

Building the ASEAN Community

Tariff Liberalisation

Lowering Costs of Cross-border Trade



ASEAN has made significant progress on tariff liberalisation since 1992 when the Agreement on the Common Effective Preferential Tariff Scheme (CEPT) was signed. Key to this Agreement is the creation of an ASEAN Free Trade Area (AFTA), which is made possible through accelerating tariff reduction and elimination in the ASEAN region on products which have an ASEAN origin. The implementation of tariff elimination commitments in ASEAN was given stronger impetus by the signing of the ASEAN Trade in Goods Agreement (ATIGA) in 2009 and its enforcement in 2010. Within this

business milieu, as supported by legal frameworks and agreements, traders doing business in ASEAN now face lowering trade costs, measured in terms of tariff rates. After having determined that their products passed the ASEAN-origin eligibility, traders can now enjoy the reduced tariff rates under ATIGA.

In 2014, the average ATIGA rate stood at just 0.04% for ASEAN-6 (i.e. Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand). For CLMV (i.e. Cambodia, Lao PDR, Myanmar, Viet Nam), which is afforded flexibility in due consideration of their level of economic development, the average ATIGA rate was 1.33%. These rates are substantially lower than the 2007 rates of 1.32% (for ASEAN-6) and 4.44% (for CLMV), a clear indication that tariff-related trade costs have significantly reduced since the adoption of the AEC Blueprint in 2007.

Then again, ASEAN Member States are allowed to maintain tariffs on some products. In the interest of clarity and transparency, both for business and policymaking, these products are well defined and classified under different lists: Schedule D (Sensitive List), Schedule E (Highly Sensitive List), and Schedule H (General Exception List). These lists, together with other tariff-related information under ATIGA, are readily accessible on the ASEAN Secretariat website.

TO LEARN MORE

1. [ASEAN Trade in Goods Agreement \(ATIGA\) and Common Effective Preferential Tariff \(CEPT\)](#)
2. [List of ASEAN Agreements](#)

For more information, please visit <http://www.asean.org/communities/asean-economic-community> or send an email to aimo@asean.org