

Twenty-Eighth Meeting of the ASEAN Economic Ministers

Jakarta, 12 September 1996

JOINT PRESS STATEMENT

1. The Twenty-Eighth Meeting of the ASEAN Economic Ministers was held in Jakarta, Indonesia on 12 September 1996. The Meeting was preceded by a Preparatory Meeting of the ASEAN Senior Economic Officials Meeting (SEOM) on 9–10 September 1996 and the AFTA Ministerial Council Meeting on 11 September 1996.
2. The Meeting was attended by H.E. Pehin Dato Abdul Rahman Taib, Minister of Industry and Primary Resources, Brunei Darussalam; H.E. Mr Hartarto, Coordinating Minister for Production and Distribution, Indonesia; H.E. Mr. T. Ariwibowo, Minister of Industry and Trade, Indonesia; H.E. Dato' Seri Rafidah Aziz, Minister of International Trade and Industry, Malaysia; H.E. Mr. Cesar B. Bautista, Secretary of Trade and Industry, Philippines; H.E. Mr Yeo Cheow Tong, Minister for Trade and Industry, Singapore; H.E. Dr. Amnuay Viravan, Deputy Prime Minister and Minister of Foreign Affairs, Thailand; H.E. Mr. Amnuay Yossuck, Deputy Minister of Commerce, Thailand; H.E. Mr. Le Van Triet, Minister of Trade, Vietnam; H.E. Dato' Ajit Singh, Secretary-General of ASEAN; and their respective delegations.
3. The Meeting was formally opened by His Excellency President Soeharto of the Republic of Indonesia. In his Opening Address, the President welcomed the Ministers and their respective delegations and stressed the importance of the Twenty-Eighth Meeting of the ASEAN Economic Ministers as a follow-up to the resolutions adopted at the Fifth ASEAN Summit and other ministerial level meetings that took place in between the Summit and the AEM Meeting.
4. The President emphasised the necessity that the WTO should concentrate its attention more on concrete trade issues and not to divert its attention to issues beyond them so as to avoid unnecessary controversy. He hoped that the forthcoming WTO Ministerial Conference, to be held in Singapore in December 1996, would also take into account the domestic situations of the respective member countries with full understanding and sensitivity.
5. As a forward-looking regional organization which consistently adheres to the principle of open regionalism, the President expressed that ASEAN would continue to play an active role in the APEC process with a view to helping reinforce economic liberalization and free trade both in the ASEAN region and the world. He also hoped that ASEAN involvement in the various activities to follow up the Asia-Europe Meeting will support the preservation of economic dynamism in Southeast Asia, which, in

the end, would bring about a positive impact on the effort to bridge the gap between the developed and developing world.

6. The President also urged that ASEAN should continue to develop dialogues with economic groupings in other regions which will help prevent the creation of closed economic and trade arrangements that are inconsistent with the ideals of the Uruguay Round and, at the same time, put ASEAN in a more favourable position to seize the opportunities created by globalization and free trade.

7. The President underscored the important role played by the private sector as the governments' reliable and capable partners in providing innovative inputs, new perspectives and view[s] on future opportunities. He appealed to the ASEAN Economic Ministers to develop new initiatives for the promotion of small and medium enterprises that have great potential in creating employment opportunities.

8. In their deliberations, the ASEAN Economic Ministers were pleased to note the satisfactory progress of the implementation of the decisions of the Fifth ASEAN Summit and that of the 27th Meeting of the AEM in Brunei Darussalam in September 1995.

Agenda for Greater Economic Integration

9. The Ministers recalled the decision of the Fifth ASEAN Summit on the vision of the Leaders on pursuing an agenda for greater economic integration. Noting the vision of the Leaders, the Ministers emphasised that it is now time for ASEAN to look for an enhanced model of cooperation with the aim to bringing ASEAN towards a more closely integrated, dynamic and prosperous enlarged family. The Ministers were of the view that the various economic cooperation initiatives in ASEAN have positioned the region as a forward looking and progressive group of countries. The Ministers tasked the senior economic officials to work out an appropriate model that will help bring about a more enhanced ASEAN cooperation beyond the year 2003 based on common interest and mutual benefits.

Cooperation in Trade: From Liberalization to Facilitation

10. The Ministers reiterated that contrary to adverse press reports for the past few days, the implementation of the CEPT Scheme for AFTA has made great strides. Noting that AFTA is well on the way to realization by the year 2003, the work activities have been directed towards trade facilitation exercises. These include, among others, elimination of NTBs and the harmonization of tariff nomenclature, customs procedures and valuation. An ASEAN Agreement on Customs has also been finalized by the Directors-General of Customs and is now ready for signing. The Ministers were pleased to note that a 'Green Lane System' to facilitate the clearance of CEPT goods is now in operation in the respective Member Countries' customs check points. In order to make the facilities better known to exporters and importers, the Ministers requested the SEOM to look into ways and means for enhancing the utilization of the system.

11. Another significant milestone has been achieved by ASEAN when the Ministers approved the CEPT Rules of Origin for Textiles and Textile Products. The CEPT Rules of Origin for Textiles and Textile Products allow the use of substantial transformation criterion as an alternative to the existing percentage criterion. Thus, a textiles exporter will have the choice of either using the percentage criterion or the substantial transformation criterion when applying for the CEPT certificate of origin. Annexed to the CEPT Rules of Origin is the ASEAN Single List which contains a list of textiles and textile products and the processes required before conferment of origin status. The Ministers expressed the confidence that this alternative rules of origin will promote greater intra-ASEAN trade in textiles and textile products as well as making ASEAN textiles and textile products more competitive in the world market.

12. The Ministers confirmed that Indonesia will begin phasing in rice and sugar into the CEPT Scheme by 1 January 2003 and end by 1 January 2010 with flexibility on the ending rates, safeguards, etc. The Ministers confirmed that the Philippines will complete the phasing in of rice into the CEPT Scheme by 1 January 2010. The meeting noted that Philippines will revert to the Informal AEM Meeting in November 1996 on the beginning date, ending rates and safeguards, etc.

Facilitation of Goods in Transit

13. To further facilitate the movement of goods in the region, the Ministers agreed in principle to a proposal to expedite the clearance of goods in transit. In this regard, the Ministers recommended the formation of a Joint SEOM and the Senior Transport Officials Meeting (STOM) to formulate a Framework Agreement among ASEAN Member Countries for goods in transit.

Dispute Settlement Mechanism (DSM)

14. The Ministers approved the draft DSM which covers all economic agreements in ASEAN. The DSM will be signed in November 1996. The Ministers requested SEOM to draft the interpretative notes to the DSM. The Meeting further requested SEOM to formulate a specific set of procedures to address CEPT-related disputes.

Cooperation in Industry

AICO Scheme

15. The Ministers agreed that the AICO Scheme will be operationalized by 1 November 1996. Efforts are currently being taken to publicise and make the scheme widely known to the private sector within and outside the region. With the view to encourage greater use of the Scheme, a guidebook on the AICO Scheme will soon be published by the ASEAN Secretariat.

SMEs

16. The Ministers reiterated the importance of small and medium-sized enterprises for the region's economic development. To this end, the Ministers noted that initial activities to facilitate and support the growth and development of SMEs are currently being carried out. Studies to identify and establish ASEAN 'Best Practice' on SME development policy based on manufacturing activities are being conducted. The scope of the study covers, among others, SME financing, technology sharing, human resource development, export marketing and industrial linkages.

17. The Ministers agreed to sign a Protocol to Amend the ASEAN Agreement for the Promotion and Protection of Investments.

ASEAN Investment Area (AIA)

18. The Ministers agreed on the ASEAN Investment Area and noted that there are now two papers on the measures and approaches for the realisation of the AIA. The Ministers requested the ASEAN Secretariat to prepare a paper highlighting areas of similarities and differences between the two papers for SEOM to analyse and to submit its recommendations on the AIA to the Information AEM in Manila on 21 November 1996.

Cooperation in Services

19. The Ministers noted the progress made in implementing the ASEAN Framework Agreement on Services. In particular, the Ministers noted that negotiations on tourism and telecommunication sectors are scheduled to be concluded by 30 June 1997 while the financial services, maritime transport, air transport, construction and business services sectors are scheduled to be concluded by 31 December 1998.

Other Areas of ASEAN Economic Cooperation

20. The Ministers noted the progress made in the areas of cooperation in food, agriculture, forestry, minerals, energy, transportation and tourism sector.

ASEAN Mekong Basin Development Cooperation

21. The Minister welcomed the progress made on the ASEAN Mekong Basin Development Cooperation initiative and noted that a Basic Framework outlining ASEAN's approach towards the development of the riparian states have been adopted at the ASEAN Mekong Basin Development Cooperation Ministerial Meeting. The Ministers noted the progress reports by the Working Group on Financial Matters and Railway Links.

East Asian Economic Caucus (EAEC)

22. The Ministers noted the increasing receptiveness of the EAEC among the Asia-Pacific countries and agreed to continue the efforts towards its realization. The Ministers agreed to develop programmes that would support the development of SMEs as well as human resources in the region. Malaysia will prepare a paper on this.

International and Regional Economic Issues

APEC Meeting and WTO Ministerial Conference

23. The Ministers had an extensive discussion on matters pertaining to the preparations of the APEC Meetings in the Philippines and the WTO Ministerial Conference in Singapore (SMC) in 1996.

24. The Ministers called for negotiations in Geneva to intensify so that a broad consensus on the agenda of the SMC could be reached before the WTO Ministers arrive in Singapore.

25. The Ministers reiterated the importance of the inaugural SMC and agreed to cooperate towards the success of the meeting.

26. On the review of the implementation of the Uruguay Round (UR) agreements, the Ministers stressed the need for countries to adhere to their UR commitments.

27. The Ministers reiterated that the built-in-agenda (BIA) is an integral part of the UR commitments and recommended that further work on the BIA be commenced after the SMC.

28. The Ministers also agreed that a progress report accompanied by a substantive and balanced work programme in the post-SMC would constitute a successful outcome to the deliberations of the Committee on Trade and Environment.

ASEAN Joint Approaches to Emerging International Trade Matters

US Rules of Origin

29. The Ministers expressed strong concern over a number of emerging international trade issues which could adversely affect ASEAN's position. In particular, the Ministers were concerned over the implementation of the US Rules of Origin on Textiles and Apparels which could adversely affect ASEAN's textile and apparel trade. In this respect, the Ministers urged the US to withdraw implementation of the new US Rules of Origin on Textiles and Apparels pending the conclusion of the WTO Harmonised Rules of Origin.

US Embargo on Shrimps

30. The Ministers expressed their concern over the US embargo on shrimps caught by trawlers not using the turtle excluder device on the principle that environmental issues should not be used to restrict trade. In this regard, the Ministers supported the action taken by Thailand.

US Sanctions Act relating to Iran and Libya and Cuba

31. The Ministers expressed strong concern on the extra-territorial application of the US Sanction Act which would undermine the multilateral trading system.

Restrictive Trade Policies of EU

32. The Ministers agreed to continue to pursue representation with the EU on the retention of E407a as the number of Processed Eucheuma Seaweed (Carageenan) in the list of allowable European food additives and the new EC Directive 96/3/EC in relation to the transport of bulk liquid oils and fats which places ASEAN's vegetable oils at a disadvantage.

33. The Ministers also expressed concern over the new EU-GSP Scheme for agricultural products which places ASEAN's agricultural and fishery products at a disadvantage.

Free Flow of Books, Publications and Printed Materials

34. The Ministers agreed that Member Countries should facilitate free flow of books, publications and printed materials as this would encourage the spread of knowledge in the region.

SOURCE: ASEAN Secretariat, Jakarta.