2010 JOINT media statement of the 42nd ASEAN economic ministers’ MEETING

Issued in Da Nang, Viet Nam on 24-25 August 2010

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1. The 42nd Meeting of the ASEAN Economic Ministers (AEM) was held on 24-25 August 2010 in
Da Nang, Viet Nam. H.E. Dr. Vu Huy Hoang, Minister of Industry and Trade of Viet Nam, chaired the Meeting, which was preceded by a preparatory meeting of the Senior Economic Officials (SEOM). The AEM also had joint meetings with the 13th ASEAN Investment Area (AIA) Council and the 24th ASEAN Free Trade Area (AFTA) Council.

# Opening Ceremony

1. The 42nd AEM Meeting, which adopted as its theme “ASEAN Economic Community: A Community for Dynamic and Sustainable Growth”, was officially opened by the Prime Minister of Viet Nam H.E. Nguyen Tan Dung.
2. In his opening remarks, the Prime Minister re-affirmed the importance of a comprehensive, balanced and systematic approach in policy coordination and national and regional levels. He underscored the importance of: (a) practical and innovative solutions to promote the effective implementation of the AEC Blueprint by 2015, (b) balanced and sustainable development policies, (c) strengthening the current framework for economic cooperation between ASEAN and Dialogue Partners, (d) concrete and robust measures to narrow down the development gap among countries and regions in ASEAN, and (e) active participation of the community, especially ASEAN businesses and citizens for the successful establishment of AEC.

# Economic Performance

1. Ministers welcomed signs of an improving global economic environment. World economic growth is expected to increase to over 4% in 2010 and 2011. Leading the economic recovery are the economies of developing Asia, particularly key economies in the region such as China, India, and the ASEAN Member States. The forecast for ASEAN’s real GDP growth in 2010 is over 5%, compared with 1.5% in 2009.
2. Ministers noted that ASEAN’s total merchandise trade remained resilient in 2009, dropping by only 19 percent, from USD 1,897.1 billion in 2008 to USD 1,536.8 billion in 2009, compared to the 22.6 percent decline in global trade in 2009. Intra-ASEAN trade was down by 20.0 percent and so was trade with the rest of the world, which contracted by 18.7 percent. ASEAN trade with its Dialogue Partners also remained strong despite the global financial/economic crisis. Even with a 9.5 percent decline in total trade, China emerged as ASEAN’s largest trading partner in 2009. The European Union and Japan came in as ASEAN’s second and third largest trading partner despite significant drops in total trade, i.e. 17.6 percent and 25.0 percent, respectively. ASEAN’s trade surplus with the rest of the world reached USD 61.2 billion in 2009, more than double the level in 2008.
3. Ministers anticipate higher foreign direct investment inflows into ASEAN in 2010 and beyond, after a downturn in 2008 and 2009. This is borne out by UNCTAD estimates of an increase of global FDI flows to US$1.2 trillion in 2010 and to US$1.3-1.5 trillion in 2011. Nevertheless, Ministers recognized that FDI prospects are dependent on global recovery conditions.
4. ASEAN’s share of total global FDI inflows increased to 3.6% in 2009, from 2.8% in 2008, despite the recent economic downturn. This reflects well of the ASEAN region in terms of its ability to continue to attract a higher share of investment flows, despite the lower overall value of
FDI inflows of US$39.6 billion in 2009.
5. The main sources of FDI inflows to ASEAN remained the European Union with a share of 18.3%, Japan (13.4%), and the United States (8.5%). Of significance are the inflows from intra-ASEAN sources, which accounted for 11.2% of ASEAN inflows in 2009, making ASEAN itself the third largest source of investment for the region.
6. The services sector continued to account for the highest levels of FDI inflows, amounting to US$26.8 billion or 68% of total ASEAN FDI inflows in 2009. The main sub-sectors in services include trade, real estate, and financial intermediation which accounted for 15%, 32% and 27% respectively of the total FDI flows into the services sector. The manufacturing sector was second with US$8.5 billion or 22% of total FDI flows. The mining and quarrying sector accounted for US$3.2 billion which is 8% of the total FDI flows into ASEAN.

# ASEAN Economic Community

1. Ministers reviewed the implementation of measures in the ASEAN Economic Community (AEC) Blueprint that fall under the purview of the AEM, including those pertaining to trade in goods, services and investment. Ministers reaffirmed their resolve to ensure the timely and substantive implementation of the measures in the AEC Blueprint that are relevant to them to ensure the credibility and integrity of ASEAN economic integration with the realisation of a single market and production base in 2015.

# Trade in Goods

1. Ministers were pleased to note the realisation of the ASEAN Free Trade Area (AFTA) on
1 January 2010 as duties on 99.65 percent of all tariff lines under the Common Effective Preferential Tariff Scheme for the ASEAN Free Trade Area (CEPT-AFTA) have been eliminated. For the newer ASEAN Member States – Cambodia, Lao PDR, Myanmar and Viet Nam (CLMV), 98.96 percent of total tariff lines are now within the tariff of 0-5 percent range. The tariff reduction schedules of ASEAN-6 – Brunei Darussalam, Indonesia, Malaysia, Singapore, the Philippines and Thailand – have been uploaded in the ASEAN website (http://www.asean.org). The tariff reduction schedules of Cambodia, Lao PDR, Myanmar and Viet Nam will be uploaded in the website upon completion of the technical verification process. These tariff reduction schedules of ASEAN Member States form an integral part of the ATIGA.
2. Ministers were also pleased to note the entry into force of the ASEAN Trade in Goods Agreement (ATIGA) on 17 May 2010. The ATIGA consolidates all of ASEAN’s existing initiatives, obligations and commitments on intra-ASEAN trade-in-goods, including both tariff and non-tariff elements, into one single comprehensive document. The list of Agreements to be superseded by the ATIGA is being finalised for subsequent annexing to the ATIGA.
3. Ministers endorsed the 6-month (180 days) transition period from the date of entry into force of the ATIGA for the shift from the CEPT Scheme to the ATIGA. This means that Member States would accept CEPT and ATIGA Certificates of Origin (CO) Form D until 13 November 2010 after which only the ATIGA CO Form D will be accepted. CEPT CO Form Ds issued within the transition period would remain valid for one (1) year consistent with the provisions in the
ATIGA Operational Certification Procedures (OCP).

# Elimination of Non-Tariff Barriers

1. Ministers noted the positive progress in the verification of ASEAN Member States’ lists of
Non-Tariff Measures (NTMs), which would be published in the ASEAN Secretariat website in August 2010. They also encouraged closer coordination among the various
ASEAN Sectoral Bodies to ensure smooth implementation of the mechanism to monitor NTMs under the ATIGA as well as to address operational challenges.
2. Ministers re-affirmed their commitment to eliminate all forms of Non-Tariff Barriers with the view to maximise the benefits from tariff reduction under the ATIGA. Ministers noted the ongoing work that ASEAN is undertaking with UNCTAD on a new classification of NTMs, and agreed that once this is completed, ASEAN could consider incorporating the new NTMs classification into the
AEC Scorecard.

# Trade Facilitation

1. Ministers noted the continuous work in the adoption of trade facilitating rules in ASEAN, particularly in the progress in reforming the existing certification regime to ensure free flow of ASEAN originating goods within the region. Ministers welcomed the conclusion of the Memorandum of Understanding of the Pilot Project for the Implementation of a Regional
Self-Certification System, and looked forward to the timely implementation of the
ASEAN Self-Certification System by 2012.
2. Ministers endorsed the updated ASEAN Trade Facilitation Work Program and the recommendation for each ASEAN Member States to conduct a survey of the status of trade facilitation as the first step to take stock of the current environment in ASEAN in 2010–2011. In this regard, Ministers tasked the officials to finalise the common set of questionnaire for the private and public sector to be used in the trade facilitation assessment as soon as possible.
3. Ministers also re-iterated their commitment to promote trade facilitation measures for free flow of goods in the region.

# ASEAN Single Window (ASW)

1. Ministers noted the developments in the implementation of the ASEAN Single Window (ASW) and National Single Windows (NSWs) by Member States and reiterated the need to further accelerate work towards the full implementation of the NSW and ASW. Ministers noted that Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand are at various stages of activation of their National Single Windows (NSWs). Ministers also noted their efforts to expand the operational scope of their NSWs in line with the timeline set in the Agreement to Establish the ASEAN Single Window (ASW). Ministers reaffirmed their commitment in activating the NSWs in accordance with the ASW Agreement and its Protocol and tasked the
ASW Steering Committee to continue its work in developing and operationalising the NSWs of all Member States, and developing the ASW as an environment where all ten NSWs operate and integrate. Ministers also noted the preparatory work being undertaken by CLMV to implement the NSWs. Ministers welcomed the conclusion of the Memorandum of Understanding of the ASW Pilot Project, which is expected to be signed in the second half of 2010.

# Trade in Services

1. The internationalisation of services in ASEAN is demonstrated by the steady expansion of ASEAN services trade. Total ASEAN trade in services with the world has reached US$343 billion in 2009, which represents 5.3% of total global trade in services.
2. The progress in integration of trade in services under the ASEAN Framework Agreement on Services (AFAS) took another significant step forward with the endorsement of the
Protocol to Implement the 8th Package of Commitments for signing at the 17th ASEAN Summit
in October 2010. This Protocol lays the foundation for facilitating the submission of the
8th Package of commitments, which is expected to lead to improved market access for services suppliers in ASEAN in various modes of supply.
3. Ministers welcomed the conclusion and signing of the 6th Package of Commitments on Air Transport by the ASEAN Transport Ministers (ATM) on 10 December 2009 in Ha Noi, Viet Nam, and looked forward to the signing of the ASEAN Multilateral Agreement on the Full Liberalisation of Passenger Air Services (MAFLPAS) and its protocols targeted for the next ATM meeting scheduled in November 2010.

# Investment

1. To further attract FDI flows, Ministers agreed to progress work to facilitate greater ASEAN investment flows through joint investment promotions, advancing work on best practices on investment and engaging the private sector in further consultations to obtain feedback on improving the ASEAN investment climate.
2. Ministers agreed to explore the utility of doing joint investment promotion.

# Strategic Plan for SMEs

1. Ministers noted the developments in ASEAN cooperation in small- and medium-enterprises (SMEs). Ministers, underscoring the importance of bringing SMEs into the mainstream of ASEAN economic integration, endorsed the Strategic Plan of Action for ASEAN SME Development
2010-2015. Ministers also endorsed the TOR and requested the setting up of the
SME Advisory Board as soon as possible.

# Intellectual Property

1. Ministers recalled their decision to adopt the Creative ASEAN concept and welcomed the initiative of Thailand to host the World Creative Economy Forum on 28-30 November 2010, which is expected to boost ASEAN’s efforts to implement the Creative ASEAN concept.
2. Ministers encouraged officials to continue laying the foundation for a common regional intellectual property (IP) profile, which includes the ASEAN Patent Search and Examination
Cooperation (ASPEC) and the ASEAN IP DIRECT aimed at supporting the formation of the
ASEAN Economic Community by providing effective and efficient IP protection.

# Competition Policy

1. Ministers launched the ASEAN Regional Guidelines on Competition Policy and the Handbook on Competition Policy and Law in ASEAN for Business, which would facilitate the introduction of nation-wide competition policy in ASEAN Member States by 2015. Ministers were hopeful that these documents would help foster a level playing field, raise awareness concerning fair business competition among the regional enterprises and trans-national businesses, and eventually enhance the economic performance and competitiveness of ASEAN.

# ASEAN Community Statistical System

1. Ministers welcomed the efforts of the ASEAN Heads of Statistical Offices Meeting (AHSOM) in establishing an ASEAN Community Statistical System (ACCS) by 2015. Ministers underscored the importance of timely, relevant and comparable statistics not only in support of the
ASEAN Economic Community but across all pillars of the ASEAN Community as well.

# Public-Private Sector Engagement

1. Ministers reiterated the importance they attach to public-private sector engagement as a platform to ensure greater mutual synergies in the implementation of regional development and integration measures. Ministers agreed to continue holding regular dialogues with industry associations as well as private sector representatives from ASEAN and from Dialogue Partners. Ministers also agreed on the need to sustain private sector interest in the ASEAN Economic Community process.

# Narrowing the Development Gap

1. Ministers welcomed developments in the implementation of the IAI Work Plans I and II. They underscored the importance of narrowing the development gap among the
ASEAN Member States to enable ASEAN least-developed countries to participate meaningfully and gain substantially from ASEAN’s community-building process. Ministers look forward to a successful 3rd IAI Development Cooperation Forum (IDCF), which aims to mobilise resources for the implementation of IAI projects and activities.

# ASEAN External Economic Relations

1. Ministers reviewed the progress in the implementation of the various FTAs of ASEAN and were pleased to note the realisation of the ASEAN-China Free Trade Area (ACFTA) and the
ASEAN-Korea Free Trade Area (AKFTA), and the entry into force of the Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA), the ASEAN-India Trade in Goods Agreement and the ASEAN-China Investment Agreement on 1 January 2010. Ministers underlined the importance of the successful implementation of ASEAN’s Plus One FTAs in the emerging regional economic architecture in East Asia. Ministers noted concerns on low utilisation of the FTAs and urged relevant officials to intensify efforts to increase awareness of the benefits accruing from these FTAs and to make administrative procedures for obtaining certificates of origin more business-friendly.
2. Ministers welcomed the progress in the work of the ASEAN Plus Working Groups, which have been tasked to do follow-up work on the Ministers’ mandate to look into the recommendations in the EAFTA and CEPEA studies together, specifically in the prioritised areas of rules of origin, tariff nomenclature, customs procedures and economic cooperation. Ministers looked forward to receiving the reports of the ASEAN Plus Working Groups before the 17th ASEAN Summit.
3. Ministers took note that the ASEAN foreign Ministers have already adopted the ASEAN-GCC
Two-Year Action Plan (2010-2012) at the 2nd ASEAN-GCC Ministerial Meeting. Ministers looked forward to receiving the recommendations from the roundtable discussion among senior economic officials on a possible trade and investment framework agreement (TIFA) and
ASEAN-GCC FTA.

# Technical Assistance and Capacity-Building

1. Ministers expressed appreciation to ASEAN’s dialogue and development partners for the facilities they have established in ASEAN, i.e. ASEAN-Australia Development Cooperation Programme II (AADCP II), the ASEAN-EU Programme for Regional Integration Support Phase II (APRIS II), the ASEAN-US Technical Assistance and Training Facility (AU-TATF) and the ADB Regional Technical Assistance (RETA) Phase 2. These technical assistance facilities provide support to ASEAN’s community-building efforts and institutional strengthening, particularly of the
ASEAN Secretariat.

# LIST OF MINISTERS

1. **Dato Paduka Lim Jock Hoi**, Permanent Secretary, Ministry of Foreign Affairs and Trade, Brunei Darussalam
2. **H.E. Cham Prasidh**, Senior Minister and Minister of Commerce, Cambodia
3. **H.E. Kong Vibol**, Secretary of State, Ministry of Economy and Finance, Cambodia.
4. **H.E. Mari Elka Pangestu**, Minister of Trade, Indonesia
5. **H.E. Gita Irawan Wirjawan**, Chairman of Investment Coordinating Board, Indonesia
6. **H.E. Bambang Susantono**, Vice Minister for Transportation, Indonesia
7. **H.E. Nam Viyaketh**, Minister of Industry and Commerce, Lao PDR
8. **H.E. Dato’ Sri Mustapa Mohamed**, Minister of International Trade and Industry, Malaysia
9. **H.E. U Soe Tha**, Minister for National Planning and Economic Development, Myanmar
10. **H.E. Gregory L. Domingo**, Secretary of Trade and Industry, the Philippines
11. **H.E. Cristino L. Panlilio**, Managing Head, Philippine Board of Investment, the Philippines
12. **H.E. Lim Hng Kiang**, Minister for Trade and Industry, Singapore
13. **H.E. Porntiva Nakasai**, Minister of Commerce, Thailand
14. **H.E. Buddhipongse Punnakanta**, Vice Minister of Industry, Thailand
15. **Yanyong Phuangrach**, Permanent Secretary, Ministry of Commerce, Thailand
16. **H.E. Vu Huy Hoang**, Minister of Industry and Trade, Viet Nam
17. **H.E. Nguyen Cam Tu**, Vice Minister of Industry and Trade, Viet Nam
18. **H.E. Vo Hong Phuc**, Minister of Planning and Investment, Viet Nam
19. **H.E. Surin Pitsuwan**, Secretary-General of ASEAN