

**THE Fifteenth MEETING OF THE ASEAN FREE TRADE AREA (AFTA)
COUNCIL
14 September 2001, Ha Noi, Viet Nam**

JOINT PRESS STATEMENT

1. The Fifteenth Meeting of the ASEAN Free Trade Area (AFTA) Council was held on 14 September 2001 in Ha Noi, Viet Nam.

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 is attached. The Meeting was chaired by H.E. Mr. Nguyen Sinh Hung, Minister of Finance, Viet Nam. The Council Meeting was preceded by a meeting of the ASEAN Senior Economic Officials on 7-8 September 2001.

3. The Council met to review the progress made in the implementation of the Common Effective Preferential Tariff (CEPT) Scheme for AFTA, which would see the original six members of ASEAN effectively realise AFTA on 1 January 2002. The Ministers agreed to implement the ASEAN Integration System of Preferences (AISP), in which the original members of ASEAN extend tariff preferences to the new members. The Ministers also reviewed plans for elimination of duties on Information and Communication Technology (ICT) products beginning 1 January 2003, a commitment under the e-ASEAN Framework Agreement.

Acceleration of AFTA

4. The AFTA Council welcomed the realisation of AFTA on 1 January 2002 by the original six signatories to the CEPT Agreement, well before the original target date.

5. As of this year, each of the original six members had reduced tariffs to 0-5% on at least 90% of its tariff lines in the Inclusion List. A total of 40,911 tariff lines (representing 92.9% of the Inclusion List of the first six members) have tariffs of 0-5%. The average CEPT tariff rate for the six countries is now down to 3.21 %. By next year, 42,377 tariff lines representing 96.2 % of the Inclusion List of the original six members would have tariffs of 0-5%.

6. The Ministers agreed that the realisation of AFTA should be widely disseminated in all ASEAN countries.

7. The Statement on Bold Measures announced by the ASEAN Leaders in 1998 required the original six members to accelerate AFTA from 2003 to 2002, with some flexibility. The original six members have also agreed to eliminate duties on 60% of the tariff lines in their Inclusion List by 2003. The CLMV shall plan to maximise the number of tariff lines with 0-5% and expand the number of tariff lines with 0%.

Elimination of Duties on ICT Products

8. Article 6 of the e-ASEAN Framework Agreement requires member states to eliminate duties and non-tariff barriers on intra-ASEAN trade in ASEAN ICT products in three tranches. The AFTA Council endorsed the indicative list of ICT products scheduled for the elimination of duties in 2003, 2004 and 2005 for the original six members of ASEAN and in 2008, 2009 and 2010 for the new members. A total of 1,986 ICT products have been identified for elimination of duties. There would be 1,464 ICT products in the first tranche; 49 ICT

products in the second tranche; and 190 ICT products in the third tranche. The details of the list of ICT products appears in Table 1.

ASEAN Integration System of Preferences

9. In response to the Initiative on ASEAN Integration (IAI) launched by the ASEAN Leaders during the Fourth ASEAN Informal Summit, the Ministers agreed to unilaterally extend tariff preferences to ASEAN's new members beginning 1 January 2002. The ASEAN Integration System of Preferences (AISP) would be implemented on a bilateral and voluntary basis and would be based on products proposed by ASEAN's new members. They agreed that the AISP would be regularly monitored and reviewed by the Senior Economic Officials Meeting (SEOM) and reported to the Ministers.

10. The Ministers welcomed the decision by Malaysia and Thailand to grant preferences to the new members. Malaysia will grant preferences on 12 products from Lao PDR, 345 products from Myanmar and 172 products from Viet Nam. Thailand has finalised the lists of AISP originally proposed by Lao PDR, Myanmar and Viet Nam. This scheme will be ready for implementation on 1 January 2002 and will be reviewed annually. With regard to Cambodia, Malaysia and Thailand are currently considering her product list.

11. The Ministers noted that the AISP would benefit ASEAN's new Members by extending preferences to nearly US \$ 400 million worth of their exports a year .

ASEAN Trade Performance

12. The Ministers noted the strong growth of ASEAN trade in the year 2000. Total ASEAN exports grew by 19.9% from US\$ 353.3 billion in 1999 to US\$ 423.6 billion in year 2000. ASEAN imports grew by 22.8%; in value terms, imports rose from US\$ 293.1 billion to US\$ 360.1 billion. The details of ASEAN trade appears in Table 2.

13. Intra-ASEAN exports grew by 26.3% while intra-ASEAN imports grew by 27.0% in the year 2000, higher than the growth of total exports and total imports. The level of intra-ASEAN exports of US\$ 97.8 billion reached last year exceeds the previous peak of US\$ 85.4 billion reached in 1997. The details appear in Table 3.

14. Looking forward to the rest of this year, the Ministers expressed their concern that the economic slowdown in the US and the EU and the recession in Japan have dampened demand for ASEAN exports. After strong export growth of 7.7% in 1999 and 19.9% in 2000, ASEAN exports are now looking at the possibility of an export contraction.

LIST OF AFTA COUNCIL MINISTERS

The meeting was attended by:

- i. H.E. Mr. Nguyen Sinh Hung, Minister of Finance, Vietnam;
- ii. H.E. Pehin Dato Abdul Rahman Taib, Minister of Industry and Primary Resources, Brunei Darussalam;
- iii. H.E. Mr.Kong Vibol, Secretary of State, Minister of Economy and Finance, Cambodia;
- iv. H.E. Ms. Rini M.S. Soewandi, Minister of Industry and Trade, Indonesia;
- v. H.E. Liane Thykeo, Vice Minister of Finance, Lao PDR;
- vi. H.E. Dato' Seri Rafidah Aziz, Minister of International Trade and Industry, Malaysia;
- vii. H.E. Brigadier General David O. Abel, Minister at the Office of the Chairman of the State Peace and

- Development Council, Myanmar;
- viii. H.E. Dr. Thomas G. Aquino, Undersecretary of Trade and Industry, Philippines;
 - ix. H.E. Brigadier General (NS) George Yeo, Minister for Trade and Industry, Singapore;
 - x. H.E. Mr. Suchart Jaovisidha , Deputy Minister of Finance, Thailand; and
 - xi. H .E. Mr. Rodolfo C. Severino, Jr. , Secretary General of ASEAN.

TABLE 1
NUMBER OF ICT PRODUCTS TO BE PHASED IN

COUNTRY	TRANCHES			
	1st Tranche	2nd Tranche	3rd Tranche	Total
Brunei Darussalam	61	29	41	131
Cambodia				
Indonesia	191	5	19	215
Lao PDR	237	15	39	291
Malaysia	164	0	22	186
Myanmar				42
Philippines	44	0	4	48
Singapore	549			549
Thailand	218	0	65	283
Viet Nam				241
Total	1,464	49	190	1,986

Note

*Cambodia will submit list of ICT product at the next AEM Retreat in May 2002

TABLE 2

ASEAN TOTAL TRADE (1999 - 2000)

(US\$ Million)

COUNTRY	EXPORT				IMPORT			
	1999	2000	Change		1999	2000	Change	
			Value	%			Value	%
Brunei	2,340.7	2,169.1	(171.5)	(7.3)	1,720.4	1,067.6	(652.7)	(37.9)

Darussalam								
Indonesia	48,665.5	62,124.0	13,458.6	27.7	24,003.3	33,514.8	9,511.5	39.6
Malaysia	84,287.9	98,154.5	13,866.6	16.5	63,677.8	79,647.5	15,969.6	25.1
Myanmar	738.0	1,193.8	455.8	61.8	1,883.0	2,219.4	336.4	17.9
Philippines	35,036.9	38,078.2	3,041.4	8.7	30,742.5	31,387.4	644.9	2.1
Singapore	114,625.1	138,352.5	23,727.3	20.7	110,998.0	134,680.1	23,682.2	21.3
Thailand	56,110.9	69,254.1	13,143.2	23.4	48,318.0	61,905.8	13,587.8	28.1
Viet Nam	11,541.0	14,308.0	2,767.0	24.0	11,742	15,635	3,893	33.0
TOTAL	353,346.0	423,634.2	70,288.2	19.9	293,085.0	360,057.6	66,972.6	22.8

As of 20 August 2001

TABLE 3

INTRA-ASEAN TRADE (1999 - 2000)

(US\$ Million)

COUNTRY	EXPORT				IMPORT			
	1999	2000	Change		1999	2000	Change	
			Value	%			Value	%
Brunei Darussalam	375.1	639.5	264.4	70.5	895.6	534.4	(361.3)	(40.3)
Indonesia	8,278.3	10,883.7	2,605.4	31.5	4,783.6	6,781.2	1,997.6	41.8
Malaysia	21,885.0	24,408.6	2,523.6	11.5	12,412.8	15,934.8	3,522.0	28.4
Myanmar	236.8	393.5	156.7	66.2	1,038.6	1,113.3	74.7	7.2
Philippines	4,989.1	5,982.6	993.4	19.9	4,461.0	4,955.4	494.4	11.1
Singapore	29,269.3	37,784.0	8,514.6	29.1	26,241.0	33,291.3	7,050.3	26.9
Thailand	9,901.9	15,099.7	5,197.8	52.5	7,987.4	10,475.9	2,488.5	31.2
Viet Nam	2,516.3	2,613.0	96.7	3.8	3,290.9	4,519.4	1,228.5	37.3
TOTAL	77,451.8	97,804.6	20,352.8	26.3	61,110.9	77,605.7	16,494.8	27.0

As of 20 August 2001