

JOINT PRESS STATEMENT THE FIFTH AFTA COUNCIL MEETING Thailand, 21 September 1994

1. The Fifth Meeting of the AFTA Council was held in Chiangmai, Thailand, on 21 September 1994.
2. The Meeting was attended by H.E. Pehin Dato Abdul Rahman Taib, Minister of Industry and Primary Resources, Brunei Darussalam; H.E. Prof. Dr.S. B. Joedono, Minister of Trade, Republic of Indonesia; H.E. Dato Seri Rafidah Aziz, Minister of International Trade and Industry, Malaysia; H.E. Mr. Cesar B.Bautista, Undersecretary, Department of Trade and Industry, Philippines; H.E.Mr. Yeo Cheow Tong, Minister of Trade and Industry, Singapore; H.E. Mr.Tarrin Nimmanahaeminda, Minister of Finance, Thailand; and H.E. Dato' Ajit Singh, Secretary-General of ASEAN.
3. The Meeting was held in plenary.
4. The Meeting, was preceded by a preparatory meeting of the ASEAN Senior Economic Officials (SEOM) on 19-20 September 1994.
5. The Council noted that since the Fourth AFTA Ministerial Council Meeting in Singapore in October 1993, Member Countries have made good progress in the implementation of tariffs reduction under the CEPT Scheme. The Council also noted the increase of intra-ASEAN trade since the implementation of the Scheme. The Council would be proposing to the AEM several measures that will further enhance the smooth and effective implementation of the CEPT Scheme for AFTA, a shorter time frame for the expeditious realisation of AFTA, widening of the products coverage under the Scheme, and encourage greater private sector participation in the AFTA process.

I. Progress in the Implementation of the CEPT Agreement

A. Publication of the CEPT Products Lists

6. The Council noted with appreciation that the ASEAN Secretariat had compiled and officially published and released the consolidated CEPT Product Lists on 31 October 1993.
7. During the last 8 months, Member Countries have included about 450 additional products into the Inclusion List.

B. Average Tariff Rate

8. Based on the current product lists submitted by the Member Countries, the average tariff of CEPT products would decline from 13.40 % in 1993 to 2.63 % in 2008.

C. Trade Values

9. The trade values of products in the Inclusion List cover about 85% of the intra-ASEAN trade values and about 86% of the overall trade of Member Countries. This shows that the products coverage in the CEPT Scheme is comprehensive.
10. During the first quarter of 1994, intra-ASEAN trade values, in terms of imports, have increased by about US \$1292.3 million (an increase of 2.8%) over the same period in 1993.

D. Commencement of Tariff Reductions

11. All Member Countries have commencement tariff reductions under the CEPT Scheme during the past year. Singapore and Thailand effected their tariff reductions in 1993. Indonesia and the Philippines effected their tariff reductions on 1 January 1994, Malaysia on 28 July with retroactive effect to 1 January 1994. Brunei Darussalam's tariff reductions became effective as of 1 June 1994.

II. THE ACCELERATION OF AFTA

12. The Council expressed satisfaction with the progress achieved thus far in the implementation of the CEPT Scheme and in consonance with the dynamism of ASEAN economies and in keeping with ASEAN commitment to further trade liberalisation, the Council decided to expedite the actualisation of AFTA from 15 to 10 years. Therefore, AFTA will be realised by 1 January 2003 instead of 2008.

A. New Time Frame

13. The time frame for the complete implementation of the CEPT Scheme for AFTA will be reduced from fifteen years to ten years with the following tariff schedule:

Normal Track:

- to reduce tariff rates above 20% to 20% by 1 January 1998 and subsequently from 20% to 0-5% by 1 January 2003;
- to reduce tariff rates at or below 20% to 0-5% by 1 January 2000;

Fast Track:

- to reduce tariff rates above 20% to 0-5% by 1 January 2000;
- to reduce tariff rates at or below 20% to 0-5% by 1 January 1998.

B. Temporary Exclusion List

14. The products in the Temporary Exclusion List will be Gradually transferred to the Inclusion List in five equal instalments of 20% annually, within 5 years beginning 1 January 1995. The first installment is to be completed by 1 January 1996.

C. Inclusion of the Agriculture Sector in the CEPT Scheme

15. To include the agriculture sector into the CEPT Scheme, some agricultural products will be immediately included. A working group will be set up to review the remaining products for eventual phasing into the Scheme.

III. FURTHER MEASURES TO EXPEDITE THE AFTA PROCESS

A. Customs Harmonisation Activities

16. In order to accelerate the implementation of CEPT for AFTA, the Council agreed that the work on harmonisation of tariff nomenclature, customs procedures, and customs valuation should be completed by the end of 1995. To this end, the Council recommended that working groups be established to look into these

aspects.

B. Coordination and Organisation

17. To further enhance the smooth implementation of the Scheme, an AFTA Unit will be established within the ASEAN Secretariat by 1 January 1995 to coordinate and manage more effectively AFTA and AFTA related matters (such as the operations and progress of AFTA, promotional and marketing aspects, and in handling private sector queries on the status of the implementation of the CEPT Scheme). In addition, national AFTA units will also be established to ensure better coordination of CEPT and CEPT-related matters and concerns raised by the private sector.

C. Publicity Campaign for AFTA

18. The Council recognized that there is still a lack of information and promotion of AFTA to the general business community in each Member Country and abroad. In order to bridge this information gap, AFTA promotion campaigns will be launched within the region as well as abroad.

D. Private Sector Participation

19. The Council agreed, in principle, to the request of ASEAN Federation of Textile Industries (AFTEX) and endorsed the establishment of a working group, comprising representatives from the private and public sectors, to study the AFTEX proposal of substantial transformation and to compare it with other alternatives.