

**THE FOURTEENTH MEETING OF THE ASEAN FREE TRADE AREA (AFTA)
COUNCIL
4 October 2000, Chiang Mai, Thailand**

JOINT PRESS STATEMENT

1. The Fourteenth Meeting of the ASEAN Free Trade Area (AFTA) Council was held on 4 October 2000 in Chiang Mai, Thailand.
2. 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 attending is attached. The Meeting was chaired by H.E. Mr Tarrin Nimmanahaeminda, Minister of Finance of Thailand. The Council Meeting was preceded by a meeting of the ASEAN Senior Economic Officials on 1-3 October 2000.
3. The Council met to review the progress made in the implementation of the Common Effective Preferential Tariff (CEPT) Scheme for AFTA, the strong export recovery in the region, the continuing reduction in intra-ASEAN tariffs and the preparations for further cuts in the next year. They also agreed on a mechanism, which was based on internationally agreed norms and rules, to be utilised by countries which faced real problems in meeting their CEPT obligations. The AFTA Council referred a draft protocol to the ASEAN Economic Ministers Meeting for approval on 5 October 2000, based on modality provided for in Article XXVIII (Modification of Schedules) of GATT 1994.
4. The Ministers re-affirmed their commitment to realise the ASEAN Free Trade Area by the year 2002.

Surging ASEAN Exports

5. The AFTA Council welcomed the strong surge in ASEAN exports and the recovery in intra-ASEAN trade. Total exports of ASEAN[1] grew by 7.7% from US\$ 316.6 billion in 1998 to US\$ 341.1 billion in 1999 as shown in Figure 1. As regional economies began growing, demand for imports increased by 7.7% from US\$ 259.5 billion in 1998 to US\$ 279.5 billion in 1999.
6. The increase in exports was broad-based as both intra-ASEAN and extra-ASEAN exports grew in 1999. Extra-ASEAN exports expanded by 8.0% while intra-ASEAN exports, after contracting dramatically for the past two years, rebounded by 7.6%, as shown in Table 1.
7. The value of intra-ASEAN exports in 1999 of US \$ 74.4 billion was still below the level of US \$ 85.4 billion it reached in 1997. But it still represented the first good sign for intra-regional trade since the crisis first struck in mid-1997 and produced a large fall in intra-regional trade of 16.8% in 1998.
8. Exports to all other major markets outside of the region expanded in 1999. Exports to the EU grew by 18.7% from US \$ 46.1 billion to US \$ 55.7 billion. Exports to Japan grew by 7.2% from US \$ 34.7 billion in 1998 to US \$ 37.6 billion in 1999. Exports to the US market grew by 6.3% from US \$ 64.6 billion in 1998 to US \$ 70.0 billion in 1999, as shown in Table 2.

More Than 90% of Products at 0-5% Tariff Rates by Next Year

9. The AFTA Council was pleased with the progress made in implementing the Bold Measures announced at the Sixth ASEAN Summit in December 1998. At that Summit, the ASEAN Leaders mandated that, for the 6 original Members of ASEAN, at least 85% of the products in their Inclusion List should have their tariffs reduced to 0-5% by the year 2000. This proportion would then be expanded to at least 90% of products by the year 2001 and to all products by the year 2002, with flexibility.

10. As of this year, 85% of all products in the Inclusion List of the first six members of ASEAN (numbering more than 38,400 tariff lines) have fallen to 0-5%. Next year, the same six countries are required to increase the proportion to ninety percent (90%) and, in this connection, the Council endorsed the additional products whose tariffs will fall to 0-5% on 1 January 2001.

11. As a result of the continuing liberalisation of intra-ASEAN trade, the average CEPT tariff rate for the ten countries is now down to 4.43% and will be further reduced to 3.96% by the year 2001.

CEPT Package for Year 2001 Ready

12. The next package of tariff reductions under AFTA would be ready for enactment on 1 January 2001. The Council agreed that the legal enactments to effect the tariff reductions as well as to transfer products that were previously excluded from tariff reductions would be issued by 1 January 2001.

13. The CEPT package for the year 2001 will consist of 55,680 tariff lines (84.74% of total tariff lines) in the Inclusion List; 8,660 tariff lines (13.4% of total tariff lines) in the Temporary Exclusion List; 829 tariff lines (1.28% of total tariff lines) in the Sensitive List and 360 tariff lines (0.55% of total tariff lines) in the General Exception List, as shown in Table 3.

Developments in Customs

14. The AFTA Council noted the progress made in drawing up the ASEAN Harmonised Tariff Nomenclature (AHTN). They urged that the text of the AHTN be finalised before the end of the year and that appropriate measures be taken to ensure its speedy implementation by 1 January 2002.

LIST OF AFTA COUNCIL MINISTERS

The Meeting was attended by:

- i. H.E. Mr. Tarrin Nimmanahaeminda, Minister of Finance, Thailand;
- ii. H.E. Pehin Abdul Rahman Taib, Minister of Industry and Primary Resources, Brunei Darussalam;
- iii. H.E. Mr. Kong Vibol, Secretary of State, Ministry of Economy and Finance, Cambodia;
- iv. H.E. Mr. Luhut Binsar Pandjaitan, Minister of Industry and Trade, Indonesia;
- v. H.E. Mr. Liane Thikeo, Deputy Minister of Finance, Lao PDR;
- vi. Hon. Tan Sri Asmat Kamaludin, Secretary-General, Ministry of International Trade and Industry, Malaysia;
- vii. H.E. B. G. David O. Abel, Minister at the Office of the Chairman of the State Peace and Development Council, Myanmar;
- viii. H.E. Mr. Manuel A. Roxas II, Secretary of Trade and Industry, Philippines;
- ix. H.E. B.G. (NS) George Yeo, Minister for Trade and Industry, Singapore;
- x. H.E. Mr. Nguyen Sinh Hung, Minister of Finance, Viet Nam; and

xi. H.E. Mr. Rodolfo C. Severino, Jr., Secretary General of ASEAN

1[1] The available data is from Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand.
