

## **ASEAN AND JAPAN COMPLETE SIGNING OF COMPREHENSIVE ECONOMIC PARTNERSHIP AGREEMENT (AJCEP)**

***Agreement covers 96% of Singapore's trade volume with Japan; lower tariffs and cumulative rules of origin will improve market access and bring benefits to both businesses and consumers***

ASEAN and Japan have completed the signing of the ASEAN-Japan Comprehensive Economic Partnership (AJCEP) Agreement.

Minister for Trade and Industry, Lim Hng Kiang, who signed the Agreement for Singapore, said that Singapore's consumers and business community stand to benefit from the Agreement. Minister Lim explained, "The AJCEP Agreement is a significant one for us. It covers 96% of Singapore's trade volume, including Singapore's key chemicals, electronics, and leather products. Tariffs for 173 products out of Singapore's top 200 items traded with Japan will go down to 0% when the Agreement enters into force. This means immediate tariff elimination on 91% of Singapore's total trade volume with Japan."

Minister Lim added, "Beyond the tangible gains are strategic benefits, as the AJCEP Agreement is a building block from the Japan-Singapore Economic Partnership Agreement (JSEPA), signed in 2002. Deepened ASEAN-Japan relations through the AJCEP Agreement also means another essential link between ASEAN and a key economic partner in the wider regional architecture."

Besides market access through lower tariff concessions, the Agreement also offers traders in Singapore the advantage of cumulation to more easily meet rules of origin (ROO). This means that traders can enjoy a larger sourcing base, as they will be able to use raw and intermediate materials from any of the AJCEP parties and enjoy preferential tariffs. The Agreement also includes a chapter on Sanitary and Phytosanitary (SPS) measures, which provides a platform for SPS issues to be raised, an element that industries have requested.

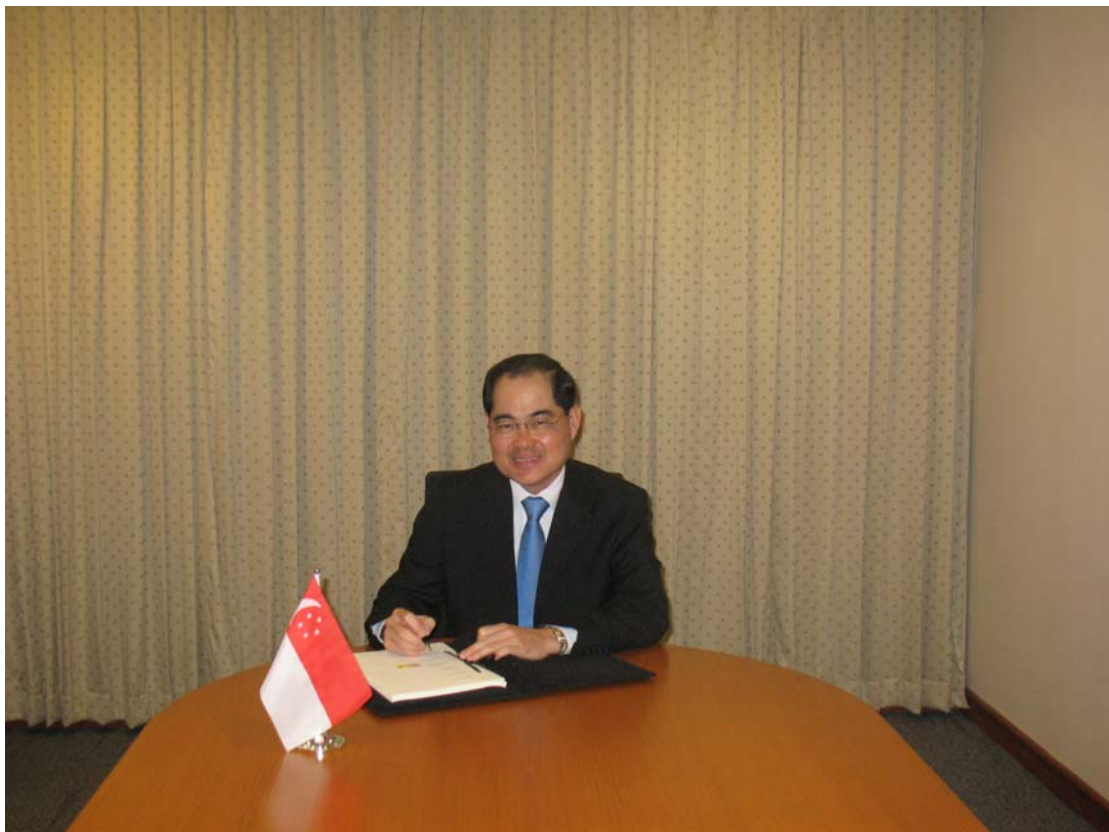
In addition to chapters on Trade-in-Goods, ROO, and SPS, other key elements of the Agreement are chapters in Technical Barriers to Trade (TBT), Economic Cooperation, and Dispute Settlement Mechanism (DSM), as well as the commitment to start negotiations on services and investments within one year after entry into force of the agreement.

The AJCEP Agreement was concluded after 11 rounds of negotiations, spanning four years. The substantial conclusion of the Agreement was announced in November last year at the ASEAN Summit in Singapore, and more recently, the Agreement was signed by Ministers of ASEAN Member States and Japan.

The AJCEP Agreement will enter into force upon completion of domestic procedures of Japan and at least one ASEAN Member State. This is expected in the next few months.

Japan is ASEAN's second largest trading partner and Singapore's fifth largest trading partner.

**MINISTRY OF TRADE AND INDUSTRY, SINGAPORE**  
**15 APRIL 2008**



**MEDIA FACTSHEET**  
**ASEAN–JAPAN COMPREHENSIVE ECONOMIC PARTNERSHIP**  
**AGREEMENT**

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**Background to the AJCEP Agreement**

- The Framework Agreement for Comprehensive Economic Partnership (CEP) between the Association of Southeast Asian Nations and Japan was signed in Bali, Indonesia, on 8 October 2003. Under this Framework Agreement, all the Parties had committed to a CEP between ASEAN and Japan, to strengthen economic ties, create a larger and more efficient market with greater opportunities and larger economies of scale, and enhance attractiveness to capital and talent, for mutual benefit.
- Following the signing of the Framework Agreement, negotiations on the ASEAN-Japan CEP (AJCEP) Agreement began, and after 11 rounds of negotiations, were substantially concluded in November 2007. The announcement of the substantial conclusion was made at the 13<sup>th</sup> ASEAN Summit in November 2007 in Singapore. Ministers of ASEAN Member States and Japan then completed the signing of the AJCEP Agreement on 14 April 2008.

**Key Elements of the AJCEP Agreement**

- The AJCEP Agreement comprises the following chapters: Trade-in-Goods (TIG), Rules of Origin (ROO), Sanitary and Phytosanitary measures (SPS), Technical Barriers to Trade (TBT), Economic Cooperation (EC), and Dispute Settlement Mechanism (DSM).
- Annexed to the Agreement are the tariff schedules of ASEAN Member States and Japan, detailing the committed timelines for the reduction and/or elimination of tariffs.

**Key Benefits of the AJCEP Agreement**

- Benefits to Singapore's consumers and business community will be significant as Japan is Singapore's 5<sup>th</sup> largest trading partner and ASEAN's 2<sup>nd</sup>.
- A key benefit is market access through lower tariff concessions and cumulative rules of origin, and hence more competitive prices and greater choice of products for consumers.
- The AJCEP Agreement covers 96% of Singapore's trade volume, including Singapore's key chemicals, electronics, and leather products. Out of Singapore's top 200 products traded with Japan, tariffs on 173, accounting for 91% of Singapore's total trade volume with Japan, will undergo tariff elimination immediately upon entry into force of the Agreement.

- The AJCEP Agreement offers traders in Singapore the advantage of cumulation to more easily meet ROO. Traders can enjoy a larger sourcing base, i.e. they can use raw/ intermediate materials from any of the AJCEP parties and enjoy preferential tariffs.
- The AJCEP Agreement includes a chapter on SPS measures, which provides a platform for SPS issues to be raised, an element that industries have requested.
- Beyond tangible gains are strategic benefits. The AJCEP Agreement is a building block from the Japan-Singapore Economic Partnership Agreement (JSEPA), signed in 2002. Deepened ASEAN-Japan relations through the AJCEP agreement, means ASEAN establishing another essential link to a key economic partner in the wider regional architecture.

**Next Steps**

- Moving forward, ASEAN and Japan will embark on services and investment negotiations.