

DOCUMENTATION

Ninth Meeting of the AFTA Council Singapore, 26 April 1996 JOINT PRESS STATEMENT

The Ninth Meeting of the AFTA Council was held on 26 April 1996 in Sentosa, Singapore.

2. The Ninth AFTA Council met to follow up on mandates from the Fifth ASEAN Summit held in December 1995 in Bangkok, and to review the progress in the implementation of the Common Effective Preferential Tariff (CEPT) Scheme for the ASEAN Free Trade Area.

Attendance

3. The Meeting was attended by H.E. Pehin Dato Abdul Rahman Taib, Minister of Industry and Primary Resources, Brunei Darussalam; H.E. T. Ariwibowo, Minister of Industry and Trade, Indonesia; H.E. Dato Seri Rafidah Aziz, Minister of International Trade and Industry, Malaysia; H.E. Cesar Bautista, Undersecretary, Department of Trade and Industry, the Philippines; H.E. Yeo Cheow Tong, Minister for Trade and Industry, Singapore; H.E. Dr. Surakiart Sathirathai, Minister of Finance, Thailand; H.E. Le Van Triet, Minister of Trade, Vietnam; H.E. Dato' Ajit Singh, Secretary-General of ASEAN. The Meeting was chaired by H.E. Pehin Dato Abdul Rahman Taib, Minister of Industry and Primary Resources, Brunei Darussalam.

Intra-ASEAN Trade of CEPT Products Grew by 21% in 1995

4. Intra-ASEAN exports of CEPT products grew by 20.9% in the period from 1994 to 1995, that is from US\$49.1 billion to US\$59.3 billion. Intra-ASEAN exports of CEPT and non-CEPT products increased by 16.2% from US\$63 billion to US\$70 billion in the same period. CEPT products have become increasingly prominent in overall intra-ASEAN exports, reaching 84.7% in 1995 compared to 81.38% in 1994.

5. Philippines, Malaysia and Thailand experienced the highest percentage growth of intra-ASEAN exports in the same period at 65.7%, 22.8% and 11.3% respectively for CEPT and non-CEPT products, and 76.5%, 22.7% and 57.8% respectively for CEPT products. In absolute terms, Singapore (US\$4.3

billion), Malaysia (US\$3.43 billion) and the Philippines (US\$0.94 billion) recorded the highest growth in intra-ASEAN exports of CEPT and non-CEPT products. In terms of intra-ASEAN exports of CEPT products alone, Singapore (US\$4.03 billion), Malaysia (US\$2.96 billion) and Thailand (US\$2.16 billion) recorded the highest growth in absolute terms.

6. In 1994, intra-ASEAN exports accounted for 24.99% of ASEAN's total exports while in 1995, this share increased to 25.35%. Again, intra-ASEAN exports grew much faster than its total exports. These appear in ANNEX 1.

Achievement of AFTA 2000 Target

7. The AFTA Council was pleased to note the realisation of the AFTA 2000 target, mooted at the 27th ASEAN Economic Ministers Meeting in Brunei Darussalam in September 1995, since almost all products will be traded amongst ASEAN Member Countries at tariffs of not more than 5% by the year 2000. The tariff reductions for these products have been accelerated ahead of the 2003 target in the CEPT Scheme. Based on the tariff reduction schedules of products by the ASEAN Member Countries under the CEPT for AFTA, 87.7% of the total number of products (i.e. tariff lines) for tariff reduction will have tariff rates of 0–5% by the year 2000. These products (i.e. tariff lines) accounted for 97.83% of intra-ASEAN imports for the period July 1994 to June 1995 (see ANNEX 2).

8. The Council encouraged Member Countries to look further into accelerating the tariff reductions for the remaining products to 0–5% by the year 2000, particularly for three sectors, namely Machinery and Electrical Appliances, Base Metals and Metal Articles, and Plastics. These account for 60% of intra-ASEAN imports in July 1994–June 1995.

9. The Council welcomed private sector initiatives to recommend tariff reductions in these and other product sectors.

Further Deepening of Tariff Cuts to 0%

10. In line with the Fifth ASEAN Summit decision in December 1995, the AFTA Council encouraged ASEAN Member Countries to consider the possibility of deepening tariff rates to a uniform 0%, instead of the target range of 0–5%, by the year 2003. The Council noted that about 41% of products (i.e. tariff lines) will have 0% tariff rates by the year 2003 and that these products account for almost 80% of intra-ASEAN imports from July 1994–June 1995 (see ANNEX 3).

Other Issues Discussed by the Council

11. The Council also discussed and made substantial progress on the following issues:

- (a) *Formulation of a Dispute Settlement Mechanism well in progress* — which provides for a way of resolving disputes between the Member Countries of ASEAN. This will enhance the transparency, equity and accountability in the AFTA process. The Dispute Settlement Mechanism will be applicable to the CEPT Agreement as well as all other economic agreements in ASEAN. A Protocol on Dispute Settlement Mechanism is being drafted and is due for signing in October 1996 by the ASEAN Economic Ministers.
- (b) *Customs Surcharges to be eliminated by 1996* — the Council agreed to phase out customs surcharges affecting identified CEPT products by the end of 1996.
- (c) *Elimination of Other NTBs* — the Council also agreed to a prioritized list of products to achieve transparency, harmonization and mutual recognition of technical standards. The

Council called on the ASEAN-CCI to liaise with their industry clubs to gather information on NTBs in these major sectors for transmission to the ASEAN Secretariat. The Council also agreed that the AFTA Units establish regular dialogues with the private sector and encouraged the private sectors of ASEAN to raise any AFTA-related complaints to these Units.

- (d) *Green Lane system for CEPT products to be further improved* — the Council agreed to a review and evaluation of the Green Lane system, which was launched at the Fifth ASEAN Summit in December 1995, with the view to making further improvements to it for the benefit of traders in the region. The System accords expeditious customs clearance of CEPT products.
- (e) *State Trading Enterprises* — for products handled by State Trading Enterprises, the Council tasked SEOM to look into the necessary modalities to incorporate flexibility in the ending rates.

National AFTA Units and the AFTA Unit Strengthened

12. The Council noted the further strengthening of the linkage between the National AFTA Units and the ASEAN Secretariat AFTA Unit via the Internet to enhance communication and coordination. These Units, which were created by the Fifth AFTA Council in September 1994, play the important role of implementing the monitoring [of] the CEPT Scheme for AFTA. The Council also endorsed the implementation of the ASEANWEB, which houses the ASEAN HomePage and the HomePage of Member Countries, to disseminate information on trade and investment opportunities and on the latest developments on the CEPT for AFTA. The Private Sectors can access the ASEAN HomePage at: <<http://www.asean.or.id>>.

13. These AFTA Units also act as the main channel of communication between the ASEAN Member Governments and the private sectors to deal with queries on AFTA, complaints, problems, etc. which are often raised by the private sector. The important role these Units play as a link with the private sector has been enhanced with the strengthened coordination. The Council encouraged the private sectors of ASEAN to address their AFTA-related complaints to the National AFTA Units in Member Governments and/or the AFTA Unit in the ASEAN Secretariat. The addresses and telephone numbers of these Units appear in ANNEX 4.

ANNEX 1

TABLE 1
Intra-ASEAN Exports (All Products)
(US\$ Millions)

Country	1994	1995	Growth
Brunei	467.52	233.41	-50.08%
Indonesia	5,787.97	6,334.00	9.43%
Malaysia*	15,002.15	18,429.01	22.84%
Philippines	1,425.12	2,361.32	65.69%
Singapore	28,806.68	33,095.20	14.89%
Thailand**	7,991.37	8,894.08	11.30%
Vietnam***	794.7	685.93	
Total	60,275.52	70,032.94	16.19%

TABLE 3
Growth in Intra-ASEAN Exports, 1994-95
(US\$ Millions)

Country	1994	1995	Increase
Brunei	467.52	233.41	(234.11)
Indonesia	5,787.97	6,334.00	546.03
Malaysia*	15,002.15	18,429.01	3,426.87
Philippines	1,425.12	2,361.32	936.19
Singapore	28,806.68	33,095.20	4,288.51
Thailand**	7,991.37	8,894.08	902.70
Vietnam***	794.7	685.93	(108.77)
Total	60,275.52	70,032.94	9,757.42

TABLE 2
Intra-ASEAN Exports (CEPT Products)
(US\$ Millions)

Country	1994	1995	Growth
Brunei	464.70	230.29	-50.44%
Indonesia	5,157.25	5,600.86	8.60%
Malaysia*	13,036.18	16,000.08	22.74%
Philippines	1,184.87	2,091.47	76.51%
Singapore	25,467.56	29,495.46	15.82%
Thailand**	3,743.58	5,905.98	57.76%
Vietnam	n.a.	n.a.	
Total	49,054.14	59,324.14	20.94%

Legend:

* Malaysia is missing 4th quarter exports to Thailand and Vietnam.

** Thailand is missing 1995 exports to Vietnam and 4th quarter exports to Malaysia.

*** Vietnam is missing 1995 exports to Thailand and 4th quarter exports to Malaysia.

TABLE 4
Growth in Intra-ASEAN CEPT Exports, 1994-95
(US\$ Millions)

Country	1994	1995	Increase
Brunei	464.70	230.29	234.41
Indonesia	5,157.25	5,600.86	443.62
Malaysia*	13,036.18	16,000.08	2,963.90
Philippines	1,184.87	2,091.47	906.60
Singapore	25,467.56	29,495.46	4,027.90
Thailand**	3,743.58	5,905.98	2,162.40
Vietnam	n.a.	n.a.	
Total	49,054.14	59,324.14	10,270.00

Legend:

* Malaysia is missing 4th quarter exports to Thailand and Vietnam.

** Thailand is missing 1995 exports to Vietnam and 4th quarter exports to Malaysia.

*** Vietnam is missing 1995 exports to Thailand and 4th quarter exports to Malaysia.

ANNEX 2

Distribution of CEPT Products in the Year 2000

<i>Tariff Rate Range</i>	<i>Number of Products</i>		<i>Import Value of Products¹</i>	
	<i>Number</i>	<i>%</i>	<i>Value²</i>	<i>%</i>
0 to 5%	38,655	87.76	40,350,791	97.83
Above 5%	5,390	12.24	896,984	2.17

NOTES

1. Import Value for July 1994 to June 1995.

2. In US\$ thousands.

SOURCE: AFTA Unit, ASEAN Secretariat.

ANNEX 3

Distribution of CEPT Products by Ending Tariff Rate in the Year 2003

<i>Tariff Rate</i>	<i>Number of Products</i>		<i>Import Value of Products¹</i>	
	<i>Number</i>	<i>%</i>	<i>Value²</i>	<i>%</i>
0%	17,906	40.91	32,462,249.8	78.67
1%	234	0.53	116,504.5	0.28
2%	1,503	3.43	85,869.6	0.21
3%	3,454	7.89	2,957,890.6	7.17
4%	47	0.11	21,499.8	0.05
5%	20,622	47.12	5,617,985.2	13.62

NOTES

3. In US\$ thousands.

4. Trade Value for July 1994 to June 1995.

SOURCE: AFTA Unit, ASEAN Secretariat.

ANNEX 4

Ministries/Departments and Addresses of the National AFTA Units and the AFTA Unit

Brunei Darussalam

National AFTA Unit
International Relation and Trade Development Division
Ministry of Industry and Primary Resources
Bandar Seri Begawan
Brunei Darussalam
Tel: 6732 381601 Fax: 6732 383811, 382846

Singapore

National AFTA Unit
Trade Policy Division
Trade Development Board
230 Victoria Street #09-00
Bugis Junction Office Tower
Singapore 0718
Tel: 65 433 4902 Fax: 65 337 6898

Indonesia

National AFTA Unit
Directorate of Trade Relations for
Multilateral and Regional
Directorate General for International Trade
Ministry of Industry and Trade
Jl Ridwan Rais No. 5
Jakarta 10110
Indonesia
Tel: 6221 3858185 Fax: 6221 3858191

Thailand

National AFTA Unit
Fiscal Policy Office
Ministry of Finance
Rama VI Road
Bangkok 10400
Thailand
Tel: 662 2739020 Fax: 662 2739168

Malaysia

National AFTA Unit
ASEAN Economic Cooperation
Ministry of International Trade and Industry
Blok 10, Jalan Duta
50622 Kuala Lumpur
Malaysia
Tel: 603 651 0033, 651 5680 Fax: 603 651 0827

Vietnam

National AFTA Unit
General Department of Taxation
Ministry of Finance
8 Phan Huy Chu Street
Hanoi
Vietnam
Tel: 844 8262732 Fax: 884 8262022, 8262266

Philippines

National AFTA Unit
Bureau of International Trade Relations
Department of Trade and Industry
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Sen. Gil. J. Puyat Ave.
Makati, Metro Manila
Philippines
Tel: 632 890 4669, 890 5148 Fax: 632 890 4812

ASEAN Secretariat

AFTA Unit
70A Jl. Sisingamangaraja
Jakarta 12110
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Tel: 6221 7262991 Fax: 6221 7243348
ASEAN HomePage: <http://www.asean.or.id>

SOURCE: ASEAN National Secretariat, Ministry of Foreign Affairs, Singapore.