

**DOCUMENTS  
AND  
STATISTICS**

**SINGAPORE DECLARATION OF 1992**  
**FOURTH ASEAN SUMMIT**  
**(Singapore, 27-28 January 1992)**

1. We, the Heads of State and Government of ASEAN, are encouraged by the achievements of ASEAN in the last twenty-five years, and are convinced that ASEAN cooperation remains vital to the well-being of our peoples.
2. Having reviewed the profound international political and economic changes that have occurred since the end of the Cold War and considered their implications for ASEAN, we declare that:
  - ASEAN shall move towards a higher plane of political and economic cooperation to secure regional peace and prosperity;
  - ASEAN shall constantly seek to safeguard its collective interests in response to the formation of large and powerful economic groupings among the developed countries, in particular through the promotion of an open international economic regime and by stimulating economic cooperation in the region;
  - ASEAN shall seek avenues to engage member states in new areas of cooperation in security matters;and  
ASEAN shall forge a closer relationship based on friendship and cooperation with the Indochinese countries, following the settlement on Cambodia.

**POLITICAL AND SECURITY COOPERATION**

3. In the field of political and security cooperation, we have agreed that:
  - ASEAN welcomes accession by all countries in Southeast Asia to the Treaty of Amity and Cooperation in Southeast Asia, which will provide a common framework for wider regional cooperation embracing the whole of Southeast Asia;
  - ASEAN will also seek the cognizance of the United Nations for the Treaty through such means as an appropriate Resolution. This will signify ASEAN's commitment to the centrality of the UN role in the maintenance of international peace and security as well as promoting cooperation for socio-economic development;
  - ASEAN could use established fora to promote external dialogues on enhancing security in the region as well as intra-ASEAN dialogues on ASEAN security cooperation (such as the regional security seminars held in Manila and

Bangkok in 1991, and the workshops on the South China Sea held in Bali in 1990 and Bandung in 1991), taking full cognizance of the Declaration of ASEAN Concord. to enhance this effort, ASEAN should intensify its external dialogues in political and security matters by using the ASEAN Post-Ministerial Conferences (PMC);

- ASEAN has made major strides in building cooperative ties with states of the Asia-Pacific region and shall continue to accord them a high priority;
- ASEAN will seek to realise the Zone of Peace, Freedom and Neutrality (ZOPFAN) and a Southeast Asian Nuclear Weapon Free Zone (SEANWFZ) in consultation with friendly countries, taking into account changing circumstances;
- ASEAN will closely cooperate with the United Nations and the international community in ensuring the full implementation of the Peace Agreements signed in Paris in October 1991. ASEAN supports the Cambodian Supreme National Council in Calling on the UN Secretary-General to despatch UNTAC as early as possible in order to preserve the momentum of the peace process and to implement the gains realised by the signing of the Paris Peace Agreements. ASEAN calls on all parties in Cambodia to implement seriously the process of national reconciliation which is essential to a genuine and lasting peace in Cambodia; and
- ASEAN will play an active part in international programmes for the reconstruction of Vietnam, Laos and Cambodia.

4. Conscious of the central role of the United Nations in the post-Cold War world, we agree that:

- The proposed Summit of members of the United Nations Security Council should help shape the United Nations' role for the promotion of a more equitable international political and economic order, and for the democratisation of the United Nations' decision-making processes in order to make the organization truly effective in meeting its obligations;
- ASEAN will participate actively in efforts to ensure that the United Nations is a key instrument for maintaining international peace and security; and
- ASEAN will encourage all efforts to strengthen the United Nations, including its role and capabilities in peacekeeping and peacemaking, in accordance with the United Nations Charter.

#### **DIRECTIONS IN ASEAN ECONOMIC COOPERATION**

5. In the field of economic cooperation, we have agreed that:

- To further accelerate joint efforts in enhancing intra-ASEAN economic cooperation, ASEAN shall adopt appropriate new economic measures as contained in the Framework Agreement on Enhancing ASEAN Economic

Cooperation directed towards sustaining ASEAN economic growth and development which are essential to the stability and prosperity of the region; ASEAN shall establish the ASEAN Free Trade Area using the Common Effective Preferential Tariff (CEPT) Scheme as the main mechanism within a time frame of 15 years beginning 1 January 1993 with the ultimate effective tariffs ranging from 0% to 5%. ASEAN member states have identified the following fifteen groups of products to be included in the CEPT Scheme for accelerated tariff reductions:

- \* vegetable oils
  - \* cement
  - \* chemicals
  - \* pharmaceuticals
  - \* fertiliser
  - \* plastics
  - \* rubber products
  - \* leather products
  - \* pulp
  - \* textiles
  - \* ceramic and glass products
  - \* gems and jewellery
  - \* copper cathodes
  - \* electronics
  - \* wooden and rattan furniture
- 
- ASEAN shall increase investment, industrial linkages and complementarity by adopting new and innovative measures, as well as strengthening existing arrangements in ASEAN and providing flexibility for new forms of industrial cooperation;
  - ASEAN shall strengthen and develop further cooperation in the field of capital markets, and shall encourage and facilitate free movement of capital and other financing resources;
  - ASEAN shall further enhance regional cooperation to provide safe, efficient and innovative transportation and communications infrastructure network;
  - ASEAN shall also continue to improve and develop the intra-country postal and telecommunications system to provide cost-effective, high quality and customer-oriented services;
  - ASEAN shall adopt joint efforts to strengthen trade promotion and negotiations on ASEAN agricultural products in order to enhance ASEAN's competitive posture, and to sustain the expansion of ASEAN agricultural exports in the international markets;
  - ASEAN acknowledges that sub-regional arrangements among themselves, or between ASEAN member states and non-ASEAN economies could complement overall ASEAN economic cooperation;

- ASEAN recognises the importance of strengthening and/or establishing cooperation with other countries, regional/multilateral economic organisations, as well as Asia-Pacific Economic Cooperations (APEC) and an East Asia Economic Caucus (EAEC). With regard to APEC, ASEAN attaches importance to APEC's fundamental objective of sustaining the growth and dynamism of the Asia-Pacific region. With respect to an EAEC, ASEAN recognises that consultations on issues of common concern among East Asian economies, as and when the need arises, could contribute to expanding cooperation among the region's economies, and the promotion of an open and free global trading system;
- Further, recognising the importance of non-tariff and non-border areas of cooperation to complement tariff liberalisation in increasing regional trade and investment, ASEAN shall further explore cooperation in these areas with a view to making recommendations to the Fifth ASEAN Summit;
- ASEAN shall continue with its concerted efforts in the promotion of tourism, particularly in making the Visit ASEAN Year 1992 a success;
- ASEAN shall continue to step up cooperation in other economic-related areas, such as science and technology transfer and human resource development;
- ASEAN shall enhance cooperation and collective action in international and inter-regional fora as well as in international organisations and regional groupings. ASEAN shall also continue to enhance relations with its dialogue partners and other producing/consuming countries towards the advancement of the commodity sector in the region and in addressing international commodity issues;
- ASEAN recognises that sustained economic growth require considerable inputs of energy. As member states continue to industrialise and strengthen their industrial base, ASEAN shall focus and strengthen cooperation in energy security, conservation and the search for alternative fuels;
- ASEAN recognises the complementarity of trade and investment opportunities and therefore encourages, among others, increased cooperation and exchanges among the ASEAN private sectors, and the consideration of appropriate policies ofr greater intra-ASEAN investment;
- ASEAN shall continue to uphold the principles of free and open trade embodied in the General Agreement on Tariffs and Trade (GATT), and work towards maintaining and strengthening an open multilateral trading system;
- ASEAN shall work collectively to ensure that the Uruguay Round addresses the key concerns and interests of the ASEAN economies, and adopt a pragmatic and realistic approach, in using the Draft Final Text as at 20 December 1991 as a reasonable basis for completing negotiations; and
- ASEAN strongly urges major trading contries to settle their differences on agriculture and other areas, and likewise use the Draft Final Text to work towards an early and successful conclusion of the Uruguay Round.

## **REVIEW OF ASEAN'S EXTERNAL RELATIONS**

6. In reviewing ASEAN's external relations, we have agreed that:

- ASEAN, as part of an increasingly interdependent world, should intensify cooperative relationships with its Dialogue partners, namely Australia, Canada, the European Community, Japan, the Republic of Korea, New Zealand and the United States, and engage in consultative relationships with interested non Dialogue countries and international organizations; and
- While ASEAN's cooperative relationships with the Dialogue partners have made significant progress, ASEAN should strengthen existing dialogue mechanisms and develop new ones where necessary for the enhancement of economic relations with these countries, especially ASEAN's major economic partners.

## **ASEAN FUNCTIONAL COOPERATION**

7. In the field of functional cooperation, we have agreed that:

- The ASEAN member countries shall continue to enhance awareness of ASEAN among the people in the region through the expansion of ASEAN Studies as part of Southeast Asian Studies in the school and university curricula and the introduction of ASEAN student exchange programmes at the secondary and tertiary levels of education;
- ASEAN should help hasten the development of a regional identity and solidarity, and promote human resource development by considering ways to further strengthen the existing network of the leading universities and institutions of higher learning in the ASEAN region with a view to ultimately establishing an ASEAN University based on this expanded network;
- ASEAN functional cooperation shall be designed for a wider involvement and increased participation by women in the development of the ASEAN countries in order to meet their needs and aspirations. This cooperation shall also extend to the development of children to realise their full potential;
- The ASEAN member countries shall continue to play an active part in protecting the environment by continuing to cooperate in promoting the principle of sustainable development and integrating it into all aspects of development;
- ASEAN member countries should continue to enhance environmental cooperation, particularly in issues of transboundary pollution, natural disasters, forest fires and in addressing the anti-tropical timber campaign;
- The developed countries should commit themselves to assist developing countries by providing them new and additional financial resources as well as the transfer of, and access to environmentally sound technology on concessional and preferential terms;

- The developed countries should also help to maintain an international environment supportive of economic growth and development;
- ASEAN looks forward to seeing these commitments reflected in the outcome of the United Nations Conference on Environment and Development in 1992 at Rio de Janeiro;
- As Non-government Organizations (NGOs) play an important role in social development, ASEAN shall encourage the exchange of information among NGOs in the region and help expand their participation in intra-ASEAN functional cooperation;
- ASEAN shall intensify its cooperation in overcoming the serious problem of drug abuse and illicit drug trafficking at the national, regional and international levels; and
- ASEAN shall make a coordinated effort in curbing the spread of AIDS by exchanging information on AIDS, particularly in the formulation and implementation of policies and programmes against the deadly disease.

## **RESTRUCTURING OF ASEAN INSTITUTIONS**

8. To strengthen ASEAN, we have agreed that:

- ASEAN Heads of Government shall meet formally every three years with informal meetings in between;
- The ASEAN organizational structure, especially the ASEAN Secretariat, shall be streamlined and strengthened with more resources;
- The Secretary-General of the ASEAN Secretariat shall be redesignated as the Secretary-General of ASEAN with an enlarged mandate to initiate, advise, coordinate and implement ASEAN activities;
- The Secretary-General of ASEAN shall be appointed on merit and accorded ministerial status;
- The professional staff of the ASEAN Secretariat be appointed on the principle of open recruitment and based on a quato system to ensure representation of all ASEAN countries in the Secretariat;
- The five present ASEAN Economic Committees be dissolved and the Senior Economic Officials Meeting (SEOM) be tasked to handle all aspects of ASEAN economic cooperation; and
- A ministerial-level Council be established to supervise, coordinate and review the implementation of the Agreement on the Common Effective Preferential Tariff (CEPT) Scheme for the ASEAN Free Trade Area (AFTA).

DONE in Singapore on the 28th day of January 1992.

For Brunei Darussalam:

**HAJI HASSANAL BOLKIAH**  
Sultan of Brunei Darussalam

For the Republic of Indonesia:

**SOEHARTO**  
President

For Malaysia:

**DR MAHATHIR BIN MOHAMAD**  
Prime Minister

For the Republic of the Philippines:

**CORAZON C AQUINO**  
President

For the Republic of Singapore:

**GOH CHOK TONG**  
Prime Minister

For the Kingdom of Thailand:

**ANAND PANYARACHUN**  
Prime Minister



**FRAMEWORK AGREEMENT ON ENHANCING  
ASEAN ECONOMIC COOPERATION  
(28 January 1992, Singapore)**

The Sultan of Brunei Darussalam, the President of the Republic of Indonesia, the Prime Minister of Malaysia, the President of the Republic of the Philippines, the Prime Minister of the Republic of Singapore and the Prime Minister of the Kingdom of Thailand:

**REAFFIRMING** their commitment to the ASEAN Declaration of 8 August 1967, the Declaration of ASEAN Concord of 24 February 1976, the Treaty of Amity and Cooperation in Southeast Asia of 24 February 1976, the 1977 Accord of Kuala Lumpur and the Manila Declaration of 15 December 1987;

**DESIRING** to enhance intra-ASEAN economic cooperation to sustain the economic growth and development of all Member States which are essential to the stability and prosperity of the region;

**REITERATING** their commitment to the principles of the General Agreement on Tariffs and Trade (hereinafter referred to as "GATT");

**RECOGNISING** that tariff and non-tariff barriers are impediments to intra-ASEAN trade and investment flows, and that existing commitments to remove these trade barriers could be extensively improved upon;

**NOTING** the significant unilateral efforts made by Member States in recent years to liberalise trade and promote investments, and the importance of extending such policies to further open up their economies, given the comparative advantages and complementarity of their economies;

**RECOGNISING** that Member States, having different economic interests, could benefit from sub-regional arrangements;

**CONSCIOUS** of the rapid and pervasive changes in the international political and economic landscape, as well as both cohesive and effective performance of intra-ASEAN economic cooperation;

**MINDFUL** of the need to extend the spirit of friendship and cooperation among Member States to other regional economies, as well as those outside the region which contribute to the overall economic development of Member States;

**RECOGNISING** further the importance of enhancing other fields of economic cooperation such as in science and technology, agriculture, financial services and tourism;  
**HAVE AGREED AS FOLLOWS:**

## **Article 1: Principles**

1. Member States shall endeavour to strengthen their economic cooperation through an outward-looking attitude so that their cooperation contributes to the promotion of global trade liberalisation.
2. Member States shall abide by the principle of mutual benefit in the implementation of measures or initiatives aimed at enhancing ASEAN economic cooperation.
3. All Member States shall participate in intra-ASEAN economic arrangements. However, in the implementation of these economic arrangements, two or more Member States may proceed first if other Member States are not ready to implement these arrangements.

## **Article 2: Areas of Cooperation**

### **A. Cooperation in Trade**

1. All Member States agree to establish and participate in the ASEAN Free Trade Area (AFTA) within 15 years. A ministerial-level Council will be set up to supervise, coordinate and review the implementation of the AFTA.
2. The Common Effective Preferential Tariff (CEPT) Scheme shall be the main mechanism for the AFTA. For products not covered by the CEPT Scheme, the ASEAN Preferential Trading Arrangements (PTA) or any other mechanism to be agreed upon, may be used.
3. Member States shall reduce or eliminate non-tariff barriers between and among each other on the import and export of products as specifically agreed upon under existing arrangements or any other arrangements arising out of this agreement.
4. Member States shall explore further measures on border and non-border areas of cooperation to supplement and complement the liberalisation of trade.

### **B. Cooperation in Industry, Minerals and Energy**

1. Member States agree to increase investment, industrial linkages and complementarity by adopting new and innovative measures, as well as strengthening existing arrangements in ASEAN.
2. Member States shall provide flexibility for new forms of industrial cooperation. ASEAN shall strengthen cooperation in the development of the minerals sector.
3. Member States shall enhance cooperation in the field of energy, including energy planning, exchange of information, transfer of technology, research and development, manpower training, conservation and efficiency, and the exploration, production and supply of energy resources.

### C. Cooperation in Finance and Banking

1. Member States shall strengthen and develop further ASEAN economic cooperation in the field of capital markets, as well as find new measures to increase cooperation in this area.
2. Member States shall encourage and facilitate free movement of capital and other financial resources, including further liberalisation of the use of ASEAN currencies in trade and investment, taking into account their respective national laws, monetary controls and development objectives.

### D. Cooperation in Food, Agriculture and Forestry

1. Member States agree to strengthen regional cooperation in the areas of development, production and promotion of agricultural products for ensuring food security and upgrading information exchanges in ASEAN.
2. Member States agree to enhance technical joint cooperation to better manage, conserve, develop and market forest resources.

### **Article 3: Other Areas of Cooperation**

1. Member States agree to increase cooperation in research and development, technology transfer, tourism promotion, human resource development and other economic-related areas. Full account shall also be taken of existing ASEAN arrangements in these areas.

Member States, through the appropriate ASEAN bodies, shall regularly consult and exchange views on regional and international developments and trends, and identify ASEAN priorities and challenges.

### **Article 4: Sub-regional Economic Arrangements**

Member States acknowledge that sub-regional arrangements among themselves, or between ASEAN

Member States and non-ASEAN economies, could complement overall ASEAN economic cooperation.

### **Article 5: Extra-ASEAN Economic Cooperation**

To complement and enhance economic cooperation among Member States, and to respond to the rapidly changing external conditions and trends in both the economic and political fields, Member States agree to establish and/or strengthen cooperation with other countries, as well as regional and international organisations and arrangements.

## **Article 6: Private Sector Participation**

Member States recognise the complementarity of trade and investment opportunities, and therefore encourage, among others, cooperation and exchanges among the ASEAN private sectors and between ASEAN and non-ASEAN private sectors, and the consideration of appropriate policies aimed at promoting greater intra-ASEAN and extra-ASEAN investments and other economic activities.

## **Article 7: Monitoring Body**

The ASEAN Secretariat shall function as the body responsible for monitoring the progress of any arrangements arising from this Agreement. Member States shall cooperate with the ASEAN Secretariat in the performance of its duties.

## **Article 8: Review of Progress**

The ASEAN Economic Ministers' Meeting and its subsidiary bodies shall review the progress of implementation and coordination of the elements contained in this Agreement.

## **Article 9: Settlement of Disputes**

Any differences between the Member States concerning the interpretation or application of this Agreement or any arrangements arising therefrom shall, as far as possible, be settled amicably between the parties. Whenever necessary, an appropriate body shall be designated for the settlement of disputes.

## **Article 10: Supplementary Agreements or Arrangements**

Appropriate ASEAN economic agreements or arrangements, arising from this Agreement, shall form an integral part of this Agreement.

## **Article 11: Other Agreements**

1. This Agreement or any action taken under it shall not affect the rights and obligations of the Member States under any existing agreements to which they are parties.
2. Nothing in this Agreement shall affect the power of Member States to enter into other agreements not contrary to the terms and objectives of this Agreement.

## **Article 12: General Exceptions**

Nothing in this Agreement shall prevent any Member State from taking action and adopting measures which it considers necessary for the protection of its national security, the protection of public morals, the protection of human, animal or plant life and health, and the protection of articles of artistic, historic and archacological value.

## **Article 13: Amendments**

All Articles of this Agreement may be modified through amendments to this Agreement agreed upon by all the Member States. All amendments shall become effective upon acceptance by all Member States.

## **Article 14: Entry Into Force**

This Agreement shall be effective upon signing.

## **Article 15: Final Provision**

This Agreement shall be deposited with the Secretary General of the ASEAN Secretariat who shall promptly furnish a certified copy thereof to each Member State. IN WITNESS WHEREOF, the undersigned have signed this Framework Agreement on Enhancing ASEAN Economic Cooperation.

DONE in Singapore on the 28th day of January, 1992 in a single copy in the English Language.

For Brunei Darussalam:

**HAJI HASSANAL BOLKIAH**  
Sultan of Brunei Darussalam

For the Republic of Indonesia:

**SOEHARTO**  
President

For Malaysia;

**DR MAHATHIR BIN MOHAMAD**  
Prime Minister

For the Republic of the Philippines:

**CORAZON C AQUINO**  
President

For the Republic of Singapore:

**GOH CHOK TONG**  
Prime Minister

For the Kingdom of Thailand:

**ANAND PANYARACHUN**  
Prime Minister

**AGREEMENT ON THE COMMON EFFECTIVE  
PREFERENTIAL TARIFF (CEPT) SCHEME FOR  
THE ASEAN FREE TRADE AREA (AFTA)  
(28 January 1992, Singapore)**

The Government of Brunei Darussalam, the Republic of Indonesia, Malaysia, the Republic of the Philippines, the Republic of Singapore and the Kingdom of Thailand, Member States of the Association of South East Asian Nations (ASEAN).

**MINDFUL** of the Declaration of ASEAN Concord signed in Bali, Indonesia on 24 February 1976 which provides that Member States shall cooperate in the field of trade in order to promote development and growth of new production and trade;

**RECALLING** that the ASEAN Heads of Government, at their Third Summit Meeting held in Manila on 13-15 December 1987, declared that Member States shall strengthen intra-ASEAN economic cooperation to maximise the realisation of the region's potential in trade and development;

**NOTING** that the Agreement on ASEAN Preferential Trading Arrangements (PTA) signed in Manila on 24 February 1977 provides for the adoption of various instruments on trade liberalisation on a preferential basis;

**ADHERING** to the principles, concepts and ideals of the Framework Agreement on Enhancing ASEAN Economic Cooperation signed in Singapore on 28 January 1992;

**CONVINCED** that preferential trading arrangements among ASEAN Member States will act as a stimulus to the strengthening of national and ASEAN economic resilience, and the development of the national economies of Member States by expanding investment and production opportunities, trade, and foreign exchange earnings;

**DETERMINED** to further cooperate in the economic growth of the region by accelerating the liberalisation of intra ASEAN trade and investment with the objective of creating the ASEAN Free Trade Area using the Common Effective Preferential Tariff (CEPT) Scheme;

**DESIRING** to effect improvements on the ASEAN PTA in consonance with ASEAN'S international commitments;

HAVING AGREED AS FOLLOWS:

**Article 1: Definitions**

For the purposes of this Agreement:

1. "CEPT" means the Common Effective Preferential Tariff, and it is an agreed effective tariff, preferential to ASEAN, to be applied to goods originating from ASEAN Member States, and which have been identified for inclusion in the CEPT Scheme in accordance with Articles 2(5) and 3.
2. "Non-Tariff Barriers" mean measures other than tariffs which effectively prohibit or restrict import or export of products within Member States.
3. "Quantitative restrictions" mean prohibitions or restrictions on trade with other Member States, whether made effective through quotas, licences or other measures with equivalent effect, including administrative measures and requirements which restrict trade.
4. "Foreign exchange restrictions" mean measures taken by Member States in the form of restrictions and other administrative procedures in foreign exchange which have the effect of restricting trade.
5. "PTA" mean ASEAN Preferential Trading Arrangements stipulated in the Agreement on ASEAN Preferential Trading Arrangements, signed in Manila on 24 February 1977, and in the Protocol on Improvements on Extension of Tariff Preferences under the ASEAN Preferential Trading Arrangements (PTA), signed in Manila on 15 December 1987.
6. "Exclusion List" means a list containing products that are excluded from the extension of tariff preferences under the CEPT Scheme.
7. "Agricultural products" mean:
  - (a) agricultural raw materials/unprocessed products covered under Chapters 1-24 of the Harmonised System (HS), and similar agricultural raw materials/unprocessed products in other related HS Headings; and
  - (b) products which have undergone simple processing with minimal change in form from the original products.

## **Article 2: General Provisions**

1. All Member States shall participate in the CEPT Scheme.
2. Identification of products to be included in the CEPT Scheme shall be on a sectoral basis, i.e., at HS 6-digit level.
3. Exclusions at the HS 8/9 digit level for specific products are permitted for those Member States, which are temporarily not ready to include such products in the CEPT Scheme. For specific products, which are sensitive to a Member State, pursuant to Article 1 (3) of the Framework Agreement on Enhancing ASEAN Economic Cooperation, a Member State may exclude products from the CEPT Scheme, subject to a waiver of any concession herein provided for such products. A review of this Agreement shall be carried out in the eighth year to decide on the final Exclusion List or any amendment to this Agreement.
4. A product shall be deemed to be originating from ASEAN Member States, if at least 40% of its content originates from any Member State.



5. All manufactured products, including capital goods, processed agricultural products and those products falling outside the definition of agricultural products, as set out in this Agreement, shall be in the CEPT Scheme. These products shall automatically be subject to the schedule of tariff reduction, as set out in Article 4 of this Agreement. In respect of PTA item, the schedule of tariff reduction provided in Article 4 of this Agreement shall be applied, taking into account the tariff rate after the application of the existing margin of preference (MOP) as at 31 December 1992.
6. All products under the PTA which are not transferred to the CEPT Scheme shall continue to enjoy the MOP existing as at 31 December 1992.
7. Member States, whose tariffs for the agreed products are reduced from 20% and below to 0%-5%, even though granted on an MFN basis, shall still enjoy concessions. Member States with tariff rates at MFN rates of 0%-5% shall be deemed to have satisfied the obligations under this Agreement and shall also enjoy the concessions.

### **Article 3: Product Coverage**

This Agreement shall apply to all manufactured products, including capital goods, processed agricultural products, and those products falling outside the definition of agricultural products as set out in this Agreement. Agricultural products shall be excluded from the CEPT Scheme.

### **Article 4: Schedule of Tariff Reduction**

1. Member States agree to the following schedule of effective preferential tariff reductions:
  - (a) The reduction from existing tariff rates to 20% shall be done within a time frame of 5 years to 8 years, from 1 January 1993, subject to a programme of reduction to be decided by each Member State, which shall be announced at the start of the programme. Member State are encouraged to adopt an annual rate of reduction, which shall be  $(X-20)\%/5$  or 8, where X equals the existing tariff rates of individual Member States.
  - (b) The subsequent reduction of tariff rates from 20% or below shall be done within a time frame of 7 years. The rate of reduction shall be at a minimum of 5% quantum per reduction. A programme of reduction to be decided by each Member State shall be announced at the start of the programme.
  - (c) For products with existing tariff rates of 20% or below as at 1 January 1993, Member States shall decide upon a programme of tariff reductions, and announce at the start, the schedule of tariff reductions. Two or more Member States may enter into arrangements for tariff reductions to 0%-5% on specific products at an accelerated pace to be announced at the start of the programme.
2. Subject to Articles 4(1)(b) dan 4(1)(c) of this Agreement, products which reach, or are at tariff rates of 20% or below, shall automatically enjoy the concessions.

3. The above schedules of tariff reduction shall not prevent Member States from immediately reducing their tariffs to 0%-5% or following an accelerated schedule of tariff reduction.

#### **Article 5: Other Provisions**

##### **A. Quantitative Restrictions and Non-Tariff Barriers**

1. Member States shall eliminate all quantitative restrictions in respect of products under the CEPT Scheme upon enjoyment of the concessions applicable to those products.
2. Member States shall eliminate other non-tariff barriers on a gradual basis within a period of five years after the enjoyment of concessions applicable to those products.

##### **B. Foreign Exchange Restrictions**

Member States shall make exceptions to their foreign exchange restrictions relating to payments for the products under the CEPT Scheme, as well as repatriation of such payments without prejudice to their rights under Article XVIII of the General Agreement on Tariffs and Trade (GATT) and relevant provisions of the Articles of Agreement of the International Monetary Fund (IMF).

##### **C. Other Areas of Cooperation**

Member States shall explore further measures on border and non-border areas of cooperation to supplement and complement the liberalisation of trade. These may include, among others, the harmonisation of standards, reciprocal recognition of tests and certification of products, removal of barriers to foreign investment, macroeconomic consultations, rules for fair competition, and promotion of venture capital.

##### **D. Maintenance of Concessions**

Member States shall not nullify or impair any of the concessions as agreed upon through the application of methods of customs valuation, any new charges or measures restricting trade, except in cases provided for in this Agreement.

#### **Article 6: Emergency Measures**

1. If, as a result of the implementation of this Agreement, import of a particular product eligible under the CEPT Scheme is increasing in such a manner as to cause serious injury to sectors producing like or directly competitive products in the importing Member States, the importing Member States may, to the extent and for such time

- a may be necessary to prevent or to remedy such injury, suspend preferences provisionally and without discrimination, subject to Article 6(3) of this Agreement. Such suspension of preferences shall be consistent with the GATT.
2. Without prejudice to existing international obligations, a Member State, which finds it necessary to create or intensify quantitative restrictions or other measures limiting imports with a view to forestalling the threat of or stopping a serious decline of its monetary reserves, shall endeavour to do so in a manner, which safeguards the value of the concessions agreed upon.
  3. Where emergency measures are taken pursuant to this Article, immediate notice of such action shall be given to the Council referred to in Article 7 of this Agreement, and such action may be the subject of consultations as provided for in Article 8 of this Agreement.

### **Article 7: Institutional Arrangements**

1. The ASEAN Economic Ministers (AEM) shall, for the purposes of this Agreement, establish a ministerial-level Council comprising one nominee from each Member State and the Secretary General of the ASEAN Secretariat. The ASEAN Secretariat shall provide the support to the ministerial-level Council for supervising, coordinating and reviewing the implementation of this Agreement, and assisting the AEM in all matters relating thereto. In the performance of its functions, the ministerial-level Council shall also be supported by the Senior Economic Officials' Meeting (SEOM).
2. Member States which enter into bilateral arrangements on tariff reductions pursuant to Article 4 of this Agreement shall notify all other Member States and the ASEAN Secretariat of such arrangements.
3. The ASEAN Secretariat shall monitor and report to the SEOM on the implementation of the Agreement pursuant to the Article III(2)(8) of the Agreement on the Establishment of the ASEAN Secretariat. Member States shall cooperate with the ASEAN Secretariat in the performance of its duties.

### **Article 8: Consultations**

1. Member States shall accord adequate opportunity for consultations regarding any representations made by other Member States with respect to any matter affecting the implementation of this Agreement. The Council referred to in Article 7 of this Agreement, may seek guidance from the AEM in respect of any matter for which it has not been possible to find a satisfactory solution during previous consultations.
2. Member States, which consider that any other Member State has not carried out its obligations under this Agreement, resulting in the nullification or impairment of any benefit accruing to them, may, with a view to achieving satisfactory adjustment of the matter, make representations or proposals to the other Member States concerned, which shall give due consideration to the representations or proposals made to it.

3. Any differences between the Member States concerning the interpretation or application of this Agreement shall, as far as possible, be settled amicably between the parties. If such differences cannot be settled amicably, it shall be submitted to the Council referred to in Article 7 of this Agreement, and, if necessary, to the AEM.

#### **Article 9: General Exceptions**

Nothing in this Agreement shall prevent any Member State from taking action and adopting measures, which it considers necessary for the protection of its national security, the protection of public morals, the protection of human, animal or plant life and health, and the protection of articles of artistic, historic and archaeological value.

#### **Article 10: Final Provisions**

1. The respective Governments of Member States shall undertake the appropriate measures to fulfil the agreed obligations arising from this Agreement.
  2. Any amendment to this Agreement shall be made by consensus and shall become effective upon acceptance by all Member States.
  3. This Agreement shall be effective upon signing.
  4. This Agreement shall be deposited with the Secretary General of the ASEAN Secretariat, who shall likewise promptly furnish a certified copy thereof to each Member State.
  5. No reservation shall be made with respect to any of the provisions of this Agreement.
- In Witness Whereof, the undersigned, being duly authorised thereto by their respective Governments, have signed this Agreement on Common Effective Preferential Tariff (CEPT) Scheme for the ASEAN Free Trade Area (AFTA).

Done at Singapore, this 28th day of January, 1992 in a single copy in the English Language.

For the Government of  
Brunei Darussalam:

**ABDUL RAHMAN TAIB**  
Minister of Industry and Primary Resources

For the Government of  
the Republic of Indonesia:

**DR ARIFIN M SIREGAR**  
Minister of Trade

For the Government of Malaysia:

**RAFIDAH AZIZ**  
Minister of International Trade and Industry

For the Government of  
the Republic of the Philippines:

**PETER D GARRUCHO JR**  
Secretary of Trade and Industry

For the Government of  
the Republic of Singapore:

**LEE HSIEN LOONG**  
Deputy Prime Minister and  
Minister for Trade and Industry

For the Government of  
The Kingdom of Thailand:

**AMARET SILA-ON**  
Minister of Commerce

Source: Ministry of Foreign Affairs, Singapore.

**THIRD MEETING OF  
THE AFTA COUNCIL FOR CEPT  
(11 December 1992, Jakarta, Indonesia)**

**PRESS STATEMENT**

1. The Third Meeting of the AFTA Council was held in Jakarta on 11 December 1992.
2. The Meeting was attended by H.E. Pehin Dato Abdul Rahman Taib, Minister of Industry and Primary Resources of Brunei Darussalam; H.E. Mr. J. Soedradjad Djiwandono, Junior Minister of Trade of Indonesia; H.E. Dato Seri Rafidah Aziz, Minister of International Trade and Industry of Malaysia; H.E. Mr. Rizalino S. Navarro, Secretary of Trade and Industry of the Phillipines; H.E. Mr. Lim Boon Heng, Senior Minister of State for Trade and Industry of Singapore; H.E. Mr. Supachai Panitchpakoi, Deputy Prime Minister of Thailand; H.E. Mr. Rusli Noor, Secretary-General of the ASEAN Secretariat, and their respective delegations.
3. The Meeting was Proceeded by a preparatory meeting of ASEAN Senior Economic Officials (SEOM) on 9-10 December 1992.
4. The AFTA Council finalized the operational details of the CEPT Scheme for AFTA for implementation on 1 January 1992 as scheduled.
5. Implementation of the Scheme will create an ASEAN Free Trade Area for manufactured and processed agricultural products with the reduction of tariffs to 0-5% and the elimination quantitative restrictions and other non-tariff barriers and foreign exchange restrictions which have the effect of restricting trade.
6. CEPT inclusions average 87% of ASEAN member countries tariff lines. As a proportion of each country's total tariff lines, the figures range from 74% to 98% among the six member countries.
7. On the average, 10% of their tariff lines have been temporarily excluded by ASEAN member countries. As a proportion of tariff lines covered under the Scheme, such temporary exclusions range from 0% to 23% among the six member countries. As agreed, any excluded items not removed by the eighth year, (i.e 31 December 2000) will be subject to review with a view to their inclusion in the Scheme.
8. The AFTA Council agreed to adept two programs of tariff reduction under the CEPT Scheme : A Fast Track Program and a Normal Track Program.

9. The Fast Track Program applies to the 15 product groups identified at the Fourth ASEAN Summit. All member countries are committed to participate in the 15 product groups with minimum temporary exclusions. For such products, Tariffs above 20% will be reduced to 0-5% within 10 years (i.e. 1 January 2003) and tariffs at 20% and below will be reduced to 0-5% 7 years (i.e. by 1 January 2000).
10. Under the Normal Track, all tariffs with applicable ASEAN rates of 20% and below will be reduced to 0-5% within 10 years (i.e. by 1 January 2003). Tariffs above 20% under the Normal Track will be reduced in two stages : first, to 20% within 5 to 8 years; and subsequently to 0-5% in seven years according to an agreed schedule ending in 1 January 2008.
11. Thus, while the timeframe stipulated in the CEPT Scheme for bringing tariffs down to 0-5% is 15 years, the presently agreed schedules of tariff reduction would bring tariffs down to such a level ahead of 15 years.
12. To Maximise the beneficial impact of tariff liberalisation on intra-ASEAN trade and investment the Council agreed on a 40% local content requirement on a single country or ASEAN cumulation basis.
13. Drawing upon its experience with the ASEAN Preferential Trading Arrangements (PTA), the Council has drawn up improved operational procedures and documentation requirements for the CEPT. Such procedures and requirements will be regularly reviewed in the light of changing circumstances with a view to improving the efficiency of the Scheme.
14. The AFTA Council will oversee the implementation and operation of the CEPT Agreement. It will also provide the institutional mechanism to resolve disputes and provide immediate solution and settlement.
15. Member Countries are confident that the establishment of AFTA will enhance intra-ASEAN trade and contribute to the openness of the ASEAN economy. AFTA will stimulate foreign and ASEAN investments through networking and complementation of industrial activities as well as improve the overall trade and investment prospects of all ASEAN countries. AFTA will also result in a significant improvement in the industrial efficiency level of the ASEAN countries.
16. AFTA is a GATT consistent and an outward looking arrangement. No trade barriers are raised against non-ASEAN economies as a result of the formation of AFTA. Given the open structure of ASEAN economies, the expansion of production in an ASEAN regional market would enhance ASEAN's linkages with the world and generate greater opportunities for exporters outside the region. The provision in the CEPT Agreement which allows ASEAN Member Countries to which reduce their tariffs to 0-5% even on an MFN basis is a unique principle of the

CEPT Scheme for AFTA. Through this provision, AFTA encourages not just intra-ASEAN liberalisation but also liberalisation on an MFN basis.

NO.	COUNTRY	HS DIGIT LEVEL	EXCLUSION				EXCLUSION		TOTAL
			ACCELERATED TARIFF REDUCTION PROGRAM (ATRP)	NORMAL RATE REDUCTION PROGRAM (NRRP)	SUB TOTAL	% (g/k)	TEMPO- RARY	PERMANENT + GENERAL EXCEPTION	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
1	BRUNEI DARUSSALAM	9	1,826	4,357	6,183	94,46%	166	195	6,544
2	INDONESIA	9	3,165	4,288	7,453	80,82%	1,708	61	9,222
3	MALAYSIA	9	3,261	6,885	10,146	86,38%	648	942	11,746
4	PHILIPPINES	9	882	3,250	4,112	73,94%	1,199	250	5,561
5	SINGAPORE	9	2,200	3,514	6,714	97,98%	-	118	5,832
6	THAILAND	9	1,938	2,784	4,700	88,38%	118	500	6,318

Notes:\*) Temporary exclusions are based on 10 digit level but figures under the Permanent Exception and General Exception are at 6 digit level, based on certain assumption.



**GENERAL FORMULA OF PROGRAMS FOR TARIFF REDUCTION  
UNDER THE ACCELERATED TARIFF REDUCTION (FAST TRACK)**

**FOR PRODUCTS WITH TARIFF RATES ABOVE 20 %**

NO.	COUNTRY	EXISTING TARIFF RATES *	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
1	BRUNEI DARUSSALAM		No product with tariffs above 20%										
2	INDONESIA	40	40	40	30	30	20	20	15	15	10	10	0-5
		30	30	30	20	20	20	20	15	15	10	10	0-5
		25	25	20	20	20	20	20	15	15	10	10	0-5
3	MALAYSIA Formula of tariff cut where X = Existing Tar	50	45.5	41.0	36.5	32.0	27.5	23.0	18.5	14.0	9.5	5.0	
		40	36.5	33.0	29.5	26.0	22.5	19.0	15.5	12.0	8.5	5.0	
		30	27.5	25.0	22.5	20.0	17.5	15.0	12.5	10.0	7.5	5.0	
4	PHILIPPINES	46-50	45	40	35	30	25	20	15	0-5			
		41-45	During this period Executive Order										
		36-40	470 implements an autonomous										
		31-35	5 - year tariff reduction program										
		26-30	ending 1993.										
		21-25	20	20	20	20	20	15	15	15	10	10	0-5
5	SINGAPORE	Above 20	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
6	THAILAND	Above 30	30	30	25	25	20	20	15	15	10	10	0-5
		26-30	25	25	25	25	20	20	15	15	10	10	0-5
		21-25	20	20	20	20	15	15	10	10	0-5		

NOTE: The above is a general tariff reduction formula. This does not preclude a faster or slower rate of reduction for each tariff line within the specified time-frame.

\* Existing Tariff Rates applicable to ASEAN : Non-PTA products (as of 1 January 1992), PTA products (as of 31 December 1992).

**GENERAL FORMULA OF PROGRAMS FOR TARIFF REDUCTION  
UNDER THE ACCELERATED TARIFF REDUCTION (FAST TRACK)**

**FOR PRODUCTS WITH TARIFF RATES 20 % AND BELOW**

NO.	COUNTRY	EXISTING TARIFF RATES *	1993	1994	1995	1996	1997 (%)	1998	1999	2000	2001	2002	2003	
1	BRUNEI DARUSSALAM	20 15 10	20 15 10	20 15 10	15 10 5	15 10 5	15 10 5	10 10 5	10 10 5	10 10 5	0-5 0-5 0-5			
2	INDONESIA	20 15 10	20 15 10	20 15 10	15 10 5	15 10 5	10 5 5	10 5 5	10 5 5	10 5 5	0-5 0-5 0-5			
3	MALAYSIA Formula of tariff cut where X = Existing Tar	20 10	17.86 9.30	15.72 8.60	13.58 7.90	11.44 7.20	9.30 6.50	7.16 5.80	5.02 5.00					
4	PHILIPPINES	16-20 11-15 6-10	During this period Executive order implements an autonomous 5-year tariff reduction program ending 1995											
		0-5	0-5	0-5	0-5	0-5	0-5	0-5	0-5	0-5	0-5	0-5	0-5	
5	SINGAPORE	0-2.5	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
6	THAILAND	20 15-19 10-14 5-9 5 or below	20 15	20 15	15 15 10 10	15 10 10 10	10 10 10 10	10 10 10 10	10 10 10 10	10 10 10 10	10 10 10 10	0-5 0-5 0-5 0-5		

NOTE The above is a general tariff reduction formula. This does not preclude a faster or slower rate of reduction for each tariff line within the specified time-frame.  
\* Existing Tariff Rates applicable to ASEAN : Non-PTA products (as of 1 January 1992), PTA products (as of 31 December 1992).

\*\* Starting 1 January 1999

\*\*\* Starting 1 January 2000

**GENERAL FORMULA OF PROGRAMS FOR TARIFF REDUCTION  
UNDER THE NORMAL TARIFF REDUCTION (NORMAL TRACK)**

FOR PRODUCTS WITH TARIFF RATES ABOVE 20 %

NO.	COUNTRY	EXISTING TARIFF RATES *	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1	BRUNEI DARUSSALAM	30	30	28	26	24	22	20	15	15	10	10	10	0.5				
2	INDONESIA	50 40 30 25	50 40 30 25	50 40 30 25	50 40 30 25	40 30 20 20	30 30 20 20	30 30 20 20	30 30 20 20	30 30 20 20	20 20 20 20	20 20 20 20	20 20 20 20	15 15 15 15	15 15 15 15	10 10 10 10	10 10 10 10	0.5 0.5 0.5 0.5
3	MALAYSIA Formula of tariff cut where X = Existing Tariff	50 30	46.25 28.75	42.50 27.50	38.75 26.25	35.00 25.00	31.25 23.75	27.5 22.50	23.75 21.25	20.00 20.00	20.00 20.00	15.00 15.00	15.00 15.00	10.00 10.00	10.00 10.00	5.00 5.00		
4	PHILIPPINES	46.50 41.45 36.40 31.35 26.30 21.25	46.50 41.45 36.40 31.35 26.30 21.25	45 40 35 30 25 20	40 35 30 25 20 20	35 30 25 20 20 20	30 25 20 20 20 20	25 20 15 10 10 10	20 15 10 10 10 10	15 10 10 10 10 10	10 10 10 10 10 10	10 10 10 10 10 10	10 10 10 10 10 10	10 10 10 10 10 10	10 10 10 10 10 10	10 10 10 10 10 10	0.5 0.5 0.5 0.5 0.5 0.5	
5	SINGAPORE	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
6	THAILAND	Above 30 26.30 21.25	30**	30	30	30	30	25	25	20	20	20	20	15	15	10	10	10

NOTE The above is a general tariff reduction formula. This does not preclude a faster or slower rate of reduction for each tariff line within the specified time-frame.

\* Existing Tariff Rates applicable to ASEAN : Non-PTA products (as of 1 January 1992), PTA products (as of 31 December 1992).

\*\* For most manufactured products

**GENERAL FORMULA OF PROGRAMS FOR TARIFF REDUCTION  
UNDER THE NORMAL TARIFF REDUCTION (NORMAL TRACK)**

FOR PRODUCTS WITH TARIFF RATES 20 % AND BELOW

NO.	COUNTRY	EXISTING TARIFF RATES *	1993	1994	1995	1996	1997 (%)	1998	1999	2000	2001	2002	2003
1	BRUNEI DARUSSALAM	20 15 10	20 15 10	20 15 10	20 15 10	15 10 5	15 10 5	15 10 5	10 5 5	10 5 5	10 5 5	0-5 0-5 0-5	
2	INDONESIA	20 15 10	20 15 10	20 15 10	20 15 10	15 10 5	15 10 5	15 10 5	10 5 5	10 5 5	10 5 5	5 5 5	0-5 0-5 0-5
3	MALAYSIA Formula of tariff cut where X = Existing Tar	20 10	18.5 9.5	17.0 9.0	15.5 8.5	14.4 8.0	12.5 7.5	11.0 7.0	9.5 6.5	8.0 6.0	6.5 5.5	5.0 5.0	
4	PHILIPPINES	16-2 11-15 6-10	During this period Executive Order implements autonomous 5-year tariff reduction program ending 1995 0-5 0-5 0-5 0-5 0-5 0-5 0-5 0-5 0-5 0-5 0-5 0-5										
5	SINGAPORE	0-2.5	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
6	THAILAND	20	20 20 20 20 20 20 20 20 20 20 20 20 20										
		15-19 10-14 5-9 5 or below	15 15 15 15 15 15 15 15 15 15 15 15 15										
			10 10 10 10 10 10 10 10 10 10 10 10 10										
			0-5										

NOTE: The above is a general tariff reduction formula. This does not preclude a faster or slower rate of reduction for each tariff line within the specified time-frame.  
\* Existing Tariff Rates applicable to ASEAN : Non-PTA products (as of 1 January 1992), PTA products (as of 31 December 1992).

# ORGANIZATION CHART OF THE ASEAN SECRETARIAT DIAGRAM 4

