

cent per annum), intra-ASEAN trade remains low, accounting for less than 20 per cent of the group's total trade. ASEAN's first steps towards economic co-operation occurred in 1977 with the Agreement on ASEAN Preferential Trading Arrangements (PTA), which covers 20 000 items. At the Third ASEAN Summit in Manila in December 1987, the six nations announced a five-year plan to include 90 per cent of the goods traded within ASEAN in the PTA. The plan also aims to include 50 per cent of the value of imports from one ASEAN nation to another in the PTA, along with an increase in preferential tariff rates and a commitment to holding tariff and other trade barriers among the ASEAN nations at their present level, and, wherever possible, reducing or eliminating them entirely.

There have, moreover, been some notable multilateral economic achievements, particularly co-operation on the ASEAN position in the General Agreement on Tariffs and Trade (GATT) and the 1986 Uruguay Multilateral Trade Negotiations (MTN) Round. Thailand, the Philippines, Malaysia and Indonesia are, along with Canada and several other agricultural exporting nations, members of the Cairns Group of Fair Agricultural Traders. These countries have worked together to advance a common strategy to reduce distortions in agricultural trade.

Industrialization, particularly in high technology, is growing. Singapore is considered one of the "Four Dragons," along with South Korea, Taiwan and Hong Kong, and is a major international financial, commercial and trade centre. Malaysia and Thailand have also developed rapidly, being recently considered among the ranks of the "Newly Exporting Countries" by the Organization for Economic Co-operation and Development (OECD). Both countries are

diversifying their economies toward value-added and technology-intensive manufacturing and industrial activities.

The Philippines is struggling to rebuild its once buoyant economy. Indonesia is focusing its efforts on the diversification of exports and the development of industries outside the petroleum sector. It is experiencing much success in liberalizing its business and trade practices in order to increase its competitiveness. Similarly, Brunei is making efforts to diversify its economic activity away from over-dependence on oil and gas exports.

To encourage private sector investment, the ASEAN foreign ministers in November 1983 approved the ASEAN Industrial Joint Ventures scheme. This scheme invited foreign private investors to team up with the ASEAN private sector in construction and operation of major industrial enterprises. Foreign partners were, however, subject to maximum 49 per cent interest in the total investment. In return, the foreign investors received market access in the country where the project is located, and preferential access to the markets of ASEAN partners in the project.

The scheme was subsequently amended to improve incentives and further attract foreign investment. Thus, at the December 1987 Manila Summit, ASEAN nations agreed to permit up to 60 per cent foreign interest in projects, to increase tariff preferences for ASEAN Industrial Joint Venture products, and to introduce investment guarantee legislation to protect investments from appropriation and nationalization.

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