

2005 JOINT MEDIA STATEMENT OF THE 37TH ASEAN ECONOMIC MINISTERS' MEETING

Issued in Vientiane, Lao PDR on 28 September 2005

1. The Thirty-Seventh Meeting of the ASEAN Economic Ministers (AEM) was held on 28 September 2005 in Vientiane, Lao PDR. The Meeting was preceded by a Preparatory ASEAN Senior Economic Officials Meeting (SEOM), the Eighth ASEAN Investment Area (AIA) Council Meeting and the Nineteenth ASEAN Free Trade Area (AFTA) Council Meeting.

OPENING CEREMONY

2. The Thirty-Seventh Meeting of the AEM was formally opened by H.E. Mr. Bounhang Vorachit, Prime Minister of the Lao People's Democratic Republic on 28 September 2005.
3. The Prime Minister noted that ASEAN is facing many challenges such as the hike in the price of oil, and ASEAN needs to strengthen its partnership over and above trade liberalisation to create a favourable and stable environment to stimulate more foreign direct investment and promote tourism into ASEAN. He called for the promotion of small and medium-sized enterprises (SMEs) as they are important engines of growth in ASEAN and a fund could be set up to help the SMEs get better access to resources to meet the objectives of the 11 priority areas of integration.
4. The Prime Minister also noted that it is important for the AEM to work closely with the ASEAN Ministers Responsible for Energy Cooperation to enhance cooperation in the area of energy, especially those linked to agricultural development through the identification of appropriate measures. In addition, the role of the AEM should be further expanded so that they can play coordinating and advisory roles for meetings of other economic-related sectoral bodies in ASEAN.

ECONOMIC PERFORMANCE

5. The Ministers were pleased to note the higher average annual growth of 6% for 2004 (compared to 5.4% in 2003) which was brought about by robust private consumption and investment. The Ministers also noted that because of the anticipated slowdown in global demand, the potential build-up in inflationary pressures, higher global oil prices and growing global imbalances, economic growth in the region should be expected to moderate in 2005. Extra efforts should therefore be given to further improving the business and investment environment.
6. FDI flows to the region also continued to increase as this reached US\$ 25.1 billion in 2004 despite regional and global challenges. The manufacturing and services sectors also remained to be the main FDI beneficiaries as they account for 45% and 30%, respectively, of the FDI. The outlook for 2005 remains upbeat as shown by FDI flows for the first quarter of 2005 which already amounted to US\$ 5.8 billion. The Ministers, while pleased with the bullish outlook, underscored the need to exert more effort to ensure that more FDI flows into ASEAN. They recognized that ASEAN cannot afford to be complacent as competition for global FDIs continues to intensify as countries (including ASEAN's trading partners) forge economic alliances and open-up their markets in order to attract investors.

7. ASEAN's overall trade performance grew significantly in 2004. Total exports of the ten ASEAN members increased by 20.7%, i.e. from US\$ 456.71 billion in 2003 to US\$ 551.19 billion in 2004. Total imports also increased by 26.8% or from US\$ 388.79 billion in 2003 to US\$ 492.86 billion in 2004.
8. Intra-ASEAN exports, in 2004, grew by 20.6% or from US\$ 102.68 billion in 2003 to US\$ 123.81 billion in 2004. Intra-ASEAN imports grew by 25.44% or from US\$ 87.43 billion in 2003 to US\$ 109.67 billion in 2004.
9. Intra-ASEAN trade as a percentage of total ASEAN trade was relatively constant compared to that of the previous year. In 2004, the percentage was 22.50%, a slight decrease from 22.65% in 2003.

ASEAN ECONOMIC COMMUNITY

10. The Ministers received the reports of the High Level Task Force (HLTF) on ASEAN Economic Integration and the Senior Economic Officials (SEOM) which highlighted the progress made so far in the implementation of the measures to realize the ASEAN Economic Community (AEC) as contained in the various roadmaps attached to the Framework Agreement for the Integration of the Priority Sectors. The Ministers reaffirmed their commitment to realize the AEC notwithstanding the regional and global challenges. They called on all relevant officials to exert maximum efforts to implement the measures according to the timelines specified in the Roadmaps.
11. The Ministers welcomed the convening of the Consultative Meeting on the Priority Sectors (COPS) in July 2005, which brought together officials from the different sectoral bodies in ASEAN, regional industry clubs and private sector representatives to exchange views on how to efficiently and effectively implement the measures for priority integration. The Ministers agreed that the COPS should be convened on a regular basis and encouraged more involvement from the private sector and industry groups. They also agreed to consider Phase 2 of the priority integration at the AEM Retreat in 2006. The Ministers urged all relevant ASEAN officials to actively participate in the process for a more dynamic package for Phase 2.
12. The Ministers also highlighted the need to adopt a strategic and dynamic approach using existing mechanisms to fast track acceleration of regional integration. The Meeting agreed that tourism and air travel can be integrated at a faster pace and in doing so, it would also facilitate ASEAN's on-going FTA negotiations with Dialogue Partners. The Meeting agreed to recommend to the relevant sectoral Ministers to identify further measures to fast track acceleration of integration in tourism and air travel sectors. Officials were also asked to study and identify measures to develop the logistics services sector.

TRADE FACILITATION

13. The Ministers noted with satisfaction efforts given to facilitate trade within the region in support of AFTA. In particular, the Ministers noted the significant progress made in the area of standards and conformance:
- (a) Implementation of the Framework Agreement on Mutual Recognition Arrangements, especially the following:
 - (i) The Agreement on ASEAN Harmonized Electrical and Electronic Equipment Regulatory Regime which has been targeted for signing by the end of 2005.
 - (ii) The implementation of the ASEAN Common Technical Dossiers (ACTD) and ASEAN Common Technical Requirements (ACTR) for pharmaceuticals, including parallel work on: (1) MRAs for GMP (Good Manufacturing Practice) Inspection; (2) harmonization of labelling requirements for pharmaceutical products; and (3) establishment of an ASEAN Alert System of unsafe and defective products.
 - (b) Completion of the harmonization of standards for 20 product groups consisting of 58 international standards of the ISO and IEC and another 72 standards for safety and 10 standards for Electromagnetic Compatibility (EMC).
 - (c) Development of the ASEAN Policy Guidelines on Standards and Conformance which the Ministers endorsed to guide relevant bodies in the area of standards and conformance in implementing measures on standards, technical regulations and conformity assessment procedures to facilitate the integration in the priority sectors and the realization of the AEC.
14. The Ministers also noted the efforts made to establish the ASEAN Single Window (ASW) and that the ASW Agreement would be signed at the 11th ASEAN Summit in Kuala Lumpur. The ASW is the single most important initiative of customs that will ensure expeditious clearance of goods and reduce the cost of doing business in ASEAN. The ASW will facilitate the speedy clearance of imports through electronic processing of trade documents at national and regional level. The draft ASW model has been completed, and pilot implementation by Thailand and Philippines is now targeted by the end of the year. It is envisaged that the ASW will be fully implemented by 2008, at the latest, for ASEAN 6 and by 2012 for CLMV.

TRADE IN SERVICES

15. The Ministers reaffirmed their commitment to liberalise trade in services in the region in line with the vision to create the AEC. The Ministers noted the state of play of the Fourth Round of Services Negotiations, which was launched at last year's AEM meeting. They urged Member Countries to complete the fifth package of commitments by the target date of 1 August 2006 in order for the Protocol to Implement the Fifth Package of Commitments under AFAS to be signed by the 38th AEM meeting.

16. Underscoring the importance of trade in services liberalisation, the Ministers agreed that 2015 shall be the end-date for the liberalisation of all services sectors. The Ministers also agreed that flexibility shall be allowed for some sub-sectors. They also endorsed the targets and parameters to guide the current and subsequent rounds of services negotiations. The Ministers tasked the senior officials to accelerate services liberalisation by mapping out a roadmap to open up services sectors in all modes of supply. To achieve this, other approaches to liberalisation, including the possible use of the CEPT approach, will be looked into.
17. The Ministers were also pleased to note that Member Countries are now completing the internal procedures/consultations on the MRA on Engineering Services Agreement for signing at the 11th ASEAN Summit in Kuala Lumpur in December 2005. They also encouraged relevant officials to endeavour finalising the MRA on Nursing Services so that this can also be signed at the Kuala Lumpur Summit.
18. The Ministers welcomed the Protocol to Implement the Fourth Package of Commitments on Air Transport Services under the AFAS and the Protocol to Implement the Third Package of Commitments on Financial Services Liberalisation under AFAS, which were signed by the Transport Ministers in November 2004 and the Finance Ministers in April 2005, respectively.

ASEAN INDUSTRIAL COOPERATION (AICO) SCHEME

19. Recognizing the continued importance of the AICO Scheme in ASEAN economic integration, the Ministers agreed to extend the waiver of the 30% national equity requirement under the AICO Scheme until 31 December 2006.

ASEAN EXTERNAL ECONOMIC RELATIONS

20. The Ministers noted the developments on ASEAN's external economic relations, including the status of ASEAN's on-going FTA negotiations with Dialogue Partners. They welcomed the creation of the ASEAN-EU Vision Group which has been given the mandate to study and submit recommendations on the future of ASEAN-EU economic relationship, including the possibility of an ASEAN-EU FTA. The Ministers also agreed that a similar feasibility study on expanding ASEAN-Pakistan economic relations be undertaken. The Meeting also welcomed the establishment of formal economic links between the Senior Economic Officials between ASEAN and Canada and the proposed engagement of Russian senior economic officials in regular consultations.

WORLD TRADE ORGANIZATION

21. The Ministers expressed their support to the Sixth WTO Ministerial Conference, which will be held in Hong Kong in December 2005, and renewed their call for the successful realization of the goals embedded in the Doha Development Agenda. The Ministers stressed the importance of regaining the momentum of the multilateral trade talks and pledge strong support to establish full modalities in agriculture and NAMA together with good progress in services, trade facilitation, improvement of rules and solutions in implementation-related issues by the Hong Kong Ministerial Conference. The Ministers expressed confidence that with the developed and developing WTO Members closely working and complementing each other's roles, where key countries take active leadership flexible to accelerate the pace of the on-going negotiations, mindful of each other's concerns and with the

developed countries being more conscious of the needs of the developing countries, there is great opportunity to make Hong Kong a success.

22. The Ministers pledged their support to Viet Nam for its early accession to the WTO. The Ministers also expressed their support for and assistance to Viet Nam to successfully host the APEC Meetings in 2006.

LIST OF ASEAN ECONOMIC MINISTERS

- (i) **H.E. Mr. Soulivong Daravong**, Minister of Commerce, Lao PDR;
- (ii) **H. E. Pehin Dato Lim Jock Seng**, Second Minister of Foreign Affairs and Trade, Brunei Darussalam;
- (iii) **H.E. Mr. Cham Prasidh**, Senior Minister and Minister of Commerce, Cambodia;
- (iv) **H.E. Ms. Mari Elka Pangestu**, Minister of Trade, Indonesia;
- (v) **H.E. Dato' Seri Rafidah Aziz**, Minister of International Trade and Industry, Malaysia;
- (vi) **H.E. U Soe Tha**, Minister for National Planning and Economic Development, Myanmar;
- (vii) **H.E. Mr. Peter B. Favila**, Secretary for Trade and Industry, Philippines;
- (viii) **H.E. Mr. Lim Hng Kiang**, Minister for Trade and Industry, Singapore;
- (ix) **H.E. Mr. Somkid Jatusripitak**, Deputy Prime Minister and Minister of Commerce, Thailand;
- (x) **H.E. Mr. Truong Dinh Tuyen**, Minister of Trade, Viet Nam; and
- (xi) **H.E. Mr. Ong Keng Yong**, Secretary-General of ASEAN