

## **Joint Media Statement of the Twentieth Meeting of the ASEAN Free Trade Area (AFTA) Council**

**Kuala Lumpur, 21 August 2006**

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1. The Twentieth Meeting of the ASEAN Free Trade Area (AFTA) Council was held on 21 August 2006 in Kuala Lumpur, Malaysia.
2. The Meeting was attended by Ministers from Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam. The Secretary-General of ASEAN was also in attendance. The Meeting was chaired by H.E. Dato' Seri Rafidah Aziz, Minister of International Trade and Industry of Malaysia. The AFTA Council Meeting was preceded by a meeting of the ASEAN Senior Economic Officials on 19 August 2006.
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 liberalisation 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.

### **Realisation of the ASEAN Free Trade Area**

4. The Ministers welcomed Malaysia's tariff reductions to 0-5% for her automotive CKDs and CBUs and the Philippines' reversion of the tariff rates of her petrochemical and certain plastic products to CEPT rates, which was temporarily suspended. With this, the Ministers were pleased to note that 99.77% 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 90.96% of the products they trade in the region have been moved into the IL and tariffs on 76.86% of these items have already been brought down to the 0-5% tariff band.
5. The Ministers noted Member Countries' implementation of their commitment on the complete elimination of tariffs as 65.09 % 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 1.74 % from 12.76% in 1993.

6. The Ministers commended Viet Nam for the transfer of her remaining items under TEL and SL into the inclusion List on 1 January 2006 as committed under the Protocol on the Accession of Viet Nam to the CEPT Agreement. As such, Viet Nam has no more products under TEL and SL. The Ministers noted with satisfaction that Lao PDR has no more products in her TEL and only 1.9% of her products remain in her SL, which would be phased into IL by 2008. As for Myanmar, only her unprocessed Agriculture Products (UAP), which accounts to 0.72% of her total numbers of tariff lines, remain in the TEL while Cambodia has 22.89% of her total tariff lines in the TEL. The TEL products of Myanmar and Cambodia would be phased into the IL by 2007. The ASEAN-6 has no more TEL products since 2005.

### **Review of the General Exception (GE) List**

7. The Ministers noted 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. With the completion of the review, the Ministers noted that the products in the GE list have been significantly reduced to only 0.68% of total tariff lines. The Ministers also endorsed the modality of tariff reduction of these products and urged Member Countries to comply with the agreed schedule.

8. The consistency of the GE list with Article 9(b) of the CEPT Agreement would further enhance intra-ASEAN trade and facilitate the ASEAN integration process.

### **Elimination of Non-Tariff Barriers**

9. The Ministers endorsed the Work Programme on Elimination of Non-Tariff Barriers (NTBs), which aims at aligning the elimination of identified NTBs with the elimination of tariffs that would ensure the realisation of free flow of goods, as mandated by the Leaders in Bali Concord II. The Ministers re-emphasised the importance they attached to the elimination of non-tariff barriers and called on the senior officials to recommend to the next AFTA Council the necessary peer review mechanism to enhance transparency in NTMs and ensure that no new measures that are barriers to trade be introduced in ASEAN.

### **Enhanced CEPT Rules of Origin (ROO)**

10. The Ministers noted the progress made in improving the CEPT Rules of Origin. The Ministers endorsed the Substantial Transformation Rules for iron and steel which will be implemented as co-equal or alternative rule to the 40% ASEAN value-added rule.

11. The Ministers re-emphasised the important role of the Rules of Origin in facilitating intra-ASEAN trade, and directed the Task Force on CEPT Rules of Origin to update the CEPT Rules of Origin to facilitate adaptation to changes, particularly as ASEAN negotiate

Free Trade Agreements with Dialogue Partners.

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

12. Recognising the usefulness of the AISP Scheme in narrowing the development gap between ASEAN-6 and the CLMV and in hastening their integration into the mainstream of the global and regional market for goods and services, the Ministers instructed the senior officials to explore measures that would enhance the utilisation of the Scheme for consideration at the 21st AFTA Council.

### **Customs Cooperation**

13. The Ministers took note of the final preparation for the Protocol for the Establishment and Implementation of the ASEAN Single Window, containing the technical guide of the ASEAN Single Window and the action plan to secure effective implementation of activities under the Single Window. The Protocol will be signed by ASEAN Finance Ministers in due course. The Ministers urged the officials to complete implementation of the ASEAN Customs Declaration Document.

14. The Ministers welcomed the completion of the review of the ASEAN Harmonised Tariff Nomenclature (AHTN) 2002, resulting in the new AHTN 2007 which is simplified and updated based on international standards and best practices. The Ministers commended the hard work of the customs officials for their continuous efforts in reforming and modernising customs processes and reiterated the importance of customs cooperation in its contribution to further facilitating ASEAN trade toward the establishment of the ASEAN Economic Community.

### **Standard and Conformance**

15. The implementation of the Framework Agreement on Mutual Recognition Arrangements (MRAs) and the harmonisation of technical regulations and products standards have resulted in 140 harmonised standards in ASEAN and additional 24 standards for electrical and electronic equipment are being targeted for harmonisation during 2004-2007. The Ministers noted also that progress has been made in developing an ASEAN monitoring system for the effective implementation of the ASEAN Policy Guideline on Standard and Conformance endorsed in 2005, as well as the development of ASEAN CONFORMITY MARK that would facilitate the free movement of goods within the region. Other key accomplishments on standards and conformance, appears as an annex to this Statement.

### **ASEAN Trade Performance**

16. ASEAN's global trade in 2005 totalled to US\$1.226 trillion compared to US\$ 1.072 trillion in 2004. For 2005, total ASEAN exports expanded by 13.5% from US\$ 569.4 billion in 2004 to US\$ 646 billion in 2005. An increase of 15.4 % was registered in total ASEAN imports, i.e. from US\$ 502.5 billion in 2004 to US\$ 579.7 billion in 2005.

17. Intra-ASEAN exports increased from US\$ 141.3 billion in 2004 to US\$ 163.7 billion in 2005, up by 15.9 %. The growth in intra-ASEAN imports registered a 19.3 % increase or from US\$ 119.7 billion in 2004 to US\$ 142.8 billion in 2005. Intra-ASEAN total trade as a percentage of ASEAN total trade remained relatively constant with a slight increase from 24.3 % in 2004 to 25% in 2005.

18. Japan, the US, the European Union and China and Korea continued to be ASEAN's largest trading partners. The share of ASEAN trade (exports + imports) with these countries in overall ASEAN trade in 2005 were 12.6%, 12.5%, 11.2%, 9.3% and 3.9 %, respectively.

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## **LIST OF MINISTERS**

1. Mr. Lim Jock Hoi, Permanent Secretary, Ministry of Foreign Affairs and Trade, Brunei Darussalam
  2. H.E. Mr. Kong Vibol, First Secretary of State of Economy and Finance, Cambodia
  3. Mr. Herry Soetanto, Director-General of International Trade Cooperation, Ministry of Trade, Indonesia
  4. H.E. Mr. Somdy Douangdy, Vice Minister of Finance, Lao PDR
  5. H.E. Dato' Seri Rafidah Aziz, Minister of International Trade and Industry, Malaysia
  6. H.E. U Soe Tha, Minister for National Planning and Economic Development, Myanmar
  7. H.E. Mr. Elmer C. Hernandez, Undersecretary of Trade and Industry, the Philippines
  8. H.E. Mr. Lim Hng Kiang, Minister for Trade and Industry, Singapore
  9. H.E. Mr. Thanong Bidaya, Minister of Finance, Thailand
  10. H.E. Mr. Truong Chi Trung, Vice Minister of Finance, Viet Nam
  11. H.E. Mr. Ong Keng Yong, Secretary-General of ASEAN
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## ANNEX

### Other Key Accomplishments on Standards and Conformance

- a. ASEAN is also working on the harmonisation of the Electrical and Electronic Regulatory Regime among Member Countries. With the signing of the Agreement on ASEAN Harmonised Electrical and Electronic Equipment Regulatory Regime in December 2005, a 5-year action plan to support the implementation of this Agreement has been developed and agreed upon by all Electrical and Electronic Regulatory Authorities in January 2006.
  - b. There has been good progress toward the establishment of one regulatory scheme for cosmetics by 1 January 2008. Member Countries are making necessary preparations for the implementation of the Agreement on ASEAN Harmonised Cosmetic Regulatory Scheme which was signed in September 2003.
  - c. Continuing efforts are made to implement the ASEAN Common Technical Dossiers (ACTD) and the ASEAN Common Technical Requirements (ATCRs) by 31 December 2008. A Sectoral Mutual Recognition Arrangement on Good Manufacturing Practice (GMP) Inspection is also being explored.
  - d. Substantive work on harmonisation of technical requirements/ regulations is being undertaken to facilitate the integration of traditional medicines and health supplements as well as medical device in the region by 2010.
  - e. The adoption of a Post-Marketing Alert (PMA) System for defective and unsafe health care products (cosmetics, pharmaceuticals, medical device, traditional medicines and health supplements) to strengthen networking among Regulatory Authorities toward unsafe and defective healthcare products.
  - f. Progress has also been made in the establishment of ASEAN Reference Testing Laboratories (ARLs) in the areas of mycotoxins, pesticide residues, veterinary drugs, microbiology, heavy metals and genetically modified organisms. Six laboratories located in Malaysia, Singapore, Thailand and Viet Nam were selected to serve as the ARLs.
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