

# 1997 JOINT PRESS STATEMENT OF THE 29<sup>TH</sup> ASEAN ECONOMIC MINISTERS' MEETING

*Issued in Subang Jaya, Malaysia on 16 October 1997*

ACCESSION OF LAOS AND MYANMAR.....	3
RECENT CURRENCY SITUATION IN ASEAN .....	3
SERVICES LIBERALISATION ADVANCED .....	4
IMPLEMENTATION OF AICO TO BE EXPEDITED .....	4
OTHER AREAS OF INDUSTRIAL COOPERATION STRENGTHENED .....	5
COOPERATION IN INVESTMENT MAKES HEADWAY .....	5
NOTABLE PROGRESS IN OTHER AREAS OF ASEAN ECONOMIC COOPERATION .....	5
PRIVATE SECTOR GIVEN GREATER ROLE .....	6
WTO.....	6
APEC.....	6
ASEM .....	6
EAST ASIAN ECONOMIC CAUCUS (EAEC).....	7
SECOND ASEAN INFORMAL SUMMIT.....	7

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1. The Twenty-Ninth Meeting of the ASEAN Economic Ministers was held in Subang Jaya, Malaysia on 16 October 1997. The Meeting was preceded by a Preparatory Meeting of the ASEAN Senior Economic Officials Meeting (SEOM) held on 13-14 October 1997 and the Eleventh AFTA Ministerial Council Meeting held on 15 October 1997.
2. The Meeting was attended by:
  - a. H.E. Dato' Seri Rafidah Aziz, Minister of International Trade and Industry, Malaysia;
  - b. H.E. Pehin Dato Abdul Rahman Taib, Minister of Industry and Primary Resources, Brunei Darussalam;
  - c. H.E. Mr. Hartarto, Coordinating Minister for Production and Distribution, Indonesia;
  - d. H.E. Mr. Sompadith Vorasane, Minister of Commerce, Lao PDR;
  - e. H.E. Brigadier General David O. Abel, Minister of National Planning and Economic Development, Myanmar;
  - f. H.E. Mr. Cesar B. Bautista, Secretary of Trade and Industry, Philippines;
  - g. H.E. Mr. Lee Yock Suan, Minister for Trade and Industry, Singapore;
  - h. H.E. Mr. Virabongsa Ramangkura, Deputy Prime Minister, Thailand;
  - i. H.E. Dr. Narongchai Akrasanee, Minister of Commerce, Thailand;
  - j. H.E. Mr. Truong Dinh Tuyen, Minister of Trade, Viet Nam;
  - k. H.E. Dato' Ajit Singh, Secretary-General of ASEAN; and their respective delegations.
3. The Meeting was also attended by H.E. Mr. Keat Chhon, Senior Minister in Charge of Rehabilitation and Development and Minister of Economy and Finance, Cambodia, and his delegation as Observer.
4. The Meeting was formally opened by His Excellency Dato' Seri Dr. Mahathir Mohamad, the Prime Minister of Malaysia. In his Opening Address, the Prime Minister welcomed the ASEAN Economic Ministers (AEM) and their respective delegations. He further commended the AEM on the achievements in ASEAN economic cooperation over the last ten years. He cited that these achievements, coupled with sustained economic progress of the Member Countries, have placed ASEAN as an important player in international economic relations.

### **ACCESSION OF LAOS AND MYANMAR**

5. The Ministers welcomed the attendance of Laos and Myanmar to the Meeting and expressed the hope that their admission into the ASEAN family will enhance economic development and growth in the region. The Ministers of Laos and Myanmar signed the Second Protocol of Accession for Laos and Myanmar to complete the admission process of the two countries into ASEAN.
6. To assist the new Members to fulfil their obligations under the various ASEAN economic Agreements, the Ministers agreed that technical assistance will be extended to them. The areas of assistance include among others:
  - a. Setting up a database containing up- to-date export/import data;
  - b. Compiling information on services regime;
  - c. Training in GATS and other services issues;
  - d. Compilation of information on SPS measures and TBTs;
  - e. Building up the technical capacity for standards development, laboratory testing and conformity assessment;
  - f. Implementation of Rules of Origin including know-how on calculation of ASEAN content ;
  - g. Implementation of the ASEAN Harmonised Tariff Nomenclature (AHTN);
  - h. Implementation of the GATT Valuation Agreement; and
  - i. Implementation of AICO Scheme;
  - j. Human Resources Development; and
  - k. Trade Policies.

### **RECENT CURRENCY SITUATION IN ASEAN**

7. The Ministers endorsed the AFTA Council view that while the recent currency situation had affected most of the ASEAN Member Countries, they were confident that ASEAN will continue its high rate of growth and will remain a dynamic region. With strong economic fundamentals, abundant investment opportunities, high savings ratios and consistent application of sound, market-oriented and outward- looking policies, the Ministers were optimistic that ASEAN would overcome the present financial situation.
8. The Ministers recalled that ASEAN had previously faced economic problems, such as the 1985 recession. But with the resilience of the ASEAN economies, ASEAN had emerged stronger, the economic growth in the region rebounded and ASEAN went on to achieve ten years of sustained high growth ASEAN members had taken the opportunity during the recession to restructure their economies and improve their competitiveness and trade status. The region is

now the fifth largest trading entity in the global economy. The current economic situation will provide ASEAN with the opportunity to eliminate inherent weaknesses, readjust and strengthen the foundation of their economies. ASEAN will continue to strengthen its financial sector, use capital more efficiently and upgrade its human resources through education and training and at the same time, through closer economic cooperation, in particular through arrangements such as AFTA, AICO and AIA. ASEAN will enhance its economic resilience to face the ever increasing competitive world.

9. The Ministers also noted that the ASEAN Finance Ministers have discussed the recent financial situation and are making appropriate responses to the present situation to steer ASEAN out of the present environment. The Ministers reiterated their support for the work being carried out by the Finance Ministers and agreed that they will continue to maintain policies at the individual and regional levels, aimed at ensuring that ASEAN continues to remain as a dynamic and vibrant region for trade and investment.
10. The Ministers reaffirmed their commitment towards strengthening ASEAN economic cooperation and in the realisation of the targets set out in the various regional economic initiatives. The Ministers agreed that the ASEAN 2020 will chart out ASEAN's strategies for sustained economic and social development for the advent of the next century.

#### **SERVICES LIBERALISATION ADVANCED**

11. The Ministers approved the initial package of offers negotiated by ASEAN Member Countries since January 1996. The package contains offers in five service sectors: air transport (3 countries), business services (1 country), maritime transport (4 countries), telecommunications (1 country) and tourism (7 countries). The offers also involve all modes of service supply: cross-border supply, consumption abroad, commercial presence and movement of natural persons. A significant number of the offers involve opening up new service sectors that were not previously included in the GATS. This is true of all the offers in air transport, business services and most of the offers in tourism. The implementation of the commitments contained in the initial package is targeted to be no later than 31 March 1998. The Ministers also endorsed the Protocol to Implement the Initial Package for signing by the Second Informal ASEAN Summit in Kuala Lumpur in December 1997. The Ministers were pleased to note that Laos and Myanmar had submitted their initial offers.
12. With a view to further liberalize trade in services, the Ministers agreed to adopt an alternative approach to negotiation in services to ensure the expeditious realization of free flow of services in ASEAN by the year 2020.

#### **IMPLEMENTATION OF AICO TO BE EXPEDITED**

13. The Ministers also noted the various steps taken to promote the AICO Scheme since its launch. The Ministers tasked their officers to expedite the implementation of the AICO Scheme. The Ministers encouraged the private sector to take advantage of Scheme.

## **OTHER AREAS OF INDUSTRIAL COOPERATION STRENGTHENED**

14. In the area of intellectual property, the Ministers were pleased to note the on-going efforts taken in strengthening cooperation in this important area which would help enhance ASEAN attractiveness for FDI. The Ministers further noted the technical assistance extended by Japan and the EU in intellectual property cooperation.
15. Satisfactory progress has been made in the area of SMEs cooperation. The Ministers noted the successful completion of the ASEAN Small and Medium Industries Showcase/ ASEAN-East Asian Small and Medium Industries Business Forum held in Kuala Lumpur in August 1997. The Partenariat and the SMI Business Forum are oriented towards promotion of joint ventures/investment rather the traditional self-improvement activities for the SMEs. These multi-pronged and multi-forum approach of ASEAN should continue to ensure that efforts towards modernizing the ASEAN SMEs succeeds. This important sector must be developed in tandem and in support of the dynamic economic growth of ASEAN.

## **COOPERATION IN INVESTMENT MAKES HEADWAY**

16. The Ministers noted with satisfaction the progress made in ASEAN investment cooperation. A number of new initiatives have been agreed by ASEAN Heads of Investment Agencies (AHIA) to further strengthen investment Cooperation. The AHIA will collectively convene a number of joint investment promotion events in Asia, Europe and in ASEAN in 1988, in conjunction with the 30<sup>th</sup> ASEAN Anniversary, and to promote the region's investment opportunities investors.
17. The Ministers were pleased to note the significant progress made in the drafting of the Framework Agreement on the ASEAN Investment Area (AIA). Bearing in mind that the AIA will be instrumental towards strengthening ASEAN's position as the premier global investment region, the Ministers urged the investment officials to expedite the process of drafting and subsequent implementation of the Framework Agreement on AIA. The Ministers expressed the view that the establishment of the AIA will enhance ASEAN's competitiveness and will place ASEAN in a better position to attract continuously higher level inflows of FDI into the region.

## **NOTABLE PROGRESS IN OTHER AREAS OF ASEAN ECONOMIC COOPERATION**

18. The Ministers noted the progress made in the other economic sectors. These include, among others, ASEAN cooperation in transport and communication, tourism, minerals, energy, food, agriculture and forestry. The Ministers also noted that the ASEAN Heads of Statistical Offices are currently working on establishing an ASEAN Primary Database through a network of statistical focal points consisting of the National Statistical Offices of the ASEAN Member Countries.

## **PRIVATE SECTOR GIVEN GREATER ROLE**

19. The Ministers held consultations with the ASEAN Chambers of Commerce and Industry (ASEAN-CCI) to obtain the views of the private sector on how best to facilitate business interaction in the region. The Ministers noted proposals by the ASEAN-CCI on the ASEAN Vision 2020, their Joint Communique on the Currency Crisis and a report on the ASEAN capital goods industry. Noting that the private sector was an important source of information on barriers to trade, the Ministers requested the ASEAN-CCI to come up with a list of barriers to trade which they currently face in the region. The Ministers encouraged the ASEAN-CCI to participate actively in various ASEAN economic bodies to provide policy inputs.

## **WTO**

20. The Ministers, cognisant of 1997 as the 50<sup>th</sup> anniversary of the WTO, reaffirmed their commitment to the primacy of the multilateral system and ASEAN's commitment to the principle of Open Regionalism. The Ministers also agreed that ASEAN should be more coordinated and pro-active at the WTO, particularly in preparation for the 1998 WTO Ministerial Conference.
21. The Ministers supported the objective of achieving agreement in the current negotiations on financial services and called on the broadest possible participation of WTO Members. Noting the decision of the WTO Ministerial Conference in Singapore on integrating the Least Developed Countries into the global trading system, the Ministers emphasized the importance of the High Level Meeting on LDCs in October 1997 and the need to quickly achieve progress in this area.
22. The Ministers expressed the hope that the 1998 WTO Conference will maintain the global momentum of trade investment liberalisation of the last fifty years.

## **APEC**

23. The Ministers noted the progress made in APEC. The Ministers agreed to support the APEC initiative towards early voluntary liberalisation of selected sectors as decided by the APEC Trade Ministers Meeting in Montreal to complement the Individual and Collective Action Plans (IAPs and CAPs). The Ministers however emphasised that the sectoral liberalisation initiative should be voluntary and that the IAPs and CAPs should remain the main instruments of trade and investment liberalisation and facilitation in APEC.
24. The Ministers noted that Malaysia will host the APEC in 1998 and pledged their full support to Malaysia when she hosts the event next year.

## **ASEM**

25. The Ministers welcomed the successful holding of the First Asia-Europe Economic Ministers' Meeting (EMM) held on 27-28 September 1997 in Makuhari, Japan. The Ministers agreed on the need for Asia and Europe to work together to develop concrete measures for economic

cooperation. In this connection, the Ministers agreed that the adoption of the Investment Promotion Action Plan (IPAP) and the Trade Facilitation Action Plan (TFAP) at the EMM is a positive step forward. The Ministers also agreed to work closely with their counterparts from Japan, South Korea and China.

### **EAST ASIAN ECONOMIC CAUCUS (EAEC)**

26. The Ministers noted the increasing receptiveness of the EAEC among the Asia-Pacific countries and agreed to continue the efforts towards its realization. The Ministers noted the on-going development of projects on SMEs under the Asian grouping.

### **SECOND ASEAN INFORMAL SUMMIT**

27. The Ministers discussed the preparation made for the Second ASEAN Informal Summit, ASEAN-China Summit, ASEAN-Japan Summit and ASEAN-Republic of Korea Summit scheduled to be held on 15-16 December 1997.