

1991 JOINT PRESS STATEMENT OF THE 23RD ASEAN ECONOMIC MINISTERS' MEETING

Signed in Kuala Lumpur, Malaysia on 7-8 October 1991

1. The Twenty-Third Meeting of the ASEAN Economic Ministers (AMM) was held in Kuala Lumpur, Malaysia on 7-8 October 1991. The Meeting was formally opened by the Right Honourable Dato' Seri Dr. Mahathir Mohamad, Prime Minister of Malaysia and was preceded by a preparatory Meeting of the ASEAN Senior Economic Officials (SEOM) on 4-5 October 1991.
2. The Meeting was attended by H.E. Pehin Dato' Abdul Rahman Taib, Minister of Industry and Primary Resources of Brunei Darussalam; H.E. Dr. Arifin M. Siregar, Minister of Trade of Indonesia; H.E. Mr. Hartarto, Minister of Industry of Indonesia; H.E. Dato' Seri Rafidah Aziz, Minister of International Trade and Industry of Malaysia; H.E. Mr. Chua Jui Meng, Deputy Minister of International Trade and Industry of Malaysia; H.E. Mr. Peter D. Garrucho, Jr., Secretary of Trade and Industry of the Philippines; H.E. BG (Res) Lee Hsien Loong, Deputy Prime Minister and Minister for Trade and Industry of Singapore; H.E. Mr. Lim Boon Heng, Senior Minister of State for Trade and Industry of Singapore; H.E. Mr. Amaret Sila-On, Minister of Commerce of Thailand; H.E. Mr. Virabongsa Ramangkura, Deputy Minister of Finance of Thailand; H.E. Mr. Vira Susangkarakan, Deputy Minister of Industry of Thailand and their respective delegations. H.E. Mr. Rusli Noor, Secretary-General of the ASEAN Secretariat and members of his staff were also present.
3. The Right Honourable Dato' Seri Dr. Mahathir Mohamad in his Keynote Address commented on ASEAN's achievement in economic cooperation against the backdrop of rapid growth of the economy of ASEAN members which have benefitted from a free economic and trading environment. The Prime Minister expressed concern over the formation of trade blocs in the West and emphasized that in the interest of the World economy, the Uruguay Round should be brought to a successful conclusion. In acknowledging the fact that ASEAN on its own is not strong enough to protect free trade, he stressed the need to work together with the East Asian Economies through the formation of the East Asian Economic Group (EAEG) which will be GATT-consistent, compatible with APEC, and not detrimental to ASEAN's cohesiveness. The Prime Minister made it clear that the EAEG should not be a trade bloc and should instead stand for free trade. He welcomed the proposal by the Prime Minister of Thailand for an ASEAN Free Trade Area. He pointed out that the private sector would have to be more efficient and assume a greater role in promoting economic cooperation in order to benefit from the economic liberalization policies being implemented by ASEAN member countries. The Prime Minister expressed concern over the use of environmental issues to burden the ASEAN economies. He pointed out the dangers of using these issues as leverage in trade negotiations. The Prime Minister advocated cooperation between developed and developing countries to solve this problem, rather than resorting to confrontational campaigns. He emphasized the need for ASEAN to speak with one voice. The Prime Minister cautioned that efforts to forge closer ASEAN economic cooperation should be complemented by strengthening ASEAN's own machinery. In this context, he emphasized the need to revamp the ASEAN Secretariat considering its important role in ensuring that various decisions, particularly of an economic nature, are made expeditiously and implemented.

4. H.E. Dato' Seri Rafidah Aziz, Leader of Malaysian Delegation, and H.E. Mr. Peter D. Garrucho, Jr., Leader of the Philippines Delegation were elected Chairman and Vice-Chairman of the Twenty-Third Meeting of the AEM, respectively.
5. The Ministers reviewed the activities undertaken during the past year to implement the decisions of the Third ASEAN Summit.
6. The Ministers noted the fast-changing economic and political environment within and outside the ASEAN region, which presents new challenges and opportunities. They were aware of the need for ASEAN to adopt timely and effective measures to strengthen its intra-and-extra-ASEAN economic cooperation.
7. The Ministers held extensive discussions on the new initiatives proposed by ASEAN member countries, namely, the Common Effective Preferential Tariffs (CEPT) Arrangement, the "Growth Triangle" concept, the establishment of an ASEAN Free Trade Area (AFTA), the ASEAN treaty of economic cooperation as well as the ongoing efforts to improve the ASEAN Preferential Trading Arrangements (PTA) scheme.
8. The Ministers agreed that the new initiatives embody elements which are inter-related and intended to expand trade and investment cooperation among ASEAN member countries. In this regard, the Ministers decided to treat the new initiatives as part and parcel of an integrated package towards the creation of a truly liberalized ASEAN market.
9. The Ministers, in acknowledging the inter-relationship of the new initiatives, agreed that all member countries should subscribe to the establishment of the ASEAN Free Trade Area (AFTA) simultaneously so as to create within the time frame of 15 years a truly liberalized ASEAN market with the Common Effective Preferential Tariff (CEPT) in the range of 0-5 percent for manufactured products. They also agreed that the AFTA shall be effected mainly through the CEPT scheme, while the improved Preferential Trading Arrangements (PTA) scheme will continue to be applied as a complementary tool.
10. The Ministers agreed that the establishment of AFTA with the application of CEPT on a sectoral basis within the definite time-frame would serve the interest of all member countries, accommodate the respective national conditions and requirements, lead to the emergence of the ASEAN region as a truly liberalized market, and maintain ASEAN's relevance in the world at large beyond the 1990's.
11. The Ministers agreed to a Framework Agreement to implement the various initiatives for the expansion of ASEAN trade, investment and economic cooperation. They assigned the Senior Officials to work out the form and substance of the Framework Agreement to be signed at the Fourth ASEAN Summit.
12. The Ministers acknowledged that the "Growth Triangle" concept is a sub-regional arrangement which complements the overall ASEAN economic cooperation. They also noted that such sub-regional arrangements when taken together, would contribute to the overall enhancement of intra-ASEAN economic cooperation.

13. Recognizing the importance of strengthening the existing ASEAN vehicles, particularly the system of ASEAN dialogue partners, in promoting economic cooperation with third countries and multilateral organizations, the Ministers agreed to convening of East Asian economies and to meet as and when the need arises. They agreed that such a Caucus would:
 - (a) expand intra-regional cooperation in East Asia which holds vast potentials to further enhance the dynamism of regional economies and, consequently, contribute significantly to the support and promotion of an open and free global trading system. The initiative would provide the necessary collective approach in areas of mutual concern in international economic fora; and
 - (b) not be an institutionalized entity and would not be a trading bloc.
14. The Ministers noted the progress of the APEC process.
15. The Ministers agreed that officials pursue the establishment of consultative mechanisms between ASEAN and other dialogue partners in order to enhance trade and economic cooperation with them.
16. The Ministers also reviewed the progress of the activities of the ASEAN Economic Committees since their last meeting in Bali in October, 1990.
17. The Ministers acknowledged that member countries have liberalized their foreign exchange rules and increasingly used ASEAN currencies as settlement currencies. They also noted the status of the ASEAN-Japan Development Fund (AJDF) and called for member countries to make use of the regional project portion in addition to the utilization of the respective allocations for national projects. The Ministers also agreed that cooperation in the area of capital market development be further developed.
18. Regarding ASEAN cooperation on food, agriculture and forestry, the Ministers approved the new project proposals submitted by the ASEAN Committee on Food, Agriculture and Forestry (COFAF). They noted the continuing efforts by ASEAN member countries to counter the Anti-Tropical Timber Campaign.
19. The Ministers endorsed the text of a protocol to amend the Revised Basic Agreement on AIJV in which ASEAN agrees, among others, on the extension of at least 90 percent Margin of Preferences (MOP) to AIJV products so as to achieve Common Effective Preferential Tariff (CEPT) of 0-5 percent, the Common rate of which is to be agreed upon by participating countries. The Ministers also endorsed the following products in the Approval List of the AIJV products:
 - (a) Enamel (Indonesia and Malaysia);
 - (b) Heavy Equipment (Conditional agreement by Indonesia and Malaysia);
 - (c) Aluminium Hydroxide (Indonesia and Thailand);
 - (d) Breakfast Cereals (all ASEAN countries);

- (e) Soya-based milk, soyex and meat analogue (all ASEAN countries);
 - (f) Chocolate wafers, dragees, bouillon tablets (all ASEAN countries);
 - (g) Non-dairy creamer (all ASEAN countries); and
 - (h) Soya sauce powder (all ASEAN countries).
20. The Ministers agreed to extend the Brand-to-Brand Complementation scheme to non-automotive products.
21. The Ministers endorsed the ASEAN Program of Action in Transportation and Communication, as the basis for future cooperation.
22. The Ministers reviewed the progress of ASEAN trade cooperation with particular emphasis on the improvement of the Preferential Trading Arrangement (PTA) Scheme. They took into account the independent studies on the PTA trade since the Third ASEAN Summit and noted that all member countries would meet the target set by the Third ASEAN Summit. The Ministers also noted that all member countries have confirmed their respective programmes and product lists for 1992.
23. The Ministers agreed to the following measures for the improvements to the PTA programme:
- (a) to further deepen MOP of existing PTA items;
 - (b) to further reduce the items in the exclusion lists; and
 - (c) for all member countries to reduce the ASEAN content requirement to 40 percent for the first five years. At the end of the fifth year this would be reviewed with a view of raising it back to the original 50 percent.
24. The Ministers noted that a progress report on the visit ASEAN Year 1992 and the post 1992 tourism initiatives would be presented at the 4th ASEAN Summit.
25. On ASEAN's external relations, the Ministers emphasized that the form and substance of ASEAN's relations with third countries, and international and regional organizations need to be in line with the changing international political and economic environment.
26. The Ministers reaffirmed their strong commitment to a successful conclusion of the Uruguay Round of Multilateral Trade Negotiations (URMTN). They urged the major trading economies to adopt greater flexibility to contribute to the success of the URMTN.
27. The Ministers expressed concern over increasing support and protectionism by industrialized countries for their agricultural sector through farm subsidies. They emphasized the need for ASEAN to project a stronger voice against farm subsidies through joint efforts of member countries and closer consultation with the Cairns Group.
28. The Ministers noted that the Anti-Tropical Timber campaign still went on unabated. They felt that ASEAN should continue cooperative efforts with the developed countries to resolve this problem on the basis of shared responsibility and better understanding.

29. The Ministers expressed their serious concern over the use of environmental issues as a pretext to impose trade restrictive measures on developing countries.
30. The Ministers noted the increasing trend of trade restrictive measures in the form of anti-dumping and countervailing duties. They agreed that ASEAN should continue to monitor this trend and have close consultation on appropriate steps to counter the trade restrictive measures.
31. The Ministers noted the Report of the Panel of the Five Eminent Person on "Strengthening the Structure and Mechanism of the ASEAN Machinery with Special Reference to the ASEAN Secretariat". They urged that any measures adopted should be in accordance with goals and requirements of ASEAN activities.
32. The Ministers expressed their appreciation to the ASEAN-CCI for its recommendations to enhance ASEAN economic cooperation. They urged the ASEAN-CCI to take a more active involvement in existing ASEAN economic activities as well as the new initiatives being proposed.
33. The Ministers were briefed by Singapore on the preparation for Fourth ASEAN Summit which will be held in Singapore in January 1992.
34. The Ministers agreed to hold the Twenty-Fourth AEM Meeting in the Philippines in 1992.
35. The Ministers expressed their most grateful appreciation to the Right Honourable Dato' Seri Dr. Mahathir Mohamad, Prime Minister of Malaysia, for his Keynote Address, setting out the guidance for their deliberation.
36. The delegations of Brunei Darussalam, Indonesia, Philippines, Singapore and Thailand expressed appreciation to the Government and people of Malaysia for the warm hospitality extended to them and the excellent arrangements made for the meeting.
37. The Meeting was held in the spirit of ASEAN cordiality, solidarity, and a sense of pragmatism.