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Fine-tuning Asean commitments to better economic ties

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JUDGING by the preparatory meeting of senior officials that began on Monday, a busy agenda is expected for the 29th Asean Economic Ministers meeting starting today.

The AEM is significant in the implementation of the Asean Free Trade Area (Afta) - the region's resolve to create an attractive single free market where tariffs would be between zero and five per cent by 2003.

International Trade and Industry Minister, Datuk Seri Rafidah Aziz, has said 93 per cent or 40,755 tariff lines of the original six members are already included for tariff reductions.

She added that over 85 per cent of intra-Asean trade is currently between zero and five per cent under the Common Effective Preferential Treatment (CEPT) scheme.

Asean, which groups Brunei, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam, is expected to have a consumer market in excess of 500 million people by the end of the decade and over a billion people by 2020.

This would be first time the AEM, to be opened by Prime Minister Datuk Seri Dr Mahathir Mohamad, would be attended by Trade Ministers from Myanmar and Laos, which were admitted in July at the 30th Asean Ministerial Meeting.

Asean secretary-general Datuk Ajit Singh said both countries had submitted a good package on their countries' contribution to the CEPT. He believes that Myanmar, especially, may be able to join Afta earlier than its deadline.

Myanmar and Laos will have 10 years beginning Jan 1, 1998 to join Afta.

"Myanmar has submitted not just a complete package, but a good one at that. It has gone beyond what we have asked of them," said Ajit.

Cambodia, whose membership to Asean has been deferred indefinitely due to the political situation in the country, would attend the meeting as an observer.

Since Monday, top officials led by International Trade and Industry Ministry secretary-general Tan Sri Asmat Kamaludin, and officials from the Trade and Industry Ministries of the Asean countries and the Asean secretariat from Jakarta had been fine-tuning commitments by the respective members to tearing down tariffs.

Products are not the only aspect of liberalisation under Afta. The AEM will also discuss the liberalisation of trade services. There are seven areas that will be discussed - tourism, telecommunications, air and maritime services, construction, business, professional and financial services.

Another aspect of Afta that is expected to be finalised at the meeting is the Asean Notification Procedure which will make it almost impossible for the private sector to pressure Governments to raise tariffs or ban imports.

The notification procedure expected to be signed today will only allow member countries to temporarily raise tariffs or ban imports if they have "domestic economic emergencies".

Asmat said the senior economic officials were updated on the progress of the Asean Investment Area (AIA). The AIA is one of the schemes under Afta which was introduced to make the region more attractive for Foreign Direct Investment.

The AEM will also hold dialogues with officials from Japan's Ministry of International Trade and Industry, Closer Economic Relations (CER) countries of Australia and New Zealand and Southern Africa Development Co-operation (SADC).

Informal talks are also expected to be held with China and South Korea.

Asean and Japanese Economic Ministers are expected to discuss member country's individual as well as the group's trade imbalance with Japan. Japan is the group's single largest trading partner. The trade imbalance last year was US\$21.6 billion (RM151.8 billion) in Japan's favour.

Asean-CER will discuss promoting private sector network between the two and joint ventures and co-operation with third countries. Asean and SADC will consider enhancing co-operation between the two regions.

The Mekong Basin Development Co-operation is another topic that will be discussed at the meeting. It is hoped that this project will help create employment, generate income and raise the standard of living for countries in the area.

The meeting comes at a time when the Asean economies, especially that of Indonesia, the Philippines, Thailand and host Malaysia, are being severely tested due to the manipulative and speculative attacks on their currencies.

Given the magnitude of the problem and the difficulty Asean countries would face in combating it alone, Malaysia would propose for the AEM to consider, possibly, common strategies to deal with the issue.

According to Rafidah, Malaysia has prepared a paper to be discussed at the meeting to counter this problem.

"I would like to get feedback from other countries, how they are managing and what are their ideas towards an Asean co-management of this problem for the future.

"We will know what measures they have taken domestically, share experiences and come to some form of understanding to see how we go from here," she said.

Rafidah also said the strategies to be discussed would not only complement Malaysia's proposal to the International Monetary Fund on the regulation of hedge funds, but also add an Asean perspective.

Ultimately, Rafidah emphasised the issue would be taken up by the region's Finance Ministers who are expected to meet in December before Asean's 30th anniversary celebrations.

Indonesian Assistant Minister of Industry Bechrum S. Herehup, however, believes the currency problem is not only an Asean issue, but also an international one.

He said Indonesia would support Malaysia's efforts at the AEM and that Philippine President Fidel Ramos' proposal for an Asean Monetary Facility was also a good idea.

True to the Asean spirit, he added: "We will give our co-operation because it is a problem we all face together".

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