



THE FORTIETH ASEAN ECONOMIC MINISTERS' (AEM) MEETING

25-26 August 2008, Singapore

Joint Media Statement

1. The Fortieth Meeting of the ASEAN Economic Ministers (AEM) was held on 25-26 August 2008 in Singapore. H.E. Lim Hng Kiang, Minister for Trade and Industry of Singapore, chaired the Meeting. The Meeting was preceded by a Preparatory ASEAN Senior Economic Officials Meeting (SEOM). The ASEAN Economic Ministers also had respective joint meetings with the ASEAN Investment Area (AIA) Council and the ASEAN Free Trade Area (AFTA) Council.

Opening Ceremony

2. The Meeting was formally opened by the H.E. Lee Hsien Loong, Prime Minister of Singapore.

3. In his opening remarks, Prime Minister Lee mentioned that ASEAN has done reasonably well over the last few years and emphasised that completing the roadmap to become an ASEAN Economic Community (AEC) will require commitment and tough political decisions. Although the respective governments face pressing domestic economic and political pressures from time-to-time, Prime Minister Lee called on ASEAN to muster the political will to implement the AEC Blueprint.



4. Prime Minister Lee also underscored the significance of reaching out to the Dialogue Partners of ASEAN. He highlighted that ASEAN's existing Free Trade Agreements with Dialogue Partners are important to enhance market access for ASEAN products and services and lay the foundation for ASEAN to forge stronger links with the other Asian economies.

Economic performance

5. The Ministers were pleased with the increase in the ASEAN FDI Flows in 2007 despite the slowdown in the global economy last year. ASEAN recorded a total of USD 61.5 billion FDI flows in 2007, the highest to date since 1998, compared with USD 51.0 billion in 2006, registering a growth of 20.7 percent on a year-on-year basis.

6. Significant growth in investments was achieved in agriculture, fishery and forestry; real estate; mining and quarrying; manufacturing; construction and trade or commerce. Meanwhile, the Ministers noted that the financial intermediation and services sector, which recorded the second highest growth rate in 2006, registered a 43.0 percent decline in investment in 2007 as a result of global financial difficulties that arose in the early part of the second half of 2007. Notwithstanding this, the financial intermediation and services sector remains in the top three recipients of investment flows next to manufacturing and trade or commerce, which rank first and second in 2007, respectively.

7. The Ministers noted that the increased investment flows in 2007 indicate that ASEAN remained a favoured destination for investments. In 2007, the major sources of investment from dialogue partners were the European Union (USD 14.3 billion), Japan (USD 8.9 billion), United States (USD 5.1 billion), Republic of Korea (USD 2.7 billion), China (USD 1.0 billion), and Australia (USD 1.0 billion).



8. In addition, the Minister noted that intra-ASEAN investment had outpaced the investment flow received from extra-regional partners. In 2007, the intra-ASEAN investment stood at USD 8.2 billion. The major sources of investments in the region are Singapore (USD 5.7 billion), Malaysia (USD 1.3 billion), Thailand (USD 0.7 billion) and Indonesia (USD 0.2 billion).

9. ASEAN continued to show strong growth in its trade performance as total trade in goods grew by 15.0 percent, from USD 1,404.8 billion in 2006 to USD 1,616.1 billion in 2007, at a rate slightly faster than the 14.3 percent and 14.7 percent growth in 2005 and 2006 respectively. ASEAN exports expanded by 14.8 percent, from USD 750.7 billion in 2006 to USD 862.0 billion in 2007, while ASEAN imports increased by 15.3 percent, from USD 654.1 billion in 2006 to USD 754.0 billion in 2007. Intra-ASEAN trade, which on average comprises one quarter of annual total ASEAN trade, increased from USD 352.8 billion in 2006 to USD 404.3 billion in 2007 translating to a 14.6 percent growth.

10. The European Union, the US, Japan, China and Korea continued to be ASEAN's largest trading partners. In 2007, the share of ASEAN total trade with these countries were 11.5 percent, 11.0 percent, 10.7 percent, 10.6 percent and 3.8 percent respectively.

11. The outlook for 2008 is promising as total ASEAN trade in the first quarter of 2008 posted an annual growth of 31.8 percent, which is more than twice the average year-on-year growth during the same period in the previous three years. Total ASEAN exports and imports in the 1st quarter of 2008 amounted to USD 234.25 billion and USD 226.95 billion, which translated into an increase of 22.9 percent and 42.4 percent respectively, compared with the corresponding period in 2007.

12. In view of the anticipated slowdown in global demand, the potential build-up in inflationary pressures, higher global oil prices and growing global imbalances, the Ministers emphasised the need to continue efforts to deepen and broaden economic integration as well as pursue efforts to improve the business and investment environment.



ASEAN Economic Community

13. Following the signing of the Declaration on the AEC Blueprint by ASEAN Leaders at the 13th ASEAN Summit in Singapore on 20 November 2007, ASEAN has been developing an AEC Scorecard mechanism tracking the implementation of their commitments in the AEC Blueprint. The AEC Scorecard will provide a comprehensive picture of how ASEAN makes progress towards establishing the AEC by 2015. The Ministers noted the progress made in developing the AEC Scorecard by all relevant sectoral bodies and looked forward to the reporting of the first AEC Scorecard at the 14th ASEAN Summit in Bangkok, Thailand in December 2008.

14. The Ministers underscored the importance of compliance to timely implementation of the AEC Blueprint's measures, and emphasised that the AEC Scorecard and the Enhanced Dispute Settlement Mechanism (DSM) are the most appropriate monitoring and compliance tools for ASEAN.

15. In conjunction with the AEC Awareness Year 2008 designated by ASEAN Leaders, the Ministers had endorsed an AEC Communications Plan and emphasised the need to involve various stakeholders in the communications process, namely, the ASEAN sectoral bodies and institutions; the private sector; the national and local authorities in ASEAN Member States; the academia and civil society.

Priority Integration Sector

16. The Ministers noted the progress made in implementing the Roadmaps for the Integration of the twelve Priority Integration Sectors and the expansion of the Roadmap for Integration of Air Travel Sector to implement the ASEAN open skies policy by 2015 as part of the ASEAN Single Aviation Market. The Ministers reiterated the importance of implementing the Priority Integration Sector Roadmaps, which serve as the catalyst to realise the goals of



ASEAN Economic Community. The Ministers recognised that such a sectoral approach facilitates a review of all aspects within and around a specified value-chain and encourages the focus on competitive strengths.

Trade in Goods

ASEAN Trade in Goods Agreement (ATIGA)

17. The Ministers welcomed the substantive conclusion of the ASEAN Trade in Goods Agreement and looked forward to its signing by December 2008. The ATIGA integrates all existing ASEAN initiatives related to trade in goods into one comprehensive framework, ensuring synergies and consistencies among those various initiatives. It contains a number of key features that would enhance transparency, certainty and predictability in the ASEAN legal framework and, enhance AFTA's rules-based system, which is of importance to the ASEAN business community.

Realisation of the ASEAN Free Trade Area

18. The Ministers noted that ASEAN Member States continued the implementation of their CEPT tariff liberalisation commitments, which resulted in 98.25 percent of all products having been placed in the Inclusion List (IL), 88.48 percent of which have tariffs as low as 0-5 percent among ASEAN. Tariffs among ASEAN have been eliminated for 63.42 percent of IL products, with the average tariff brought down from 2.58 percent in 2007 to 1.95 percent in 2008.

Comprehensive Revised CEPT Rules of Origin

19. The Ministers welcomed the implementation of the comprehensive revised CEPT Rules of Origin since 1 August 2008, which includes revisions to the text of CEPT ROO and its components such as the Operational Certification Procedures, Product Specific Rules



(PSRs) and Certificate of Origin (CO) Form D. The revised CEPT ROO includes the revision to the general rule of the CEPT Rules of Origin from the single criterion of a “Regional Value Content of 40 percent (RVC(40))” to the alternative co-equal rules of “Regional Value Content of 40 percent or Change in Tariff Headings (RVC(40) or CTH)”. Noting that almost all Member States have adopted and implemented the AHTN 2007, the Ministers also agreed the transposed PSRs into AHTN 2007 for immediate implementation with a view to facilitate further trade within ASEAN.

20. Recognising the importance of adopting trade facilitating rules in ASEAN, the Ministers tasked the Senior Officials to continuously review the Rules of Origin, with a view to adjusting to the fast changing business practices in ASEAN, and to adopting rules that are as liberal, if not more liberal, than the rules in ASEAN FTAs with DPs to ensure the centrality of ASEAN.

Elimination of Non-Tariff Barriers

21. The Ministers noted the on-going work on reviewing the Non-Tariff Measures (NTMs) to identify measures that pose prohibitive barriers to trade for elimination, and the mechanism of a continuous monitoring of NTMs established under the ATIGA. The Ministers re-emphasised the importance of eliminating NTBs to ensure free flow of goods in the region, and called for a closer coordination among the various ASEAN Sectoral Bodies to ensure smooth implementation of the mechanism to monitor NTMs under ATIGA.

22. The Ministers commended Malaysia and Thailand for their submission on specific measures on Non-Tariff Barriers (NTBs) under the work programme on the elimination of NTBs and urged others to submit their measures as soon as possible.

Trade Facilitation

23. Given the dynamic nature of the business trends and practices, the Ministers agreed the ASEAN Trade Facilitation Work Programme as a living document that would be reviewed



on a regular basis to allow for further enhancement through identification of new initiatives and measures necessary in facilitating trade in ASEAN. The Ministers noted the progress in the development of the ASEAN Trade Facilitation Framework, which would serve as guidelines for Member States in undertaking trade facilitation policies including assessing their trade facilitation measures and adopting a common indicators to ensure comparability of the outcomes of the assessments.

ASEAN Single Window

24. The Ministers noted the progress made in the establishment of National Single Windows (NSWs) by Member States, where the NSWs in ASEAN-6 would be operating partially or fully by the end of 2008, in line with the timeline set in the Agreement to Establish and Implement the ASEAN Single Window (ASW), and preparatory works are being undertaken for the establishment of NSW in CLMV.

25. ASEAN is also working on the development and implementation of the ASW. To this end, efforts are being intensified in the development of the ASEAN Data Model, business processes, and establishment of communication and interfacing protocols for ICT application.

Customs Cooperation

26. The Ministers welcomed the adoption of the ASEAN Customs Vision 2015 by the ASEAN Customs Directors-General and the decision by the ASEAN Finance Ministers to amend the ASEAN Customs Agreement (1997), which would further strengthened the legal framework of ASEAN Customs integration and enable the achievement of the AEC targets.

27. The Ministers noted the continued efforts by the ASEAN Customs Administrations in the implementation of the 2005-2010 Strategic Plan of Customs Development (SPCD), particularly in the areas of cargo clearance, risk management, e-customs, facilitation of goods in transit, customs enforcement and human resource development. The Ministers welcomed



the decision of the ASEAN Customs Directors-General to adopt a practical approach in the implementation of the ASEAN Customs Declaration Document (ACDD), and looked forward to its implementation in a near future. The Ministers also looked forward to the finalisation of Protocol 2 (Designation of Frontier Posts) and Protocol 7 (Customs Transit Systems) to enable the full implementation of the Framework Agreement on Facilitation of Goods in Transit and the establishment of the ASEAN Customs Transit System.

Standards, Technical Regulations and Conformity Assessment Procedures

28. The Ministers noted with satisfaction the progress made in the activities focusing on the facilitation of integration of the priority sectors. In particular, the Ministers welcomed the implementation of the ASEAN Sectoral Mutual Recognition Arrangement (MRA) for Electrical and Electronic Equipment (ASEAN EE MRA). The Ministers urged for the finalisation of the MRA for Good Manufacturing Practices (GMP) for Inspection of Manufacturers of Medicinal Products, and looked forward to its signing by the end of the year.

29. The Ministers welcomed the implementation of the ASEAN Cosmetic Directive (ACD), which sets up a single regulatory regime for cosmetics products in ASEAN, by eight Member States, and looked forward to its implementation by the remaining Member States in the nearest future.

Trade in Services

ASEAN Framework Agreement on Services (AFAS)

30. The Ministers discussed the substantial progress that has been made in liberalising trade in services through various rounds of AFAS negotiations, the last being the 4th Round which culminated in the 6th Package of Commitments.



31. The Ministers noted that the 5th round of negotiations under AFAS is currently on-going and looked forward to meeting the target for completing this round by December 2008, resulting in the submission of the 7th Package of AFAS commitments. The Ministers agreed that subsequent rounds of negotiations will add substantial value-added to market liberalisation of the service sectors in ASEAN and promote greater intra-ASEAN services trade and investment. Nevertheless, the Ministers recognised that higher levels of liberalisation will require greater national effort and urge continued commitments to the integration process in ASEAN towards the goal of the ASEAN single market and production base.

32. The Ministers also noted related work on the completion of the inventory of limitations to trade which will enhance transparency and facilitate work on setting parameters for liberalising remaining limitations.

33. The Ministers welcomed the signing of the 4th Package of Commitments on Financial Services under the ASEAN Framework Agreement on Services (AFAS) by the ASEAN Finance Ministers on 4 April 2008 in Da Nang, Viet Nam and the launch of the Fifth Round of negotiations which would be concluded by 2010. The Ministers also looked forward to the signing of the ASEAN Multilateral Agreement on the Full Liberalisation of Air Freight Services and the ASEAN Multilateral Agreement on Air Services at the 14th ASEAN Transport Ministers' Meeting in November 2008.

Mutual Recognition Arrangements

34. The Ministers signed the Mutual Recognition Agreement (MRA) Framework on Accountancy Services, MRA on Medical Practitioners and MRA on Dental Practitioners. The MRA Framework on Accountancy Services will lay down the broad principles and framework for the negotiations of bilateral or multilateral MRAs on Accountancy Services between or among ASEAN Member States while the MRAs on Medical Practitioners and Dental Practitioners is expected to facilitate the mobility of qualified medical and dental practitioners



within ASEAN. The Ministers welcomed the progress in the implementation of the signed MRAs, namely, engineering services, architecture services, nursing services and surveying and urged renewed efforts by the related professional bodies to implement the MRAs.

35. The Ministers also looked forward to the finalisation of the Mutual Recognition Arrangement on Tourism Professionals, which is expected to be signed by the ASEAN Tourism Ministers during the ASEAN Tourism Forum in January 2009.

Professional Exchange Programme

36. The Ministers welcomed the agreement of the “Professional Exchange Programme”, that will enable the ASEAN professionals to make better use of best practices/acquired capabilities for the development of the region under an exchange programme. As an initial step, the programme will focus on engineering, architecture, and accountancy services.

Investment

37. The Ministers welcomed the substantive conclusion of the ASEAN Comprehensive Investment Agreement (ACIA) following the mandate given in August 2007 to revise, combine, and enhance the Framework Agreement on the ASEAN Investment Area (AIA) and the ASEAN Agreement on the Promotion and Protection of Investments (IGA) into a comprehensive investment agreement to attract more investments.

38. The Ministers noted that ACIA took into account the views of the business sector as reflected in the Guiding Principles endorsed by the AIA Council and AEM. In particular, the ACIA has extended benefits to ASEAN-based foreign investors that are investing in other ASEAN Member States, thereby, helping to accelerate the pace of intra-ASEAN investment. The ACIA has also taken account of international best practices that would further enhance investors’ confidence in ASEAN.



39. The Ministers agreed that the Agreement will be signed by the ASEAN Summit in December 2008, and that Members States finalise their individual reservation lists within six months from the signing of the Agreement.

Consumer Protection

40. The Ministers noted that the inaugural meeting of the ASEAN Coordinating Committee on Consumer Protection (ACCCP) was held on 24–25 June 2008 with three working groups established, namely: Working Groups on: (i) Rapid Alert System and Information Exchange; (ii) Cross Border Consumer Redress; and (iii) Training & Education.

Competition Policy

41. The Ministers noted that the ASEAN Expert Group on Competition had met twice to promote exchange of information, experience and cooperation on competition policy in the region. To facilitate these processes, three Work Groups have been established on Capacity Building, Developing Regional Guidelines on Competition Policy, and Developing Handbook on Competition Policies and Laws in ASEAN for Business.

Private Sector Engagement

42. The Ministers recognised the need to improve intensity and effectiveness in private sector engagement and participation at the regional level. The Ministers emphasised the need to have a sectoral focus in approaching private sector, characterised by a strong sense of ownership by its stakeholders.

Small and Medium Enterprises (SMEs)

43. Recognising that ASEAN has a significant, sizeable and rapidly expanding SME sector, the Ministers emphasised the importance of SMEs in ASEAN economic integration



and agreed that special recognition should be given to SMEs. In this regard, the Ministers tasked senior officials to explore ways and strategies to strengthen the role of SMEs in building the AEC.

Structural and Regulatory Reform

44. Recognising that behind-the-border reforms have substantial impact on trade and investment by reducing unnecessary costs for producers, reducing risks, and enhancing ease of entry into markets, the Ministers underscored the importance of structural and regulatory reforms, driven by the imperative for transparency, simplicity and speed, in realising the goals of the AEC Blueprint.

ASEAN External Economic Relations

45. The Ministers noted and exchanged views on the developments ASEAN's external economic relations, including the status of ASEAN's ongoing negotiations with Dialogue Partners for Free Trade Agreements (FTAs) and Comprehensive Economic Partnerships (CEPs). The Ministers noted the finalisation of the modality for tariff reduction and/or elimination of the ASEAN-India FTA Trade in Goods Agreement. The Ministers also resolved to ratify the ASEAN-Japan Comprehensive Economic Partnership (AJCEP) as soon as possible in order to benefit from the entry-into-force of the Agreement. The Ministers urged negotiators from ASEAN as well as the Dialogue Partners to expedite and intensify efforts towards speedy resolution of the remaining issues in the respective negotiations and exercise flexibilities, when and where necessary.

Secretary-General of ASEAN

46. The Ministers welcomed H.E. Surin Pitsuwan as the Secretary-General of ASEAN for the period 2008-2012.



LIST OF MINISTERS

1. **Dato Lim Jock Hoi**, Permanent Secretary, Ministry of Foreign Affairs and Trade, Brunei Darussalam
(representing **H.E. Pehin Dato Lim Jock Seng**, Second Minister of Foreign Affairs and Trade, Brunei Darussalam)
2. **H.E. Cham Prasidh**, Senior Minister and Minister of Commerce, Cambodia
3. **H.E. Kong Vibol**, First Secretary of State, Ministry of Economy and Finance, Cambodia.
4. **H.E. Mari Elka Pangestu**, Minister of Trade, Indonesia
5. **H.E. Muhammad Lutfi**, Chairman of Investment Coordinating Board, Indonesia
6. **H.E. Nam Viyaketh**, Minister of Industry and Commerce, Lao PDR
7. **H.E. Tan Sri Muhyiddin Yassin**, Minister of International Trade and Industry, Malaysia
8. **H.E. U Soe Tha**, Minister for National Planning and Economic Development, Myanmar
9. **H.E. Peter B. Favila**, Secretary of Trade and Industry, the Philippines
10. **H.E. Lim Hng Kiang**, Minister for Trade and Industry, Singapore
11. **H.E. Pichet Tanchareon**, Deputy Minister of Commerce, Thailand
(representing **H.E. Chaiya Sasomsub**, Minister of Commerce, Thailand)
12. **H.E. Mingkwan Sangsuwan**, Minister of Industry, Thailand.
13. **H.E. Nguyen Cam Tu**, Vice Minister, Ministry of Industry and Trade, Viet Nam
(representing **H.E. Vu Huy Hoang**, Minister of Industry and Trade, Viet Nam)
14. **H.E. Surin Pitsuwan**, Secretary-General of ASEAN