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Alternative approach for negotiation in services

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THE Asean Economic Ministers are adopting an alternative approach for negotiation in services in a move to expedite the realisation of a free flow of trade and services in Asean by year 2020.

International Trade and Industry Minister Datuk Seri Rafidah Aziz said the nine-member countries have agreed that the liberalisation of services in the area should be done on sectoral and sub-sectoral basis.

"The scope will cover all services in the sector, sub-sector as well as the mode. We are talking about sectoral and sub-sectoral approach rather than product by product."

With the new approach, each member country would be looking at cross-sectoral negotiations on the bilateral basis as another option, if necessary, she added.

She said this would be the long term perspective of the liberalisation of trade and services in Asean adding that the Ministers have yet to finalise the entire package.

"We have asked the Senior Economic Officials meeting to further fine-tune the details and have asked them to do this before the Asean Economic Ministers informal retreat in April, next year. That means we have got six months to do this."

Rafidah said this at the joint Press conference held after the 29th Asean Economic Ministers meeting in Petaling Jaya, Selangor yesterday.

She added that the Ministers have also approved the initial package of offers in five sectors negotiated by Asean member countries since January last year.

The sectors are air transport which received offers from three countries, business services (one country), maritime transport (four countries), telecommunications (one country) and tourism (seven countries).

She said a significant number of the offers involved opening up new service sectors that were not previously included in the General Agreement on Trade in Services.

"The implementation of the commitments contained in the initial package is targeted to be no later than March 31, 1998."

The Ministers have endorsed the protocol to implement the initial package for signing by the Second Informal Asean summit in Kuala Lumpur in December this year.

"We are pleased to note that Laos and Myanmar had submitted their initial offers."

Rafidah added that various steps have been taken to promote the Asean Industrial Cooperation Scheme since it was launched in April this year.

Each member country has agreed to task their officers to expedite the implementation of the scheme, she said adding that private sectors are encouraged to take advantage of the scheme.

The Aico scheme, to be operational from next month, is aimed at promoting joint manufacturing activities among companies in Asean products.

Under the scheme, they will be granted 0.5 per cent preferential tariff rate which in effect is equivalent to the Common Effective Preferential Tariff rate and local content accreditation where applicable.

On Asean investment cooperation, Rafidah said a number of new initiatives have been agreed by the Asean Heads of Investment Agencies to

further strengthen investment cooperation.

"The agencies will collectively convene a number of joint investment promotion events in Asia, Europe and in Asean next year in conjunction with Asean's 30th anniversary and to promote the region's investment opportunities to investors."

She added that there was significant progress made in the drafting of the framework agreement on the Asean Investment Area which would be instrumental towards strengthening Asean's position as the premier global investment region.

"The establishment of AIA will enhance Asean's competitiveness and place it in a better position to attract continuously higher level of foreign direct investments into the region," Rafidah said.

On the AEM's consultations with the private sector through the Asean Chamber of Commerce and Industry earlier, Rafidah said the Ministers have requested the ACCI to draw up a list of barriers to trade which they currently face in the region.

Responding later to a question on Datuk Seri Dr Mahathir Mohamad's call to Asean to move towards greater economic integration, she said the close cooperation with the private sector was one element.

"This is not something we did before. Now we see that the ACCI is inside the Asean process itself, and even at the AEM to present their ideas.

"This is so that we can avoid making mistakes, and can come up with initiatives which are really market-driven."

The Ministers had also made several proposals to the ACCI on capital goods cooperation including the establishment of a database of capital goods and an aggressive selling mission within Asean itself.

Touching briefly on the other regional and global trade organisations, she said the Ministers had agreed that Asean should be more pro-active at the World Trade Organisation especially in preparing for next year's ministerial conference.

On the Asia-Europe Meeting, the Ministers agreed on the need for Europe and Asia to work closely to develop concrete measures for co-operation. However, the meeting did not discuss the controversy over the attendance of Myanmar at the meeting in London next year.

The Ministers also noted the increasing receptiveness of the East Asian Economic Caucus among Asia-Pacific countries and agreed to continue efforts towards its realisation.

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