

15 OCT 1997

AEM: THAILAND DECLARES ITS CONTINUED COMMITMENT TO AFTA

By: Azlina Aziz

PETALING JAYA, Oct 15 (Bernama) -- Thailand today reaffirmed its commitment towards the Asean Free Trade Area, and corrected earlier reports that its domestic economic difficulties would require it to slow, or halt even, the pace of tariff reduction pledged under Afta's Common Effective Preferential Tariff.

Thailand, like Malaysia and most other members, are required under Afta commitments to progressively cut to 5 percent or under the tariff bands on tens of thousands of product lines by December 2003.

"We are moving along and, so far, we have had no problems," Dr Narongchai Akrasanee, the Thai commerce minister, said upon arrival to join an Asean economic ministers conference starting tomorrow. Prime Minister Datuk Seri Dr Mahathir Mohamad will officially open the conference.

"Any announcement on tariff changes that we made did not apply to Afta. We are not pulling out.

"Once we started with it, we should, of course, continue."

Dr Narongchai expressed confidence that Afta programmes would survive the spread of economic difficulties in the region and the spate of sharp currency devaluations, among which the Thai baht was most severely afflicted. The currency has fallen more than 30 percent against the US dollar in recent months.

Afta's progress towards the 2003 deadline was, the minister also said, on course, and it reflected on how all nine members were serious about building a single customs union, and despite sceptical comments about its existence.

On a visit to Tokyo last week, Thai finance minister Thanong Bidaya reportedly said Thailand might need to temporarily slow the pace of tariff reductions.

As the Thai concerns emerged, Asean senior officials were early this week working over details on how a member, if it is to diverge from its Afta obligations and raise tariffs instead, should give everyone notice: 60 days was proposed in the notification procedure.

Breaking agreed-upon tariff rules is permitted if a member is in a state of emergency. And Myanmar, in particular, has sought to apply the same escape clause towards the notification procedure being drafted for inclusion into the Afta treaty.

Datuk Seri Rafidah Aziz, the minister of international trade and industry has said that Asean ought to define, more precisely, the circumstances under which a country, in an emergency, could unilaterally impose duties or take other measures affecting its tariff commitments.

On the notification procedure, Dr Narongchai said that Thailand had already made clear its stand; that is, it fully supports the establishment of the procedures and in making transparent the trading rules.

Asked whether or not ministers would discuss the Asean Monetary Facility, a standby fund to financially help any member in economic difficulties, Dr Narongchai said: "It was not in the agenda, but someone would definitely mentioned it. For us, we played it by ear."

-- BERNAMA

AA LSH