



THE THIRD MEETING OF THE FTA JOINT COMMITTEE

30 May – 2 June 2011, Wellington, New Zealand

The Third Meeting of the FTA Joint Committee (FJC) and related meetings were held in Wellington, New Zealand from 30 May to 2 June 2011. Representatives from the ten ASEAN Member States, Australia and New Zealand and the ASEAN Secretariat, attended the FJC Meeting, which was co-Chaired by:

- (a) Mr. Nazmi Mohamad, Deputy Permanent Secretary, Ministry of Foreign Affairs and Trade, Brunei Darussalam, on behalf of ASEAN Member States;
- (b) Mr. Steve McCombie, Unit Head, Asia Regional Unit (AANZFTA) FTA, Ministry of Foreign Affairs and Trade, for New Zealand;
- (c) Mr. Michael Mugliston, Special Negotiator, Free Trade Agreement Division, Department of Foreign Affairs and Trade, for Australia.

SUMMARY OF MAIN OUTCOMES

1 *Implementation of AANZFTA*

AANZFTA **entered into force** for Cambodia and Lao PDR in January 2011. Their respective legal enactments have been circulated to all Parties and uploaded in the AANZFTA website.

Indonesia **ratified** AANZFTA on 6 May 2011 and is currently in the process of issuing the necessary legal enactment to implement its tariff commitments. Indonesia will officially notify all Parties once its legal enactment has been issued.

NOTED that AANZFTA is already delivering concrete trade and economic benefits with considerable scope for more.

AGREED on the value of a regular exchange of views on regional and global developments as part of an “economic environment scan” as relevant to the implementation of the AANZFTA.

2 *Work Plan of the FTA Joint Committee and its Subsidiary Bodies*

CONSIDERED the reports of subsidiary bodies under the FTA Joint Committee, namely: (i) Committee on Trade in Goods; (ii) Committee on Investment; (iii) Committee on Intellectual Property; and (iv) Economic Cooperation Budget Subcommittee.

AGREED there had been a significant maturing of the institutional frameworks for management of the FTA, both in terms of the breadth of issues under discussion and in terms of practical outcomes achieved.

NOTED work in progress on mandated FTA activities (the built-in agenda).

NOTED the work program had expanded beyond goods to address 21st century issues including services, investment, intellectual property and connectivity; areas which complemented work towards an ASEAN Economic Community.

NOTED initial Australian analysis which indicated there had been good utilization of tariff preferences in 2010 for the seven ASEAN countries party to the Agreement. **NOTED FURTHER** that during the first year of implementation, utilization of tariff preferences under AANZFTA had, in one instance, overtaken preference utilization under one of the bilateral trade agreements with ASEAN countries.

AGREED to further work on a regional approach to quantify and improve the degree of tariff preference utilization under AANZFTA.

NOTED work to simplify administrative procedures relating to certificates of origin used to access tariff preferences and **AGREED** to remove the requirement to list FOB value on certificates of origin, except where preference is sought on the basis of Regional Value Content.

AGREED to launch the mandated review of Non-Tariff Measures which is aimed at determining the scope for additional means to facilitate trade in goods between the Parties. The meeting agreed to hold a workshop on Non-Tariff Measures later in the year, back-to-back with the next Committee on Trade In Goods meeting (December 2011).

NOTED the capacity-building workshop on "cumulation" of Rules of Origin (ROO) highlighted the importance of having ROO that accommodate global supply chains and facilitate trade.

NOTED the outcome of the following activities conducted under the Rapid Response Fund:

- (i) in-country training on the AANZFTA Rules of Origin (ROO) for Cambodia, 2-3 May 2011; and
- (ii) in-country training on the AANZFTA ROO for Lao PDR , 26-28 April 2011.

AGREED on the urgent need to complete work on transposition of the AANZFTA tariff schedules and Product Specific Rules of Origin to HS 2012 nomenclature to ensure transparency and predictability of business access to preference benefits under the FTA.

NOTED the field trip organized by New Zealand for the delegates of the Sub-Committee on Sanitary and Phytosanitary Matters to visit a modern dairy farm, a kiwi fruit orchard and pack house, a milk processing factory and a highly mechanized laboratory.

NOTED the following update on policy and regulatory developments in investment regimes of the Parties:

- Australia has introduced some significant reforms of its investment policies and has reviewed the monetary thresholds applying to foreign investors.
- New Zealand has reviewed its investment screening regime, including reducing the administrative cost and processing time for new investment applications.
- ASEAN published an "ASEAN Investment Guidebook" in 2009, which contains ASEAN Member States' investment measures, policies and regulations. The publication has now been uploaded to ASEAN's official website and linked to individual investment agencies' websites.

AGREED to activate the Committee on Services, and to implement the built-in agenda under the Services Chapter (Chapter 8) of the AANZFTA, by the second half of 2012.

3 *Economic Cooperation Projects/Activities*

CONSIDERED and **NOTED** that completed economic cooperation activities have delivered concrete outcomes in support of FTA and development objectives.

ACKNOWLEDGED the need to extend further the scope and direction of economic cooperation beyond trade-in-goods activities and **ADOPTED** a Strategic Approach to Economic Cooperation, aimed at contributing to and supporting (i) the operationalization of AANZFTA (ii) implementation of its built-in agenda, (iii) increased business utilization of AANZFTA opportunities, and (iv) deeper economic integration.. **NOTED** that capacity-building activities are acquiring greater depth and that projects are reflecting a more strategic outlook, with an increasing emphasis on economic integration and business utilization.

NOTED the outcomes of two activities implemented under the Services component of the ECWP, namely:

- (a) The Capacity- Building Workshop on International Trade in Services Statistics Collection and Management (28-30 March 2011, Bangkok, Thailand); and
- (b) The AANZFTA Forum on ASEAN Regional Qualifications Framework (29-30 April 2011, Bangkok, Thailand).

UNDERScoreD the relevance of data collection on trade in services in evaluating the impact of AANZFTA and welcomed the interest of ASEAN in pursuing follow-up activities to enhance the capabilities of ASEAN Member States on trade in services statistics.

ENDORSED the concept papers on ECWP for the Services Component, specifically on: (i) Enhancing Domestic Regulations and (ii) Technical Assistance for the Logistics Sector.

NOTED that interested ASEAN Member States could access ECWP funds for undertaking an investment policy review under the OECD Policy Framework for Investment and that countries participating in an OECD review may share experiences and lessons learned in this exercise.

NOTED the status of implementation of the ASEAN Regional Diagnostic Network Project.

NOTED the outcomes of two ECWP activities on Intellectual Property, that is, the AANZFTA IP Crime Conference, held in Sydney, Australia, February 2011 and the AANZFTA Workshop on Accession to the WIPO Madrid Protocol, held in Canberra, Australia, February 2011.

ENDORSED the ECWP Project Management Guide and Templates.

NOTED and **AGREED** to further consider the New Zealand paper on assessing outcomes and achievements of the AANZFTA Economic Cooperation Support Program (AECSP) and the Australian paper on monitoring and evaluation of the implementation of AECSP.

4 *Outreach Activities*

NOTED the AANZFTA Business Seminar hosted by New Zealand, entitled "*Partners in Growth, Services, Trade in South East Asia*", held on 3 June 2011, which brought together over 150 participants from government, business, academia and the media from around the region. The seminar explored ways to promote services trade in the AANZFTA context by enhancing understanding of business opportunities and developing stronger business-to-business and business-to-government links (seminar presentations available at www.asean.fta.govt.nz/presentations/).