2004 JOINT media statement of the 36th ASEAN economic ministers’ MEETING

Issued in Jakarta, Indonesia on 3 September 2004

1. The Thirty-Sixth Meeting of the ASEAN Economic Ministers was held on 3 September 2004 in Jakarta, Indonesia. The Meeting was preceded by a Preparatory ASEAN Senior Economic Officials Meeting (SEOM), the Seventh ASEAN Investment Area (AIA) Council Meeting and the Eighteenth ASEAN Free Trade Area (AFTA) Council Meeting.

# Opening Ceremony

1. The Meeting was formally opened by H.E. Megawati Soekarnopoetri, President of the Republic of Indonesia. In her opening statement, she highlighted that in achieving the goal of an
ASEAN Economic Community by 2020, much effort must be placed in realizing a rules-based economic system, where business activities will be guided by an adequate set of internationally accepted, transparent and consistent market-based investment and trading rules and practices.
2. She stressed that ASEAN economic integration is not so much a matter of policy but of commitment. Thus, she urged the Ministers to break the psychological barrier of national interests in order to achieve real progress in economic integration. On the other hand, while ASEAN is improving its competitiveness as an economic region, equal attention must be given to engaging the global economy in order to further develop economic ties with major trading partners and to possibly pursue Free Trade Agreements with them.
3. Recognizing that the rest of the Asia-Pacific region and the world at large are observing ASEAN, she urged the Ministers to find ways to boost regional trade and accelerate economic integration and show the world ASEAN’s unified strength in achieving the ASEAN Economic Community.

# Economic performance

1. The Ministers noted that despite the unfavourable external outlook and against the background of a slowdown in global FDI flows, FDI flows to ASEAN increased by 48%, up from $ 13.7 billion in 2002 to $20.2 billion in 2003, resulting in ASEAN being one of the highest FDI growth regions. The overall improved ASEAN investment environment and strong regional economic growth and integration increased the attractiveness of ASEAN to foreign investors. The strong increase in 2003, which was the highest since 2000, and the bullish outlook for 2004 suggest that the
1997-1998 financial crisis is no longer a major influence on multinational companies’ considerations relating to investment in ASEAN. The FDI stock in the region is estimated to have increased by 85% since 1995, up from $176.1 billion in that year to $326.4 billion in 2003.
2. In 2004, the FDI flow to the region is encouraging and is expected to reach US$24 billion. The main beneficiaries are the manufacturing and services sectors. Strong intra-regional investment, an improved global and regional economic situation, along with sound corporate profitability and more favourable business prospects contributed to this bullish outlook.
3. ASEAN’s trade performance grew significantly in 2003. Total ASEAN exports grew by 12.12% from US$ 383.85 billion in 2002 to US$ 430.39 billion in 2003. Total ASEAN imports grew by 9.51% or from US$ 328.11 billion in 2002 to US$ 359.32 billion in 2003.
4. Intra-ASEAN exports grew higher than the total ASEAN exports. The overall growth was 15.4% or in value term it grew from US$ 86.39 billion in 2002 to US$ 99.7 billion in 2003. Regarding the intra-ASEAN imports, it had experienced modest growth in 2003, from US$ 72.23 billion in 2002 to US$ 74.49 billion in 2003.

# ASEAN Economic Community

1. The Ministers reviewed the steps taken to implement the decisions of the 9th ASEAN Summit, in particular the realization of the ASEAN Economic Community (AEC) by 2020. They noted the progress made towards the realization of the AEC through measures that reinforce the implementation of its existing economic initiatives; accelerate regional integration in eleven priority sectors; facilitate movement of business persons, skilled labour and talents; and strengthen the institutional mechanisms of ASEAN, including improvement of the existing
ASEAN Dispute Settlement Mechanism to ensure expeditious and legally binding resolution of any economic disputes.

# Effective Dispute Settlement System

1. The Ministers noted the progress made in finalizing the enhanced and effective dispute settlement system in ASEAN. The Ministers were pleased to note that as part of the new arrangement for this purpose: (i) a legal unit was established at the ASEAN Secretariat to provide legal advice on trade disputes (advisory mechanism), (ii) an ASEAN Consultation to Solve Trade and Investment Issues (ACT) – a non-binding internet-based problem-solving network to resolve complaints within 30 days is ready to provide speedy resolution to operational problems in ASEAN economic agreements (consultative mechanism), and (iii) an ASEAN Compliance Body (ACB) has been formed wherein ASEAN member countries can make use of the mediation and peer pressure in dispute resolution. The ACB could ensure that cases lodged before the ACB should be resolved within 90 days.
2. The Ministers approved in-principle the latest draft of the Protocol on Enhanced ASEAN DSM scheduled for signing during the ASEAN Summit in November 2004 in Vientiane. The revised Protocol modelled after the WTO DSU would ensure that binding decisions can be made based solely on legal considerations and all expeditiously enforced.

# Priority Integration Sectors

1. The Ministers endorsed the Framework Agreement for the Integration of the Priority Sectors for signing by the Leaders during the 10th ASEAN Summit in November 2004. The Ministers
also endorsed the respective draft ASEAN Sectoral Integration Protocols and the
Roadmaps for Integration of the Priority Sectors for signing in Vientiane during the
10th ASEAN Summit in November 2004.
2. The implementation of the measures in the roadmaps and related documents on a priority basis will enable the progressive, expeditious and systematic integration of the priority sectors in ASEAN.
3. The Ministers urged all relevant ASEAN bodies to implement the measures identified and tasked their senior officials to monitor the progress and regularly report it to them to ensure full integration of these sectors by 2010.

# Services

1. The Ministers endorsed the conclusion of the fourth package of commitments for the third round of negotiations and signed the Protocol to implement this package of commitments. The Protocol will further eliminate substantial restrictions to trade in services among Member Countries and liberalise trade in services by expanding the depth and scope of liberalisation beyond those undertaken by Member Countries under the General Agreement on Trade in Services (GATS) of the World Trade Organisation (WTO).
2. The Ministers agree to launch the fourth round of negotiations beginning 2005 and ending in two years’ time, covering all sectors and modes of supply. The Ministers tasked the senior officials to set clear target and parameters to guide the next and subsequent rounds of negotiations under the ASEAN Framework Agreement on Services in order to achieve free flow of services in ASEAN earlier than 2020.

# Standards and Conformance

1. The Ministers were pleased to note the completion of the harmonization work for 71 standards for safety and 10 standards for Electromagnetic Compatibility (EMC). This will facilitate intra-ASEAN trade and increase market access of electrical and electronic products produced in ASEAN. They were satisfied with the progress in the implementation of mutual recognition arrangements (MRAs) to avoid duplication test and certification in ASEAN.

# Industrial cooperation

1. The Ministers noted that as of 6 August 2004, 126 out of 183 AICO applications have been approved. These approved AICO arrangements are estimated to generate US$1,482 million trade transactions per year. The Ministers agreed to extend the waiver on the 30 percent national equity requirement for AICO applications until 31 December 2005.

# WTO

1. The Ministers welcomed the agreement reached on 1 August 2004 for a new framework agreement under the Doha Development Agenda, which pushes ahead multilateral trade negotiations in five areas, namely agriculture, non-agricultural market access (NAMA), development issues, trade facilitation and services.
2. The Ministers renewed their commitment to strengthen the rules-based multilateral trading system. They re-emphasized the need to take full account of developing countries’ special needs and development concerns to better integrate the development dimensions into the multilateral trading system. In this context, the Ministers pledged to work with all members of the WTO, in particular on the importance of WTO capacity building as a means to better enable
developing countries to reap the full benefits of their WTO, for the success of the
sixth WTO Ministerial Conference to be held in Hong Kong in December 2005.
3. The Ministers re-affirmed their support for the expeditious accession of Laos and Viet Nam into the WTO and urged that appropriate assistance be extended by the WTO to facilitate their accession.

# ASEAN Trade Fair 2004 and the 2nd ASEAN Business and Investment Summit

1. The Ministers were pleased with the preparations for the upcoming ASEAN Trade Fair 2004 and the 2nd ASEAN Business and Investment Summit, which will be held on 6-10 October 2004 in
Ha Noi, Viet Nam and in November 2004 in Vientiane, Lao PDR, respectively. The Ministers emphasized the importance of such events to further promote private sector development around the region, and therefore encouraged the business community from ASEAN Member Countries as well as ASEAN Dialogue Partners to actively participate in these events.

# LIST OF ASEAN ECONOMIC MINISTERS

1. **H.E. Ms. Rini M.S. Soewandi**, Minister of Industry and Trade, Indonesia; AEM Chairperson
2. **H.E. Pehin Dato Abdul Rahman Taib**, Minister of Industry and Primary Resources, Brunei Darussalam
3. **H.E. Mr. Cham Prasidh**, Senior Minister and Minister of Commerce, Cambodia;
4. **H.E. Mr. Soulivong Daravong**, Minister of Commerce, Lao PDR;
5. **H.E. Dato’ Seri Rafidah Aziz**, Minister of International Trade and Industry, Malaysia;
6. **H.E. U Tin Winn**, Minister for Economic Cooperation, Myanmar;
7. **H.E. Dr. Thomas G. Aquino**, Undersecretary of Trade and Industry, Philippines;
8. **H.E. Mr. Lim Hng Kiang**, Minister for Trade and Industry, Singapore;
9. **H.E. Mr. Watana Muangsook**, Minister of Commerce, Thailand;
10. **H.E. Mr. Truong Dinh Tuyen**, Minister of Trade, Viet Nam;
11. **H.E. Mr. Ong Keng Yong**, Secretary-General of ASEAN.