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AEM: NOTIFICATION PROCEDURE WILL DETER DOMESTIC LOBBIES

By: Michael Raj

PETALING JAYA, Oct 12 (Bernama) -- The notification procedure which Asean trade ministers will endorse at their annual meeting here this week will deter domestic groups from lobbying for trade preferences from their respective governments.

An Asean trade official said while discouraging protectionism, it would also help maintain the momentum to create a single free market under the Asean Free Trade (Afta) by the year 2003.

It would dissuade member countries from arbitrarily imposing import duties or even non-tariff barriers that "could derail the Afta process," the trade official spoke on condition of anonymity.

The two-day Asean Economic Ministers (AEM) meeting beginning at the Sunway Lagoon Resort Hotel here on Oct 16 would be opened by Prime Minister Datuk Seri Dr Mahathir Mohamad.

Under the document to be signed on Oct 16, Asean countries should notify each other on any modifications to their commitments or obligations in Afta which might impair or nullify any benefits to member countries.

Minister of International Trade and Industry Datuk Seri Rafidah Aziz said when briefing the media recently on the AEM, which begins on Oct 16, that Asean countries do not want to be caught "unawares" if others impose new tariffs or import duties.

In this way, Asean countries would prepare themselves for any circumstance that might jeopardise the momentum of exports they might have carved out in each others' markets.

The official said member countries could previously impose tariffs when imports tend to displace their own products and or threaten domestic industries, without informing others, but the move is a dampener to achieving regional competitiveness.

Regulations contained in the Common Effective Preferential Tariff (Cept) scheme -- the implementing mechanism for Afta -- clearly spells out commitments to tariff reduction and "what countries can or cannot do," he said.

"...but since Afta is moving forward with 93 percent of tariff lines in the inclusion list for Cept concessions, countries would have work to suspend preferences under the notification procedure," he said.

While acting as an "information dissemination" mechanism, he said the notification procedure should be viewed as a reminder for countries not to do something which could retard tariff cutting steps without consulting others.

It also does not mean that having consulted others, countries could just go ahead and impose tariffs for they would have to explain and justify why the duties were imposed to their other Asean members, he said.

In disclosing the need for such notification, Rafidah cited the case of Indonesia which raised the import tariff for polyethelene, a petrochemical by-product recently, without informing other members first of its decision.

"It also prevents the imposition of non-tariff barriers," the official said, adding that all member countries were guilty of imposing barriers in one form or another.

There are goods that need to have preferences, or protection, but there is an avenue for them under the temporary exclusion list (TEL), or even the "sensitive" or "highly sensitive lists" such as rice and sugar.

Eventually, they have to be brought under the TEL and thereafter under

Cept if Asean is to create Afta, which promises to be free market with a consumer base in excess of 500 million people by the end of the decade. --
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