



Joint Media Statement of the 41st ASEAN Economic Ministers' (AEM) Meeting Bangkok, 13-14 August 2009

1. The 41st Meeting of the ASEAN Economic Ministers (AEM) was held on 13-14 August 2009 in Bangkok, Thailand. The Meeting was chaired by Thai Minister of Commerce H.E. Porntiva Nakasai and was preceded by a Preparatory ASEAN Senior Economic Officials Meeting (Prep-SEOM). The AEM also had joint meetings with the 12th ASEAN Investment Area (AIA) Council and the 23rd ASEAN Free Trade Area (AFTA) Council.

2. The 41st AEM Meeting was held against the backdrop of global uncertainties. The global financial crisis and the Doha Development Round that has yet to see a successful conclusion, among others, only heighten ASEAN's resolve to ensure the success of its Community-building efforts.

Opening Ceremony

3. H.E. Mr. Korbsak Sabhavas, Deputy Prime Minister of Thailand, formally opened the Meeting. In his opening remarks, the Deputy Prime Minister underscored that while ASEAN must keep looking forward with the AEC 2015 as its target, it should not be its end goal. Its vision and dream should go beyond the realisation of the AEC. And to do this:

- (a) ASEAN must strengthen the institutional mechanisms that have been established under the ASEAN Charter.
- (b) ASEAN must establish itself as the economic centre of East Asia by reaching out to important trading partners.
- (c) ASEAN Centrality, reinforced by a meaningful integration among ASEAN's Member States and between ASEAN and the world remains vital.
- (d) Leveraging on ASEAN Creativity to drive the ASEAN economy forward can be done by placing utmost importance on education, creativity, intellectual property as well as ASEAN's cultural heritage and innovation.

4. The Deputy Prime Minister, noting the theme of the 41st AEM, i.e. Walk Together, Work Together towards AEC, advised ASEAN to adhere to a 3 C's principle: **Commit** - be driven by the dream to achieve the AEC 2015; **Concert** - concerted efforts to achieve the tasks in the AEC Blueprint; and **Connect** - enhance outreach towards the private sector and people in general.

Economic performance

5. The Ministers were pleased to note that despite the current global economic woes, ASEAN's total trade in goods managed to grow by 6.2 percent, from US\$ 1,610.8 billion in 2007 to US\$ 1,710.4 billion in 2008, albeit a marked slowdown from the previous year's growth of 14.7 percent. Total ASEAN exports expanded by 2.3 percent, from US\$ 859.8 billion in 2007 to US\$ 879.3 billion in 2008 while total ASEAN imports increased by 10.7 percent, from US\$ 751.0 billion in 2007 to US\$ 831.2 billion in 2008.

6. Intra-ASEAN trade expanded by 14 percent, from US\$ 401.9 billion in 2007 to US\$ 458.1 billion in 2008 (the same rate was recorded in 2007). Its share to total ASEAN trade increased from 25.0 percent to 26.8 percent in the same period. Such an increase, however, was mainly due to the 0.9 percent decline in the extra-ASEAN exports and the slowing down of extra-ASEAN imports. The

14 percent growth in total intra-ASEAN trade was driven mainly by sustained growth in imports. The top five trading partner countries of ASEAN in 2008 were Japan, the European Union (EU), China, United States of America and Republic of Korea. The share of ASEAN trade with these countries increased to 50.6 percent of total ASEAN trade from 47.8 percent in the previous year.

ASEAN Economic Community

7. The Ministers noted the progress made in developing the AEC Scorecard and looked forward to the reporting of the first AEC Scorecard to the Leaders at the 15th ASEAN Summit in Thailand in October 2009. The AEC Scorecard will highlight ASEAN's progress to date in implementing the various measures and areas for improvement. The Ministers also noted that a business version of the AEC Scorecard would be made available to the public by end of 2009.

8. The Ministers underscored the importance of timely and substantive implementation of the AEC Blueprint's measures to ensure that ASEAN economic integration is credible, and emphasised the importance of the AEC Scorecard and the Enhanced Dispute Settlement Mechanism (DSM) as the most appropriate monitoring and compliance tools for ASEAN.

9. The Ministers noted the various regional and national communications activities that have been undertaken by ASEAN and ASEAN Member States respectively in support of the AEC Communications Plan, which was endorsed at the 14th AEM Retreat on 2-3 May 2008 in Bali, Indonesia. In particular, the Ministers welcomed the ASEAN Fashion Plus Fair that brought together various stakeholders such as textile and apparel manufacturers, fashion showroom owners, department stores, buyers, designers, press and others in the textile and apparel industry. As a next step, the Ministers agreed that ASEAN trade fairs, such as the ASEAN Fashion Plus Fair, could support outreach and the expansion of ASEAN trade.

Priority Integration Sector

10. The Ministers noted the progress made in implementing the Priority Integration Sector Roadmaps. To further integrate the tourism sector, the Ministers welcomed the initiative of the ASEAN Tourism Ministers to formulate the ASEAN Tourism Strategic Plan 2011-2015 to succeed the Roadmap for Integration of Tourism Sector. The Ministers reiterated the importance of implementing the Roadmaps since they are catalysts to realising the goals of the ASEAN Economic Community.

Trade in Goods

11. The Ministers noted the full implementation of the 2009 CEPT commitments by all Member States, which resulted in 99.09 percent of all products being placed in the Inclusion List (IL), 97.14 percent of which have tariffs as low as 0-5 percent among ASEAN. Tariffs among the Member States have been eliminated for 69.95 percent of the IL products, with average tariff brought down from 1.95 percent in 2008 to 1.65 percent in 2009.

Elimination of Non-Tariff Barriers

12. The Ministers commended Malaysia and Thailand for their submissions on specific non-tariff barriers (NTBs) to be eliminated under the Work Programme on the Elimination of NTBs, and urged others to submit their measures as soon as possible. The Ministers reiterated the importance they attached to the work in eliminating NTBs so as to ensure the realisation of free flow of goods in ASEAN, and encouraged officials to continue their close coordination among the various ASEAN Sectoral Bodies to ensure smooth implementation of the mechanism to monitor NTMs under the ASEAN Trade in Goods Agreement (ATIGA).

Trade Facilitation

13. The Ministers noted the continuous work in the adoption of trade facilitating rules in ASEAN, particularly the progress in reforming the existing certification regime to ensure free flow of ASEAN

originating goods within the region. The Ministers tasked the officials to finalise the concrete recommendations on the reforms of the AFTA certification regime, including the revised Operational Certification Procedures, for consideration of the 24th AFTA Council Meeting in 2010.

14. The Ministers endorsed the ASEAN Trade Facilitation Framework, which would serve as guidelines for Member States in undertaking trade facilitation policies, including assessing their trade facilitation measures. The Ministers also endorsed a set of common indicators, based on the existing World Bank indicators, to be used in assessing the progress made by each Member States and identifying necessary refinements and/or additional measures required in the ASEAN Trade Facilitation Work Programme. The Ministers noted the on-going work in developing a common set of questionnaire for the private and public sector to be used in the trade facilitation assessments as called for under the ATIGA.

15. The Ministers endorsed the establishment of the ASEAN Trade Facilitation Joint Consultative Committee (ATF-JCC), comprising officials in the areas of Trade, Customs, Standards and Conformance, Transport and Sanitary and Phytosanitary Measures, to assist in monitoring the implementation of the Trade Facilitation Chapter of the ATIGA. The ATF-JCC will enhance the collaboration and synergy of initiatives among the various sectors in ASEAN to maximise the impact of trade facilitation initiatives. The Ministers also encouraged the ATF-JCC to convene consultations with the private sector at the operational level to obtain their feedback on trade facilitation initiatives and explore public-private sector partnership.

ASEAN Trade Repository

16. As part of efforts to promote transparency and predictability in ASEAN, the Ministers noted the progress made in developing the ASEAN Trade Repository (ATR) and agreed that the ATR will be a dynamic and authoritative repository and a single reference point, providing the most up-to-date and accurate information on all tariff and non-tariff measures applied on goods entering, exiting and transiting a country. The Ministers tasked relevant officials to present the design and concrete work plan toward the establishment of the ATR at the next AFTA Council Meeting in 2010 for their consideration.

ASEAN Single Window

17. The Ministers noted the developments in the implementation of the ASEAN Single Window (ASW) and National Single Windows (NSWs) by Member States, where the NSWs of ASEAN-6 are operating partially and fully, and preparatory work is being undertaken for the establishment of NSWs in the CLMV countries, in line with the timeline set in the Agreement to Establish the ASEAN Single Window (ASW).

18. The Ministers reaffirmed their commitment in activating the NSWs in line with the ASW Agreement and its Protocol. The Ministers viewed that the ASW would contribute to the enhancement of intra-ASEAN trade while taking advantage of Information and Communication Technology and tasked the ASW Steering Committee to continue its work in developing and operationalising the NSWs of all Member States, and developing the ASW as an environment where all ten NSWs operate and integrate. The Ministers agreed to accelerate work towards full implementation of the ASW.

Customs Cooperation

19. The Ministers noted the positive achievements in customs integration and emphasised the key role of Customs in realising the benefits brought about by trade liberalisation. The Ministers also noted the progress in developing the ASEAN Customs Transit System, implementation of the ASEAN Customs Declaration Document, and efforts in developing risk management as a key tool of customs reform and modernisation. The Ministers highlighted the importance of customs integration in facilitating trade and investment to support the single market and single production base.

Standards and Conformance

20. The Ministers welcomed the developments in efforts to harmonise standards and develop Mutual Recognition Arrangements in particular for the priority integration sectors. The Ministers

welcomed the efforts to develop a single regulatory framework for the automotive sector, the healthcare sector, in particular the medical device, traditional medicine and health supplement sectors, and the agro-based product sectors in accordance to international standards by the end of 2011. The Ministers also noted that the efforts made to prepare for the entry into force of the Agreement on the ASEAN Harmonised Electrical and Electronic Equipment (EEE) Regulatory Regime on 1 January 2011 and urged relevant officials to focus unrelenting efforts in the implementation of these initiatives.

CO Form A for EU GSP scheme

21. The Ministers also agreed to endorse the proposal on the issuance of certificate of origin (CO) Form A for products to be exported to the European Union (EU) under Generalised System of Preference (GSP) scheme.

Trade in Services

22. The Ministers noted that substantive progress has been achieved in liberalising trade in services through various rounds of AFAS negotiations, the last being the 5th Round, which culminated in the 7th Package of Commitments that was signed last February 2009. Ministers reaffirmed the need to continue the on-going improvements made by Member States in deepening and widening their commitments in various services sectors in line with the mandate of the AEC Blueprint.

23. The Ministers agreed that subsequent rounds of negotiations would add substantial value-added to integration of the service sectors in ASEAN and promote greater intra-ASEAN services trade and investment flows. Over the last ten years, ASEAN FDI in services has been increasing by an average of 10 percent per year, to reach US\$29.8 billion in 2008.

24. The Ministers called for greater efforts to sustain the liberalisation goals and looked forward to the recommendations of the Senior Officials on the parameters to liberalise the remaining limitations in trade in services in ASEAN by end of 2009. However, recognising the need for flexibility, they endorsed the proposal for flexibility to be accorded to up to 15 percent of the total modes of supply in each package and to be used only as a last resort.

25. The Ministers welcomed the signing of the ASEAN Multilateral Agreement on the Full Liberalisation of Air Freight Services and the ASEAN Multilateral Agreement on Air Services by ASEAN Transport Ministers in May 2009.

26. The Ministers underscored the importance of working towards free flow of skilled labour in ASEAN as mandated in the AEC Blueprint. Noting that this endeavour would involve various ASEAN bodies, the Ministers called for the support from all relevant stakeholders and ASEAN bodies to move the agenda of free flow of skilled labour.

Investment

27. The Ministers reviewed developments in the ASEAN Investment Area (AIA) in the light of the on-going financial and economic crisis and its impact on Foreign Direct Investment (FDI) flows. The Ministers were encouraged by the signs of stabilisation in the global economy, and were optimistic on the prospects for an increase in FDI flows consonant with the global economic upturn.

28. The Ministers agreed on several actions to promote FDI growth in the AIA, among which were measures at the ASEAN level to attract FDI flows. They agreed to explore new approaches towards enhancing intra-ASEAN investment, including intensifying discussions with the private sector. These include the intensification of efforts towards the free flow of investment under the AEC Blueprint through the operationalisation of the ASEAN Comprehensive Investment Agreement (ACIA), in particular the finalisation of the reservation lists by the 15th ASEAN Summit in October 2009. It is expected that this single list approach adopted by ASEAN on the listing of investment limitations will provide greater transparency on the investment regimes of ASEAN Member States.

29. The Ministers discussed the investment situation in the AIA. They were optimistic with the current investment situation and the resilience of FDI flows to the region even in the face of adverse global circumstances. In particular, the Ministers welcomed the continued confidence in the region, with FDI inflows remaining high at US\$60.2 billion in 2008, although lower than the record inflows of US\$69.5 billion in 2007. In particular, intra-ASEAN FDI flows have proven more robust than anticipated, expanding by an exceptional 18.4 percent in 2008 to US\$11.1 billion.

30. This improvement reflects well on ASEAN integration efforts and the success of trade and investment policies that promote intra-ASEAN liberalisation through strengthened rules for trade in goods, services and investment. In value terms, intra-ASEAN FDI flows are reaching almost the level of ASEAN's biggest investor, the European Union. The EU continued to hold the position as the single largest investor in ASEAN, with a share of 20.6 percent of investment amounting to US\$12.4 billion, followed by Japan at 12.6 percent or US\$7.6 billion. The United States was third with a share of 5.3 percent or US\$3.2 billion in 2008.

31. FDI flows continued to predominate in the services and manufacturing sector, accounting for 49.5 percent and 29.1 percent of total FDI flows into ASEAN or US\$29.8 billion and US\$17.5 billion in 2008 respectively. The mining and quarrying sector is also becoming more important, with a share of 7.3 percent or US\$4.4 billion in 2008. However, FDI flows to the agriculture sector fell by 83.7 percent in 2008 to US\$437 million. This may reflect an FDI shift towards services and industry sectors.

Industrial Cooperation

32. The Ministers noted the status of the implementation of the ASEAN Industrial Co-Operation (AICO) Scheme and agreed to extend the waiver of the 30% national equity requirement up to 31 December 2012.

Other Areas of Economic Cooperation

33. The Ministers also discussed developments in the other areas of ASEAN economic cooperation, particularly those areas that are vital to transforming ASEAN into a competitive economic region, i.e. competition policy, consumer protection and intellectual property. The Ministers also exchanged views on regional strategies to develop small- and medium enterprises in the region.

Private Sector Engagement

34. The Ministers welcomed the outcome of the first Public-Private Sector Policy Dialogue, which brought together representatives from the ASEAN Business Advisory Council (ASEAN-BAC) and the ASEAN Federation of Textile Industries (AFTEX) for a dialogue with the ASEAN Economic Ministers. The Ministers recognised the value of a sectoral approach and agreed to enhance sectoral dialogues with the private sector.

Structural and Regulatory Reform

35. The Ministers underscored the importance of structural and regulatory reforms and looked forward to the convening of a workshop to share regulatory perspectives, best practices and policy experiences in line with the AEC goals by the end of the year. The Ministers also emphasised the need to work with the private sector in identifying areas that are relevant and in most pressing need of reform.

Trade Financing

36. Following the pledge of US\$ 250 billion by G20 to support trade financing over the next two years, the Ministers underscored the importance of information sharing, close coordination and identifying capacity building needs and areas for collaboration, within Member States and with

countries in the region and the multilateral development banks. The Ministers exchanged views on the findings collated from Member States on the questionnaire for information sharing on trade financing.

Narrowing the Development Gap

37. The Ministers re-emphasised the importance of increasing the capacity and capability of Member States, particularly the less developed ones, to enable them to effectively contribute and optimally benefit from the various ASEAN initiatives, especially the establishment of the ASEAN Economic Community. The Ministers welcomed the developments in the implementation of the Initiative for ASEAN Integration (IAI), including the revised Terms of Reference of the IAI Task Force, the IAI Work Plan II (2009-2015) and the planned 3rd IAI Development Cooperation Forum, which is being organised to mobilise resources for the implementation of IAI programs and initiatives.

ASEAN External Economic Relations

38. The Ministers reviewed the progress in the implementation of the various ASEAN Plus 1 FTAs and were pleased to note the realisation of the ASEAN-China Free Trade Area (ACFTA) and the ASEAN-Korea Free Trade Area by 1 January 2010. The Ministers welcomed the signing of the ASEAN-Korea Investment Agreement in June 2009, the signing of the ASEAN-India Trade in Goods Agreement at the 7th AEM-India Consultations in August 2009, and the signing of the ASEAN-China Investment Agreement at the forthcoming 8th AEM-MOFCOM Consultations.

39. The Ministers noted that the Track Two Studies (Phase II) for the East Asia Free Trade Area (EAFTA) and the Comprehensive Economic Partnership for East Asia (CEPEA) have been completed and would be reported to the Ministers at the relevant Consultations with Dialogue Partners. The Ministers reiterated the importance of ASEAN's central role in driving the East Asian process forward.

ASEAN- Australia Development Cooperation Program Phase II (AADCP II)

40. The Ministers welcomed the signing of the Memorandum of Understanding (MOU) on ASEAN-Australia Development Cooperation Program Phase II (AADCP II) at the 42nd ASEAN Ministerial Meeting in Bangkok, Thailand on 23 July 2009. The signing of the MOU marked the official commencement of AADCP II, under which Australia would provide AUD 57 million over the period of 2008-2015 to support ASEAN to implement its economic integration policies and priorities outlined in the AEC Blueprint, and strengthen the ASEAN Secretariat's institutional capacity to effectively implement its mandate.



LIST OF MINISTERS

1. **H.E. Pehin Dato Lim Jock Seng**, Second Minister of Foreign Affairs and Trade, Brunei Darussalam
2. **H.E. Cham Prasidh**, Senior Minister and Minister of Commerce, Cambodia
3. **H.E. Kong Vibol**, Secretary of State, Ministry of Economy and Finance, Cambodia.
4. **H.E. Mari Elka Pangestu**, Minister of Trade, Indonesia
5. **H.E. Muhammad Lutfi**, Chairman of Investment Coordinating Board, Indonesia
6. **H.E. Nam Viyaketh**, Minister of Industry and Commerce, Lao PDR
7. **H.E. Dato' Mustapa Mohamed**, Minister of International Trade and Industry, Malaysia
8. **H.E. U Soe Tha**, Minister for National Planning and Economic Development, Myanmar
9. **H.E. Peter B. Favila**, Secretary of Trade and Industry, the Philippines
10. **H.E. Lim Hng Kiang**, Minister for Trade and Industry, Singapore
11. **H.E. Porntiva Nakasai**, Minister of Commerce, Thailand
12. **H.E. Chanchai Chairungrueng**, Minister of Industry, Thailand
13. **H.E. Nguyen Cam Tu**, Vice Minister of Industry and Trade, Viet Nam
14. **H.E. Nguyen Bich Dat**, Vice Minister of Planning and Investment, Viet Nam
15. **H.E. Surin Pitsuwan**, Secretary-General of ASEAN