</sup> “The task force strongly proposes that ASEM leaders should create an officially appointed business council (ASEMBAC).” The task force included, among others, Lord Brittan of Spennithorne (UK), former European Trade Commissioner and currently Vice-Chairman of UBS Investment Bank. ASEM Task Force for Closer Economic Partnership between Asia and Europe, [Final Report and Recommendations](#), presented at ASEM V Summit in Hanoi, October 8-9 2004.

<sup>8</sup> The ninth Asia-Europe Business Forum (AEBF IX), [Chairman's Statement](#), Hanoi, 8 October, 2004.

<sup>9</sup> The [Chairman's summary](#) of the meeting recommends “development of closer links between the AEBF and Economic Pillar activities at all levels”. July 18-19 2005 in Qingdao, China.

<sup>10</sup> See: [Mercosur for sale? The EU's FTAA and the need to oppose it](#), Corporate Europe Observatory (CEO) & Transnational Institute (TNI), Info Brief, August 2003

<sup>11</sup> See: [A critique of the EU-Latin America Business Summit in Vienna](#), Abel Esteban, Corporate Europe Observatory backgrounder, May 2006.

<sup>12</sup> Other examples include the EU-Russia Industrialists' Round Table, EU-Japan Business Dialogue Round Table and the EU-Africa Business Forum, all of which to a large extent are driven by the European Commission.

<sup>13</sup> See for instance the founding statement of the Alliance for Lobbying Transparency and Ethics Regulation (ALTER-EU): [Ending corporate privileges and secrecy around lobbying in the European Union](#), July 2005.S

<sup>14</sup> CEO made this proposal on August 31st as part of its response to the Green Paper on the European Transparency Initiative (feedback on the application of the minimum standards for consultation practices), see <http://www.corporateeurope.org/>