

# 1998 JOINT PRESS STATEMENT OF THE 30<sup>TH</sup> ASEAN ECONOMIC MINISTERS' MEETING

*Issued in Makati City, the Philippines on 7-8 October 1998*

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1. The Thirtieth Meeting of the ASEAN Economic Ministers was held in Makati City, the Philippines, 7-8 October 1998. The Meeting was preceded by a Preparatory Meeting of the ASEAN Senior Economic Officials Ministers (SEOM) held on 5-6 October 1998 and the Twelfth AFTA Council Meeting held on 6 October 1998.
2. The list of delegates to the 30<sup>th</sup> ASEAN Economic Ministers Meeting appears as ANNEX 1.

### **OPENING CEREMONY**

3. The Meeting was formally opened by H.E. Joseph E. Estrada, President of the Republic of the Philippines. In his Opening Address, the President commended the achievements in ASEAN cooperation over the last three decades and encouraged ASEAN countries to move towards the realisation of ASEAN Vision 2020. While the President acknowledged that in the light of the financial and economic crisis, the way to ASEAN integration may not be as smooth as before, the President stressed that there should not be any backsliding on commitments. The President submit that ASEAN should maintain the course of economic integration and the integration of ASEAN region with the rest of the world. He said that whatever adjustments and policy options ASEAN might have to take from hereon must be fashioned in the larger context of global integration and interdependence. We must look at this crisis as just a short-term disturbance.
4. The President called for closer integration in ASEAN through the acceleration of AFTA and AIA, facilitation measures in the area of customs and standards, promotion of AICO and the liberalisation of services.

### **ECONOMIC AND FINANCIAL CRISIS**

5. The Ministers discussed a set of bold measures to restore confidence and facilitate economic recovery covering investments, trade, and tourism, which could be announced at the Sixth ASEAN Summit in Hanoi in December 1998.
6. In addition, initiatives covering the following areas were also discussed:

### **INVESTMENT**

7. The Ministers expressed confidence that the measures envisaged under the Framework Agreement on ASEAN Investment Area, which they signed at the meeting could play a pivotal role in encouraging intra-ASEAN investments. The Ministers tasked senior officials to develop a set of bold measures which they can recommend to the Leaders at the 6<sup>th</sup> ASEAN Summit to encourage FDI from outside ASEAN into the region. These measures should aim to build investors' confidence on the resolve of ASEAN governments to revitalise the region's competitiveness.

## **TRADE**

8. With the view to promote greater intra-ASEAN trade, the ASEAN Heads of Government at the Second Informal ASEAN Summit, 1997 had agreed to accelerate the implementation of the ASEAN Free Trade Area (AFTA). In line with this decision, the Ministers endorsed the decision of the 12<sup>th</sup> AFTA Council Ministers to accelerate the implementation of AFTA. These proposals would be included in the 1999 CEPT Legal Enactment.

## **INDUSTRY**

9. The Ministers directed the economic officials to explore the possibility of offering a more liberal AICO Scheme package for a limited period as a tool for economic recovery in ASEAN. Under this proposal all AICO applications received between 1 January 1999 to 31 December 2000 could be subject to a more liberal AICO rules. The basic thrust of this exercise is to expedite the consideration and approval of AICO applications and attract more participation in various sectors from entrepreneurs and companies operating in the region.

## **CEPT GREEN LANE**

10. As a contribution towards enhancing intra-ASEAN trade, the Ministers also noted that the customs authorities of ASEAN have agreed to expand the scope of the Customs Green Lane to cover all ASEAN products. Details are currently being worked out to provide expeditious customs clearance.

## **FINANCE**

11. With regard to finance the Ministers welcomed the decision of the ASEAN Finance Ministers to establish an ASEAN Surveillance Process. The ASEAN Surveillance Process aims to prevent future crises and will be based on a peer review process. The Surveillance Process is also aimed at monitoring developments in ASEAN member countries and in the international economy that could affect individual ASEAN economies and the region. An important aspect of the Surveillance Process will be providing recommendations on possible actions that could be taken at the country and/or regional level.
12. The Ministers noted the present effort promote the use of ASEAN currencies in intra-ASEAN trade. To-date, one Bilateral Payment Arrangement (BPA) had been concluded and three more are in the process being concluded. The BPAs involve Malaysia-Philippines; Malaysia-Thailand, Malaysia-Indonesia; and Malaysia-Myanmar. Early conclusion of these BPAs would reduce demand for US dollars for intra-ASEAN trade settlement. The Ministers agreed to further encourage the increased use of regional currencies for intra-ASEAN trade transactions.

## **AEM-ASEAN CHAMBERS OF COMMERCE AND INDUSTRY CONSULTATIONS**

13. Given the importance of the private sector, the Ministers also held their annual consultations with the ASEAN-Chambers of Commerce and Industry. The consultations focused upon proposals to:
- encourage the use of ASEAN currencies in intra-ASEAN trade;
  - development of capital goods industry in ASEAN;
  - ASEAN Vision 2020 Action Plan;
  - ASEAN window in Export-Import Banks of Member Countries;
  - Mutual Recognition Arrangements to facilitate and expand trade; and
  - according National Treatment to ASEAN-owned companies in construction and infrastructure projects in ASEAN.

## **COOPERATION IN TRADE AND INVESTMENT**

14. The Ministers approved and signed the Protocol on Notification Procedures that obliged Member Countries to give advance notice (60 days) prior to taking any actions or measures that will impair or nullify the benefits enjoyed by other Member Countries from any ASEAN economic agreement. Concurrently, the Ministers agreed to strengthen the Interpretative Notes of Article 6 of the CEPT Agreement on Emergency Measures.
15. The Ministers approved the ASEAN Framework Agreement on the Facilitation of Goods in Transit and agreed to sign it at the Sixth ASFAN Summit in Hanoi, Vietnam. To implement the Framework Agreement nine protocols shall be negotiated and concluded by end of 1999 to enable the operationalisation of the Agreement by year 2000.
16. In this connection, the Ministers reiterated their belief that efficient and comprehensive networks of transport services among and between ASEAN Member Countries are of utmost importance to the fulfillment of AFTA's objectives and the economic integration of ASEAN.
17. The Ministers approved and signed the Framework Agreement on ASEAN Investment Area (AIA) and established a ministerial-level council, the AIA Council, to oversee the implementation of the AIA. The AIA will provide to ASEAN, in a collective manner, and to the individual Member Countries greater benefits and synergy in attracting investment. Existing and potential investors will benefit from the AIA arrangement in, among others, the following ways:
- Greater investment access to industries and economic sectors;
  - National treatment, if investors qualify as ASEAN investor;
  - Greater information and awareness of investment climate;

- A more liberal and competitive investment regime; and,
  - Greater market access within ASEAN.
18. Although the AIA idea was mooted before the onset of the financial crisis, the measures and incentives under it could be accelerated to address the immediate period, especially if, in the short run, waivers to non-ASEAN investors are allowed. In the medium and longer term, however, it could provide greater leverage in attracting direct investment both from within and outside ASEAN.

## **COOPERATION IN SERVICES**

19. The Ministers noted that all Member Countries had submitted their instruments of ratification or acceptance of the Protocol to Implement the Initial Package of Commitments Under the ASEAN Framework Agreement on Services. With the completion of the ratification process, all Member Countries will now implement their commitments immediately.
20. The Ministers approved the second package of services commitments and noted that Member Countries have made commitments in seven priority sectors – Air Transport, Business Services, Construction, Financial Services, Maritime Transport, Telecommunications and Tourism. The Ministers approved the draft Protocol to implement the Second Package of Commitments and agreed to sign it at the Sixth ASEAN Summit in Hanoi, Vietnam.
21. The Ministers also agreed to recommend that the Hanoi Summit launch a new round of negotiation in services beginning in 1999 and ending 2001. The scope of the negotiations will cover all service sectors and all modes of supply.

## **COOPERATION IN INDUSTRY**

22. The Ministers noted that since its implementation on 1 November 1996, 14 AICO applications have been approved. The list of AICO applications appears as ANNEX 2. The Ministers requested the economic officials to look into ways and means of increasing the number of approvals.
23. The Ministers noted that to further enhance the attractiveness of the AICO Scheme, pre-investment AICO approval could now be given. Previously only existing companies could apply for AICO status. This decision now enables companies planning to invest in ASEAN to apply for AICO status. Investors can then make their actual commitments conditional to the approval of this AICO arrangement.

## **COOPERATION IN INTELLECTUAL PROPERTY**

24. The Ministers endorsed the proposal on the establishment of the ASEAN Regional Filing Systems for Trademarks and Patents by 1 January 2000. The Ministers noted that the system would enable the filing of trademarks and patents registration at any ASEAN intellectual property office. The Ministers agreed that participation of Member Countries in this regional scheme would, however, be on a voluntary basis.

## **ASIA-PACIFIC ECONOMIC COOPERATION (APEC)**

25. The Ministers expressed optimism on a successful outcome, during Malaysia's chairmanship, of APEC's Early Voluntary Sectoral Liberalisation (EVSL) and urged member countries to provide support to this process. Mindful of the shorter time frame of EVSL, the Ministers also agreed on the importance of ensuring that CEPT preferences are not eroded by the EVSL.
26. The Ministers also agreed to change the current rotation of ASEAN chairmanship of APEC from once every two years to once every three years.

## **WORLD TRADE ORGANISATION (WTO)**

27. The Minister unanimously supported and endorsed the nomination of H.E. Supachai Panitchpakdi to be the next Director General of the WTO. The Ministers also supported the early accession of Lao PDR and Vietnam to the WTO. The Ministers realised that the WTO work programme would accelerate next year and agreed on the need for ASEAN to devote more resources to monitor developments closely and coordinate ASEAN positions.