

DOCUMENTATION

Twenty-Sixth Meeting of the ASEAN Economic Ministers

Chiangmai, Thailand, 22–23 September 1994

JOINT PRESS STATEMENT

The Twenty-Sixth Meeting of the ASEAN Economic Ministers was held in Chiangmai, Thailand, on 22–23 September 1994.

2. The Meeting was preceded by a Preparatory Meeting of the ASEAN Senior Economic Officials (SEOM) on 19–20 September 1994 and the Fifth Meeting of the AFTA Council for CEPT on 21 September 1994.

3. 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 Industry and Trade, Indonesia; H.E. Professor Dr S.B. Joedono, Minister of Trade, Indonesia; H.E. Dato Seri Rafidah Aziz, Minister of International Trade and Industry, Malaysia; H.E. Mr Rizalino S. Navarro, Secretary of Trade and Industry, Philippines; H.E. Mr Cesar B. Bautista, Undersecretary of Trade and Industry, Philippines; H.E. Mrs Juanita J. Amatong, Undersecretary of Finance, Philippines; H.E. Mr Yeo Cheow Tong, Minister for Trade and Industry, Singapore; H.E. Dr Supachai Panitchpakdi, Deputy Prime Minister, Thailand; H.E. Mr Uthai Pimchaichon, Minister of Commerce, Thailand; H.E. Dato' Ajit Singh, Secretary-General of ASEAN; and their respective delegations.

4. The Meeting was formally opened by H.E. Prime Minister Chuan Leekpai. In his Keynote Address, Prime Minister Chuan Leekpai called for ASEAN to brace itself with greater confidence and optimism against the challenges ahead. The Prime Minister commented that although there was global support for trade liberalisation, there were also emerging trends not favourable to the developing countries. These included trade barriers, particularly of non-economic in nature, and the growth of regional economic groupings which are inward-looking.

5. The Prime Minister stressed that AFTA would help to enhance intra-ASEAN trade, and AFTA should be viewed from a longer and broader perspective. In this regard, possible short-term negative effects that could be encountered by certain industries must not override the longer-term mutual gains that AFTA could generate, and form closer collaboration programmes among Member Countries.

6. The Prime Minister commented that ASEAN must deepen and widen its economic cooperation in a

mutually beneficial way, and reduce its dependence on traditional export markets. To facilitate trade expansion, ASEAN must also eliminate tariff and non-tariff barriers.

7. The Prime Minister welcomed the move towards the creation of complementary sub-regional economic growth areas. Concurrently, private-sector initiatives must be facilitated to promote both local and foreign investment or joint ventures. ASEAN is committed to open regionalism and the multilateral free trade arrangements. The Prime Minister emphasized that ASEAN is no longer a base for labour intensive industries. In this connection, it is imperative for ASEAN to move towards more technology-intensive industries to maintain its economic dynamism and competitiveness.

Consultation with ASEAN-CCI

8. The Ministers welcomed the increasingly close interaction between the ASEAN-CCI and SEOM. The ASEAN-CCI has been invited and involved in many consultations with SEOM, on matters of interest to the private sector. In addition, for enhancing closer rapport, SEOM representatives will be attending future ASEAN-CCI meetings. The Ministers noted with appreciation this development and advised the private sector to play a more active role and involvement in ASEAN economic cooperation and industrial development activities.

9. The Ministers stressed that many opportunities have been created for the private sector through regional and sub-regional arrangements such as CEPT for AFTA and sub-regional growth zones. The Ministers, therefore, urged the ASEAN-CCI, as the representative of the region's private sector interest, to establish an effective mechanism for the dissemination of business information and opportunities to the private sector.

10. The Ministers advised the ASEAN-CCI to establish its own permanent secretariat so as to help the private sector to interact more effectively with SEOM and to provide more meaningful feedback and input to SEOM, and also focus its work and involvement on broader economic issues of the region.

11. The Ministers also informed the ASEAN-CCI that the AFTEX proposal on "substantial transformation" has been accepted in principle. A SEOM working group, comprising representatives from both the private and public sector, will be established to study the proposal.

CEPT Scheme and AFTA

12. The Ministers were satisfied with the progress of the implementation of the CEPT Scheme. The Ministers endorsed the Fifth AFTA Council decision to accelerate the realization of AFTA from 15 to 10 years by 1 January 2003 instead of 2008, and would recommend the decision to ASEAN Heads of Government. The acceleration of the realisation of AFTA is to be achieved by the following approaches:

(1) *Normal Track*

- to reduce tariff rates above 20% to 20% by 1 January 1998 and subsequently from 20% to 0-5% by 1 January 2003;
- to reduce tariff rates at or below 20% to 0-5% by 1 January 2000.

(2) *Fast Track*

- to reduce tariff rates above 20% to 0-5% by 1 January 2000;
- to reduce tariff rates at or below 20% to 0-5% by 1 January 1998.

13. In addition, all agricultural products will be eventually included in the CEPT/AFTA Scheme. A joint working group between SEOM and SOM-AMAF, will look into the arrangement to include the unprocessed agriculture products into the CEPT Scheme. The CEPT Agreement will be amended accordingly to effect the inclusion.

14. With the view to make the CEPT Scheme more meaningful and definitive, the Ministers have decided to eliminate the Temporary Exclusion List. Products in the Temporary Exclusion List will be transferred to the Inclusion List in five equal annual instalments of 20%; the first instalment shall be completed by 1 January 1996. This will provide certainty that the Temporary Exclusion List will be phased out within a fixed period compared with the original time frame of a review after eight years. The Ministers endorsed other measures agreed by the 5th AFTA Council, such as the establishment of an AFTA unit in the ASEAN Secretariat, and national AFTA units, more AFTA publicity and promotional campaigns and encouragement of greater private sector participation in the AFTA process.

Other ASEAN Economic Cooperation Activities

Transport and Communications

15. The Ministers also considered other areas of economic cooperation. The Ministers have requested SEOM to formulate (a) Plan of Actions in Transport and Communications and (b) Plan of Actions in Infrastructure Development. Availability of efficient infrastructure and transport and communication network will provide effective support to the rapid business and economic development of the region. This will increase ASEAN competitiveness and attract more foreign direct investment into the region.

Brand-to-Brand Complementation (BBC)

16. The successful implementation of the BBC schemes in the automotive sector has benefited Malaysia, Philippines and Thailand. Indonesia is now ready to participate in the BBC scheme. The Ministers initialled the Protocol to amend the MOU on BBC to enable the participation of Indonesia in the Scheme.

ASEAN Industrial Joint Venture Scheme (AIJV)

17. The Ministers also initialled the Protocol to amend the BAAIJV Agreement. The BAAIJV allows 49% foreign equity participation. However, 60% foreign equity is allowed for projects applied for before 31 December 1990. This deadline is now extended to 31 December 1996. The amendment is also to align the Rules of Origin of the AIJV to that of the CEPT Scheme, namely to lower the local content requirement from 50% to 40%.

Services

18. The Ministers endorsed SEOM's work on cooperation in services and directed SEOM to formulate a Framework Agreement on Cooperation in Services with the view to enhancing the competitiveness of the sector and the liberalization of trade in services in the region.

Intellectual Property

19. Recognising the dynamic economic development of the region, the Ministers agreed that ASEAN must strengthen cooperation in intellectual property. The Meeting tasked SEOM to look into the possibility of concluding an ASEAN Framework Agreement on Intellectual Property Cooperation, taking into account regional and international developments including the interpretation and implementation of the Agreement on TRIPs to facilitate future work in this area.

ASEAN External Economic Relations

20. The Ministers noted the progress in ASEAN's economic relationships with its major trading partners and agreed to examine possible linkages with various regional trade groupings to further enhance multilateral trade and globalisation of trade.

21. In this regard, the Ministers agreed to respond to the requests made by other regional groupings for linkages with the initiation of informal consultations with NAFTA and CER to facilitate exchange of information and to explore areas of mutual benefit.

Post-Uruguay Round

22. The Ministers welcomed the successful conclusion of the Uruguay Round (UR) of Multilateral Trade Negotiations and reaffirmed their support for the establishment of the World Trade Organisation (WTO) on 1 January 1995.

23. The Ministers urged all GATT contracting parties to ratify the UR Agreement by 31 December 1994 in order to ensure the timely establishment of the WTO.

Report of APEC Eminent Persons Group (EPG)

24. The Ministers noted the SEOM's discussion on the second EPG report and agreed that the EPG report is a useful reference for ASEAN Member Countries. The Ministers reaffirmed that ASEAN is committed, and will continue to be committed, to the GATT's rules and principles of multilateral trade liberalisation.

EAEC

25. With regard to the EAEC, the Ministers were briefed by the Secretary-General of ASEAN on the progress of his consultations with relevant countries, and agreed to maintain the momentum of the process.

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