

**1987 PROTOCOL ON IMPROVEMENTS ON EXTENSION OF TARIFF PREFERENCES UNDER THE ASEAN PREFERENTIAL TRADING ARRANGEMENTS**

*Adopted in Manila, Philippines on 15 December 1987*

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The Government of Brunei Darussalam, the Republic of Indonesia, Malaysia, the Republic of the Philippines, the Republic of Singapore and the Kingdom of Thailand, (hereinafter referred to as Contracting Parties), Member Countries of the Association of South East Asian Nations (ASEAN);

**RECOGNIZING** the need to enhance intra-ASEAN trade cooperation;

**DESIRING** to work towards a significant expansion in intra-ASEAN trade by placing a substantial share of the number and value of the traded items in the Preferential Trading Arrangements (hereinafter referred to as the PTA) by the turn of the century;

**HAVE** agreed, pursuant to paragraph 1 of Article I of the Agreement on ASEAN Preferential Trading Arrangements, Manila, 24 February 1977, to adopt the following specific measures to improve on the extension of tariff preferences under the PTA from the date of entry into force of this Protocol;

## I. DEFINITIONS

1. For the purpose of this Protocol, all Contracting Parties agree to the following definitions:
  - (a) Exclusion List means a list containing products that are, excluded from the extension of tariff preferences under the PTA.
  - (b) New items means products in the Exclusion List which are phased into the PTA and are to be accorded margins of tariff preference.
  - (c) Existing items means products which are currently accorded margins of tariff preference under the PTA.

## II. COVERAGE OF PRODUCTS

2. The Contracting Parties shall expand the coverage of the PTA by reducing the items in their exclusion lists such that by the end of the 5 year period they do not amount to more than:
  - (a) 10 per cent of the number of items traded by them; and
  - (b) 50 per cent of intra-ASEAN trade value.
3. The Contracting Parties shall further endeavour to achieve a greater harmonization of exclusion lists in pursuance of paragraph 2.

### **III. MARGINS OF PREFERENCE**

4. New items introduced into the PTA from exclusion lists pursuant to paragraph 2 of this Protocol shall have a minimum Margin of Preference of 25 percent.
5. The margins of preference on existing items in the PTA shall be increased to 50 per cent.

### **IV. PROGRAMME FOR PHASING IN TARIFF PREFERENCES**

6. In order to achieve the margins of preference referred to in paragraph 5, the Contracting Parties shall adopt either one or a combination of the following approaches:
  - (a) An across-the-board basis of 5 percentage points per annum;
  - (b) A product basis with the 50 per cent margin of preference to be achieved at the end of the 5-year period. In respect of paragraph 6 (b), the Contracting Parties shall phase in tariff preferences as evenly as possible over the five-year period, subject to the provisions of paragraph 9.
7. The Contracting Parties shall phase in the new items into the PTA and increase the margins of preference on existing items in the PTA in accordance with the programmes which appear as Annexes I and 2.
8. The Contracting Parties shall circulate and agree upon their respective product lists to implement this Protocol before the commencement of the five-year period.
9. The Contracting Parties take note that at this juncture, the Republic of Indonesia and the Republic of the Philippines might require 7 years to complete the 5 year programme.

### **V. RULES OF ORIGIN**

10. The ASEAN content requirement in the rules of origin shall be reduced from 50 per cent to 35 per cent on a case-by-case basis for a period of five years. With respect to Indonesia the ASEAN content requirement will be reduced from 60 per cent to 42 per cent. After the said period of reduction it shall be reviewed with a view to reverting to original levels.

### **VI. REVIEW**

11. The progress on the implementation of the measures specified in paragraphs to 5 above shall be reviewed annually by the ASEAN Economic Ministers to enable the Contracting Parties to make necessary adjustment. At the end of the 5-year period from the date of entry into force of this Protocol, the Contracting Parties shall examine the possibility of achieving further improvements.

## VII. ENTRY INTO FORCE

12. This Protocol shall enter into force on 1 January 1988.

## VIII. FINAL PROVISIONS

13. This Protocol may be amended by consensus of the Contracting Parties.

14. This Protocol shall be deposited with the Secretary-General of the ASEAN Secretariat who shall promptly furnish a certified copy thereof to each of the Contracting Parties.

**IN WITNESS WHEREOF**, the undersigned, duly authorized thereto by their respective Governments, leave signed this Agreement.

**DONE** in Manila, Philippines this Fifteenth day of December Nineteen Hundred Eighty Seven in one original copy in the English Language.

For Brunei Darussalam

**DATO DR. HJ. ISMAIL PG. HJ. DAMIT**

Minister of Development

For the Republic of Indonesia

**ALI WARDHANA**

Minister Coordinator for Economy, Finance, Industry, and Development Supervision

For Malaysia

**DATIN PADUKA RAFIDAH AZIZ**

Minister of Trade and Industry

For the Republic of the Philippines

**JOSE S. CONCEPCION, JR.**

Secretary of Trade and Industry

For the Republic of Singapore

**RICHARD HU TSU TAU**

Minister for Finance

For the Kingdom of Thailand

**ARUN PANUPONG**

Minister Attached to the Prime Minister Office