

# **2006 JOINT MEDIA STATEMENT OF THE 38<sup>TH</sup> ASEAN ECONOMIC MINISTERS' MEETING**

*Issued in Kuala Lumpur, Malaysia on 22 August 2006*

1. The Thirty-Eighth Meeting of the ASEAN Economic Ministers (AEM) was held on 22 August 2006 in Kuala Lumpur, Malaysia. H.E. Dato' Seri Rafidah Aziz, Minister of International Trade and Industry of Malaysia chaired the Meeting, which was preceded by a Preparatory ASEAN Senior Economic Officials Meeting (SEOM), the Ninth ASEAN Investment Area (AIA) Council Meeting and the Twentieth ASEAN Free Trade Area (AFTA) Council Meeting.

## **OPENING CEREMONY**

2. The Meeting was formally opened by the Honourable Dato' Seri Abdullah Ahmad Badawi, Prime Minister of Malaysia.
3. In his opening remarks, the Prime Minister underscored the importance of making all efforts to achieve the ASEAN Economic Community by 2015. As ASEAN economies become more interdependent, the Prime Minister called on ASEAN Member Countries to address the balance between domestic and regional interests in order to achieve the broader goal of the region becoming a single integrated seamless market, and serve as an international production base.
4. The Prime Minister emphasised the need to address the problems of implementation. It is thus important for ASEAN economies to adopt a united front on international economic issues. While ASEAN accord priority to internal economic integration, it is also important for ASEAN to continue engaging and expanding linkages with major trading partners. The Prime Minister also stressed the role of private sector in integrating regional economies. He called upon the private sector to come up with ideas and innovations to assist ASEAN governments in the formulation of strategic policies.

## **ECONOMIC PERFORMANCE**

5. The Ministers noted a slight moderation in ASEAN's economic performance in 2005. They were pleased that, despite the challenges brought about by natural disasters especially in Indonesia, the high oil prices, and the persistent threat of avian flu in several parts of the region, ASEAN economies still managed to grow at an average of 5.5 percent during the past year.
6. ASEAN FDI flows reached US\$ 38 billion in 2005, which was an increase of 48% from the previous year. The outlook for 2006 is also bullish as preliminary data for the first quarter of 2006 indicated that FDI flows have already reached US\$ 14 billion, an increase of 90% from the US\$ 7.4 billion registered for same period in 2005.

7. ASEAN continued to sustain positive trend for its trade performance as total exports for 2005 increased by 13.5% from US\$ 569.4 billion in 2004 to US\$ 646 billion in 2005. The trend continued up to the first quarter of 2006 with a 17.7% growth of ASEAN exports, as compared with export figures for the same period in 2005. The share of intra-ASEAN trade as a percentage of total ASEAN trade remained relatively constant at 25% in 2005, slightly higher than the 24.3% share in 2004.
8. In noting ASEAN's economic performance, the Ministers underscored the importance of continuing efforts to deepen and broaden economic integration in order to achieve not only sustainable growth but also resilience to cushion ASEAN from the adverse impact of any internal and/or external shocks.

## **THE ASEAN ECONOMIC COMMUNITY**

9. The Ministers assessed the viability of accelerating the realisation of the ASEAN Economic Community (AEC) and in this regard, agreed to recommend to the Leaders to accelerate ASEAN economic integration from 2020 to 2015. They exchanged views with representatives from the Eminent Persons Group (EPG) on the AEC and the ASEAN Charter.
10. In moving forward with the goal of AEC, the Ministers reaffirmed their resolve to implement the Priority Integration Sector Roadmaps, which serve as the catalyst to realise this goal. They noted the progress made in implementing the Phase I Roadmaps for Integration of the Priority Integration Sectors and the on-going work on Phase II of the Priority Integration Sectors.
11. Recognising the need to collectively work towards improving the quality of logistics services and reducing transaction costs, the Ministers noted that the preliminary work on drafting the ASEAN Sectoral Integration Protocol for Logistics Services Sector and its corresponding Roadmap has started. In this regard, the Ministers urged all relevant officials and private sector representatives to closely coordinate and exert all efforts to complete the relevant Roadmap of logistics services for signing at the AEM Retreat 2007.

## **TRADE FACILITATION**

12. The Ministers agreed that free flow of goods, as a key component of the AEC, can be achieved through enhancing trade facilitation, which will reduce transaction cost and the cost of doing business in ASEAN. The Ministers therefore agreed to put more emphasis on trade facilitation and tasked Senior Officials to develop a comprehensive trade facilitation work programme. They agreed that some of the major accomplishments in ASEAN cooperation in customs as well as transportation and communications should provide a good momentum to work towards this comprehensive work programme.
13. The Ministers particularly welcomed the developments on the implementation of the ASEAN Single Window and the signing of the ASEAN Framework Agreement on Multimodal Transport at the 11<sup>th</sup> ASEAN Transport Ministers (ATM) Meeting in November 2005. They were optimistic that these initiatives, once fully implemented, would not only contribute to the expansion of trade among Member Countries but also enhance ASEAN's attractiveness as an FDI destination.

## **TRADE IN SERVICES**

14. The Ministers noted that the 4<sup>th</sup> round of services negotiations under the ASEAN Framework Agreement on Services (AFAS), which began in 2005, were in the final stages. They looked forward to the finalisation of the 5<sup>th</sup> package of commitments, which would be endorsed and signed at the 12<sup>th</sup> ASEAN Summit in December 2006 in Cebu, the Philippines. They affirmed ASEAN's commitment to integrate the services sector and urged all relevant officials and sectoral bodies to work towards the 2015 goal of achieving free flow of services.
15. To further underpin ASEAN's commitment to liberalise trade in services, the Ministers re-emphasised ASEAN's commitment to progressively eliminate all forms of restrictions that affect national treatment and market access limitations by 2015, with flexibility. In this context, they tasked the Senior Officials to explore alternative modalities for achieving free flow of services and report back to the Ministers' preparatory Meeting before the 12<sup>th</sup> ASEAN Summit.
16. Emphasising the importance of Mutual Recognition Arrangements (MRAs) as catalysts to the free movement of professionals and skilled labour in ASEAN, the Ministers were pleased to note the status of the current work on developing sectoral MRAs. They looked forward to the signing of the MRA on Nursing Services at the 12<sup>th</sup> ASEAN Summit. The MRA on Engineering Services was signed by the AEM in December 2005.
17. The Ministers commended the ASEAN Transport Ministers (ATM) for their efforts in implementing arrangements to accelerate the integration of the air travel sector. The ASEAN Multilateral Agreement on the Full Liberalisation of Air Freight Services are being finalised while the ASEAN Multilateral Agreement on Air Services are being developed.

## **ASEAN INDUSTRIAL COOPERATION (AICO) SCHEME**

18. The Ministers, recognising the continued importance of the AICO Scheme especially in promoting industry specialisation and complementation, agreed to extend the waiver of the 30% national equity requirement under the AICO Scheme until 31 December 2009.

## **ASEAN EXTERNAL ECONOMIC RELATIONS**

19. The Ministers noted the developments on ASEAN's external economic relations, including the status of ASEAN's ongoing negotiations with Dialogue Partners for Free Trade Agreements (FTAs) and Comprehensive Economic Partnerships (CEPs). They expressed confidence that, with flexibility and open-mindedness, negotiations will be completed within the deadlines set. They also reiterated the centrality of ASEAN in external economic relations

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

20. A separate statement on WTO is issued.
21. The Ministers keenly anticipates Viet Nam's accession to the WTO which was expected to be announced at the WTO General Council Meeting in October 2006. They also reaffirmed their support to Lao PDR's bid to become a WTO member as early as possible.

## LIST OF MINISTERS

1. **H.E. Pehin Dato Lim Jock Seng**, Second Minister of Foreign Affairs and Trade, Brunei Darussalam
2. **H.E. Dr. Cham Prasidh**, Senior Minister and Minister of Commerce, Cambodia
3. **H.E. Dr. Mari Elka Pangestu**, Minister of Trade, Indonesia
4. **H.E. Dr. Nam Viyaketh**, Minister of Industry and Commerce, Lao PDR
5. **H.E. Dato' Seri Rafidah Aziz**, Minister of International Trade and Industry, Malaysia
6. **H.E. U Soe Tha**, Minister for National Planning and Economic Development, Myanmar
7. **H.E. Mr. Peter B. Favila**, Secretary of Trade and Industry, the Philippines
8. **H.E. Mr. Lim Hng Kiang**, Minister for Trade and Industry, Singapore
9. **H.E. Mr. Somkid Jatusripitak**, Deputy Prime Minister and 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