

1987 JOINT PRESS RELEASE OF THE 19TH ASEAN ECONOMIC MINISTERS' MEETING

Signed in Singapore on 9-11 July 1987

1. The 19th Meeting of the ASEAN Economic Ministers was held in Singapore on 9 -11 July 1987. The Meeting was formally opened by H.E. Mr. Lee Kuan Yew, the Prime Minister of the Republic of the Singapore, and was preceded by a Preparatory Meeting of the ASEAN Senior Economic Officials on 6-7 July 1987.
2. The Meeting was attended by H.E. Pengiran Dto Seri Laila Jasa, Dr. Ismail Bin Pengiran Haji Damit, Minister of Development of Brunei Darussalam; H.E. Prof. Dr. Ali Wardhana, Minister Coordinator for Economy, Finance, Industry and Development Supervision of Indonesia;

H.E. Mr. Rachmat Saleh, Minister of Trade of Indonesia; H.E. Mr. Hartarto, Minister of Industry of Indonesia; H.E. Prof. Dr. Subroto, Minister of Mining and Energy of Indonesia; H.E. Datin Paduka Rafidah Aziz, Minister of Trade and Industry of Malaysia; H.E. Mr. Jose S. Concepcion, Jr., Secretary of Trade and Industry of the Philippines; H.E. Mrs. Solita Collas-Monsod, Secretary of Economic Planning and Director-General, National Economic & Development Authority of the Philippines; Hon. Miss Lilia R. Bautista, Undersecretary of Trade & Industry of the Philippines; Hon. Sostenes Campillo, Undersecretary of Tourism of the Philippines; Hon. Mr. Roberto Ansaldo, Undersecretary of Agriculture & Food of the Philippines; H.E. Brig. Gen. (Res) Lee Hsien Loong, Minister for Trade & Industry of Singapore; H.E. Dr. Lee Boon Yang, Minister of State for National Development of Singapore; H.E. Dr. Chirayu Isarangkun Na Ayuthaya, Minister Attached to the Prime Minister's Office of Thailand; H.E. Mr. Prachuab Chaiyasa, Deputy Minister, Ministry of Commerce of Thailand; and H.E. Dr. Supachai Panitchpakdi, Deputy Minister, Ministry of Finance of Thailand; and their delegations.
3. H.E. Mr. Roderick Yong, the Secretary-General of the ASEAN Secretariat, and members of his staff were also present.
4. The Prime Minister of the Republic of the Singapore, H.E. Mr. Lee Kuan Yew, in his keynote address stated that ASEAN had done well as a regional grouping of economies. However, the strong protectionist pressures in the US and Europe had aggravated the difficulties faced by the ASEAN economies. ASEAN should therefore set an example of an open and fair trading system to press the industrial countries to do likewise. ASEAN should now work out the next steps in economic cooperation within ASEAN and with dialogue partners to further encourage investment and trade in this region.
5. Referring to the preparation for the Third ASEAN Summit, the Prime Minister stated that the Economic Ministers had a crucial role in making the Summit a success and that their deliberations should throw up substantial proposals that would improve the climate for investment and growth in ASEAN.
6. H.E. Brigadier-General Lee Hsien Loong, Leader of the Singapore Delegation and H.E. Dr. Chirayu Isarangkun Na Ayuthaya, Leader of the Thai Delegation, were elected Chairman and Vice-Chairman of the Meeting respectively.

7. In preparation for the Third Summit in December 1987, the Ministers considered the recommendations submitted by the five ASEAN Economic Committees on new initiatives to enhance ASEAN economic cooperation. More specifically, the Ministers agreed to submit the following recommendations to the Summit:
- a) The ASEAN Industrial Joint Venture (AIJV) Scheme shall be improved in the following ways:
 - i) The margin of preference (MOP) will be deepened from 75 percent to 90 percent;
 - ii) The ceiling on non-ASEAN equity in the AIJV project will be raised to 60 percent for applications submitted before 31 December 1990;
 - iii) The maximum waiver period of non-participating countries shall be 8 years. However, at any time after the first 4 years, a non-participating country can enjoy the MOP granted by participating countries as soon as it extends the same MOP itself. If a non-participating country does not wish to grant such MOP, then the waiver period shall be extended beyond the first 4 years for as long as the non-participating country maintains this position, subject to a maximum waiver period of 8 years;
 - iv) COIME will prepare a pre-approved list of AIJV products and any valid AIJV entity which produces such products will be automatically designated an AIJV project; and
 - v) AIJV products will be given local content accreditation in all participating countries.
 - b) An ASEAN Investment Guarantee Agreement for promotion and protection of intra-ASEAN investments will be drawn up.
 - c) As a long term goal, ASEAN would work towards placing a substantial share of the number and value of traded items under the Preferential Trading Arrangement (PTA). The most practical and immediate steps would be for ASEAN to improve the PTA and implement the following specific measures over the next 5 years:
 - i) Reduce exclusion lists of individual member countries to not more than 10 percent of the number of traded items and achieve a greater harmonisation of the exclusion lists. Items remaining in the exclusion lists should not account for more than 50 percent of intra-ASEAN trade value;
 - ii) Apply a minimum 25 percent MOP on new items phased into the PTA. Individual member countries are to prepare a programme for phasing in the items into the PTA before the Summit;
 - iii) Deepen MOP to 50 percent for existing items in the PTA;
 - iv) Reduce the ASEAN content requirement in the rules of origin from 50 percent to 35 percent for 5 years on a case-by-case basis, after which there should be a review with a view to revert the ASEAN content requirement to the original levels; and

- v) Implement standstill of NTBs immediately and negotiate rollback.
- d) Recognizing the threat of depressed commodity prices and reduced market opportunities to the well-being of the ASEAN economies, there is a need to enhance intra-ASEAN cooperation and to deal with current commodity problems through joint efforts in production, marketing and research.
- e) Enhance intra-ASEAN economic cooperation in the following areas:
 - i) In tourism, the year 1992 is to be proclaimed "Visit ASEAN Year" to commemorate the 25th Anniversary of ASEAN.
 - ii) In Finance and Banking, an ASEAN Reinsurance Corporation is to be established.
 - iii) In transport and communication, air, shipping and land transport links among ASEAN countries are to be strengthened.
- 8. To finalise these initiatives and to discuss the new initiatives from all the ASEAN Economic Committees, including G-14 recommendations, the Ministers felt that there is a need for an informal meeting of the Ministers. The Meeting will be held on 29-30 October 1987 in Singapore.
- 9. On the ASEAN-US Dialogue, the Ministers noted with concern the strong protectionist mood in the US Congress and the numerous outstanding trade problems faced by ASEAN such as anti-dumping actions, countervailing duty petitions, GSP petitions, farm subsidies and "buy America" campaigns. These developments would make access to the US market less predictable. The Ministers noted at the ASEAN Post-Ministerial Conference with the US that the AUI could serve as a framework for the long-term economic relationship between ASEAN and the US. The Ministers welcomed Secretary Shultz's announcement to appoint Undersecretary of State for Economic Affairs, Mr. Allen Wallis as the Coordinator to work out the agenda for the AUI with the ASEAN Coordinator. The Ministers noted that the ASEAN Foreign Ministers would appoint the ASEAN Coordinator for the AUI.
- 10. The Ministers were concerned with the smear campaign mounted by the American Soya Association against tropical oils. They agreed that it is important for ASEAN to counter the campaign and urged the US to refrain from adopting discriminator laws and regulations which restrict the entry of palm oil, kernel oil and coconut oil into the US market.
- 11. The Ministers had an informal meeting with the Deputy USTR, H.E. Mr. Michael Smith where the following items, which are of concern to ASEAN, were discussed:
 - a) US Trade Legislation;
 - b) ASEAN-US Initiative (AUI);
 - c) US-GSP;
 - d) Sector-Specific Restrictive Measures;

- e) Shipping; and
 - f) Matters Related to Uruguay Round
12. On the ASEAN-Japan Dialogue, the Ministers welcomed the Japanese announcement at the recent ASEAN Post Ministerial Conference, to establish a Fund to assist in ASEAN's economic cooperation and development. They agreed that the proposal should aim at promoting joint ventures among the private sectors of ASEAN and between ASEAN and Japan. The Ministers further agreed that the High Level Steering Committee (HLSC) should work out the details of the Fund with Japan.
 13. The Ministers also reiterated ASEAN's request that Japan should make greater efforts to arrange for "buy-back" of Japanese manufactures in ASEAN.
 14. On ASEAN's Dialogue with the European Community (EC), the Ministers noted that no decision was made at the recent EC Summit on the proposed levy on vegetable oils. As the levy constitutes a breach of the Punta Del Este Ministerial Declaration and is detrimental to vegetable oil exporting countries, the Ministers agreed that an ASEAN Ministerial delegation led by Malaysia should make strong representation to the EEC to drop the proposal completely.
 15. On the ASEAN-Australia Dialogue, the Ministers were concerned that ASEAN's views were not taken into consideration by Australia in revising the anti-dumping legislation and also that Australia's post-1988 Textile, Clothing and Footwear Programme would be more restrictive.
 16. On the ASEAN-New Zealand Dialogue, the Ministers noted that New Zealand had reinstated developing country tariff rates to all products of export interest to ASEAN.
 17. On the ASEAN-Canada Dialogue, the Ministers expressed the need to pursue consultations on various specific trade issues raised by ASEAN.
 18. The Ministers noted that the Uruguay Round of Multilateral Trade Negotiations was launched at the GATT Ministerial Meeting at Punta del Este in September 1986. The Ministers' were pleased to note that issues of critical interest to ASEAN, such as tropical products and agriculture, have been included in the negotiations, and called on all parties to work for substantial and expeditious progress in these sectors. The Ministers urged all Contracting Parties to the GATT to help strengthen framework of GATT, and to uphold the principle of special and differential treatment for developing countries in these negotiations.
 19. The Ministers agreed to hold the 20th ASEAN Economic Ministers Meeting in Thailand in June 1988.
 20. The Delegations of Brunei Darussalam, Indonesia, Malaysia, Philippines and Thailand expressed appreciation to the Government and people of the Republic of Singapore for the warm hospitality extended to them and the excellent arrangements made for the Meeting.
 21. The Ministers held their Meeting in the traditional spirit of ASEAN cordiality and solidarity.