

**Joint Media Statement of the Nineteenth Meeting of the ASEAN Free Trade Area (AFTA) Council
Vientiane, 27 September 2005**

1. The Nineteenth Meeting of the ASEAN Free Trade Area (AFTA) Council was held on 27 September 2005 in Vientiane, Lao PDR.
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. Mr. Somdy Douangdy, Vice Minister of Finance of Lao PDR. The AFTA Council Meeting was preceded by a meeting of the ASEAN Senior Economic Officials on 24 September 2005.
3. The Ministers discussed, among others, the progress made in the implementation of the Common Effective Preferential Tariff (CEPT) Scheme; the status of the various requests made under the Protocol Regarding the Implementation of the CEPT Scheme Temporary Exclusion List; the ASEAN Integration System of Preference (AISP); the liberalization of ICT goods under the e-ASEAN Framework Agreement; work on the elimination of non-tariff barriers; and the developments in the work on Rules of Origin.

REALIZATION OF THE ASEAN FREE TRADE AREA

4. ASEAN Member Countries are well on their way towards full realization of the ASEAN Free Trade Area (AFTA). The Ministers were pleased to note that 98.99% of the products in the CEPT Inclusion List (IL) of ASEAN-6 have been brought down to the 0-5% tariff range. As of this date, products in the IL which continue to have tariffs above 5% are those which have been transferred from the Temporary Exclusion List (TEL), Sensitive Lists (SL), Highly Sensitive List (HSL) and General Exception Lists (GE) in 2004. The CLMV Countries are not far behind the original CEPT Agreement signatories as 87.81% of the products they trade in the region have been moved into the IL and tariffs on 71.05% of these items have already been brought down to the 0-5% tariff band.
5. The Ministers noted with satisfaction Member Countries' implementation of their commitment on the complete elimination of tariffs as 64.19% of the products in the IL of ASEAN-6 have been eliminated in accordance with the Protocol to Amend the CEPT-AFTA Agreement for the Elimination of Import Duties. The average tariff for ASEAN-6 under the CEPT Scheme is now down to 1.87 % from 12.76% in 1993.
6. The Ministers welcomed the report that with the full transfer of Malaysia's CBUs and CKDs into the Inclusion List on 1 January 2005, ASEAN 6 has no more products under the TEL. The Ministers also commended Lao PDR for her efforts in transferring all manufactured products from her TEL to the IL, as committed under the Protocol on the Accession of Lao PDR to CEPT Agreement. As for Myanmar, only 1.26% of her total

numbers of tariff lines remain in the TEL while Cambodia's last tranche of TEL products would be phased into the IL by 2007. The Ministers were also pleased that Viet Nam would transfer the remaining items under TEL and SL/HSL into the inclusion List on 1 January 2006, as such Viet Nam will have no more products under TEL and SL/HSL.

LIBERALIZATION OF ICT

7. The Ministers commended ASEAN 6 for eliminating tariffs for the last tranche of their ICT products in line with their commitment under the e-ASEAN Framework Agreement. The newer Member Countries of ASEAN would start implementing their commitments under the Agreement on 1 January 2008.

8. The Ministers were confident that the e-ASEAN initiative and the establishment of the ASEAN Information Infrastructure would enhance ASEAN's competitiveness in the global market and that the elimination of duties for ICT products would in turn facilitate provision of opportunities from ICT and electronic commerce, gain access to these new technologies, and facilitate cross border trade and electronic transactions.

REVIEW OF THE GE LIST

9. The Ministers noted the progress in the review of the GE List which aims to institute further improvements in the GE Lists and make it more consistent with the CEPT Agreement. The Ministers endorsed the work programme for the review of the GE List and called on the senior officials to exert maximum efforts in delivering the milestones indicated in the work programme.

ELIMINATION OF NON-TARIFF BARRIERS

10. The Ministers endorsed the criteria which would serve as guide to the classification of the verified NTMs and facilitate the identification of non-tariff barriers for priority elimination. The Ministers re-emphasized the importance they attach to the elimination of non-tariff barriers and called on the senior officials to recommend a work programme on the elimination of NTBs for consideration of the next AFTA Council. The Ministers further called on the senior officials to prioritize the elimination of NTBs given that this was a mandate given by Leaders in Bali Concord II.

ENHANCED CEPT RULES OF ORIGIN

11. The Ministers noted with satisfaction the progress made in improving the CEPT Rules of Origin. The Ministers endorsed the Substantial Transformation Rules for wheat flour, wood-based products, aluminium products and iron and steel which will be implemented as

co-equal or alternative rule to the 40% ASEAN value-added rule.

12. The Ministers commended the Task Force on CEPT Rules of Origin for their relentless effort in continuously seeking ways to enhance the CEPT Rules of Origin to make it adaptable to changes in the evolving production processes brought about regional and global developments. The Ministers expressed optimism that the endorsement of Substantial Transformation Rule as an alternative rule for ROO to the CEPT Rules would further enhance the intra-ASEAN trade, particularly in the concerned sectors.

13. The Ministers agreed that the Task Force on Rules of Origin should play a greater and more active role in coordinating and ensuring consistency between the negotiated Rules of Origin under ASEAN's free trade arrangement with Dialogue Partners and the CEPT Rules of Origin.

STANDARDS AND MUTUAL RECOGNITION ARRANGEMENTS

14. The Ministers noted the progress made in implementing the Framework Agreement on Mutual Recognition Arrangements (MRAs) and the harmonization of technical regulations and products standards.

15. The Ministers were also pleased to note that an ASEAN Policy Guideline on Standards and Conformance has been developed to guide all ASEAN bodies working in the areas of standards and conformance in implementing measures on standards, technical regulations and conformity assessment procedures to facilitate the fast-track integration of priority sectors by 2010 and the realisation of the AEC by 2020.

ASEAN INTEGRATION SYSTEM OF PREFERENCES (AISP)

16. The Ministers noted the status of the implementation of the AISP Scheme. The Ministers, concerned over the low utilization of the AISP Scheme, discussed the possible causes of low usage of the AISP Scheme.

17. Recognizing the usefulness of the AISP Scheme in narrowing the development gap between ASEAN's original and the CLMV and in hastening their integration into the mainstream of the global and regional market for goods and services, the Ministers renewed their call for ASEAN 6 to further improve the preferences given to the CLMV Countries both in terms of product coverage and AISP rates, and for the CLMV to take advantage of the opportunities provided by the AISP Scheme.

ASEAN CONSULTATION TO SOLVE TRADE AND INVESTMENT ISSUES (ACT)

18. The Ministers welcomed the launching of web-based application system of the ASEAN

Consultation to Solve Trade and Investment Issues (ACT) at the website address of <http://act.aseansec.org> or <https://act.aseansec.org>. The Ministers encouraged the private sector to utilize the website in channelling their problems in implementing CEPT. The Ministers expressed their appreciation to the ASEAN-EU Programme for Regional Integration Support (APRIS), which provided the technical assistance and expertise to the development of the ACT, which was modelled after EU's SOLVIT.

ASEAN TRADE PERFORMANCE

19. The Ministers noted with satisfaction ASEAN's trade performance, which grew significantly in 2004 compared to the 2002-2003. For 2003-2004, total ASEAN exports registered a growth rate of 20.57%, i.e. from US\$ 456.7 billion in 2003 to US\$ 550.6 billion in 2004. A significant increase by 26.64% also occurred in total ASEAN imports, i.e. from US\$ 388.7 billion in 2003 to US\$ 492.3 billion in 2004.

20. The Ministers also noted the positive growth in intra-ASEAN trade. Intra-ASEAN exports increased from US\$ 102.7 billion in 2003 to US\$ 123.7 billion in 2004, up by 20.44%. The growth in intra-ASEAN imports registered a 25.31% increase or from US\$ 87.4 billion in 2003 to US\$ 109.6 billion in 2004. Intra-ASEAN total trade as a percentage of ASEAN total trade remained relatively constant with a slight decrease from 22.65% in 2003 to 22.50% in 2004.

21. Japan, the US, the European Union, China and Korea remained as ASEAN's largest trading partners. The share of ASEAN trade (exports + imports) with these countries in overall ASEAN trade in 2003 were 13.8%, 13.17%, 12.10%, 8.31% and 4.1%, respectively.

LIST OF AFTA COUNCIL MINISTERS

The Meeting was attended by:

(i) H.E. Pehin Dato Lim Jock Seng, Second Minister of Foreign Affairs and Trade, Brunei Darussalam;

(ii) H.E. Mr. Nhim Khemara, Deputy Secretary General of Ministry of Economy and Finance, Cambodia;

(iii) Mr. Herry Soetanto, Director-General of International Trade Cooperation, Ministry of Trade, Indonesia;

(iv) H.E. Mr. Somdy Douangdy, Vice-Minister of Finance, Lao PDR;

(v) H.E. Dato' Sidek Hassan, Secretary-General, Ministry of International Trade and Industry, Malaysia;

(vi) H.E. U Soe Tha, Minister for National Planning and Economic Development, Myanmar;

(vii) H.E. Mr. Peter B. Favila, Secretary for Trade and Industry, Philippines;

(viii) H.E. Mr. Lim Hng Kiang, Minister for Trade and Industry, Singapore;

(ix) H.E. Mr. Varathep Ratanakorn, Deputy Minister of Finance, Thailand;

(x) H.E. Mr. Nguyen Thi Bich, Director-General of the Ministry of Finance, Viet Nam; and

(xi) H.E. Mr. Ong Keng Yong, Secretary-General of ASEAN