

2007 JOINT MEDIA STATEMENT OF THE 39TH ASEAN ECONOMIC MINISTERS' MEETING

Issued in Makati City, the Philippines on 24 August 2007

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1. The Thirty-Ninth Meeting of the ASEAN Economic Ministers (AEM) was held on 24 August 2007 in Makati City, the Philippines. H.E. Peter B. Favila, Secretary of Trade and Industry of the Philippines chaired the Meeting. The Meeting was preceded by a Preparatory ASEAN Senior Economic Officials Meeting (SEOM), the Tenth ASEAN Investment Area (AIA) Council Meeting and the Twenty-First ASEAN Free Trade Area (AFTA) Council Meeting.

OPENING CEREMONY

2. The Meeting was formally opened by the H.E. Peter B. Favila, Secretary of Trade and Industry of the Philippines.
3. In his opening remarks, Secretary Favila emphasised that as the ASEAN Economic Blueprint for realising the ASEAN Economic Community by 2015 would be signed by the ASEAN Leaders at the 13th ASEAN Summit in Singapore, its implementation will be the main focus of the agenda of the ASEAN Economic Ministers in the next 7 years. While recognising the challenges to be encountered in the implementation of the Blueprint, he was confident on the commitment by each Member Country of ASEAN in realising what have been envisioned.
4. Secretary Favila also called for collective work in realising the AEC. He emphasised that while implementation would not be a fanfare, the AEC Blueprint would be able to quietly but firmly enter ASEAN in an era of greater and more equitable prosperity. He also underscored the importance of involving private sector as a stakeholder of the AEC and invited the ASEAN Business Advisory Council to sign with the AEM a joint undertaking to work in partnership for the realisation of the AEC and build an ASEAN that is "good for business".

ECONOMIC PERFORMANCE

5. ASEAN FDI flows reached US\$ 52 billion in 2006, an increase of 27% from the previous year. The outlook for 2007 is bullish as preliminary data for the first Quarter of 2007 indicated that FDI flows have already reached US\$ 14 billion, an increase of 9% from the US\$ 13 billion registered for the same period in 2006. This growth reaffirms ASEAN as a favoured investment destination.
6. ASEAN continued to sustain positive trend for its trade performance as total exports for 2006 increased by 16.5% from US\$ 650.63 billion in 2005 to US\$ 758.04 billion in 2006. ASEAN exports grew by 10.1% as compared with export figures for the same period in 2006. The share of intra-ASEAN trade as a percentage of total ASEAN trade remained relatively constant at 24.97% in 2006, slightly higher than the 24.83% share in 2005.

7. The Ministers reiterated 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

8. The Ministers noted the substantive finalisation of the ASEAN Economic Community (AEC) Blueprint and its strategic schedules, which includes both existing and new initiatives with clear roadmaps to achieve the envisioned goals of establishing the ASEAN Economic Community by 2015. The Ministers also noted the on-going work in developing an appropriate monitoring mechanism on the implementation of the Blueprint that would enable review and assessment of the progress of ASEAN economic integration as well as the community building. The Ministers further noted the inclusive process in the development of the Blueprint through consultations with all the relevant ASEAN bodies as well as the private sector. The Ministers endorsed the final text of the ASEAN Economic Community Blueprint, its Strategic Schedule and the final text of the Declaration on “the ASEAN Economic Community Blueprint” for signing by ASEAN Leaders at the 13th ASEAN Summit in November 2007 in Singapore.

PRIORITY INTEGRATION SECTOR

9. The Ministers noted the progress made in implementing the Roadmaps for the Integration of the eleven Priority Integration Sectors and the continuous work on the outreach on the initiatives undertaken in the Roadmaps to the stakeholders. To ensure effective implementation, the Ministers encouraged the officials to enhance further the coordination with various economic sectoral bodies.
10. The Ministers endorsed the Roadmap for ASEAN Integration of the Logistics Services Sector as the twelfth priority sector for ASEAN integration, and signed the “ASEAN Sectoral Integration Protocol for Logistic Services Sector” and the “Protocol to Amend Article 3 of the ASEAN Framework (Amendment) Agreement for the Integration of Priority Sectors”. The Ministers were confident that once implemented, the Roadmap for the logistics services sector would ensure the goal of integrating ASEAN into one seamless market for goods, services and investment and encouraging the establishment of more production networks in the region.
11. The Ministers reiterated the importance of implementing the Priority Integration Sector Roadmaps, which serve as the catalyst to realise the goal of ASEAN to become a single market and single production base.

INVESTMENT

12. The Ministers welcomed the decision of the 10th AIA Council Meeting held on 23 August 2007 to revise the Framework Agreement on the ASEAN Investment Area into a comprehensive investment agreement to make ASEAN more competitive in attracting FDI and in support of the realisation of the ASEAN Economic Community. The Ministers expect the conclusion and signing of the Agreement at the next AIA Council meeting in 2008.

TRADE IN GOODS

13. The Ministers welcomed the outcome of the 21st AFTA Council meeting held on 23 August 2007, where substantial progress has been made in the implementation of the Work Programme on Elimination of Non-Tariff Barriers (NTBs) and in reforming the CEPT-AFTA Rules of Origin, which would further reduce trade transaction costs and facilitate trade within the region.
14. The Ministers welcomed the decision of the AFTA Council to enhance the CEPT-AFTA Agreement to make it a comprehensive agreement that is relevant to today's regional business practices. A comprehensive Trade in Goods (TIG) would also spur ASEAN's progress towards the ASEAN Economic Community by 2015.

TRADE FACILITATION

15. The Ministers welcomed the signing of the Protocol 1 – “Designation of Transit Transport Routes and Facilities” of the ASEAN Framework Agreement on Facilitation of Goods in Transit by the ASEAN Transport Ministers. They acknowledged that the implementation of the Protocol would facilitate the regional transportation of goods by providing unhindered access and movement of vehicles over the designated highway routes in ASEAN.
16. The Ministers noted the progress toward the realisation of the ASEAN Single Window and the implementation of National Single Windows in ASEAN Member Countries as the first step toward this goal. The National Single Windows are expected to be in operation by the end of 2008 in ASEAN-6, and by the end of 2012 in CLMV.
17. The Ministers noted the on-going work in the development of a comprehensive ASEAN Work Programme on Trade Facilitation which would synthesise the existing trade facilitating measures as well as identify new measures required to ensure ASEAN competitiveness through reducing transaction costs and the costs of doing business in ASEAN. Emphasising the importance of trade facilitation in ensuring free flow of goods, the Ministers tasked the officials to develop an ASEAN Trade Facilitation Assessment Framework and to finalise the comprehensive work programme for consideration by the 40th ASEAN Economic Ministers in 2008 in Singapore.

TRADE IN SERVICES

18. The Ministers endorsed the modality for the liberalisation of the remaining Mode 3 limitations to trade in services in ASEAN by 2015. The modality sets out a clear roadmap toward the removal of all the remaining 5 types of market access limitations on the establishment of commercial presence by 2015. This is an important step forward as together with the modalities set earlier for the liberalisation of limitations to cross-border supplies and consumption abroad of services and limitations on foreign equity participation in services commercial establishment, almost all types of limitations to trade in services in ASEAN have now been set with clear roadmaps for liberalisation to achieve the end goals of free flow of services by 2015.
19. The Ministers noted that the officials are currently working toward the conclusion of the 5th Round of negotiations on ASEAN services liberalisation in 2008. The conclusion of the Round envisages 10 more services sub-sectors to be brought into liberalisation, in addition to the 55 sub-sectors in the previous round. Significant removal of limitations on trade in the four priority services sectors, namely e-ASEAN, healthcare, tourism and logistics, would also be expected.

20. The Ministers also noted the progress made in the development of the Mutual Recognition Arrangements (MRAs) on professional services, which complement the liberalisation process to facilitate the movement of qualified professionals to provide services in the region. The MRA on Architectural Services and Framework MRA on Surveying Services have been finalised, and the Ministers look forward to the signing of these MRAs at the 13th ASEAN Summit in November 2007 in Singapore.

CONSUMER PROTECTION

21. Given the significant progress achieved in the integration of ASEAN toward a “people-centred” community, the Ministers agreed that it is timely to promote regional cooperation initiatives that would provide ASEAN consumers with a high level of protection. As such, the Ministers endorsed the establishment of the ASEAN Coordinating Committee on Consumer Protection.

COMPETITION POLICY

22. In order to promote exchange of information, experience and cooperation on competition policy in the region, the Ministers endorsed the establishment of the ASEAN Expert Group on Competition.

ASEAN EXTERNAL ECONOMIC RELATIONS

23. The Ministers noted and exchanged views on the developments 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). The Ministers welcomed the entry into force of the ASEAN-Korea Trade in Goods Agreement on 1 June 2007 and the ASEAN-China Trade in Services Agreement on 1 July 2007. Encouraged by the momentum provided by these developments, the Ministers urged negotiators from ASEAN as well as from the Dialogue Partners to step up efforts and exercise flexibilities, when necessary, to ensure the completion of the negotiations within the set timelines.

WORLD TRADE ORGANISATION (WTO)

24. The Ministers re-affirmed ASEAN's commitment to the successful conclusion of the Doha Round and its readiness to make contributions to ensure that attainment of an ambitious and balance overall outcome, the development dimension being central to the Doha Round. The Ministers reiterated ASEAN's support for the efforts of the Chairs of the Negotiating Groups, especially Agriculture and NAMA, and the WTO Director-General to build consensus on an ambitious and balanced outcome. ASEAN will work closely with other WTO members and actively engage in the intensive negotiations scheduled for September 2007. ASEAN will be prepared to make our own contributions to ensure a meaningful and substantial outcome to the negotiations. The Ministers renewed ASEAN's call on the major players to demonstrate flexibility by moving beyond their current position in key areas of Round and display firm resolve in concluding the Doha Round by end 2007. The Ministers also reiterated their strong support to Lao PDR's early accession to the WTO.

SECRETARY-GENERAL OF ASEAN

25. The Ministers expressed appreciation for the outstanding stewardship and contribution of H.E. Ong Keng Yong to ASEAN as the Secretary-General of ASEAN for the period 2003-2007.

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. Krirk-krai Jirapaet**, Minister of Commerce, Thailand
10. **H.E. Dr. Vu Huy Hoang**, Minister of Industry and Trade, Viet Nam
11. **H.E. Mr. Ong Keng Yong**, Secretary-General of ASEAN