

**THE THIRTEENTH MEETING OF THE ASEAN FREE TRADE AREA (AFTA)
COUNCIL
29 September 1999, Singapore**

JOINT PRESS STATEMENT

1. The Thirteenth Meeting of the ASEAN Free Trade Area (AFTA) Council was held on 29 September 1999 in Singapore.
2. The Council reviewed the progress on the implementation of the Common Effective Preferential Tariff (CEPT) Scheme for AFTA since the last Council meeting on 6 October 1998 in Manila. The Council Meeting was preceded by the ASEAN Senior Economic Officials Meeting from 27-28 September 1999.
3. The Meeting was attended by Ministers from Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar Philippines, Singapore Thailand and Vietnam. The Secretary-General of ASEAN was also in attendance. A list of the Ministers who attended is attached. The Meeting was chaired by H.E. BG (NS) George Yeo, Minister for Trade and Industry, Singapore.
4. The AFTA Council recognised the improving regional economic outlook in ASEAN, with countries showing positive signs of economic recovery. The Council reaffirmed its resolve to implement the ASEAN Free Trade Area (AFTA) according to schedule. The Council noted in particular the favourable climate and impetus which AFTA creates for economies to eliminate any inherent weaknesses, consolidate and readjust to strengthen economic fundamentals, enhance competitiveness and facilitate the process of recovery.

More Than 85% of Products at 0-5% Tariff Rates by Next Year

5. The six original ASEAN Member Countries (Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand) will reduce tariff rates to 0-5% for 85% or more of their products, by next year. The Council endorsed these plans which will be implemented by Member Countries on 1 January 2000. This means that about 38,456 tariff lines will have 0-5% tariff rates in the year 2000, where an additional 781 tariff lines have been accelerated.
6. ASEAN Leaders, at last year's Summit, announced bold measures which, among others, mandated that 85% of all products should meet the 0-5% tariff rates by the year 2000 for the six original Member Countries of ASEAN. In addition, tariff rates will be further reduced to meet 0-5% target tariff rate for 90% of all products by the year 2001 and for all products by the year 2002, with flexibility. Acceleration packages for the Years 2001 and 2002 will be finalised early next year.
7. The ASEAN Leaders also agreed at last year's Summit that New Member Countries of ASEAN maximise their tariff lines at 0-5% tariff rates by 2003 for Vietnam by, 2005 for Laos and Myanmar. In this regard, Laos and Myanmar have also made unilateral moves to accelerate their schedules under AFTA.
8. Tables on the status of Member Countries' tariff lines and tariff rates are attached.

Ultimate Target for AFTA: Zero Tariff Rates

9. ASEAN Member Countries are working towards the elimination of import duties on all products to achieve the eventual objective of a free trade area. The Council agreed that the target dates to achieve

this objective will be the year 2015 for the six original ASEAN Member Countries and the year 2018 for the new Members of ASEAN. As an interim measure ASEAN countries will reduce 60% of their products to 0% by the year 2003. For the Philippines, this will require the approval of its legislature. Eliminating tariff rates, rather than a target rate of 0-5% (as currently) would completely eliminate tariff costs hence enhancing cost efficiency for business. The AFTA Council directed their officials to look into the implementation of this.

10. There are initial signs that ASEAN trade is on the way to recovery, after an initial contraction of intra-ASEAN trade by 15.9% and total exports by 5.6%. The ultimate target of 0% tariffs will help sustain the recovery of ASEAN trade, particularly intra-ASEAN trade.

Review of the General Exceptions List

11. Last year, the 12th AFTA Council requested Member Countries to conduct a review of their General Exceptions List. The Council welcomed the efforts by Member Countries to transfer a total number of 195 tariff lines from the General Exceptions (GE) List to the Inclusion List (IL).
12. The 195 tariff lines transferred represents 18.9% of the entire General Exceptions List. With this transfer, only 837 tariff lines remain in the GE List representing 1.3% of total tariff lines in ASEAN.

Non-Tariff Barriers Accorded Priority

13. Priority will be accorded to the removal of non-tariff barriers (NTBs), now that tariff rates are being reduced to a range of 0-5% under AFTA. The AFTA Council mandated the ASEAN Secretariat to undertake an in-depth monitoring of potential NTBs in ASEAN with the view to their elimination. The Council endorsed a mechanism to effectively address private sector complaints on NTBs and further agreed that private sectors could also address their complaints directly to the ASEAN Member Countries. These efforts will further facilitate trade and reduce the costs to trade.
14. Recognising the importance of private sector inputs in the identification of NTBs, the AFTA Council called on ASEAN business sectors to forward any complaints on NTBs to the Member Countries and the ASEAN Secretariat. To keep the process transparent, the Secretariat shall make publicly available the list of potential NTBs and their verifications by the Member Governments.

ASEAN Mutual Recognition Framework Paves Way for Trade Facilitation

15. The Council noted progress in the formulation of Interpretative Notes to the ASEAN Framework Agreement on Mutual Recognition Arrangements (MRAs). This can pave the way for MRAs to be developed on a sectoral basis. Such arrangements would facilitate trade through the mutual recognition of differing technical standards across countries, and reduce business costs through greater transparency of regulations and exemptions on the need for undertaking re-testing.
16. MRAs for telecommunication equipment are currently being developed. Other possible sectoral MRAs are being considered for cosmetics, pharmaceuticals and electrical products, In agricultural products, work on the harmonisation of 64 maximum residual limits (MRLs) on some pesticides for vegetables is currently in progress and is scheduled for endorsement in end October 1999.

Cambodia Participates in the CEPT Scheme for AFTA

17. Cambodia has joined the other ASEAN countries in trade liberalisation under AFTA. She has submitted a package that will begin tariff reduction on 1 January 2000. The Cambodian CEPT Package includes a total of 6,821 tariff lines, with 3,114 items in the Inclusion List (45.65% of total tariff lines), 3,523 tariff lines (51.65% of total tariff lines) in the Temporary Exclusion List, 134 tariff lines (1.96% of total tariff lines) in the General Exceptions List and 50 tariff lines (0.73% of total tariff lines) in the Sensitive List. The deadline for Cambodia to achieve AFTA is 2010.

Implementation of AFTA on Track

18. The next package of tariff reductions under AFTA would be ready for enactment on 1 January 2000. Legal enactments have been issued yearly to effect tariff reductions as well as to transfer products that were previously excluded from tariff reductions.
19. In the year 2000, with the inclusion of Cambodia, a total of 53,294 tariff lines, representing 82.79% of all tariff lines will be included for tariff reduction. This will include the phase-in of approximately 1,704 tariff lines which were previously temporarily excluded from tariff reductions. Average tariff rates for products under AFTA would be reduced from 4.86% in 1999 to 2.75% in 2003.

LIST OF MINISTERS

The Meeting was attended by

- a. H.E. B.G. (NS) George Yeo, Chairman of the AFTA Council and Minister for Trade and Industry, Singapore;
- b. H.E. Pehin Dato Abdul Rahman Taib, Minister of Industry and Primary Resources, Brunei Darussalam;
- c. H.E. Mr. Kong Vibol, Secretary of State of Economy and Finance, Cambodia;
- d. H.E. Mr. Rahardi Ramelan, Minister for Industry and Trade, Indonesia;
- e. H.E. Prof Dr. Bountiem Phissamay, Minister to the Prime Minister's Office, Lao PDR;
- f. H.E. Dato Seri Rafidah Aziz, Minister of International Trade and Industry, Malaysia;
- g. H.E. Brig. Gen. David O. Abel, Minister at the Office of the Chairman of the State Peace and Development Council, Myanmar;
- h. H.E. Mdm. Lilia R. Bautista, Senior Undersecretary of Trade and Industry and Special Trade Negotiator, Philippines;
- i. H.E. Dr. Pisit Leeahtam, Deputy Minister of Finance. Thailand;
- j. H.E. Mr. Nguyen Sinh Hung, Minister of Finance, Vietnam; and
- k. H.E. Mr. Rodolfo C. Severino Jr, Secretary-General of ASEAN.

TABLE
Number of Tariff Lines with Tariffs of 0-5% by the Year 2000

1

Country	Number of Tariff Lines				Percentage of IL			
	0-5	>5	Other	Total	0-5	>5	Other	Total
Brunei Darussalam	6,106	111	12	6,229	98.0	1.8	0.2	100.0
Indonesia	6,327	831	-	7,158	88.4	11.6	-	100.0
Malaysia	7,809	665	385	8,859	88.2	7.5	4.3	100.0
Philippines	4,738	833	-	5,571	85.05	14.95	-	100.0
Singapore	5,739	-	-	5,739	100.0	-	-	100.0
Thailand	7,737	1,329	0	9,066	85.34	14.66	-	100.0

TABLE

2A

Number of Tariff Lines with Tariffs of 0-5% by the Year 2003

Country	Number of Tariff Lines				Percentage of IL			
	0-5	>5	Other	Total	0-5	>5	Other	Total
Vietnam	2,495	1,075	-	3,570	69.89	30.11	-	100

Note: This is based on Vietnam's 1999 legal enactment, which does not contain a tariff reduction schedule to the year 2003. This means that more items could be at 0-5% by the year 2003.

TABLE

2B

Number of Tariff Lines with Tariffs of 0-5% by the Year 2005

Country	Number of Tariff Lines				Percentage of IL			
	0-5	>5	Other	Total	0-5	>5	Other	Total
Lao PDR	1,238	9	0	1,247	99.28	0.72	0	100
Myanmar	2,350	6	0	2,356	99.75	0.25	0	100

Note: This does not include the products in the TEL, which have to be phased in beginning in the Year 2001.