

**Joint Press Statement Of The 5Th Consultations Between The ASEAN Economic  
Minister and the Minister Of The CER  
Chiang Mai, Thailand, 6 October 2000**

1. The ASEAN Economic Ministers (AEM) and the Ministers from the Closer Economic Relations (CER) held their consultations on 6 October 2000 in Chiang Mai, Thailand. The Consultations was co-chaired by H.E. Dr. Supachai Panitchpakdi, Deputy Prime Minister and Minister of Commerce of Thailand, Hon. Mr. Mark Vaile, Minister for Trade of Australia and Hon. Mr. Jim Sutton, Minister for Trade Negotiations of New Zealand.

**FEASIBILITY STUDY ON THE AFTA-CER FREE TRADE AREA**

2. At their last consultations in October 1999 in Singapore, the AEM and CER Ministers had established a High Level Task Force to look into the feasibility of an AFTA-CER free trade area. The Task Force had met three times during the course of the year to conduct the study and to prepare their recommendations to the Ministers.
3. Mr. Cesar E. A. Virata, Chairman of the High Level Task Force on the AFTA-CER Free Trade Area, was on hand to present the report and recommendations to the Ministers. The Task Force recommended that establishing a free trade area between AFTA and CER was not only feasible but also advisable. An AFTA-CER FTA will double each region's GDP to a combined value of around US\$ 1 trillion. Estimates suggest that the proposed FTA will bring about a net discounted benefit of about US\$ 48 billion in additional GDP to the region up to the year 2020. As a result the Task Force proposed the following principles for the AFTA-CER FTA:
  - a. The AFTA-CER FTA would represent a separate arrangement which would be comprehensive, covering all goods, services, and investments and would lead to the elimination of all forms of tariff and non-tariff barriers to trade in goods and services;
  - b. The pace of liberalization within the AFTA-CER FTA should proceed faster than that agreed within APEC. The AFTA-CER FTA would not normally go beyond the pace of liberalization which AFTA has already agreed for ASEAN members, i.e. elimination of tariffs for manufactured goods by 2010 for ASEAN-6 and 2015 for the four newer members, with some flexibility. CER would progressively reduce tariffs for ASEAN from the conclusion of negotiations, reaching free trade by 2005;

- c. The proposed FTA should provide development assistance in the form of capacity-building measures and technical assistance and the adoption of a longer time-frame for the newer members of ASEAN; and
  - d. The AFTA-CER FTA would be open to accession by any other country or regional grouping.
4. The Task Force also recommended that Ministers undertake the necessary steps toward the establishment of the proposed AFTA-CER FTA at the earliest possible time. The Report of the High Level Task Force on the AFTA-CER Free Trade Area is available at: <http://www.aseansec.org>.
5. The Ministers expressed their appreciation to Mr. Cesar Virata and the Members of the Task Force and commended them on their report.
6. The Ministers acknowledged that enhanced AFTA-CER relations would strengthen the international bargaining position of both regions and send a positive signal to investors of both regions' commitment to continuing liberalisation. The Ministers noted the emerging challenges posed by globalisation, the proliferation of regional trading arrangements around the world and competition from other countries and regions. The Ministers were of the view that there was a need to work on the recommendations of the Task Force to sustain the momentum that has been generated by its report.
7. In line with this objective, Ministers agreed to work towards a Closer Economic Partnership (CEP) which takes into account relevant recommendations of the Report and other issues relevant to the closer integration of ASEAN-CER countries.
8. They, therefore, agreed that:
  - a. Senior Officials shall elaborate on the potentials and parameters of the CEP taking into account relevant recommendations of the Task Force, beginning next year;
  - 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 6th AEM-CER consultations in the year 2001; and

- b. The ASEAN Secretariat be tasked to coordinate such work.

## **PROGRESS IN AFTA-CER LINKAGE**

5. The Ministers noted the sustained economic recovery in the ASEAN region with both Gross Domestic Product (GDP) and exports growing strongly. The Ministers welcomed the continued expansion of ASEAN-CER trade, which had grown to US \$ 15.4 billion in 1999. The Ministers expressed satisfaction with the progress made during the past year in the AFTA-CER Linkage. These included completion of a number of projects under the ASEAN Consultative Committee on Standards and Quality (ACCSQ)-CER Action Plan, training on pre-entry tariff classification in January 2000, training provided on the WTO Valuation Agreement/Code for the four newer members of ASEAN and completion of the Mekong Freight Logistics Study. The Ministers noted that additional initiatives had been proposed for intellectual property, transport and competition policy and consumer protection.

## **INTERNATIONAL AND REGIONAL ECONOMIC ISSUES**

6. The Ministers exchanged views on international and regional economic issues of concern, including the World Trade Organisation (WTO) and the Asia Pacific Economic Cooperation (APEC). The Ministers agreed on the importance of accelerating the WTO accession process for Cambodia, Laos and Viet Nam. They agreed on the need for a balanced agenda and for the interests of developing countries to be taken into account in any new round of WTO negotiations. The Ministers commended Brunei Darussalam on its Chairmanship of APEC and expressed their strong support for the realization of the APEC 2000 theme of "Delivering to the Community", including Brunei Darussalam's initiative in Human Resources Development.

## **LIST OF MINISTERS**

The Meeting was attended by:

- (i) H.E. Dr. Supachai Panitchpakdi, Deputy Prime Minister and Minister of Commerce, Thailand;
- (ii) Hon. Mr. Mark Vaile, Minister of Trade, Australia;
- (iii) H.E. Pehin Dato Abdul Rahman Taib, Minister of Industry and Primary Resources, Brunei Darussalam;

- (iv) H.E. Mr. Cham Prasidh, Minister of Commerce, Cambodia;
- (v) H.E. Mr. Luhut B. Pandjaitan, Minister of Industry and Trade, Indonesia;
- (vi) H.E. Mr. Soulivong Daravong, Minister of Industry and Handicrafts, Lao PDR;
- (vii) H.E. Dato' Seri Rafidah Aziz, Minister of International Trade and Industry, Malaysia;
- (viii) H.E. Brigadier General David O. Abel, Minister at the Office of the Chairman of the State Peace and Development Council, Myanmar;
- (ix) Hon. Jim Sutton, Minister for Trade Negotiations, New Zealand;
- (x) H.E. Mr. Manuel Roxas II, Secretary of Trade and Industry, Philippines;
- (xi) H.E. B.G. (NS) George Yeo, Minister for Trade and Industry, Singapore;
- (xii) H.E. Mr. Vu Khoan, Minister of Trade, Viet Nam; and
- (xiii) H.E. Mr. Rodolfo C. Severino, Jr., Secretary-General of ASEAN.