



ASEAN-AUSTRALIA-NEW ZEALAND FREE TRADE AREA (AANZFTA)

THE SEVENTH MEETING OF THE FTA JOINT COMMITTEE

29 June – 3 July 2015, Bandung, Indonesia

The Seventh Meeting of the FTA Joint Committee (FJC) was held in Bandung from 29 June to 3 July 2015. Representatives from the ten ASEAN Member States (AMS), Australia and New Zealand, and staff from the ASEAN Secretariat attended the Meeting, which was co-Chaired by:

- (a) Ms. **Tutiaty Wahab**, Deputy Permanent Secretary, Ministry of Foreign Affairs and Trade, Brunei Darussalam, on behalf of the AMS;
- (b) Mr. **Michael Mugliston**, Special Negotiator, Free Trade Agreement Division, Department of Foreign Affairs and Trade, for Australia; and
- (c) Mr. **Greg Andrews**, Head of FTA Implementation Unit, Ministry of Foreign Affairs and Trade, for New Zealand.

SUMMARY OF MAIN OUTCOMES

1. **Highlights of the 19th AEM-CER Consultations**

NOTED the signing of the *First Protocol to Amend the Agreement Establishing the AANZFTA* at the 19th Meeting of the ASEAN Economic Ministers – Closer Economic Relations (AEM-CER) Consultations in Nay Pyi Taw, Myanmar on 26 August 2014.

WELCOMED the completion of the domestic ratification process of New Zealand, Brunei Darussalam, Myanmar, Singapore and Viet Nam and **NOTED** the target date of 1 October 2015 as the entry into force of the First Protocol at least for ten Parties.

2. **Implementation of the AANZFTA Agreement**

NOTED that further work is required to achieve concrete and meaningful outcomes in AANZFTA implementation and there is a need to step up progress in the FTA's built-in agenda in the following areas:

- (a) Review of non-tariff measures (NTMs);
- (b) Review of the cumulation rule and the product specific rules (PSRs);
- (c) Review of services commitments;
- (d) Schedules of reservations in the Investment Chapter.

3. **Work Programme of the FTA Joint Committee and Subsidiary Bodies**

URGED all Parties to exercise utmost flexibility so as to minimize confusion for traders during the implementation of the First Protocol and ensure that the utilisation of the AANZFTA will not be adversely affected. Parties will continue the discussions to reach agreement on issues relating to certificate of origins (COs) during the transitional period with the aim to facilitate trade flows among Parties.

URGED Parties to develop a proposal for a pilot project on cumulation where all Parties would be able to participate in and to come up with recommendations on the timeline for transposing tariff reduction schedules and PSRs from HS 2012 to HS 2017.

STRESSED the need for the Committee on Trade in Goods to provide clear guidance to the NTM Review Consultant to ensure the delivery of a high quality report which would contribute to further discussion on NTMs.

ACKNOWLEDGED the extensive work of Australia which provides solid statistical evidence on business utilisation of AANZFTA and identifies some issues on assisting the countries to fully explore the regional opportunities from AANZFTA.

NOTED the contribution of OECD Investment Policy Review (IPR) to the whole-of-government approach to national investment policy reforms. AANZFTA Economic Cooperation Support Program (AECSP) supported the IPR of Malaysia and Myanmar which was completed in 2013 and 2014, respectively and is supporting the IPR for the Philippines, Viet Nam (a second version), Lao PDR and Cambodia, which are underway.

UNDERScoreD the need to evaluate the impact of the individual IPRs and reflect on a possible regional approach, including through policy dialogue (e.g., Regional Policy Network) or possible development of regional investment policy review programme on thematic lines.

WELCOMED the endorsement of the ASEAN Qualifications Reference Framework by the ASEAN Economic Ministers, ASEAN Education Ministers and ASEAN Labour Ministers in August 2014, September 2014 and May 2015, respectively.

NOTED the good engagement among the Parties and important work being done in the field of intellectual property cooperation.

NOTED the successful completion of the study visit to Australia by 24 competition experts from ASEAN Member States which was held back-to-back with the Annual Conference of the International Competition Network, and the AANZFTA Competition Committee Meeting in Sydney in May 2015.

NOTED the strategic approach to economic cooperation in Competition, particularly in seeking alignment with the Strategic ASEAN Competition Action Plan (2016-2025).

4. *Economic Cooperation*

RECALLED that at the AEM-CER meeting in August last year, Ministers tasked officials to undertake an assessment of the effectiveness of the AECSP and to make recommendations on the most appropriate arrangements for economic cooperation activities relevant to the AANZFTA to continue beyond 2015.

DELIBERATED and **AGREED** on a draft Assessment of AECSP including the key messages and recommendations for submission to AEM-CER (through SEOM-CER) and **AGREED** to recommend to the 33rd SEOM-CER Consultations to publish the Assessment after the 20th AEM-CER Consultations.

AGREED to recommend: an extension of AECSP to 30 June 2018, subject to Australia and New Zealand's annual deliberations, budget availability and financial approval processes; and for the FJC Co-Chairs to make recommendations to the FJC in early 2016 on the terms of reference for the design of a possible new economic cooperation program (to replace AECSP in 2018).

NOTED that while AECSP has contributed a considerable number of capacity-building activities, the benefits from AECSP interventions have not been fully realised because of delays in progressing the FTA's built-in agenda.

NOTED the preparation of AECSP communications outputs (which include updated program breakdown, program highlights, and series of factsheets on several economic cooperation projects).

REITERATED the need to prioritise activities in accordance with the strategic direction set by the FJC and underscored the crucial role of all Committees to achieve the four objectives under the strategic approach to economic cooperation.