

2000 JOINT PRESS STATEMENT OF THE 32ND ASEAN ECONOMIC MINISTERS' MEETING

Issued in Chiang Mai, Thailand on 5 October 2000

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1. The Thirty-Second Meeting of the ASEAN Economic Ministers was held on 5 October 2000 in Chiang Mai, Thailand. The Meeting was preceded by a Preparatory ASEAN Senior Economic Officials Meeting (SEOM), the Third ASEAN Investment Area (AIA) Council Meeting and the Fourteenth ASEAN Free Trade Area (AFTA) Council Meeting.

OPENING CEREMONY

2. The Meeting was formally opened by H.E. Chuan Leekpai, Prime Minister of Thailand. In his Opening Address, the Prime Minister emphasized that despite the economic downturn ASEAN stood steadfast to its regional goals and commitments. ASEAN leaders adopted a number of bold measures and initiatives including the acceleration of AFTA, enhance the ASEAN investment climate and strengthen the ASEAN Surveillance Process.
3. The Prime Minister stated that while ASEAN is now closer to the realisation of a free trade area, there remain a number of critical issues to make AFTA truly a success. Any flexibility injected into AFTA must be undertaken in a pragmatic way and more emphasis should be given to trade facilitation measures to address non-tariff barriers. As economies become more knowledge-based, ASEAN must give more attention to human resource development and bridge the digital divide. ASEAN must extend a hand to the new Members through provision of technical assistance and capacity-building programmes through the ASEAN-Mekong Basin Development Cooperation. The Prime Minister reiterated his call for convening an ASEAN Trade Fair. Finally, he called on ASEAN to participate more fully and actively in global multilateral trade negotiations and formulate common policies and positions to better protect the region's interests.

SUSTAINING ECONOMIC RECOVERY

4. The Ministers were buoyed by the sustained economic expansion in the region with average GDP growth being forecasted to reach a range of between 4.8 to 4.9 percent in the year 2000 after recovering last year to 3.3 percent.
5. They welcomed the resurgence in ASEAN exports in 1999, with total ASEAN exports expanding by 7.7 percent from US\$316.6 billion in 1998 to US\$341.1 billion in 1999. They were particularly heartened by the recovery in intra-regional exports which grew from US\$68.8 billion in 1998 to US\$74.4 billion in 1999.
6. They noted that FDI flows into ASEAN in all sectors remained at a high level of US\$16.9 billion in 1999. They were particularly pleased to note the large increase in US foreign direct investment in 1999 to US\$9.4 billion from US\$1.1 billion in 1998.

E-ASEAN FRAMEWORK AGREEMENT

7. At the Thirty-First ASEAN Economic Ministers Meeting in Singapore, the Ministers agreed to set up a high-level public-private sector task force to develop a comprehensive action plan to establish the necessary physical, legal and economic infrastructure to develop ASEAN's ability to compete in the new knowledge-based economy. At the Third ASEAN Informal Summit, the Leaders also agreed to the establishment of free trade area (FTA) for goods, services, and investments for the info-com industries under a new e-ASEAN agreement.
8. At this meeting, the Ministers approved the draft e-ASEAN Framework Agreement and recommended that it be signed at the Fourth ASEAN Informal Summit on 24-25 November 2000 in Singapore. This would show ASEAN's commitment to vault ahead in the knowledge-based economy. The Framework Agreement contains commitments in the following key areas: development of an ASEAN information infrastructure; facilitation of e-commerce; liberalization of ICT goods, services and investments; capacity building including human development; e-society; and e-Government.
9. The e-ASEAN Framework Agreement also covers measures to enable Member Countries who are ready to accelerate the implementation of the Agreement by 2002 and to assist other Member Countries to undertake capacity building.
10. The Ministers noted that a wide range of activities were being conducted to support the e-ASEAN initiative including:
 - An e-ASEAN Readiness Guide to develop understanding of the e-readiness of the region and to identify 'digital gaps' in the region where special bridging projects will then be identified;
 - Framework Guidelines for Legal Infrastructure in ASEAN to assist member countries establish their legal infrastructure for e-commerce;
 - Framework Guidelines for Technical Architecture to address the interoperability of e-applications throughout the region;
 - A Certification Authority Forum to address cross-border certification of digital signatures and relevant issues; and
 - An ASEAN ISP Forum to facilitate more efficient flow of Internet traffic within the region.
11. The Ministers endorsed these activities and agreed on the need for a showcase project at the Summit to highlight the e-ASEAN initiative.

AFTA

12. The Ministers endorsed the Protocol Regarding the Implementation of the CEPT Scheme Temporary Exclusion List to be used by Member Countries which faced real problems in meeting their CEPT obligations. The Ministers agreed that the Protocol will be signed during the pre-Summit AEM in Singapore in November 2000. The Ministers agreed that the Protocol was

meant only for those countries facing real difficulties and reaffirmed their commitment to realise the ASEAN Free Trade Area by the year 2002.

13. The major features of the Protocol are:

- (i) Objective: To allow a Member State to temporarily delay the transfer of a product from its Temporary Exclusion List into the Inclusion List or to temporarily suspend its concession on a product already transferred into the Inclusion List.
- (ii) Scope: The modification would be limited only to the last tranche of TEL manufactured products which were in the CEPT TEL as at 31 December 1999, or the relevant dates applicable to Cambodia, Laos, Myanmar and Viet Nam.
- (iii) Submission: A written submission should be made to the AFTA Council. Countries should include information on the product whose transfer is to be temporarily delayed or the concession of which is temporarily suspended, the duration of the delay or the suspension requested, the reason for the request and the real problems faced.
- (iv) Consideration: The Submission would be considered by relevant ASEAN bodies and separately between Members. The separate discussions may include provision for compensatory adjustment measures which may take any form including those under the Agreement, mutually agreed to by the applicant Member State and Member States having principal or substantial supplying interest.
- (v) MFN Principle: Any compensatory adjustment negotiated shall be extended on a most favoured nation basis to all other Member States, where applicable.
- (vi) Non-Agreement: If no agreement is reached within 180 days of the date of receipt of the Submission, and a Member proceeds with the delay of the transfer or suspension of the concession, substantially equivalent concessions may be withdrawn by the Member State with principal or substantial supplying interest.
- (vii) Time frames: The total time period allowed in coming to a decision on a submission shall not exceed 180 days from the date of receipt of the Submission.

14. The Ministers were pleased that at least 85% of the products in the Inclusion List of the first six members of ASEAN (numbering more than 38,400 tariff lines) have fallen to 0-5%. Next year, the same six countries are required to increase the proportion to ninety percent (90%). They noted that as a result of the continuing liberalisation of intra-ASEAN trade, the average CEPT tariff rate for the ten countries is now down to 4.43% and will be further reduced to 3.96% by the year 2001.

INVESTMENTS

15. The Ministers congratulated the ASEAN Investment Area (AIA) Council for its successful Joint Investment Promotion Missions held this year. They agreed that the investment missions were successful in demonstrating that ASEAN was on the road to recovery and in providing ASEAN the opportunity to market the countries collectively. They expressed their appreciation to

H.E. Dato Seri Rafidah, H. E. BG George Yeo and H. E. Mr. Abhisit Vejjajiva for leading the investment missions to Japan, the US and Europe, respectively.

SERVICES

16. The Ministers noted that tentative offers were made in business services, construction, telecommunications and tourism. These offers were intended to respond to the decision by the ASEAN Leaders on a new round of services negotiations beginning 1999 and ending 2001 and to the parameters governing the liberalisation of the services sector adopted by the ASEAN Economic Ministers last year. The Ministers urged that more substantive commitments embracing all services sectors and all modes of supply be concluded by the next AEM.

STANDARDS AND CONFORMANCE

17. The Ministers endorsed the Interpretative Notes of the Framework Agreement on Mutual Recognition Arrangements signed in December 1998. They endorsed the decision to embark on an ASEAN Sectoral MRA for Electrical and Electronic Equipment on an APEC-Plus basis (i.e. with commitments going beyond the existing APEC Mutual Recognition Arrangement on Conformity Assessment of Electrical and Electronic Equipment). They noted that ASEAN is now working on possible MRAs in cosmetics, pharmaceuticals, telecommunication equipment and electrical and electronic products.

INDUSTRIAL COOPERATION

18. The Ministers were pleased to note that 63 AICO applications have been approved generating more than US\$700 million in trade transactions per year. However, the Ministers agreed that there was still a need to attract more participation from companies operating in the region. Towards this end, the Ministers agreed to extend the waiver on the 30% national equity requirement for all AICO applications until 31 December 2001.

PREPARATION FOR CONSULTATIONS

19. The Ministers undertook intensive preparations for their consultations with Ministers from the Closer Economic Relations (CER) composed of Australia and New Zealand; the European Trade Commissioner; Economic Ministers of China, Japan and Korea; and the Minister of MITI-Japan. The Ministers also discussed preparations for their meeting with the ASEAN Chambers of Commerce and Industry.
20. The Ministers noted that these consultations reflected ASEAN's commitment to Open Regionalism and continuing attractiveness to foreign investors and trading partners. The consultations also allowed the Ministers to exchange views on economic matters of common interest or concern. The Ministers agreed that it was important to sustain and deepen economic links with these external partners.

INTERNATIONAL AND REGIONAL ECONOMIC ISSUES

21. The Ministers re-affirmed their support for the expeditious accession of Cambodia, Laos and Viet Nam to the WTO and urged that appropriate assistance be extended by the WTO to facilitate their accession.
22. The Ministers commended Brunei Darussalam on its Chairmanship of APEC and expressed their strong support for the realization of the APEC 2000 theme of "Delivering to the Community". In recognition of the need to enhance APEC work on capacity building, the Ministers expressed their full support for Brunei Darussalam's initiative in Human Resources Development, in particular, in bringing together all stakeholders to develop strong partnerships in providing better access to information and communication technology. The Ministers also welcomed the preparations being undertaken by Brunei Darussalam for the forthcoming APEC Economic Leaders Meeting (AELM) on 15–16 November 2000.
23. The Ministers looked forward to a fruitful outcome at the ASEM III to be held on 20-21 October 2000 in Seoul, Korea. They reiterated the need for the Economic Ministers to participate actively in the ASEM III processes and expressed their strong support for the realization of its theme calling for "Asia-Europe Partnership for Prosperity and Stability in the New Millennium".

ASEAN TRADE FAIR

24. The Ministers agreed to the proposal by Prime Minister Chuan Leekpai to convene the ASEAN Trade Fair and welcomed the offer of Thailand to organise the first ASEAN Trade Fair.

CONSULTATION WITH THE US-ASEAN BUSINESS COUNCIL

25. The Ministers held their first consultation with the US-ASEAN Business Council. They noted that it showed the continued interest of foreign investors in ASEAN and agreed that the consultation provided a valuable opportunity for policy dialogue with the private sector. They agreed to meet again next year on the occasion of the 33rd AEM.

FOURTH ASEAN INFORMAL SUMMIT

26. The Ministers looked forward to the Fourth ASEAN Informal Summit to be held in Singapore on 24-25 November 2000 and agreed to meet ahead of time to contribute to its success.

NEXT AEM MEETINGS

27. The Ministers will meet informally in their Retreat in Siem Reap, Cambodia in early May 2001 and formally at the Thirty-Third AEM in Viet Nam in October 2001.

LIST OF ASEAN ECONOMIC MINISTERS

The Meeting was attended by:

1. **H.E. Dr. Supachai Panitchpakdi**, Deputy Prime Minister and Minister of Commerce, Thailand;
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. Mr. Luhut B. Pandjaitan**, Minister of Industry and Trade, Indonesia;
5. **H.E. Mr. Soulivong Daravong**, Minister of Industry and Handicrafts, 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. Manuel A. Roxas II**, Secretary of Trade and Industry of the Philippines;
9. **H.E. B.G. (NS) George Yeo**, Minister for Trade and Industry, Singapore;
10. **H.E. Mr. Vu Khoan**, Minister of Trade, Viet Nam; and
11. **H.E. Mr. Rodolfo C. Severino, Jr.**, Secretary-General of ASEAN.