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# DOCUMENTATION

## Seventh ASEAN-U.S. Dialogue, Singapore, 8–9 May 1986

### Joint Press Statement

- 1 The Seventh Meeting of the ASEAN-U.S. Dialogue was held in Singapore on 8–9 May 1986.
- 2 The U.S. Delegation was led by Mr Allen Wallis, Under Secretary of State for Economic Affairs. Mr William Piez, Deputy Assistant Secretary of State for East Asian and Pacific Affairs was Deputy Leader of the U.S. Delegation. Representatives of the Departments of State, Commerce and Agriculture, the Office of the U.S. Trade Representative (USTR), the U.S. Agency for International Development (USAID), and the U.S. Embassy officials in the ASEAN countries were also present.
- 3 The ASEAN Delegations were led by Pengiran Maidin Bin Pengiran Haji Hashim, Director-General, ASEAN National Secretariat, Ministry of Foreign Affairs, Brunei Darussalam; Mr Wisber Loeis, Director-General, ASEAN National Secretariat, Ministry of Foreign Affairs, Indonesia, Mr Mohd Yusof Bin Hitam, Director-General, ASEAN National Secretariat, Ministry of Foreign Affairs, Malaysia; Mr Oscar G. Valenzuela, Deputy Director-General, ASEAN National Secretariat, Ministry of Foreign Affairs, Philippines; Mr Yeo Cheow Tong, Minister of State for Foreign Affairs and Health, Singapore; and Mr Sakol Vannabriksha, Director-General, ASEAN National Secretariat, Ministry of Foreign Affairs, Thailand.
- 4 Mr Phan Wannamethee, Secretary-General of the ASEAN Secretariat; Mr Ridzwan Dzafir, Chairman of the ASEAN Committee on Trade and Tourism; Mr Mohd Yusof Bin Hitam, also Chairman of the ASEAN Committee on Social Development; and representatives of Chairman of the ASEAN Committees on Science and Technology; Finance and Banking; Transport and Communications; Culture and Information; and Industry, Minerals and Energy; were also in attendance.
- 5 The Meeting was co-chaired by Mr Yeo Cheow Tong, Minister of State for Foreign Affairs and Health, Leader of the Singapore Delegation; and Mr Allen Wallis, Under Secretary of State for Economic Affairs, Leader of the U.S. Delegation.
- 6 The Dialogue was opened by HE Mr S Dhanabalan, Minister for Foreign Affairs of Singapore. In his opening address, the Minister urged the Meeting to take advantage of the stimulus generated by the meeting between President Reagan and the ASEAN Foreign Ministers in Bali to produce tangible results at the Dialogue.
- 7 The Minister referred to the Dialogue as one of great importance to ASEAN as the U.S. is an important trading partner and investor. It is one of those rare forums where the U.S. meets a group of developing countries. The ASEAN-U.S. Dialogue should therefore not go to waste. He

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14 Both sides deliberated on a wide range of international economic issues, in particular, the New Round of Multilateral Trade Negotiations (NRMTN); the Multi-fibre Arrangement (MFA); international monetary situation; and commodity issues including the decline in oil prices.

15 Both sides agreed that strengthening and expanding GATT disciplines through a new round of multilateral trade negotiations offered the best prospect for further liberalisation of the world trading system. The ASEAN side stressed that it had made special efforts to take a consistently constructive stand in support of NRMTN. The U.S. side noted with appreciation that ASEAN was among the early supporters of the new round. Both sides identified several issues of common interest in the forthcoming negotiations, such as safeguards, dispute settlement, trade in agriculture, and standstill and roll-back of restrictive trade measures. The U.S. side assured ASEAN that it places equal priority on the so-called "new" and "old" issues. The ASEAN side urged the U.S. to ensure that issues of interest to ASEAN are adequately and promptly dealt with in the new round, so that improved market access for ASEAN products will result. The U.S. side promised to give sympathetic consideration to ASEAN's concern. Both sides agreed to make joint efforts to ensure a successful launching of the new round and to hold close consultations before and during the new round.

16 Both sides shared the views that the MFA should be renewed. The ASEAN side stated that the new MFA must be less restrictive and must improve market access of textile exports of developing countries. The U.S. side stressed the need for orderly growth of the textile trade.

17 Both sides recognised the critical effects of the fall in the prices of agricultural commodities and oil, on the economies of the ASEAN countries. The ASEAN side stated that the consequent fall in their export earnings is jeopardising economic growth and development in the ASEAN countries.

18 The ASEAN side was also concerned that while existing protectionist regimes in agricultural trade continued to impede market access, the use of agricultural export subsidies, and restrictions by certain developed countries had aggravated the situation. Both sides expressed the hope that the discussion of agriculture at the Tokyo Summit would lead to efforts to free agricultural markets from the harmful effects of subsidies and trade restrictions. Both sides recognised that major trading countries had to share responsibility for seeking remedies to the currently distorted and depressed international market for agricultural products.

19 The ASEAN side expressed concern over the recent sharp decline in the oil prices which have critically affected the economies of some ASEAN countries. It stressed the need for medium- and long-term policies on energy market stability and the determination of a fair price for oil. The U.S. side expressed the view that low oil prices would, on the whole, benefit the world economy. The U.S. side felt that oil prices would be determined by market forces.

20 Both sides noted that they are major producers of basic commodities and recognised the importance of commodity export earnings for their economies. The ASEAN side urged all the developed countries to play a constructive role in promoting increased cooperation between producers and consumers to arrest the decline in commodity prices. Both sides stressed the need for full application of GATT disciplines to trade in agriculture in order to reduce distortions and to allow trade in agriculture to better reflect comparative advantage and free market forces. The U.S. side recognised ASEAN's concern with the effects of depressed commodity prices, but observed that international commodity agreements generally had failed to stabilise prices or to serve the long-term interest of commodity producers. Nonetheless, the U.S. side affirmed that it is

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continuing its participation in the International Coffee Agreement and in the renegotiation of the International Natural Rubber Agreement.

*Bilateral Economic and Trade Issues*

21 The ASEAN side expressed concern with the proliferation of trade legislation pending in the U.S. Congress which are protectionist in nature and, if passed, would adversely affect the interest of ASEAN countries. The U.S. side reviewed the current situation regarding prospects for passage of new trade legislation by the U.S. Congress. It emphasised that the Administration is actively opposing protectionist measures proposed by the Congress. In particular, the U.S. reaffirmed that the Administration remained opposed to the so-called Jenkins Bill, which would impose import quotas for textiles, shoes and copper, and hoped that Congressional efforts later this year to override the President's veto would fail. In addition, the U.S. side confirmed that the Administration would continue to oppose the extension of the Manufacturing Clause. The ASEAN side expressed its appreciation for the strong position that the Administration has taken against the passage of such protectionist bills. The U.S. side reaffirmed President Reagan's commitments to continuously oppose these bills and assured that ASEAN's concern would be favourably considered.

22 The ASEAN side also expressed concern over certain trade laws that had been enacted by Congress, such as the 1985 Farm Act, which would have serious trade distortion effects and severe impact on ASEAN economies. The U.S. side recalled that President Reagan had opposed several trade-related provisions of the Act and reiterated the President's assurance that his Administration would exercise all possible flexibility to minimise any damage which the Farm Act might cause to those trading partners who do not subsidise their agricultural exports.

23 The U.S. side briefed ASEAN on the General Review which is being conducted by the Administration on the U.S.-GSP Scheme, as mandated under the U.S.-GSP Renewal Act of 1984. In this respect, the ASEAN side has submitted requests for CNL (Competitive Need Limit) waivers for a number of products. The ASEAN side urged the Administration not to implement the President's discretionary power in a manner that would jeopardise ASEAN's interests. The issue of the graduation of Brunei Darussalam from the U.S. GSP scheme was raised. ASEAN requested the U.S. to continue to treat ASEAN as one regional entity in the implementation of its GSP Scheme. The U.S. side took note of ASEAN's concern.

24 The subject of the Control Carrier Provision of the U.S. Shipping Act, which is affecting ASEAN shipping lines operating to the West Coast of U.S. was also discussed. Both sides agreed that the matter should continue to be pursued with the relevant authorities with the view to resolving the issue. On the question of ocean freight rate consultations between North American liner conferences and ASEAN shippers, the U.S. side undertook to facilitate technical contacts between the parties concerned through the ASEAN Washington Committee (AWC).

25 Both sides discussed current thinking about the possibility of liberalising two-way trade between the U.S. and ASEAN through an ASEAN-U.S. Trade Initiative (AUI). The U.S. side indicated that work on the NRMTN and on a free trade arrangement with Canada would preclude active negotiations with ASEAN for the time being. Both sides agreed that they would continue to explore the concept.

26 Both sides exchanged views on the specific trade issues and agreed that these and other bilateral economic and trade issues should be discussed further. Such informal consultations as

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added that whilst ASEAN was mindful of the sombre challenges it faces and perceptive of the tremendous opportunities that the developed countries had to offer, ASEAN too had much to offer to the U.S.

8 The delegations watched a videotaped statement made by the U.S. Secretary of State, the Honourable George Shultz. Secretary Shultz emphasized that the United States highly valued its relations with ASEAN, as reflected in an intensive series of high-level consultations this year. He expressed the expectation that strong growth in the U.S. economy this year would help the ASEAN economies as well. Secretary Shultz also reiterated the Reagan Administration's fundamental commitment to work with ASEAN to strengthen the open world trading system and provide new opportunities to the ASEAN countries for future growth and prosperity.

9 In his opening remarks, Minister of State Mr Yeo said that in the 10th year of the ASEAN-U.S. relationship, it was timely to review the Dialogue so as to strengthen and improve it. The deliberations on the international economic issues of mutual interest would reflect the special bond of friendship between ASEAN and the U.S.

10 In his opening remarks, Under Secretary of State Mr Wallis emphasized the importance the U.S. places on its ties with ASEAN and on the Dialogue process itself. He noted that important U.S. objectives for this Dialogue were (a) to review the results of the Tokyo Economic Summit; (b) to consult with the ASEAN Governments concerning preparations for a new round of GATT trade negotiations; (c) to reinforce the central role of the private sector in ASEAN-U.S. economic relations; (d) to review the programme of ASEAN-U.S. development cooperation; and (e) to clarify the objectives of U.S. and ASEAN trade policies.

11 In the closed sessions, both sides reviewed the progress of the Dialogue. They agreed that the ASEAN-U.S. Dialogue had attained substantial achievements in a number of areas. They noted that since its inception in 1977, the Dialogue had been expanded to include also the regular meetings of the ASEAN Foreign Ministers and the U.S. Secretary of State at the Post-Ministerial Conferences and during the UN General Assembly; the informal consultations between the ASEAN Economic Ministers and the U.S. Trade Representative and their senior trade officials; and the frequent meetings between the ASEAN Missions and the U.S. government agencies in Washington. Both sides exchanged views on the nature of the consultative process and agreed to strengthen it.

12 Both sides noted that the recent meeting between President Reagan and the ASEAN Foreign Ministers, and the bilateral meetings between the U.S. Secretary of State and the ASEAN Foreign Ministers in Bali, have further enhanced the mutual understanding of both sides on the various international, regional and bilateral issues of mutual concern.

#### *International Economic Issues*

13 The U.S. side briefed the ASEAN side on the outcome of the Tokyo Economic Summit, and informed the ASEAN side that the ASEAN Memorandum to the Summit had been taken into consideration. The U.S. side characterised the ASEAN Memorandum as thoughtful and constructive. The ASEAN side expressed its appreciation for the efforts made by the U.S. side in conveying ASEAN's views to the Summit. The U.S. side noted that the convergence of views which was realised among the Summit countries would help to ensure that economic growth could be sustained and shared by the developing countries.

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those between the senior trade officials of both sides, and between the ASEAN Missions in Washington and Geneva and the U.S. Trade Representative Office and the Department of Commerce, should continue.

27 The U.S. presented a proposal for establishment of a joint ASEAN-U.S. computerized trade data exchange. Such an exchange would support trade liberalization efforts between ASEAN and the U.S. whether in a multilateral or regional setting. ASEAN agreed to review the feasibility and desirability of such an undertaking at the June meeting of the ASEAN Committee on Trade and Tourism.

#### *Development Cooperation*

28 A Working Group on Development Cooperation was set up to review the progress of the on-going projects and consider new project proposals in various fields. Both sides noted with satisfaction the progress made in the on-going projects, and agreed to expedite the finalisation of several new project proposals for their early implementation.

29 Both sides further noted that development cooperation has been gradually broadened in sectoral scope to cover the fields of agriculture; applied tropical medicine; small and medium business improvement study; energy cooperation; insurance; culture; and economic and technological research. Cooperation in human resources has been given new impetus under the Dialogue. The U.S. announced its plans to institute a human resources development project, planned at US\$18 million over the next several years, under which the U.S. will be able to fund several new development project proposals.

30 Both sides reviewed the current investment climate in ASEAN and discussed the potential for increasing the flow of private investment capital to the region. Both sides agreed on the importance of private investment to the economic development of the ASEAN countries. The ASEAN side highlighted the progress under the ASEAN Industrial Joint Venture scheme and noted that non-ASEAN equity participation is welcomed in such ventures. The U.S. side affirmed that it favours active facilitation of U.S. direct private investment in ASEAN and indicated that a number of programmes were available for this purpose. The U.S. side was encouraged by steps taken recently by the ASEAN governments to improve the regulatory and legal climate for foreign investment, including efforts being undertaken to improve the protection of intellectual property rights. The U.S. side noted the importance of such efforts in attracting further investments into ASEAN.

31 During the Dialogue, Mr Yeo Cheow Tong, Minister of State for Foreign Affairs and Health of Singapore, on behalf of ASEAN and Mr Allen Wallis, Under Secretary of State for Economic Affairs, on behalf of the U.S. Government, signed a Memorandum of Understanding on the ASEAN Living Coastal Resources Management Project, amounting to US\$5 million which will be financed by the USAID.

#### *Conclusion*

35 Both sides agreed that the next Dialogue will take place in the United States at a time to be mutually determined.

36 The Delegations of Brunei Darussalam, Indonesia, Malaysia, the Philippines, Thailand and the United States expressed their deepest appreciation and sincere thanks for the hospitality accorded to them by the Singapore Government and for the successful preparation and conclusion of the Dialogue.