

1986 JOINT PRESS RELEASE OF THE 18TH ASEAN ECONOMIC MINISTERS' MEETING

Signed in Manila, the Philippines on 28-30 August 1986

1. The Eighteenth Meeting of the ASEAN Economic Ministers was held in Manila, Philippines on 28-30 August 1986. The Meeting was formally opened by H.E. Mrs. Corazon C. Aquino, the President of the Republic of the Philippines, and was preceded by a Preparatory Meeting of the ASEAN Senior Economic Officials on 25-26 August 1986.
2. The Meeting was attended by H.E. Pehin Dato Abd. Rahman Taib, Minister of Development of Brunei Darussalam; H.E. Prof. Dr. Ali Wardhana, The Coordinating Minister for the Economy, Finance, Industry and Development of Indonesia; H.E. Mr. Rachmat Saleh, Minister of Trade of Indonesia; H.E. Mr. Hartarto, Minister of Industry of Indonesia; H.E. Tengku Razaleigh Hamzah, Minister of Trade and Industry of Malaysia; H.E. Mr. Jose S. Concepcion, Jr., Minister of Trade and Industry of the Philippines; H.E. Mrs. Solita Collas-Monsod, Minister of Economic Planning of the Philippines; H.E. Mr. Ernesto Macede, Minister for Natural Resources of the Philippines; H.E. Mr. Ramon Mitra, Minister for Agriculture and Food of the Philippines; H.E. Mr. Vicente T. Paterno, Deputy Executive Secretary for Energy of the Philippines; H.E. Ms. Lilia R. Bautista, Deputy Minister of Trade and Industry of the Philippines; H.E. Mr. Ceferino Follosco, Deputy Minister of Trade and Industry of the Philippines; H.E. Mr. Dante P. Sarraga, Deputy Minister for Natural Resources of the Philippines; H.E. Mr. Carlos Dominguez, Deputy Minister for Agriculture and Food of the Philippines; H.E. Ms. Narzalina Lim, Deputy Minister for Tourism of the Philippines; H.E. Brig.Gen. (Res) Lee Hsien Loong, Acting Minister for Trade and Industry and Minister of State for Defence of Singapore; H.E. Dr. Chirayu Isarangkun Na Ayuthaya, Minister attached to the Prime Minister's Office of Thailand; H.E. Mr. Korn Dabbaransi, Deputy Minister of Industry of Thailand; H.E. Dr. Supachai Panitchpakdi, Deputy Minister of Finance of Thailand; and their respective delegations.
3. H.E. Mr. Roderick Yong, the Secretary-General of the ASEAN Secretariat, and members of his staff were also present.
4. The President of the Republic of the Philippines, H.E. Mrs. Corazon C. Aquino in her keynote address, stated that as a result of her recent visits to Indonesia and Singapore, she had come to appreciate more fully the value of the existence of ASEAN. Expressing her joy over the enduring friendship and affection among the peoples of ASEAN, she stressed that the work of the Association today is to bring economies of the region as close together as their hearts.
5. H.E. Mr. Jose S. Concepcion, Jr., leader of the Philippine Delegation and H.E. Brig. Gen. (Res) Lee Hsien Loong, Leader of the Singapore Delegation were elected Chairman and Vice-Chairman of the Meeting, respectively.
6. The Ministers reviewed the activities of the ASEAN Economic Committees toward the enhancement economic cooperation and development in the ASEAN region.
7. In reviewing the progress of cooperation programme in the various economic fields, the Ministers noted progress had been achieved. The Ministers however felt that in preparation for the forthcoming ASEAN Summit new initiatives to further enhance ASEAN economic cooperation should be considered. Such new initiatives would be timely given the desire among ASEAN members to achieve closer economic cooperation and the present difficult economic environment.

8. The Meeting had an exchange of views comprehensive range of new initiatives to further enhance ASEAN economic cooperation. The ideas covered a wide range of proposals such as the improvement of the ASEAN PTA and liberalization of tariff, across-the-board or on sectoral basis; standstill and rollback of non-tariff barriers within ASEAN; promotion of intra-ASEAN investments through a preferential treatment of ASEAN investment a harmonization of investment laws and plans; increased industrial joint ventures such as by way of a 100% margin of preference on AIJV products; greater cooperation in commodities, in the service sector particularly shipping, banking, insurance and tourism; exchange of information and harmonization of national development plans and targets; and development of indicators that will enable effective monitoring of the progress of ASEAN economic cooperation. The concept of intra-ASEAN free trade was also discussed and will be further studied.
9. In this connection, the Ministers directed the Senior Economic Officials to study these initiatives, prioritise and integrate them, and come up with specific proposals before the next AEM Meeting on those initiatives which can be pursued, as part of the preparations for the ASEAN Summit.
10. In considering the above ideas and initiatives, the Ministers agreed that ASEAN should be guided by the following principles:
 - that regional resilience be enhanced through the strengthening of national resilience recognising that ASEAN economic cooperation is one of the means to strengthen the latter;
 - that the cooperation should result in mutual gain to all member countries; and
 - that the cooperation should be on a phased basis with a specific time frame.
11. The Ministers welcomed the recent decision of the Central Bank of the Philippines to permit the use of ASEAN national currencies as medium of exchange for trade of Philippine products with ASEAN member countries, as proposed by the ASEAN Banking Council in order to facilitate greater ASEAN trade.
12. The Ministers welcomed the establishment of the Group of Fourteen of the ASEAN Chamber of Commerce and Industry (ASEAN - CCI) to study and recommend measures to foster closer economic integration in ASEAN.
13. The Ministers agreed to explore the possibility of establishing direct dialogue with the Asian Development Bank (ADB) and facilitating EEC investments in ASEAN with assistance of the European Investment Bank (EIB).
14. The Ministers noted with appreciation the decision of Brunei Darussalam to participate in the ASEAN Food Security Reserve Agreement and that Brunei Darussalam had earmarked 3,000 tonnes of rice in its national stock for the ASEAN Emergency Rice Reserve. With the participation of Brunei Darussalam, the stock of ASEAN Emergency Rice Reserve increased from 50,000 tonnes to 53,000 tonnes.

15. The Ministers approved and confirmed the following ASEAN Industrial Joint Venture (AIJV) products:
 - i) Automotive Lamps, with Malaysia and the Philippines as participating countries;
 - ii) Motorcycle Electrical Parts, with Malaysia and Thailand as participating countries.
16. The Ministers, recognising the importance of the AIJV as an important component in spearheading ASEAN industrial cooperation, agreed to deepen the Margin of Preference (MOP) on AIJV products from 50% to 75%. The Ministers expressed the hope that the deepening of the MOP would encourage ASEAN as well as non-ASEAN investors to invest in AIJV schemes. The Ministers initialled the Supplementary Agreement to amend the BAAIJV to effect the above decision. The Ministers also approved a more simplified procedure of approving AIJV products to expedite implementation.
17. The Ministers, in furtherance of ASEAN economic cooperation, approved and initialled the Agreement on the Preferential Shortlisting of ASEAN Contractors. The Agreement provides for the preferential shortlisting of at least one ASEAN contractor where there is a large number of contractors who have prequalified to bid for projects which are funded by international financial institutions such as the World Bank and the Asian Development Bank. The objective is to support and to provide more opportunities for ASEAN contractors in a field that may otherwise be dominated by non-ASEAN firms.
18. With regard to the transport and communication sector, the Ministers recognized the important role that COTAC can play in promoting greater and more meaningful economic cooperation in the ASEAN region. The Ministers thus adopted new guidelines in tandem with the accepted recommendations of the ASEAN Task Force in order to further accelerate the implementation of COTAC activities and projects for the new programme period 1987 - 1991.
19. The Ministers approved the establishment of the ASEAN Tourism Information Centre (ATIC) in Kuala Lumpur. ATIC is envisioned to serve as an information centre on ASEAN tourism and will also be responsible for planning, implementing and coordinating all marketing and promotional programmes directed towards greater intra and inter-ASEAN travel.
20. The Ministers approved the ASEAN Preferential Tariff Quota Scheme to supplement the PTA to promote greater intra-ASEAN trade.
21. The Ministers stressed the need to expedite the reduction of the items in the exclusion lists.
22. The Ministers also agreed that the liberalization of Non-Tariff Barriers would contribute substantially to greater facilitation of intra-ASEAN trade and that ASEAN should pursue the exercise of reduction or removal of NTBs in connection with the negotiation under the ASEAN PTA. The Ministers further agreed that COTT should look into the measures to be taken to implement standstill and rollback on NTBs within ASEAN.
23. The Ministers approved COTT's recommendation to apply the 25 percent Margin of Preference (MOP) as a minimum level for both the existing items and future exchanges.

24. On the sectoral approach of liberalization of food sector, the Ministers noted that member countries had completed the exchange of information on their semi-sensitive list and that negotiations on this sectoral approach would commence by the next COTT Meeting scheduled to be held in December 1986.
25. The Ministers approved the trade preference granted on bilaterally negotiated items. The Ministers noted that to date, 12,700 tariff items are covered under the ASEAN PTA.
26. The Ministers noted that the member countries had agreed to accord duty-free treatment up to a certain limit on furniture imported for display and sale during the ASEAN Furniture Fairs.
27. The Ministers expressed concern on the depressed price and the declining trend in demand for primary commodities which has resulted in lower foreign exchange earnings for ASEAN producers. They agreed to continue to urge the industrialized countries to take measures to stimulate demand for ASEAN primary commodities.
28. The Ministers noted that the present crisis in trade in agricultural commodities has been caused largely by the policies of major developed countries causing structural surpluses which are continuously dumped on to the world market aided by various export subsidization measures and through the surplus disposal programmes. The Ministers further noted that this has inflicted severe damage to the developing countries which are heavily dependent on the export of these commodities for their income and foreign exchange earnings. The Ministers agreed that this long-standing problem should be fully and effectively dealt with during the upcoming New Round.
29. The Ministers endorsed joint ASEAN efforts in tackling the various problems with the United States at the appropriate fora, and also took cognizance of the protectionist tendencies in the US Congress which have created trade problems for ASEAN countries. However, considering the gravity of the problem, the Ministers also endorsed efforts by individual ASEAN countries to explore bilateral arrangements with the US.
30. The Ministers in reviewing ASEAN relations with Japan noted that while there has been constructive dialogue with Japan on economic issues, the rapid appreciation of the yen has exacerbated the debt burden of ASEAN economies. The Ministers called on the Japanese government to take appropriate measures to help affected ASEAN countries.
31. On dialogues with third countries, the Ministers also noted that COTT had conducted informal trade consultations with the US and Australia at the 20th COTT Meeting and with the EEC at the 21st COTT Meeting to exchange views on solving trade issues and that such trade consultations would be continued. The Ministers further noted that New Zealand, and again the US and Australia, requested similar consultations with ASEAN at the level of trade officials.
32. The Ministers agreed to adopt a common approach the issues to be discussed during the GATT Ministerial Meeting in Punta del Este, Uruguay, in particular, tropical products, trade in agriculture, new issues, and the linkage between the old and new issues, They urged all parties concerned to continue the consultation process with a view to ensuring that the New Round can be expeditiously launched in September with the support of all GATT Contracting Parties.

33. The Ministers in preparation for the Third Summit agreed to hold a special ASEAN Economic Ministers Meeting in Manila immediately before the Summit. The Ministers also agreed to hold the next AEM Meeting in Singapore on 26 - 28 February 1987.
34. The delegations of Brunei Darussalam, Indonesia, Malaysia, Singapore and Thailand expressed appreciation to the Government and people of the Philippines for the warm hospitality extended to them and the excellent arrangements made for the Meeting. The Ministers also expressed appreciation to the ASEAN Secretariat for their most valuable assistance.
35. The Ministers held their Meeting in the traditional spirit of ASEAN cordiality and solidarity.