

UPDATES ON THE CURRENT ISSUES ON ASEAN ECONOMIC COOPERATION

Schedule of recent meetings on economic cooperation

ACCSQ

- 29th ACCSQ 20-22 March 2007, Yangon, Myanmar

SEOM

- SEOM 2/38 27-29 March 2007, Manila, Philippines;
- SEOM 3/38 22-24 May 2007, Chiang Mai, Thailand.

AEM

- 13th AEM Retreat 3 May 2007, Jerudong, Brunei Darussalam;

ASEAN CHARTER

- Each AMC has assigned a SEOM representative to assist their respective member of the HLTF Task Force tasked with drafting the ASEAN Charter to be the bridge between SEOM and the High level Task Force.
- A representative from ASEC from BEIF to the HLTF meeting to serve as a resource person on economic issues.
- To explore possibility of convening joint sessions between HLTF-ASEAN Charter and HLTF-Economic Integration to exchange views on the drafting of the ASEAN Charter.
- HLTF-EI met the HLTF-AC on 9 April 2007 in Yangon, Myanmar, to discuss economic inputs to the draft ASEAN Charter.
- Among the issues discussed:
 - a) Direction of ASEAN Economic Integration beyond 2015

Since the Charter will be a “living document” and will stay in force for a long period, the Meeting was of the view that the Charter should provide a vision and direction for deeper ASEAN economic integration beyond the AEC of 2015.

It was agreed to include in the Preamble, Purposes and Principles Chapters of the ASEAN Charter. ASEC will prepare the economic inputs to be included in this clauses.

b) Rights and Obligations of ASEAN Membership

Recommendations on the rights and obligations of ASEAN Membership included sanctions for non-compliance to ASEAN agreements and withholding participation of Member Countries in ASEAN activities taking note of the decision of AMM Retreat not to include sanctions and suspension of membership in the Charter, and instead use the current enhanced Dispute Settlement Mechanism (DSM) to address such circumstances.

Provision for ensuring that AMCs ratify ASEAN Agreements and transpose them into national legislations was also discussed.

c) Role of the ASEAN Economic Ministers (AEM) and SEOM

The role of the AEM in the ASEAN Charter is as the driver and coordinator for economic integration and be recognised as Senior Ministers with the responsibility to oversee all economic initiatives in ASEAN and directly report to the Leaders.

A strengthened coordination mechanism among sectoral ministerial bodies was also discussed.

SEOM to undertake a greater role in coordinating issues between sectoral senior official meetings.

A ministerial coordination body comprising the AMM, AEM and AFMM for ASEAN integration as a whole and to discuss cross cutting issues.

d) Flexible decision-making alternatives

The EPG recommended majority voting as a fall-back alternative to consensus decision-making for non-sensitive issues. But it was agreed that it should only apply to non-sensitive issue.

e) Dispute Settlement Mechanism

It was agreed that the ASEAN DSM should be retained as state-to-state mechanism but an enhanced consultation mechanism with the business sector could be developed to provide additional avenues for businesses to voice out their views and concerns pertaining to economic integration. There was a suggestion to look at the effective utilisation of ACT.

f) Resource Mobilisation

It was suggested that the ASEAN Development Fund could be augmented to serve as the main source of funding for integration.

g) People-centered ASEAN

The importance of enhancing the existing consultation mechanisms with the stakeholders, particularly from the private sector, to create a people-centred ASEAN.

- The draft Charter would subsequently be submitted to the 40th ASEAN Ministerial Meeting (AMM) in July 2007 in Manila, Philippines for consideration.
- The draft ASEAN Charter will be deliberated prior to the submission to the HLTF-EI at their next meeting on 13-14 August 2007. The Report of the HLTF-AC will be circulated to all AMCs for information. The sectoral bodies would still be able to provide inputs to the draft Charter at a later stage.

BLUEPRINT ON ASEAN ECONOMIC COMMUNITY (AEC)

- The schedule to firm up the draft AEC Blueprint:
 - (a) Receive and incorporate comments from various sectoral bodies on the first draft of the AEC Blueprint, including the strategic schedule, for consideration of 2/38 SEOM in March 2007 in the Philippines;
 - (b) Transmit the second draft of the AEC Blueprint to the 11th Meeting High Level Task Force on ASEAN Economic Integration (HLTF) in April 2007;
 - (c) Report the progress on the developing the AEC Blueprint to the AEM Retreat in May 2007;
 - (d) Convene a stakeholders' meeting or workshop to discuss the draft AEC Blueprint;
 - (e) Present findings of the stakeholders' meeting or workshop to HLTF and SEOM;
 - (f) Refine further the draft AEC Blueprint and submit the third draft of the AEC Blueprint for proposed adoption at the 39th AEM; and
 - (g) Recommend to the Leaders for endorsement at the 13th ASEAN Summit.
- Three charts will be used to illustrate the AEC Blueprint, namely, the AEC structure; the strategic schedule of AEC; and reporting mechanism in realising the AEC.
- Consultation with stakeholders on the AEC Blueprint was facilitated to keep them informed of the progress of this community building process, which includes convening an interactive stakeholders' meeting or workshop to discuss the draft AEC Blueprint.

Agenda Item 3
The 20th Meeting of the ACCSQ-WG1
10-11 July 2007, Brunei Darussalam

- ASEC will be communicating with ASEAN Business Advisory Council (ABAC) and ASEAN Chambers of Commerce and Industry (ASEAN-CCI) in preparing the second draft of AEC Blueprint for consideration at SEOM 2/38.
- The sectoral bodies implementing the AEC Blueprint should also provide the pre-agreed flexibility to be included in the AEC Blueprint before SEOM 3/38.
- The AEC Blueprint would also include a brief assessment of where ASEAN is now with all existing integration initiatives through a reporting system to monitor progress, track non-progress and highlight implementation gaps is necessary to make informed decisions.
- ASEC will prepare the 6-monthly reports (or scorecard) to be submitted to the AEM on AEC implementation
- The Leader's Declaration on the AEC Blueprint is expected to be signed at the 13th ASEAN Summit in November 2007 in Singapore.
- Once the AEC Blueprint and its Strategic Schedule is issued through a Declaration signed by Leaders, the commitments contained in it would be binding to all AMCs and effective for implementation as was the case with other ASEAN declarations. (Therefore it was not necessary to include the detailed implementation provisions in the Declaration and that the current implementation provisions in the Blueprint with slight modification should cover the necessary implementation arrangements needed to effect the Blueprint.)
- SEOM was requested by AEM at the 13th Retreat to come up with a general statement on *consumer protection* for inclusion in the Blueprint. It was noted that considerations for consumer protection have been taken into account under the various existing ASEAN initiatives such as harmonisation and simplification of standards, technical regulations and conformity assessment procedures, the Meeting agreed that cooperation among consumer protection agencies should focus on information exchange, experience sharing and capacity building.
- The Meeting agreed to endeavour to finalise the draft Blueprint and its Strategic Schedule at the SEOM 4/38 meeting for submission to the 39th AEM Meeting.

PRIORITY INTEGRATION SECTORS

- The ASEAN Framework (Amendment) Agreement for the Integration of Priority Sectors and the ASEAN Sectoral Integration (Amendment) Protocol for the Integration of Priority Sectors was signed by the ASEAN Economic Ministers on 8 December 2006 in Cebu.
- The ASEC was tasked to produce a report on the implementation of the priority integration sectors initiatives before the 39th AEM to identify and understand the implementation gaps.

- The need to convene the 3rd COPS (Consultative Meeting on Priority Sectors) will be considered only after the implementation gaps are identified and reported.
- The ASEC convened an outreach event, “ASEAN Talks Business”, on 17 April 2007 at the ASEAN Secretariat. The event aimed to brief the private sector on ASEAN economic integration and the AEC, and at the same time serves as a venue for consultations and feedback from the private sector.
- The study on “An Investigation into the Measures Affecting the Integration of ASEAN’s Priority Sectors”, was undertaken under the auspices of the Regional Economic Support Facility (REPSF) of the ASEAN-Australia Development Cooperation Programme (AADCP).
- It was agreed to give AMCs more time to study the outcomes and AMCs were requested to provide inputs to the study through the ASEAN Secretariat.

WORK PROGRAMME ON ASEAN TRADE FACILITATION

- The 1st draft of the ASEAN Trade Facilitation Work Programme (ATFWP) (which consists of the principles for developing the Work Programme; the scope, measures, goals and timelines to achieve the objective of the Work Programme; and the indicators to measure the implementation of the Work Programme) was developed under the cooperation between UNESCAP and the ASEAN Secretariat, funded by ASEAN-US Technical Assistance and Training Facility (ASEAN-US TATF).
- The ATFWP is based on three main principles:
 - a) Trade facilitation through an integrated approach - regional integration must be pursued through trade facilitation measures in customs, harmonising product standards and facilitating goods in transit;
 - b) Holistic approach to trade facilitation including “beyond border issues” - the ATFWP goes far beyond customs and border issues by looking at the entire international trade transaction process and covering also non-tariff barriers to trade, trade finance and logistics as well as addressing the infrastructure development, promotion of investment and small and medium enterprises (SMEs) and export promotion schemes, which can be considered as “trade facilitation plus”; and
 - c) Common timelines - all ASEAN Member Countries should commit to implement all trade recommended trade facilitation measures at the same time as sequenced by a schedule, by 2015.
- To implement the proposed ATFWP successfully, it would be necessary to have the political will, national strategy, effective monitoring, human capacity building,

infrastructure, regional trade facilitation body, national trade facilitation body, change management, and project management.

- The ATFWP is intended to synthesise all sectoral plans on trade facilitation into one integrated trade facilitation work programme. As such, the draft ATFWP would be transmitted to all relevant sectoral bodies for their comments and inputs to ensure consistency and avoid redundancy of the work programme.
- The Meeting considered the revised draft Work Programme on ASEAN Trade Facilitation in the matrix form, elaborating the various elements, timelines as well as the responsible bodies for the activities in the Work Programme.
- The assessments on trade facilitation in ASEAN need to be a continuous exercise, and SEOM would be the implementing body for this overall exercise. The Meeting further agreed on the need to develop an effective monitoring and coordination mechanism in the Work Programme as it would involve cross sectoral activities implemented by various sectoral bodies.
- To undertake a study to assess how the harmonisation of standard and conformity assessment procedures have been beneficial to the private sector and effective to intra-ASEAN trade. The findings of such analysis should be presented to the Ministers, if possible, at the AEM Retreat as one of the indicators on where ASEAN is at this point of time in trade facilitation.
- The importance of a coordination mechanism for the implementation of the Work Programme on Trade Facilitation was noted.
- The CCCA being the expert group in charge of trade in goods, was requested to assume the lead in coordination with other ASEAN bodies both within and outside purview of SEOM especially the CCC. The proposed coordination mechanism by CCCA would be submitted to SEOM at their 4/38 meeting for their consideration.

ASEAN Policy Guideline on Standards and Conformance

ACCSQ agreed in principle to endorse the final version of the draft mechanism to monitor the implementation of the ASEAN Policy Guideline on Standards and Conformance as presented by the Chair of WG1 since the revision mainly editorial in nature.

ACCSQ agreed to Indonesia's request to conduct its national consultation and give her confirmation to the ASEAN Secretariat by 31 May 2007. Indonesia has confirmed with the ASEAN Secretariat that she has no objection and agreed with the draft.

ACCSQ requested the ASEAN Secretariat to monitor the implementation of the ASEAN Policy Guideline on Standards and Conformance using the mechanism to update the ACCSQ on the status of implementation on annual basis.

ASEAN Conformity Mark

The Taskforce Meeting on the ASEAN Conformity Mark was held on 19 March 2007 in Yangon, Myanmar. The Task Force Meeting has finalised the Draft Guide on Basic Rules for ASEAN Conformity Mark and discussed the first draft of the Agreement on the Application of ASEAN Conformity Mark.

ACCSQ commended the achievement of the Task Force on the ASEAN Conformity Mark in finalising the Draft Guide on Basic Rules for ASEAN Conformity Mark and agreed to disband the Task Force having completed their task.

As requested by the ACCSQ, the final Draft Guide on Basic Rules for ASEAN Conformity Mark and the draft Agreement on the Application of ASEAN Conformity Mark have been circulated to all Member Countries and WGs/PWGs for them to consult with their related regulatory authorities, legal advisors, and other relevant authorities. Comments were received from Brunei Darussalam, Indonesia, Lao PDR, Myanmar, Philippines, Viet Nam and MDPWG.

ASEAN Secretariat was requested to amend the draft Agreement, if necessary, based on the inputs from Member Countries and forward the amended documents to SEOM for its official endorsement by 31 July 2007. The Agreement is expected to be signed at the 39th AEM Meeting to be held in August 2007 in Manila, Philippines.

ACCSQ agreed that if there is still substantial input on the draft agreement that needs further discussion, the ACCSQ will conduct a Special Meeting in July 2007 or consider postponing the signing of the agreement after the 39th AEM Meeting.

Draft Guideline on Good Regulatory Practice (GRP)

ACCSQ discussed and agreed in principle to adopt the Draft Guideline on Good Regulatory Practice (GRP) as general guiding document for regulators in developing technical regulations.

ACCSQ agreed to Indonesia's request to conduct its national consultation and send her confirmation to the ASEAN Secretariat by 31 May 2007. Indonesia has confirmed with the ASEAN Secretariat that she has no objection and agreed with the draft GRP.

Wood-based

The ACCSQ endorsed the Report of the 4th WBPWG Meeting held from 22-23 August 2006 in Ho Chi Minh City, Viet Nam, its TOR and Work Programme.

The ACCSQ noted the request of WBPWG to seek guidance from ACCSQ in having a common position on the proposed revision of EN 636 – Plywood specifications. The revision of EN 636 includes the proposal to incorporate biological durability of timbers, in which may have impacts on the ASEAN trade with EU. The ACCSQ requested WG 1 to give guidance to WBPWG on the participation of non-CEN members in the CEN

standards and development system.

The ACCSQ further agreed to encourage Member Countries to actively participate in the activities of WBPWG and requested the ACCSQ Leaders to follow up internally in their respective countries.

Progress Report from Chair/Co-Chair at ACCSQ Meeting

ACCSQ raised concern on the absence of some WGs/PWGs Chairs during the presentation of reports of their WGs/PWGs. ACCSQ stressed that the Chairs or Co-Chairs of the WGs/PWGs should be making the presentation of the highlight of reports to the ACCSQ Meeting to ensure that the critical issues are addressed and would also enable the Meeting to further clarify technical issues.