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# Twenty-Second Meeting of the ASEAN Economic Ministers Denpasar, Indonesia, 29–30 October 1990

## JOINT PRESS STATEMENT

1. The Twenty-Second Meeting of the ASEAN Economic Ministers (AEM) was held at Denpasar, Bali, Indonesia on 29–30 October 1990. The Meeting was formally opened by His Excellency President Soeharto of Indonesia, and was preceded by a Preparatory Meeting of the ASEAN Senior Economic Officials (SEOM) on 26–27 October 1990.
2. The Meeting was attended by H. E. Pehin Dato Abdul Rahman Taib, Minister of Industry and Primary Resources of Brunei Darussalam; H. E. Dr. Arifin M. Siregar, Minister of Trade of Indonesia, H. E. Mr. Hartarto, Minister of Industry of Indonesia; H. E. Mr. Hasjrul Harahap, Minister of Forestry of Indonesia; H. E. Dr. Sjarifudin Baharsjah, Junior Minister of Agriculture of Indonesia; H. E. Dato' Shaharuddin Haron, Secretary-General, representing H. E. Dato' Seri Rafidah Aziz, Minister of International Trade and Industry of Malaysia; H. E. Mr. Jose S. Concepcion Jr, Secretary of Trade and Industry of the Philippines; H. E. Brig. Gen. (Res) Lee Hsien Loong, Minister for Trade and Industry of Singapore; H. E. Mr. Mah Bow Tan, Minister of State for Trade and Industry of Singapore; H. E. Mr. Amaret Sila-On, Minister of Commerce of Thailand; H. E. Mr. Amnuay Yossuck, Deputy Minister of Foreign Affairs of Thailand; H. E. Mr. Suchon Charnpoonod, Deputy Minister of Finance of Thailand; and their respective delegations. H. E. Mr. Rusli Noor, Secretary-General of the ASEAN Secretariat and members of his staff were also present.
3. His Excellency President Soeharto in his Inaugural Address welcomed all delegates to Indonesia. He noted that the present ASEAN Economic Ministerial Meeting was being held at a time when the world was undergoing rapid and fundamental changes where peace, cooperation and friendship prevailed. As the strength of ASEAN laid essentially in the spirit of cohesion and solidarity, he urged the member countries to jointly exert further efforts to create a more meaningful and effective intra-ASEAN economic cooperation. He called for speeding up of the implementation of the AIJV and PTA and simplifying its procedure as well as being more effective in the fields of agriculture, forestry, finance and transportation. He stated that the strengthening of the ASEAN Secretariat might also be initiated. The President encouraged the participation of ASEAN businessmen to contribute to the promotion of intra-ASEAN cooperation. ASEAN being recognized as playing an increasingly important role in international development and cooperation, should make use of this opportunity to promote the cause for free, fair and equitable trading practices, particularly in supporting the Uruguay Round so that world economic development would be boosted by a free trading system.
4. The Ministers reviewed the overall ASEAN economic cooperation against the background of the momentous economic and political changes within and outside the region, namely, the developments

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in Central and Eastern Europe, the imminent Single European Market after 1992, the critical phase of the Uruguay Round, the rapprochement of the Superpowers, the possible end to the Cambodian problem, and the Gulf crisis. They agreed that the changes presented both challenges and opportunities which would increasingly test the resolve and strength of ASEAN.

5. Against such a background, the Ministers set out to examine the existing intra-ASEAN economic cooperation, ASEAN's external relations, its role and strategy in the world economic arena, and the ASEAN machinery. While finding the existing economic cooperation to be progressing well, the Ministers saw the need to focus on measures to further strengthen such cooperation. The Ministers were determined to adopt whatever appropriate measures to enhance the strength of ASEAN as a whole to effectively cope with the challenges and opportunities. In this regard, the Ministers felt that the development of a growth triangle among regions of Malaysia, Singapore and Indonesia could be a useful model for further strengthening economic cooperation among ASEAN member countries.

6. With full awareness of the prevailing economic reality and its volatile implications as well as ASEAN's dynamism, the Ministers focused their attention on the economic cooperation in a number of areas mentioned in the ensuing paragraphs.

7. The Ministers initialled the Supplementary Agreement establishing the ASEAN Potash Mining Project, and approved the Joint Venture Agreement of the Project. The Project, to be located in Thailand, is an ASEAN Industrial Project with initial capital of US\$289 million and an annual capacity of 1 million tons. It would engage in the construction, operation, manufacture and sale of Potassium Chloride to both ASEAN and non-ASEAN countries.

8. The Ministers welcomed the approval of multi-stage high powered centrifugal pumps and seven DAF truck components as AIJV products. Additional products were also approved for inclusion in the BBC scheme both from the existing schemes of Mitsubishi Motors Corporation and Volvo and from the BBC nominations of Nissan and the DAF Group of Belgium. The Ministers also welcomed the final approval of the BBC scheme of the Toyota Motors Corporation.

9. The Ministers stressed that ASEAN's industrial cooperation programmes should yield concrete results in terms of increased intra-ASEAN investments and contribute to member countries' industrial development. With regard to the AIJV scheme, the Ministers agreed to make it more attractive to investors by, inter alia, relaxing ASEAN equity requirements, greater accessibility of AIJV production to investors and more attractive tariff preferences on AIJV products. More specifically, the Ministers agreed to (i) extend the period during which non-ASEAN investors can hold as much as 60% of the equity of the AIJV project, from December 31, 1990 to December 31, 1993; (ii) remove the exclusivity privilege granted to new AIJV projects; (iii) application of a common effective preferential tariff on AIJV products among participating countries; (iv) waive the requirement for a minimum 5% equity contribution from nationals of the participating countries after the 4th year of commercial operations of the AIJV project for as long as the cumulative ASEAN equity remains at least 40% and that there are at least two ASEAN countries participating in the project; (v) extend the special treatment of AIJV products by reserving the preferential tariff only for the AIJV products and the participating countries until such time when the non-participating countries agree to extend all the AIJV privileges to the AIJV products imported into its markets or grant a common effective preferential tariff to the AIJV products after 8th year in all member countries.

10. Noting that all member countries have confirmed their programmes and product lists, the Ministers endorsed the implementation of the 1991 PTA programmes. The Ministers also endorsed the list of chemical products eligible for reduction of ASEAN content requirement.

11. The Ministers recognized that the PTA, upon the completion of the current programmes in 1992, would need to be improved and agreed that the next programmes would be extended to 1999. Some of the elements in the next PTA programmes may include the deepening of the MOP of the existing PTA

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items to 75% and granting the MOP of 50% to new items; reducing further the number of items in the exclusion list to 5%; reducing the ASEAN content requirements from 50% to 35% for 21 chemical products while maintaining the current rate for Indonesia at 42%; the feasibility of introducing the sectoral approach and the ASEAN preferential tariff quota applying common effective tariff on product basis under the sectoral approach.

12. The Ministers adopted the concept of a common effective preferential tariff on selected industrial products as a new scheme to facilitate the free flow of goods within ASEAN and thereby further increase ASEAN trade and investments. The integration of elements of liberalizing foreign exchange rules and revoking quantitative restriction on imports of products to be included into the new scheme would be explored.

13. The Ministers expressed satisfaction with the preparations for the Visit ASEAN Year 1992. All member countries have established their respective National VAY '92 Committees and identified preliminary lists of events to be organized in 1992.

14. The Ministers welcomed the increasing use of ASEAN currencies in the settlement of intra-ASEAN trade. The Ministers also encouraged the expansion of the co-operation in the areas of fiscal, financial and monetary management, capital market development and State-owned Enterprises.

15. The Ministers were encouraged by the good progress in the implementation of the Foot and Mouth Disease (FMD) Eradication Programme in ASEAN and the efforts to develop the ASEAN standards of Animal Vaccines. In this connection, the Ministers reaffirmed AMAF's approval on Indonesia's application to declare the whole of Indonesia as an FMD-free zone.

16. The Ministers expressed satisfaction with the implementation of the ASEAN Optical Fibre Submarine Cable Network (AOFSCN). Since the signing of the MOU for the construction of the system on 8 March 1990, the first three systems, namely, the Kuantan-Kota Kinabalu, Brunei-Malaysia-Philippines and the Brunei-Singapore cable systems are currently being implemented.

17. The Ministers, in reviewing the progress of ASEAN economic co-operation with Third Countries/International Organizations, reaffirmed the need for more active participation and contributions of private sectors in the dialogue process.

18. The Ministers endorsed the draft Memorandum of Understanding (MOU) on the ASEAN-US Economic Relations to establish a Trade and Investment Co-operation Committee and agreed that it be signed by appropriate ASEAN representatives and the USTR possibly before the end of 1990.

19. On the Asia-Pacific Economic Co-operation (APEC), the Ministers reaffirmed the need for ASEAN cohesiveness in the APEC process and emphasized that the global trade liberalization should remain a major theme of the APEC consultative process, even after the Uruguay Round. In this light, the Ministers expressed ASEAN's conviction that APEC would not evolve into a trading bloc.

20. The Ministers noted with deep regret the latest developments in the Uruguay Round negotiations. With hardly a month before Brussels, the Uruguay Round is facing a real crisis. The Ministers resolved that the Round should be concluded successfully in December 1990, as scheduled, to the benefit of the multilateral trading system and that all participants must similarly show the same determination. They would continue to assess the progress and intensify consultations in these last few days of negotiations, and should take concerted actions commensurate with the situation necessary to secure and promote ASEAN's trade interest. In this regard, the Ministers issued the ASEAN Statement on the Uruguay Round of Multilateral Trade Negotiations.

21. The Ministers expressed concern over the high level of farm subsidies provided by the developed countries which adversely affected agricultural exports from the developing countries including ASEAN. They urged that positive measures be undertaken to eliminate or substantially reduce these subsidies.

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22. The Ministers expressed satisfaction with efforts to counter the Anti-Tropical Timber Campaign. The ASEAN Ministerial Mission to Europe had inculcated some understanding in the EC of forestry management and problems faced by ASEAN. The issuances of the Joint Communiqué by ASEAN and the EC and the Joint Press Release by ASEAN and Germany provided some recognition by the EC of ASEAN's efforts in sustainable forest development and the need to co-operate and collaborate to improve forestry management on a sustainable basis in ASEAN. The Ministers also endorsed the recommendations submitted by the leader of the ASEAN Ministerial Mission to Europe on the comprehensive measures including the sending of similar missions to other developed countries and the formulation of a common ASEAN stand on the global forest and related conventions.
  23. The Ministers concurred with the proposal of the ASEAN Ministerial Meeting to study the need for a treaty or other framework for ASEAN economic co-operation and directed the ASEAN Senior Economic Officials to be actively involved in such proposed study.
  24. The Ministers attached great importance to the subject of ASEAN machinery. They agreed that the outcome of the study by the Panel of Five Eminent Persons on the strengthening of the ASEAN Secretariat should be taken into consideration, as the subject of ASEAN machinery should be tackled in a comprehensive manner.
  25. The Ministers expressed their appreciation to the ASEAN-CCI for its involvement in ASEAN activities and agreed that the co-operation between private and public sectors of ASEAN should be made more effective, particularly with regard to the improvement of the existing ASEAN trade and investment mechanism.
  26. The Ministers agreed to hold the Twenty-Third AEM Meeting in Malaysia in 1991.
  27. The Ministers expressed their most grateful appreciation to His Excellency President Soeharto of Indonesia for the valuable guidance and for having provided the framework for the deliberation of this Meeting as well as for his Excellency's gracious hospitality.
  28. The delegations of Brunei Darussalam, Malaysia, Philippines, Singapore and Thailand expressed appreciation to the Government and people of Indonesia for the warm hospitality extended to them and the excellent arrangements made for the Meeting.
  29. The Meeting was held in the traditional spirit of ASEAN cordiality and solidarity.

SOURCE: Ministry of Foreign Affairs, Republic of Singapore.