

# 1999 JOINT PRESS STATEMENT OF THE 31<sup>ST</sup> ASEAN ECONOMIC MINISTERS' MEETING

*Issued in Singapore on 30 September 1999*

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## **1999 JOINT PRESS STATEMENT OF THE 31<sup>ST</sup> ASEAN ECONOMIC MINISTERS' MEETING**

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1. The Thirty-First Meeting of the ASEAN Economic Ministers was held in Singapore on 30 September 1999. The Meeting was preceded by a Preparatory ASEAN Senior Economic Officials Ministers (SEOM), the Second AIA Council Meeting and the Thirteenth AFTA Council Meeting held from 27-29 September 1999.
2. The Ministers welcomed H.E. Cham Prasidh, Minister for Commerce, Cambodia, and his delegation to the 31<sup>st</sup> ASEAN Economic Ministers Meeting. Cambodia was attending the AEM Meeting for the first time as a full ASEAN member.

### **OPENING CEREMONY**

3. The Meeting was formally opened by H.E. Goh Chok Tong, Prime Minister of the Republic of Singapore. In his Opening Address, the Prime Minister said that it was heartening to observe signs of recovery in the regional economies. However, he cautioned that it would not be prudent to conclude that things could only get better. ASEAN still faced internal and external challenges, which could hinder the recovery process.
4. Prime Minister Goh said that ASEAN countries should respond at two levels. Individually, each country should follow through measures to reform and liberalise their economies.
5. Collectively, ASEAN should act decisively through concrete measures to respond to these new developments. For example, the ASEAN joint investment promotion missions would show that ASEAN is back in business, and would demonstrate its unity and common purpose. ASEAN should also accelerate regional economic initiatives such as AFTA and AIA. At the same time, ASEAN should explore the usefulness of forming cross-regional Free Trade Arrangements (FTAs) with strategic partners, and pursue commercial benefits through accelerated trade liberalisation. The ASEAN Information Infrastructure is a concrete project that would improve ASEAN's competitiveness in the long term.
6. In conclusion, Prime Minister Goh Chok Tong said that ASEAN should seize the initiative to make further progress. ASEAN's decisiveness would place the region in an advantageous competitive position as it enters the next millennium.

### **ECONOMIC RECOVERY**

7. The Ministers noted that the financial and economic crisis of the past two years had badly affected most countries. The measures adopted by the ASEAN countries to foster economic recovery fall generally into the following categories:
  - Strengthening financial systems;
  - Fiscal stimulus;

- Easing of monetary policy;
  - Corporate debt restructuring; and
  - Trade and regulatory reform.
8. In addition, some countries have also taken measures to cut business costs, boost long-term competitiveness and productivity, and enhance investments and exports.
9. These individual measures as well as continuing regional efforts to accelerate the implementation of AFTA, the AIA, and to establish the ASEAN Surveillance Process have helped to put the worst of the crisis behind ASEAN. The regional recovery has also been helped by the strong US economic growth, improvements in the EU and Japanese economies, as well as the upturn in the global electronics cycle. Key indicators tend to support this cautious optimism. Stock markets in the region are bullish and market indices have increased by at least 50 percent from a year ago. Inflation has been contained. This has enabled countries in the region to lower interest rates, and keep them low. The international reserves positions of the countries in the region have also improved considerably, as they continue to build current account surpluses. Exchange rates have stabilised. The net inflow of foreign direct investments has started to recover.
10. The Ministers also noted the improved growth prospects for the ASEAN countries this year after the steep downturn in 1998. GDP forecasts for the ASEAN countries have been constantly revised upwards. Cambodia's real GDP growth in 1999 is expected to bounce back to 4%, from 1% in 1998. Malaysia's official forecast for GDP growth in 1999 is 1%, while private forecasts are even more optimistic. The Philippines expects growth of between 3%- 3.5% this year after a contraction of 0.5% in 1998. Thailand expects growth of 3-4% this year after a 9.4% contraction in 1998. Singapore expects GDP growth of between 4-5% in 1999. Vietnam expects growth between 5% and 5.5% in 1999. Indonesia expects GDP growth between 1.5% and 2.5% by the end of the fiscal year 1999 ending March 2000.
11. There remain, however, some uncertainties that could affect the economic recovery in Asia, such as the state of the US economy and whether it can continue its robust growth; and the impact of the rising yen on Japan's fledging recovery. ASEAN countries must therefore continue to be vigilant and keep up our efforts to enhance our business environments through pro-enterprise policies and economic restructuring.

## **ACCELERATION OF AFTA**

12. The Ministers welcomed the decision of the AFTA Council to eliminate import duties on all products and to target to achieve this objective by 2015 for the six original members and by year 2018 for the new members of ASEAN. In the interim, the six original members will eliminate tariffs on 60% of their products by the year 2003.
13. The Ministers welcomed the progress made in accelerating AFTA and in particular the efforts by the six original ASEAN Member Countries to reduce tariffs to 0-5% for eighty-five percent of products in the Inclusion List of the CEPT Scheme by 2000. Laos and Myanmar have also made unilateral moves to accelerate their schedules under AFTA.

14. The Ministers also welcomed Member Countries' efforts to transfer a substantial number of products from the General Exceptions (GE) List to the Inclusion List (IL), and to report on the review of the remaining items in their respective GE Lists before the end of the year.

## **INCLUSION OF UNPROCESSED AGRICULTURAL PRODUCTS**

15. The Ministers signed the Protocol on the Special Arrangement for Sensitive and Highly Sensitive Products. Agricultural products were included in the CEPT Agreement for AFTA in 1994. However, recognising the difficulty of trade liberalisation for this sector, sensitive and highly sensitive lists of unprocessed agricultural products were created for a small portion of products. The signing of this Protocol marks a significant milestone in the implementation of AFTA.

## **CAMBODIA'S CEPT PACKAGE**

16. The Ministers noted the submission of Cambodia's CEPT Package to the AFTA Council. This package will be implemented beginning on 1 January 2000. The Cambodian CEPT Package includes a total of 6,821 tariff lines, comprising 3,114 items in the Inclusion List (45.65% of total tariff lines), 3,523 tariff lines (51.65% of total tariff lines) in the Temporary Exclusion List, 134 tariff lines (1.96% of total tariff lines) in the General Exceptions List and 50 tariff lines (0.73% of total tariff lines) in the Sensitive List.

## **STANDARDS AND CONFORMANCE**

17. The Ministers noted the usefulness of sectoral MRAs that were being explored in cosmetics, pharmaceuticals and telecommunication equipment. The Ministers tasked Senior Officials to develop more sectoral MRAs to facilitate both intra- and extra-ASEAN trade.
18. The Ministers approved the extension of the Memorandum of Understanding on Standards and Conformance between ASEAN and the CER countries to Cambodia, Lao PDR and Myanmar and agreed for this to be signed at the Fourth Informal AEM-CER consultations on 1<sup>st</sup> October 1999.

## **SERVICES**

19. The Ministers welcomed Cambodia's package of commitments following their accession to the ASEAN Framework Agreement on Services. Cambodia's package of commitments includes offers in tourism, financial services, business services and air transport.
20. The Ministers endorsed a set of parameters to guide further liberalisation in trade in services in response to the decision of the Sixth ASEAN Summit to call for a new round of negotiations in services. The Ministers tasked the Senior Economic Officials to work closely with other ASEAN bodies involved in finance, transport and telecommunications, and tourism in efforts to liberalise trade in services, and urged the officials to make substantial progress in this area by 2001.

## **INDUSTRIAL COOPERATION**

21. The Ministers were pleased to note that 36 AICO applications had been approved. The Ministers agreed that there was an urgent need to attract more participation from all entrepreneurs and

companies operating in the region. The AICO Scheme could help accelerate economic recovery in ASEAN. Towards this end, the Ministers agreed to allow the participation of trading companies in the AICO Scheme but limited to arrangements involving SMEs only.

## **INVESTMENT**

22. The Ministers noted that since the signing of the Framework Agreement on the ASEAN Investment Area, ASEAN Member Countries have exerted their best efforts to ensure that the region is open for foreign investments and that national treatment is granted with minimal exceptions.
23. ASEAN has started the process of opening up its closed or restricted industries and sectors for investments. The first step was the preparation of a Temporary Exclusion List (TEL) for the manufacturing sector. Items in this list will be fully open to ASEAN Investors by 1 Jan 2003. The Sensitive List for the manufacturing sector has also been prepared. Both lists are now available to the public.
24. For better understanding and appreciation of the AIA initiatives, the Ministers noted that Interpretative notes to the AIA Agreement are now available to the general public.
25. Recognising the importance of the service components within each of the sectors under the AIA Agreement, the Ministers also agreed to expand the scope of the AIA Agreement to cover services incidental to manufacturing, agriculture, forestry, fishery and mining.
26. The Ministers welcomed the decision of the AIA Council to publish the 1999 ASEAN Investment Report, which provides useful analyses of the latest FDI trends and developments in ASEAN. It will be launched at the Informal ASEAN Summit, Nov 1999, Philippines.

## **ASEAN JOINT INVESTMENT PROMOTION MISSIONS**

27. The idea of organising a series of joint ASEAN Investment Promotion Missions to the major developed countries to draw investments back to the region was raised by the Singapore Prime Minister Goh Chok Tong during his visit to Brunei in April 1999. Investment officials have developed this idea further based on the understanding that three investment promotion missions will be organised to Japan, Europe and the USA.
28. The main objectives of the events are to show that ASEAN is on the road to recovery and to provide ASEAN the opportunity to market the countries collectively. In addition, a concerted effort by all ASEAN members to organise this event would be a striking demonstration of ASEAN's unity and common purpose.

29. The following table summarises the schedules and leaders of the three promotion missions:

<b>Proposed Date</b>	<b>Target Market</b>	<b>Lead Organiser</b>	<b>Delegation Leader</b>
Feb/Mar 2000	Japan	Malaysia	Minister Dato' Seri Rafidah Aziz
Mar/Apr 2000	USA	Singapore	Minister BG (NS) George Yeo
June 2000	Europe	Thailand	Minister Abhisit Vejjajiva

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

30. The Ministers congratulated H.E. Dr. Supachai Panitchpakdi on his successful election as the next Director General of the WTO and expressed the hope that he would work to ensure that the interests of ASEAN would receive due attention in the Organisation.
31. The Ministers pledged to give the strongest support at Seattle to the launch of a new Round of multilateral negotiations within the WTO. The Ministers reiterated the importance of ensuring full and faithful implementation of the Uruguay Round Agreements. The Ministers agreed that the new Round should include comprehensive market access negotiations involving industrial tariffs in addition to the already mandated negotiations in services and agriculture, and should lead to timely and effective improvements in market access to the benefit of all participating economies, particularly developing countries. The Ministers called for a balanced and sufficiently broad-based agenda and for the negotiations to be concluded within three years as a single package. The Ministers also gave their full support to the extension of the current moratorium on duties on electronic commerce transactions.
32. The Ministers expressed their concern about the proliferation of anti-dumping investigations and the use of anti-circumvention measures, and agreed on the need to clarify certain provisions of the Anti-Dumping Agreement with a view to improving the disciplines on anti-dumping.
33. The Ministers supported the mandated negotiations on agriculture, as provided by Article 20 of the Agreement on Agriculture. The Ministers agreed that the negotiations should aim at continuing the liberalization process of world agricultural trade, including increased market access, abolition of export subsidies and unjustifiable export prohibitions and restrictions, and reduction of domestic support, taking into account the needs of developing countries including non-trade concerns and food security.
34. The Ministers agreed that the concerns of developing countries should be addressed through enhanced attention to the effective implementation of special and differential treatment provisions of the WTO Agreements and ongoing support for capacity building and technical assistance, so as to facilitate their ability to participate fully in the WTO.
35. The Ministers noted the outstanding applications for membership in the WTO of Cambodia, Laos and Vietnam and other applicants. The Ministers re-affirmed that the accession of these applicants to the WTO would enhance the universality of the WTO and urged that appropriate assistance be

extended by the WTO to acceding countries to facilitate their expeditious accession. Ministers also agreed on the importance of giving the opportunity for acceding countries to participate in future WTO negotiations.

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

36. The Ministers welcomed Brunei Darussalam's hosting of APEC and pledged to extend their full support for its chairmanship next year. The Ministers noted that Brunei Darussalam will place emphasis on capacity building, and will focus on Human Resource Development, SME Development, Information Technology as well as the continuing work on ECOTECH.
37. The Ministers also welcomed the offer by Thailand to chair APEC in the year 2003 and reaffirmed that they would contribute in whatever way they can to ensure its success.

## **ASIA-EUROPE MEETING (ASEM)**

38. The Ministers looked forward to a fruitful outcome at the 2<sup>nd</sup> ASEM Economic Ministers Meeting (EMM II) to be held in Berlin from 9-10 October 1999. The EMM II would provide Asian and European ministers with an opportunity to exchange views on further enhancing economic cooperation between Asia and Europe.

## **THIRD ASEAN INFORMAL SUMMIT**

39. The Ministers looked forward to attending the Third ASEAN Informal Summit to be held in Manila, Philippines in November 1999. They endorsed the convening of the Special Joint Ministerial Meeting (JMM), comprising the ASEAN Foreign, Finance and Economic Ministers, as an innovative meeting to discuss cross-sectoral coordination to aid the regional recovery process. They noted the program for enhancing cooperation in East Asia.

## **ASEAN MILLENNIUM INITIATIVE**

40. Ministers agreed to set up a high level public-private task force to develop a broad-based and comprehensive action plan, covering the necessary physical, legal, logistical, social and economic infrastructure needed, with the objective of evolving an ASEAN e-space, in the world of information and Communication Technology, and to develop competencies within ASEAN to compete in the global market. This initiative will be called e-ASEAN Initiative and will be presented for the consideration of the Leaders at the Informal ASEAN Summit in Manila.

## **NEXT AEM MEETINGS**

41. The Ministers will meet informally in their Retreat in Yangon, Myanmar in May 2000 and formally at the Thirty-Second AEM in Bangkok, Thailand in October 2000.

## **LIST OF MINISTERS**

The Meeting was attended by:

1. **H.E. B.G. (NS) George Yeo**, Minister for Trade and Industry, Singapore
2. **H.E. Pehin Dato Abdul Rahman Taib**, Minister of Industry and Primary Resources, Brunei Darussalam;
3. **H.E. Mr. Cham Prasidh**, Minister of Commerce, Cambodia;
4. **H.E. Prof. Rahardi Ramelan**, Minister of Industry and Trade, Indonesia;
5. **H.E. Mr. Bountiem Phissamay** , Minister to the Prime Minister's Office, Lao PDR;
6. **H.E. Dato' Seri Rafidah Aziz**, Minister of International Trade and Industry, Malaysia;
7. **H.E. Brigadier General David O. Abel**, Minister at the Office of the Chairman of the State Peace and Development Council, Myanmar;
8. **H.E. Mr. Jose Trinidad Pardo**, Secretary of Trade and Industry of the Philippines;
9. **H.E. Dr. Supachai Panitchpakdi**, Deputy Prime Minister and Minister of Commerce, Thailand;
10. **H.E. Dr Pisit Leeahtam**, Deputy Minister of Finance, Thailand;
11. **H.E. Mr. Truong Dinh Tuyen**, Minister of Trade, Viet Nam; and
12. **H.E. Mr. Rodolfo C. Severino, Jr.**, Secretary-General of ASEAN; and their respective delegations.