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Asean summit ends with a good bargain for the new millennium

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AS the curtain came down at the end of the Sixth Asean Summit, the last one for this century, leaders began returning to their respective capitals pondering over the success that the summit had achieved.

Economically speaking, they each deserve a pat on the back because they agreed on a host of short-term and long-term measures to overcome the current economic problems and to make Southeast Asia a developed region.

Little did the critics imagine that the summit would be able to produce tangible results in terms of regional co-operation and trade liberalisation.

They based their argument on the assumption that economic problems - solely caused by the free market system - would result in Asean countries falling backwards like dominoes and retreating into protectionism.

But the dominoes did not fall. On the contrary, Asean leaders agreed on a host of measures for their common good and to further liberalise trade.

In fact, they agreed to accelerate the implementation of tariff reductions between five and zero per cent under the Asean Free Trade Area from 2003 to 2002, but with some flexibility for sensitive products.

To regain investor confidence in the region, the six original signatories of the Common Effective Preferential Tariff would advance the implementation of Afta by one year from 2003 to 2002.

The six are Malaysia, Brunei, the Philippines, Indonesia, Singapore and Thailand.

Vietnam, which only became a member of Asean in 1995 will maximise its tariff lines between zero and five per cent by 2003 while Laos and Myanmar will do so by 2005.

In the area of investments, each Asean country has agreed to extend additional special privileges to qualified Asean and non-Asean investors in the manufacturing sector for applications received from Jan 1, 1999 to Dec 31, 2000 and approved thereafter.

These incentives include a minimum three-year corporate tax exemption or a minimum 30 per cent corporate investment tax allowance, 100 per cent foreign equity ownership, duty free imports of capital goods, domestic market access and a minimum industrial land leasehold period of 30 years.

National treatment will be made fully available within six months of the date of signing of the agreement for Asean investors in the manufacturing sector, subject to certain exclusions.

These short- and long-term measures taken by Asean are not only for speedy economic recovery but also to ensure that it could achieve its Vision 2020 which would make Southeast Asia an advanced and developed region in the world.

Prime Minister Datuk Seri Dr Mahathir Mohamad, now the longest serving head of Government in Asean, described the summit as "very successful".

Of course, Dr Mahathir was talking in terms of the economic measures that have been successfully lined up.

It has to be because politically, the summit did not achieve much success.

Cambodia's admission into Asean became a contentious issue. Six of the nine-nation grouping were in favour of its entry during the summit, while the other three - Singapore, Thailand and the Philippines chose to oppose.

Cambodia's scheduled admission into Asean in Kuala Lumpur in July last year was deferred after Prime Minister Hun Sen ousted his then co-Prime

Minister Prince Norodom Ranariddh, in a power struggle that led to bloody clashes in Phnom Penh.

The two rivals agreed last month that their parties would form a new coalition. The Government headed by Hun Sen was sworn in almost three weeks ago.

The reason given by Singapore, Thailand and the Philippines was that Cambodia's upper house, a coalition pact between Funcinpec and the Cambodian Peoples' Party - was not officially in place.

Surprisingly, the formation of the senate was not part of the deal when Asean leaders met at the informal Summit in Kuala Lumpur last year and discussed Cambodia's admission.

The leaders decided that Cambodia would become a member once it held a fair and free election and formed a legitimate government in accordance with its constitution.

The two conditions were met and despite the assurance given by Hun Sen, whose official visit to Vietnam coincided with the summit, that the senate would be formed in a matter of weeks, the three countries voted in favour of a further delay.

So the decision made at this summit was just as good as the one made by Foreign Ministers in Kuala Lumpur in July last year that Cambodia would be admitted, but with no definite time-frame.

Left with no other alternative, the leaders instructed their Foreign Ministers to meet in Hanoi as soon as possible to reassess the situation in Cambodia.

One can only hope that when the ministers meet in Hanoi, new conditions will not crop up, for that would be digging deep into Cambodia's internal affairs.

Many people are keeping their fingers crossed.

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