

**THE SIXTEENTH MEETING OF THE ASEAN FREE TRADE AREA (AFTA)  
COUNCIL  
11 September 2002, Bandar Seri Begawan Brunei Darussalam**

**Joint Press Statement**

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1. The Sixteenth Meeting of the ASEAN Free Trade Area (AFTA) Council was held on 11 September 2002 in Bandar Seri Begawan, Brunei Darussalam.
  2. The Meeting was attended by Ministers from Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. The Secretary-General of ASEAN was also in attendance. The Meeting was chaired by H. E. Pehin Dato Abdul Rahman Taib, Minister of Industry and Primary Resources, Brunei Darussalam. The Council Meeting was preceded by a meeting of the ASEAN Senior Economic Officials on 9 September 2002.
  3. The AFTA Council met to review the progress made in the implementation of the Common Effective Preferential Tariff (CEPT) Scheme for AFTA since the 15th AFTA Council Meeting in Ha Noi, Viet Nam in September 2001. These included, among others, commitments made by Member Countries under the Statement on Bold Measures adopted by the ASEAN Leaders in December 1998, implementation of the Leaders' mandate on the elimination of all import duties and the elimination of non-tariff barriers.
  4. The Ministers reviewed the progress in the implementation of the ASEAN Integration System of Preferences (AISP) Scheme endorsed by the Ministers in Ha Noi in September 2001; developments in standards, in particular on mutual recognition arrangements (MRAs) and the harmonization of standards; and the tariff liberalization for information and communications technology (ICT) products as committed by the Member Countries under the e-ASEAN Framework Agreement.

**Acceleration and Realization of AFTA**

5. The Ministers expressed satisfaction that the accelerated AFTA targets have been fully realized. On 1 January 2002, CEPT tariffs on 96.24 per cent of the Inclusion Lists of the six original signatories to the CEPT Agreement have been reduced within the range of 0-5 per cent. The Ministers noted that about 98.36 per cent – or 44,162 tariff lines – of all the tariff lines for ASEAN's original members are already in the Inclusion List and the average CEPT tariffs for these countries have gone down from 12.76 per cent in 1993 to 2.89 per cent in 2002.
6. The Ministers also noted that ASEAN's newer members are not far behind in implementing their commitments. The Inclusion Lists of ASEAN's newer members comprise 64.27 per cent of their total number of tariff lines and, of these items, 55.78 per cent is already within the 0-5 per cent range. The average CEPT rates for the newer members currently stand at 6.77 per cent.
7. The Ministers were happy to note that the newer members of ASEAN would do their utmost to advance the realization of AFTA goal of achieving 0-5 per cent tariff in their Inclusion List by a full year, with some flexibility.
8. The Ministers noted that to date, Brunei Darussalam, Malaysia and Singapore have already achieved the target of fully eliminating import duties on 60 per cent of their products in the CEPT Inclusion Lists. The Ministers expressed the hope that the remaining original members will be able meet the target of 1 January 2003. In addition, the newer members of ASEAN agreed to achieve 80 percent of

their Inclusion List of 0-5 percent tariff by 2003 for Vietnam, 2005 for Lao PDR and Myanmar, and 2007 for Cambodia, with some flexibility.

9. The Ministers noted that a work programme on the elimination of unjustifiable and unnecessary non-tariff barriers is currently being finalized. The Ministers reaffirmed their determination to eliminate non-tariff barriers to trade.
10. The Ministers noted Philippines' intention to possibly invoke the Protocol regarding the CEPT Temporary Exclusion List with respect to its petrochemical industry. No consensus was reached, and further discussions will be carried out.

#### **Year 2003 CEPT Package**

11. The Ministers looked forward to the reduction of CEPT tariffs to 0-5% by 1 January 2003 for products where flexibility was exercised by ASEAN's older members thereby subjecting 100 per cent of their products in the CEPT Inclusion Lists within that range.
12. The Ministers also looked forward to the transfer of products from Viet Nam's last tranche of Temporary Exclusion List (TEL) of manufactured products into the Inclusion List; transfer of more products from the TEL of Cambodia, Lao PDR and Myanmar; and the phasing-in of products in the Sensitive Lists of Brunei Darussalam, Malaysia, the Philippines and Thailand into the CEPT. By 2003, tariffs on at least 60 per cent of products in the Inclusion List of the older ASEAN members will be eliminated.

#### **ASEAN Integration System of Preferences (AISP)**

13. The Ministers welcomed the implementation of the ASEAN Integration System of Preferences (AISP) Scheme since 1 January 2002. The Ministers noted that around 1,117 tariff lines from Cambodia, Lao PDR, Myanmar and Viet Nam are eligible for tariff preferences in Brunei Darussalam, Indonesia, Malaysia and Thailand. The Ministers encouraged preference-giving countries to consider including more products into the Scheme in subsequent reviews by using product lists already submitted by the preference-receiving countries. The Scheme forms part of ASEAN's efforts to accelerate the integration of its newer members into the regional market for trade in goods and contribute to the narrowing of the economic divide among ASEAN members.

#### **Roadmap for the Integration of ASEAN (RIA)**

14. The Ministers endorsed the Roadmap for the Integration of ASEAN (RIA) in the area of trade in goods. The AFTA Roadmap endorsed by the Ministers include, among others: (i) benchmarks for the newer ASEAN members to maximize the number of tariff lines in their Inclusion Lists with 0-5% tariffs; (ii) acceleration of the ending year for realizing the AFTA for Cambodia, Lao PDR, Myanmar and Viet Nam; (iii) timetable for the elimination of import duties; (iv) progressive elimination of non-tariff barriers; and (v) review of the CEPT Rules of Origin.

#### **Trade Facilitation and Standards**

15. The Ministers welcomed the developments in the establishment of mutual recognition arrangements (MRAs) and the harmonization of standards. The Ministers welcomed the conclusion of the ASEAN Sectoral MRA for Electrical and Electronic Equipment on 5 April 2002 and the finalization of the Agreement on ASEAN Cosmetic Regulatory Scheme to be signed before the end of the year.
16. The Ministers noted that, aside from the 20 product groups previously prioritized by the AFTA Council for harmonization, the ASEAN Consultative Committee for Standards and Quality (ACCSQ) had commenced work on the harmonization of another 72 standards for safety and 10 standards for electromagnetic compatibility.

17. The sectoral MRAs are designed to allow products tested in one ASEAN country to be sold in other ASEAN countries without duplicating the testing and certification already done in the first country. For those products subjected to product registration approval, the sectoral MRAs would allow them to be marketed in the other ASEAN countries if the products have been registered accordingly in one ASEAN country.

#### **Liberalization of ICT Products**

18. The Ministers endorsed the submission of Cambodia on her ICT products whose import duties would be eliminated in three tranches, i.e. 2008, 2009 and 2010. The Ministers noted that tariffs on some 1,192 tariff lines of ICT products would be eliminated by the six original ASEAN members by 1 January 2003.

#### **Strengthening the Rules of Origin**

19. The Ministers welcomed the establishment of the Task Force on the CEPT-AFTA Rules of Origin, which had been tasked to look into improving and strengthening the current CEPT Rules of Origin. The Ministers were optimistic that this exercise would contribute to the greater utilization of the CEPT Scheme.

### **LIST OF ASEAN FREE TRADE AREA COUNCIL MINISTERS**

- (i) **H.E. Pehin Dato Abdul Rahman Taib**, Minister of Industry and Primary Resources, Brunei Darussalam;
- (ii) **H.E. Mr. Kong Vibol**, Secretary of State of Economy and Finance, Vice Chairman of the Council for the Development of Cambodia, Cambodia;
- (iii) **Ms. Rifana Erni**, Director General for Industrial Cooperation and International Trade, Department of Industry and Trade, Indonesia;
- (iv) **H.E. Mr. Soulivong Daravong**, Minister of Industry and Handicrafts, Lao PDR;
- (v) **Datuk Abdul Razak Ramli**, Secretary-General, Ministry of International Trade and Industry, Malaysia;
- (vi) **H.E. Brigadier General David O. Abel**, Minister at the Office of the Chairman of the State Peace and Development Council, Myanmar;
- (vii) **H.E. Mr. Manuel A. Roxas II**, Secretary of Trade and Industry, the Philippines;
- (viii) **H.E. B.G. (NS) George Yong-Boon Yeo**, Minister for Trade and Industry, Singapore;
- (ix) **H.E. Capt. Suchart Jaovisidha**, Deputy Minister of Finance, Thailand;
- (x) **H.E. Dr. Nguyen Sinh Hung**, Minister of Finance, Viet Nam; and
- (xi) **H.E. Mr. Rodolfo C. Severino, Jr.**, Secretary-General of ASEAN.