

FRAMEWORK FOR THE AFTA-CER CLOSER ECONOMIC PARTNERSHIP

Introduction

1. At the Fifth AEM-CER Consultations in Chiang Mai, Thailand in October 2000, the Ministers agreed to work towards a Closer Economic Partnership (CEP) which takes into account relevant recommendations of the Angkor Agenda: Report of the High Level Task Force on the Feasibility of an AFTACER Free Trade Area and other issues relevant to the closer integration of ASEAN-CER countries. In this regard, they agreed that:

- a. Senior Officials shall elaborate on the potentials and parameters of the CEP, beginning in 2001;
- b. In their discussions, particular attention should be placed on development assistance in the form of technical assistance and capacity building measures to ASEAN members in areas that have been proposed by the Task Force representatives from the New Members of ASEAN ;
- c. Capacity-building initiatives be undertaken on a number of items of export interest to ASEAN Members given some current trade issues concerning non-tariff barriers such as SPS and technical barriers to trade;
- d. Senior Officials shall report on the outcome of their work to the 8th AEM-CER consultations in the year 2001; and
- e. The ASEAN Secretariat be tasked to coordinate such work.

2. In order to fulfil the ministerial mandate, it is important to maintain the momentum developed between ASEAN and CER through six years of close economic cooperation under the AFTA-CER Linkage and the work of the High Level AFTA.CER Task Force. This CEP framework encompasses areas of cooperation previously identified under the Linkage where joint activities continue to be undertaken, for example on standards and conformance, food standards, SPS and quarantine procedures, customs, tourism, transport, investment, intellectual property rights, competition policy, new economy/le-commerce and the identification and elimination of trade and investment barriers. It could also include cooperative activities in areas such as small and medium enterprises (SMEs), science and technology, and financial cooperation.

Principles

3. Given the importance of trade and investment for the twelve AFTA-CER economies and of the existing trade relationship between the regions, the fundamental principles underpinning further regional economic integration are;

- a. Open, transparent and competitive markets are the key drivers of economic efficiency, and contribute to wealth creation and consumer welfare;
- b. A recognition of, and adherence to, the respective commitments to the spirit, rights and obligations of existing membership of global, regional and bilateral agreements and forums; and
- c. The CEP process should take into account the different levels of development of participating countries.

Goals

4. To sustain and deepen economic links, the goals of the Closer Economic Partnership will be to:

- a. Deepen and broaden cooperation in all economic fields;
- b. Promote greater trade and investment flows regionally and globally;
- c. Contribute to trade and investment facilitation through minimising impediments, reducing costs, and related capacity building;
- d. Improve business competitiveness;
- e. Narrow the developmental gap and deliver tangible benefits to all participating countries; and
- f. Promote transparency of regulations and cooperation among relevant authorities.

Fields of cooperation under the CEP

5. Building on the existing dialogue on trade and economic issues, the fields of cooperation under the CEP will include:

Trade and Investment Facilitation

The extensive work of the past six years under the AFTA-CER Linkage will continue to seek to reduce costs to business associated with technical barriers and regulatory and administrative requirements. This will be underpinned by technical assistance initiatives aimed at assisting newer ASEAN members to build the capacity necessary (including skills and infrastructure), to promote the freer flow of goods, services and investment between the regions.

Capacity Building

Technical advice and assistance will continue to be provided by AusAID and NZODA guided, inter-alia, by: decisions taken under the AFTA/CER framework and in support of the key goals of the CEP; the general endorsement of ASEAN for facilitating the integration of its newer members; and the identified needs of ASEAN countries in trade and investment related areas, including SPS, customs, standards and conformance, and enforcement of intellectual property rights.

Trade and Investment Promotion

One of the key goals of the CEP is to promote trade in goods and services, and the attractiveness of ASEAN and CER as investment destinations. Liberalisation could form part of the work programme of the CEP with initial emphasis placed on addressing non-tariff barriers with a view to preventing these from inhibiting flows in merchandise and services trade. It would also maximise the advantages of regional economic integration.

New Economy

The CEP will provide for collaboration among participating countries to reduce the digital divide in the region through the minimisation of regulatory and other barriers with a view to exploiting the full potential of information communication technology and e-commerce for economic growth .

Work in this area should encourage the development of intellectual property regimes to protect IPRs and support innovation and economic growth.

Closer cooperation to address new obstacles, particularly as the degree of regional economic integration deepens, such as anti-competitive practices.

Other Areas of Cooperation

The work programme under the CEP should be reviewed periodically with a view to exploring further areas of cooperation which conform to the principles and goals of the CEP framework.

Process to Develop the CEP

6. The CEP must advance substantively beyond the present level of cooperation under the AFTA-CER Linkage and serve as a building block for greater economic integration. The work programme of the CEP under the above fields of cooperation will be developed on the basis of consensus and implemented taking into account the different levels of development of the participating countries, using a multi-track approach where some areas of cooperation could be advanced sooner than others. The AEMCER process will periodically monitor and review the progress on the implementation of the CEP .

7. The initial work programme of the CEP appears as [attachment](#).

The CEP Initial Work Programme

Building on and expanding the work under the AFTA-CER Linkage, the initial work programme should include the following:

Technical Barriers to Trade and Non-tariff Barriers: The CEP should address technical barriers to trade and nontariff barriers, including for example SPS issues, TRQs and licensing, standards and conformance. A work programme on technical barriers to trade and non-tariff barriers should allow both sides to address market access issues affected by these barriers in a manner consistent with WTO rights and obligations.

Customs Cooperation: The CEP could encompass customs cooperation and dialogue, with a focus on the development of mutually beneficial solutions to minimise risks and to maximise opportunities for facilitating customs clearance for ASEAN and CER goods. This could include promotion of exchange of information on technical and regulatory requirements, and the streamlining of rules and regulatory procedures.

Capacity Building: Assistance to ASEAN countries to encourage economic integration, particularly of new Members, should continue to be provided in the course of developing and implementing the elements of the CEP. This should focus on agreed areas of the CEP, such as SPS, enforcement of IPRs, customs, standards and conformance.

Trade and Investment Promotion and Facilitation; The CEP should establish mechanisms to enhance information dissemination, address market impediments and promote trade and investment opportunities. These mechanisms could involve the trade and investment agencies of participating countries or business associations from ASEAN and CER.

Standards and Conformity Assessment: There are regular consultations among officials of both regions under the ACCSQCER forum. The possibility of inter-regional MRAs is being explored. ASEAN- CER standards collaboration could be accelerated further as a component of the CEP, which could cover, transparency of regulations, MRAs, harmonization of standards and joint development of international standards of interest to both regions.

Electronic Commerce: Work on this will include investigating means by which forms of ICT and e-commerce cooperation between ASEAN and CER could be fruitfully pursued, including

through links with e-ASEAN and other regional initiatives; examining paperless trading solutions in the routine administration of trade flows building on current regional goals (e.g. customs formalities); and through capacity building to reduce the digital divide.

Small and Medium Enterprises (SMEs): The CEP should build stronger ties among the private sectors of both regions, particularly among SMEs, which could benefit from increased networking and links with one other. Joint programmes geared towards encouraging accelerated adoption of e-commerce by SMEs could also be included in the work programme.