



**United Nations
Economic Commission for Africa**

MISSION REPORT

**JOINT ECA, COMESA AND UNDP
MISSION TO SOUTHEAST ASIA**

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MISSION REPORT TO SOUTEAST ASIAN

I. BACKGROUND

1. The United Nations Economic Commission for Africa (ECA) and the Common market for Eastern and Southern Africa (COMESA) Secretariat in collaboration with the UNDP (Lusaka) mounted a high level mission to Southeast Asia. The COMESA Secretariat members of the mission were drawn from the private sector and government representatives from Malawi, Mozambique and Zambia. A total number of seven persons participated in the mission which visited Indonesia (ASEAN Secretariat), Malaysia, Thailand and United Arab Emirates. The composition of the mission Team is given in annex I of this report.

2. The broad objective of the mission was to accord an opportunity for the participants to learn from the experience of ASEAN and APEC on how the two organizations have approached the process of regional economic integration. The visit was to also provide lessons on how the ASEAN and APEC have dealt with the thorny issues of distribution of benefits and costs in their economic integration process. Secondly, the participation of the private sector in the mission was aimed at giving the African private sector an opportunity to learn how the Asian private sector has played a key role in the integration agenda, and in the implementation of the main integration programmes and projects. Thirdly, from the ECA perspective, the mission was to enable the collection of data and information for the preparation of a comparative study on the experiences of various regional economic groupings, under the general study on: African Economic Integration: Lessons from the EU, NAFTA, MERCOSUR, ASEAN and APEC. Lastly, the aim of the mission was to facilitate exchange of experiences and to draw lessons on the best practices that could be borrowed by the African regional integration schemes.

II. THE TERMS OF REFERENCES OF THE MISSION

3. The expanded Specific Terms of Reference of the mission was as follows:

- (i) To conduct structured interviews with officials of ASEAN and APEC with a view to examine the various policies being pursued by these integration schemes and to identify underlying reasons why they have performed well in comparison to those in Africa;

- (ii) To assess how the private sector in close collaboration with the public sector have implemented the concept of growth triangles. The growth triangles are economic zones whose main defining features are to exploit social and economic complementarities in contiguous countries.
- (iii) In the case of Asia, the growth triangles are private sector driven and have contributed to exceptionally high rates of economic growth in marginal areas. The first hand experience of the mission will facilitate work on the development of the proposed Chipata-Lilongwe-Tete growth triangle, as a pilot scheme in COMESA;
- (iv) Following the decision of the COMESA Summit that COMESA be a common investment area, the mission was to discuss with the ASEAN Secretariat and Governments of the region, the policies and instruments that have been used to create the ASEAN Common Investment Area. It is expected that the member States of COMESA might draw lessons from the experience of the ASEAN countries in formulating programmes for the implementation and the realisation of the COMESA Common Investment Area;
- (v) The mission was to hold discussions with the Chambers of Commerce and Industry of ASEAN with a view to exploring practical ways of co-operation and industry in the COMESA region. In addition the mission would explore the possibility of attracting direct investment from Asia to the COMESA region including the promotion of joint ventures;
- (vi) The mission was also to examine how the private sector and governments of the ASEAN countries are implementing trade liberalisation programmes aimed at establishing an ASEAN Free Trade Area (AFTA). The issue of revenue loss and how it has been handled by member States of ASEAN, particularly Vietnam would be addressed; and
- (vii) On the basis of the findings of the mission, formulate policy on the approaches and best practices that can be replicated in the context of African regional integration schemes.

III. METHODOLOGY OF WORK

4. Structured discussions were organized for the mission with various senior officials of the ASEAN Secretariat, APEC, Growth Triangle Authority, Chambers of Commerce and Industry, High government official from Ministries of Foreign Affairs, Economic Planning Unit, Development Centres, and UNDP offices. The discussions and questions were focused on seeking clarifications following the very interesting exposes by the various presenters during their introductory remarks.

5. The mission also explained the African experiences in regional economic integration with a view to clarifying issues and pointing out differences and similarities in the various economic integration process. The COMESA experience was used as a case in point, while the experiences of other economic groupings in Africa, such as ECOWAS and SADC were cited within the context of African Economic Community (AEC). The discussions and exchange of views revealed very interesting insights which an attempt has been made to summarize in the paragraphs below under in sub-section of Summary of Discussions. Areas of possible collaboration between the Asian countries and economic integration grouping have also been highlighted.

IV. SUMMARY OF DISCUSSIONS

Association of Southeast Asian Nations (ASEAN)

6. The formation of regional cooperation among ASEAN countries went through three tumultuous stages since 1945. The first phase, which lasted from the end of World War II till mid-1950s, was fashioned and dominated by the ideology which prevailed both in the United States and Britain. The political realities and traditional colonial ties constrained the organization of an integrated Asia. Malaya, the Borneo territories, and Singapore were still British colonies while Lao and Cambodia until 1954 remained under the control of France. The Philippines and Thailand on the other hand were under the influence of the United States, while Burma now (Myanmar) sought guidance from India and even Britain. Indonesia remained uninvolved in the region.

7. In Manila in September 1954, the Southeast Asia Treaty Organization (SEATO) was launched under the influence of the United States. This was more of a defence pact, aimed at thwarting communist aggression. It lost ground as a result of lack of commitment and increased criticisms by the Soviet Union and

non-communist Southeast Asian countries which were not signatories to the Treaty. After SEATO, many attempts were made to institutionalize cooperation among Southeast Asian countries. The organizations that took form during the time were: Association of Southeast Asia (ASA), the Asian and Pacific Council (ASPAC) and Maphilindo. These three did not however evolve into significant regional organizations. The regional institutions established during the period which lent credence to cooperation included: the Asian Development Bank (ADB), Asian Institute for Economic Development and Planning (AIEDP) both created by the Economic Commission for Asia and the Far East (ECAFE), Asian Industrial Development Council (AIDC), and the Asian Institute of Technology (AIT). Some of these institutions bear similarities with those created by ECA such as African Development Bank (ADB), and Institute for Economic Development and Planning (IDEP). The last two institutions AIDC and AIT have no similar counterparts in Africa.

8. The second phase was marked by the launching of the Association Southeast Asia in 1961 at the proposal of Malayan Prime Minister Tunku Abdul Rahman. The association had a brief life due to dispute between newly formed Federation of Malaysia (that include Malaya, Sarawak, and Sabah) and Philippines which, as a result of its long-standing claim to Sabah refused to recognize the enlarged Federation. In 1963, Malaya, the Philippines and Indonesia formed another association called "Maphilindo". In the intervening period, the political developments in the late 1960s, the whole subcontinent was engulfed in war (the Vietnam), hence different alliances and the wide range of ideologies held by member states could not permit the association such as ASA, ASPAC to survive and be effective.

9. The third phase marked the inception of ASEAN in August 1967 which was thwarted by the Vietnam War, the US involvement in it, and the Great Proletarian Cultural Revolution in China. The Bangkok Declaration which launched the ASEAN, stated that its objectives is to:

"accelerate the economic growth, social progress and cultural development in the region through joint endeavour and partnership to strengthen the foundation for a prosperous and equal community of Southeast Asia nations."

10. In other words, the main objectives of the Declaration can be summarized

as follows:

- accelerate the economic growth, social progress and cultural development in the region through joint endeavours;
- promote regional peace and stability
- provide active collaboration and mutual assistance in the economic, social, cultural, technical, scientific and administrative fields.

The main areas of cooperation include:

- political and security cooperation;
- economic cooperation;
- functional cooperation;
- external relations.

The specific areas of ASEAN economic cooperation covers the following:

- Trade;
- Industrial development;
- Finance and Banking;
- Investment;
- Food, Agriculture and Forestry;
- Minerals;
- Energy;
- Transport and communication;
- Tourism;
- Services;
- Intellectual property;
- Private sector; and
- International Economic Matters.

11. It should be noted that from its inception in 1967, ASEAN was envisioned as a forum for private business and community-level interactions, and as a collective venue for action by senior government and political leaders. Despite the belief that regional cooperation would contribute to the economic growth of their respective economies, members stopped short of committing themselves to full economic integration. After its formation, various issues related to national sovereignty and integrity of individual countries had to be dealt with before any

significant strides in intra-regional cooperation could be achieved. The first nine years of its existence were marked by:

- slow progress towards the promotion of intra-ASEAN trade and industrial cooperation;
- political tension among member states;
- dampened economic relations between countries;
- decline in intra-ASEAN trade as a percentage of total ASEAN trade from 15.5% in 1970 to 12.6% in 1975.

12. What saved the situation was that since the early 1970s ASEAN had instituted a system of bilateral relation with developed countries, collectively as "dialogue partners". This not only strengthened the bargaining position of all members vis-à-vis other non regional players, but also enhanced the organization's clout and prestige with non-ASEAN countries. The two key committees which strengthened the ASEAN bargaining position were: a Special Coordination Committee for ASEAN Nations (SCCAN) (1972) organized to negotiate with the European Community (EC), and the ASEAN-Geneva Committee. Both strengthened ASEAN's position at the Multilateral Trade Negotiations under GATT.

13. At the beginning of 1959, ASEAN had initiated moves to strengthen regional cooperative efforts. Various committees on food production and supply, civil air transport, air traffic services, shipping, meteorology and commerce and industry were put in place, as well as a seven-day-no visa scheme for ASEAN nationals was also instituted. In 1971, the Manila Conference of ASEAN Foreign Ministers proposed an ASEAN common market and a payment union for economic cooperation. Soon afterwards, an agreement in principle was made to include the promotion of peace and security within the agreement. In Kuala-Lumpur, the ASEAN foreign ministers called for the establishment of a Zone of Peace, Freedom and Neutrality in Southeast Asia (ZOPFAN).

14. In 1976, the Bali Summit signed three important documents, namely: the Treaty of Amity and Cooperation in Southeast; the Declaration of ASEAN Concord, and the Agreement for the Establishment of the ASEAN Secretariat. These three documents reflected the determination of member countries to foster

deeper regional economic cooperation. Specific areas of cooperative efforts were properly delineated and political cooperation was put on the agenda. The key provision in the Treaty which is of cardinal importance is one which exhorts member countries "to maintain regular contacts and consultations with one another on international and regional matters to coordinate view, actions and policies". In the settlement of disputes, parties were urged to resort to the mechanism provided by the Treaty and to refrain from threat or use of force.

15. In a very fluid world characterized by adverse changes, the survival of ASEAN is understood to be anchored on cohesiveness and depends in large measure to member countries' greater understanding and appreciation of ASEAN ideals, a stronger sense of belonging and the identification with goals and objectives of ASEAN and a wider participation of ASEAN nationals in ASEAN affairs. For example, using regional resources, both physical and human, can translate into collaborative efforts to develop a stream of industries that increase the market share of ASEAN and benefit individual ASEAN countries. Complementary measures also include enhancing markets and promoting market openness. These measures are used to assist the less developed partners.

ASEAN Free Trade Area (AFTA)

16. In January 1992, the Fourth ASEAN Summit meeting in Singapore, faced with the emergence of stronger integrated trading blocs, such as the EC, and the North American Free Trade Area (NAFTA), supported the establishment of an ASEAN Free Trade Area (AFTA) in response to the challenges imposed by such developments. The main objective of AFTA is to enhance ASEAN competitiveness as a global production base, increase intra-ASEAN trade and promote the region as an attractive destination for foreign direct investment (FDI).

17. The Singapore ASEAN Summit announced that a free trade area in ASEAN was to be achieved within 15 years. The Fifth ASEAN Summit however accelerated the original target to be realized within the time frame of 10 years. The main element of this process are to:

- lower tariffs to 0-5 % by 2003;
- eliminate quantitative restrictions;
- eliminate non-tariff barriers;
- cooperate in customs matters;
- cooperate in standards and conformance.

Common Effective Preferential Tariff (CEPT)

18. With respect to the implementation of common effective preferential tariff (CEPT) scheme, it is being proposed that intra-ASEAN tariffs be reduced. But in order to deal with the differences in the level of economic development among the countries participation in the association, it is envisaged that CEPT would be reduced within the following timeframe:

- The Reduction of Intra-ASEAN Tariffs to 0-5 % within 10 years;
 - for Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand, the deadline in 2003;
 - for Vietnam, the deadline is 2006;
 - for Laos and Myanmar, the deadline is 2008.
- The elimination quantitative restrictions immediately after enjoyment of CEPT concessions;
- The elimination of other non-tariff barriers within 5 years of enjoying CEPT.

19. The authors of this report have chosen to dwell and elaborate much more on the whole issue of CEPT since it is a sensitive area whose implementation is likely to have some implication and might inform the African efforts towards building a free trade area (FTA). In the ASEAN context, the CEPT products are put into four category of lists, namely:

- Inclusion List(IL);
- Temporary Exclusion List (TEL);
- Sensitive List (SL);
- General Exception List (GEL).

20. The products that are placed in the list must satisfy the following requirements:

- There should be an accompanying 10-year tariff reduction schedule;
- No quantitative restriction (QRs);

- Other non-tariff barriers are to be eliminated within 5 years;

Currently, there are 47,401 tariff lines in the IL constituting 85.2% of all tariff lines in ASEAN. The average tariff rate is down to 4.865 from 12.76% in 1993.

21. The product in the TEL list are temporarily exempted from tariff reduction, elimination of QRs and other NTBs. The products in this category have to be transferred in five equal instalments to the IL starting 1 January 1996. There are currently 7,091 tariff lines in the TEL representing 12.8% of all tariff lines. In the SL list the products are composed of unprocessed agricultural products. There are 304 tariff lines in this list, constituting 0.6% of all tariff lines and 0.7% of intra-ASEAN trade. Examples include the basic foodstuff such as rice, sugar, meat products, wheat, garlic, cloves etc. These are allowed to be phased into the CEPT scheme at a later date as follows:

- Brunei Darussalam, Indonesia, Malaysia, Philippines and Thailand have to do so by 2010;
- Vietnam must do so by 2013;
- Laos and Myanmar have to do so by 2015.

In the GEL List category, the products that can be permanently excluded from the CEPT scheme are arms and ammunition, narcotics etc, in which there are 811 tariff lines, representing 1.5% of all tariff lines in ASEAN.

22. The principle of CEPT scheme works on the basis of reciprocity. This means that a member country imposing a low CEPT rate will be able to export her products to another member at a lower rate as well. The threshold CEPT tariff at which one can apply reciprocity is 20%. ASEAN members with CEPT tariff rates of 20% or below can enjoy each other's CEPT concessions, but ASEAN members with CEPT tariff rates above 20% cannot enjoy CEPT concession of those with tariffs 20% or below. The reciprocity principle was adopted to encourage members to reduce tariffs immediately and not wait until 2003.

23. As a result of these measures intra-ASEAN exports grew from \$43.26 billion to US\$84.42 billion between 1993-97. This represented an average growth rate of 23.8% per annum, which was significantly higher than the average 18.8% annual growth of total ASEAN exports which grew from US\$206.6 billion in 1993 to US\$ 342.7 billion in 1997. The share of intra-

ASEAN exports to total exports increased from 20.9% in 1993 to 24.6% in 1997.

24. Finally, it should be noted that provisions have been put in place in order to strengthen the CEPT Agreement. Some of these include the strengthening of the rules and discipline of the CEPT Agreement; the establishment of a dispute settlement mechanism; a 60-day notification requirement; and the establishment of an emergency mechanism which is consistent with the WTO Agreement on Safeguards to deal with the effects of liberalization. The safeguards mechanism in line with WTO provisions should be studied by African RECs in order to avoid the destruction likely to be caused by liberalization schemes. In addition to the above provisions, the Secretariat has been mandated to coordinate and review the implementation of AFTA; monitor the implementation of the CEPT Agreement; establish a CEPT Tariff Database, and monitor the trade performance in general.

Customs Cooperation

25. In order to enhance further the effectiveness of AFTA, ASEAN member states undertook to explore measures on border and non-border areas of cooperation to supplement the liberalization of trade, i.e. for trade facilitation purpose. To this end, the ASEAN finance Ministers signed on 1 March 1997 an ASEAN Agreement on Customs, which provides legal framework for deepening and broadening customs cooperation and improving upon the commitment of the previous ASEAN Customs Code of Conduct. The specific objectives were:

- to simplify and harmonise customs valuation, tariff nomenclature and customs procedures;
- to ensure consistency, transparency and fair application of Customs laws and regulations, procedures and other administrative guidelines;
- to ensure efficient administrative and expeditious clearance of goods to facilitate intra-regional trade and investment;
- to explore other appropriate intra-ASEAN cooperative arrangements in the field of Customs;

■ Harmonization of Tariff Nomenclature:

- the ASEAN Harmonised Tariff Nomenclature (AHTN) shall be based on the 6 digit Harmonized Commodity Description and Coding System (HS) of the WCO and amendments thereto;
- member states shall, for tariff purposes, use a common tariff nomenclature at the 8-digit level.

■ Harmonization of Customs Valuation:

- Member states shall not use customs valuation for protective purposes or as a barrier to trade;
- Member states shall implement the GATT/WTO Valuation Agreement (GVA) on an accelerated schedule;
- Member states shall adopt a common interpretation of the GVA and standardise the systems used to operationalise the Agreement.

■ Harmonization of Customs Procedures:

- Member states shall simplify and harmonize customs procedures for the efficient and expeditious clearance of products traded in ASEAN;
- Procedures shall conform with the standards and recommended practices in the Kyoto convention, as amended, under the auspices of the WCO;
- Periodically review to further simplify and harmonise ASEAN customs procedures.

■ Other Areas of Cooperation:

Member States:

- shall be encouraged to exchange information on the prevention and repression of smuggling, trafficking of narcotics and psychotropic substances, and other customs fraud;

- shall accommodate any request by other member states for studies and visits by customs personnel;
- shall exchange information on international customs issues and endeavour to coordinate ASEAN positions in international customs fora;
- shall explore other activities to further enhance customs cooperation in the region.

Elimination of Non-Tariff Barriers (NTBS)

26. Provision of Article 5 of the CEPT agreement states that:

- “Member States shall eliminate all quantitative restrictions in respect of products under CEPT scheme upon enjoyment of the concessions applicable to those products”;
- “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 these products”;

Indeed, the **Bangkok Declaration, 1995** further confirmed that:

- “ASEAN shall remove all quantitative restrictions and non-tariff barriers and shall schedule the elimination of NTBs beginning 1 January 1996”;
- “ASEAN shall introduce greater transparency in standards and conformance, align product standards with international standards and undertake projects to facilitate mutual recognition agreements on a bilateral or plurilateral basis to facilitate greater intra-regional trade. ASEAN shall identify the work programmes to achieve these objectives and commence work in 1996”.

27. With regard to standards and conformity assessment, the **Hanoi Plan of**

Action states that ASEAN Member Countries shall:

- (i) Harmonize product standards through alignment with international standards for products in priority sectors by the year 2000 and for regulated products by the year 2005;
- (ii) Implement the ASEAN Framework Agreement on Mutual Recognition Arrangements (MRAs) by developing sectoral MRAs in priority areas beginning in 1999;
- (iii) Enhance the technical infrastructure and competency in laboratory testing, calibration, certification and accreditation by the year 2005, based on internationally-accepted procedures and guides; and
- (iv) Strengthen information networking on standards and technical regulation through the use of, among others, the Internet, with the aim of meeting the requirements of the WTO Agreement on Technical Barriers to Trade and WTO Agreement on the Application of Sanitary and Phytosanitary Measures.

28. In order to implement the above commitments, relevant committees/working groups have been created to look into elimination of Technical Barriers to Trade (TBT) and harmonisation of Sanitary and Phytosanitary (SPS) Measures.

29. In the case of technical barriers to trade, the ASEAN consultative Committee for Standards and Quality (ACCSQ) undertakes the work for standards harmonization and mutual recognition of testing results.

30. The ACCSQ was formed in October 1992 upon the directive of the ASEAN Economic Ministers with the aim of removing technical barriers to trade in order to facilitate the implementation of the common effective preferential tariff (CEPT) Agreement and to realize the ASEAN Free Trade Area (AFTA).

31. ACCSQ has been actively promoting transparency and closer cooperation towards achieving common or harmonized acceptance of regulatory and technical requirements of Member Countries in order to expand intra- and extra- ASEAN trade. The efforts of the ACCSQ has earned the recognition of the International Organization for Standardization (ISO) which accepted it as the regional standards organization for Southeast Asia in September 1994.

32. The ACCSQ Work Programme to the year 2003 has been developed and being revised to implement the HPA. Member Countries continue harmonization work for 20 priority product groups that are widely traded in ASEAN. These 20 product groups are as follow:

1. air conditioners;
2. refrigerators
3. radio;
4. telephone;
5. television;
6. video apparatus;
7. printed circuits;
8. monitor and generators;
9. monitor and keyboard;
10. mounted piezo-electric crystal;
11. diodes (other than photosensitive);
12. parts of TV and radio;
13. loudspeakers and parts;
14. inductors;
15. capacitors;
16. resistors;
17. switches;
18. cathode-ray tube;
19. rubber gloves;
20. rubber condoms.

33. Additional products are being identified for harmonization of standards and technical regulations as well as for conclusion of MRAs.

ACCSQ Working Groups

34. At present, ACCSQ has established the following working groups (WGs), each being responsible for implementing specific task:

WG 1: Mutual Recognition Arrangements;

WG 2: Technical Regulations and Accreditation;

WG 3: Standards and Conformity Assessment; and

WG 4: Information.

35. In addition, ACCSQ has created two product Working Groups, one for Cosmetics and another one for Pharmaceutical to address all the matters related to technical barriers to trade in these sectors.

Progress in elimination of TBT

36. ACCSQ Members now are working on harmonization of national standards for those identified 20 groups of products with relevant international standards such as ISO, IEC and ITU standards with the target to accomplish it by the year 2000.

37. ACCSQ actively carries out transparency activities and has published seven volumes of the ASEAN Standards and Quality Bulletin and two issues of the Directory of the ASEAN Contact Points for standards and Technical Regulations.

38. The information networking for transparency of standards and technical regulations is being worked out. At present, the relevant information for standards and conformance in ASEAN, including the seven volumes of the ASEAN Standards and Quality bulletin, has been already put on internet with the following URL address: <http://www.aseansec.org/accsq/sqmain.htm>. This home page is also linked with the home pages of the ACCSQ Members.

39. A number of seminars on Product Certification Schemes in ASEAN have been conducted. The product certification schemes in ASEAN Member Countries have been published to make the requirements for wider use. The Guideline for Harmonizing Standards base on International Standards has also been developed and published by ACCSQ.

40. ACCSQ is looking into Mutual Recognition Arrangements (MRAs) with the aim of concluding bilateral and multilateral MRAs to among member countries. The ASEAN Framework Agreement on Mutual Recognition Arrangements (MRAs) was signed on 16 December 1998 during the Sixth ASEAN Summit in Hanoi, Vietnam provides the basis principles for Member Countries to enter into sectoral MRAs. Some sectors such as Cosmetics and Telecommunication have already started the formulation of MRAs. Number of activities undertaken by Member Countries to implement the Framework Agreement, which includes drafting Interpretative Notes, identification of priority sectors for MRAs, organization of Seminars for industries and parties

concerned to introduce the MRA concept, its benefit and requirements and building-up confidence in testing laboratories.

Harmonization of SPS MEASURES

41. The work on the elimination of SPS measures has been carried out in the various Working Groups under Senior Official Meeting of the ASEAN Ministers of Agriculture and Forestry (SOM-AMAF).

42. The principles for harmonization of Phytosanitary Measures in ASEAN have been developed and adopted, which include, among others, facilitation of intra-ASEAN trade, consistency with international standards, transparency and technical justification of Phytosanitary Measures.

43. Fourteen agricultural products have also been prioritized for harmonization. These include rice, mango, coconuts, ginger, dendrobium, groundnuts, round cabbage, black pepper, potato, onions, oranges, coffee, pineapples and banana.

44. With regard to the Harmonization of Maximum Residual Limits (MRLS) of Pesticides in Vegetables, the following progress has been made:

- (a) principles of harmonization of MRLs for ASEAN vegetables have been finalized;
- (b) national committees on MRLs are being set up in all ASEAN Member Countries in order to collect information, submit priority vegetables and establish national mechanisms to implement the ASEAN harmonized MRLs; and
- (c) adoption of the MRLs for ten combinations of pesticide-vegetable (for tomato and cabbage and 5 important pesticides) in ASEAN for implementation.

45. Member Countries also agreed to expand the list of vegetables and pesticides for harmonization of MRLs to include all vegetables in ASEAN as well as an additional 10 pesticides, which are used in ASEAN NAMELY: cabaryl, carbofuran, methomyl, malathion, diazinon, prothiophos, triazophos, parathion-methyl, cypermethrin and endosulfan.

46. A complete set of Manuals for Animal Vaccines have been approved for implementation, which include the following:

- (i) The Manual of ASEAN Criteria for Accreditation of Animal Vaccine Testing Laboratories;
- (ii) The Manual of ASEAN Standards for Animal Vaccines;
- (iii) The Manual of ASEAN Standard for Good manufacturing Practice for Animal Vaccines; and
- (iv) The Manual for the ASEAN Rules and Procedures for the Registration of Animal Vaccines.

47. Member Countries also actively undertake cooperative activities with major trading partners such as Japan, EU, CER, Countries and the United States on standards and conformity assessment to facilitate ASEAN exports. Member Countries agreed to have better coordination with regard to the APEC Sub-Committee on Standards and Conformance.

Investment: (The ASEAN Investment Area (AIA))

48. It should be noted here that, ASEAN's much admired economic growth and industrial development is due, in large part, to its ability to attract foreign direct investment (FDI). However, its relative share in the total FDI started to decline by 1990. This was caused by a number of factors, among which were the emergence of massive trade blocks such as NAFTA and the EC; the unprecedented increase in the number of countries competing for FDI; and the comparative cost advantage of many non-ASEAN developing countries. In order to deal with the consequences of the later reason, the ASEAN countries reached an agreement that ASEAN should not be promoted as a group of individual countries but as one regional market through AFTA, hence the rise of the ASEAN Investment Area (AIA), which can offer opportunities for greater production efficiencies, competitiveness and economies off scale for industries. This had to be achieved through the region's various complementary and comparative location-specific advantages, not to mention its total potential market of 500 million (1999 estimate), with increased growth in gross disposable incomes due to rapid economic growth.

49. At the heart of the concept of a single ASEAN Investment Area is the agreement by countries to increase investments, industrial linkages and flexibility for new forms of industrial cooperation schemes. Apart from forming A Working Group on Investment Matters and drafting ASEAN Plan of Action on Cooperation in the Promotion of FDI, a Memorandum of Understanding among the Authorities of ASEAN Countries Responsible for Investment Promotion was also signed.

50. The Plan of Action identified possible cooperative endeavours to increase investment flows to the region and among member states. The Plan stipulated the implementation of joint programmes on publicity, image building, and marketing of ASEAN investment regimes; continuous consultation; information and experience exchanges among investment agencies within the region; training programmes for investment officials; the creation of an ASEAN Investment Monitoring, Policy Review and Analysis Unit, and the promulgation of an ASEAN Investment Code, embodying investment procedures and policies that are simplified, uniform, and transparent. More critically, the AIA was proposed in order to encourage greater investments in the region through inter alia; adoption of simple and more transparent rules, standardization of procedure relating to the collection and recording of investment data, and the removal of barriers to capital flow. In addition to external investment flows, the action plan also advocated joint efforts to promote intra-ASEAN investment and regional production based on the principle of resource pooling and intra-regional division of labour.

51. In the December 1995 Summit, a new industrial cooperation scheme known as ASEAN Industrial Cooperation (AICO) was endorsed to replace the old schemes. The CEPT-based AICO scheme was developed with private sector participation and is aimed at encouraging mainly private sector-led investment in technology-based and higher value-added industries. The AICO is a scheme to encourage companies located and operating in different ASEAN countries to cooperate with one another in the manufacture of approved AICO products. A minimum of the companies in two different ASEAN countries (with a minimum of 30% national equity) is required to form an "AICO arrangement" which entitles participating companies to enjoy AICO privileges.

The ASEAN Private Sector and Regional Cooperation

52. The official ASEAN machinery is supplemented by a network of regional non-governmental organization (NGOs) that assist promote the objectives of ASEAN cooperation. In a broad sense, NGOs are organizations formed by the business sector and by professional and other non-profit associations. In the ASEAN context, NGOs include: (a) the ASEAN-CCI, serving as the official link between ASEAN governments and the private sector engaged in commerce and industry; and (b) other private organizations that help promote ASEAN objectives in the social, cultural, economic and scientific fields. It should be noted here that an ASEAN NGO is defined as "a non-profit-making association of ASEAN persons, natural or juridical, organized to promote, strengthen and help realize the aims and objectives of ASEAN cooperation specifically in the social, cultural economic and scientific fields. An ASEAN NGO has to have membership from a majority of the ASEAN countries to qualify as an ASEAN NGO and has to be affiliated with the ASEAN Secretariat. This is a marked difference with African NGOs which are basically foreign owned and driven and have no stake in the industrial development of African countries.

53. During the mission to the ASEAN Secretariat, discussion was held with the ASEAN Chambers of Commerce and Industry (ASEAN-CCI) whose headquarters is in Jakarta (Indonesia) but which is composed of five national chambers, namely: that of the original five members countries, plus other countries that joined later; and the Indonesia Chamber of Commerce and Industry. The ASEAN-CCI is composed of: Kamar Dagang Dan Industri Indonesia (KADIN), the National Chamber of Commerce and Industry of Malaysia (NCCIM), the Philippine Chamber of Commerce and Industry (PCCI), the Singapore Federation of Chambers of Commerce and Industry (SFCCEI), the Joint Standing Committee on Commerce, Industry and Banking (JSCCIB) of Thailand, the National Chamber of Commerce and Industry of Negara Brunei Darussalam (NCCI-NBD), and the Chamber of Commerce and Industry of Vietnam (CCIV).

54. Mr. Idris the Secretary General of the ASEAN Chambers of Commerce and Industry welcomed the delegation and was happy to be informed of the COMESA effort. On his part, he informed the mission that the ASEAN-CCI, which was formed in April 1992, is the largest and most significant private sector organization in the region. Being the official channel between the private sector and ASEAN Governments, its establishment represents member Countries' recognition that regional economic co-operations can only succeed

through the active participation of the private sector. On the other hand, it also reflects the positive response of the business community to the political initiatives of ASEAN leaders in promoting regional co-operation. The initial ASEAN-CCI organization was composed of 5 national chambers but was expanded to include other new members of the ASEAN secretariat as indicated in paragraph 53 above.

55. Over the years the ASEAN-CCI evolved to facilitate inter-country private sector interactions other than being a channel for dialogue with official ASEAN bodies. It also institutionalized official links with the private sectors of ASEAN's dialogue partners in order to promote trade and investments in ASEAN. Moreover the ASEAN-CCI establishes and maintains, close relations with a number of regional and international organizations.

56. The objectives of the ASEAN-CCI as stated in its constitution are:

- (i) To effect organized private business sector co-operation and co-ordination in keeping with the objective of ASEAN;
- (ii) To accelerate economic growth and progress in the region through joint approaches, endeavours and actions in order to strengthen the foundations and co-ordination for the enhancement of the communities of SEAN;
- (iii) To foster closer relations and co-operation between and among the constituent members and mutual assistance in matters of common interest in the solution of economic problems in the area; and
- (iv) To maintain closer relations and co-operations with regional and international organizations having similar aims and objectives.

57. The organizational structure is four-tiered. At the highest level is the council that governs and administers the organization while the next level consists of various working groups. The next tier is the regional industrial clubs (RICs) and the regional commodity clubs (RCCs). The fourth tier is composed of national industrial clubs (NICs) and national commodity clubs (NCCS). The presidency of the ASEAN-CCI follows ASEAN principle of rotation among member countries in alphabetical order. It used to have an interim Secretariat that rotates with the presidency until a permanent secretariat was established in

April 1996. The council is composed of the ASEAN-CCI president, the six vice-presidents (each representing a constituent members, and the Secretary General who is appointed by the president subject to confirmation of the Council. Council members hold office for two years, meet at least once a year and hold special meetings as deemed necessary.

58. The second level consists of various working groups on industrial co-operation, trade, agribusiness and agro-industry, transportation, communication and tourism, finance, banking and insurance, and more recently, sustainable development. The organization of the working groups parallels to those of the ASEAN economic committees to facilitate interactions with ASEAN bodies. The working groups are governed by their respective mother organizations and working procedures.

59. The third tier consists of RICs and RCCs. The RICs are under the jurisdiction of the Working Group on Industrial Co-operation while the RCCs are under the jurisdiction of the working Group on Trade. These clubs are involved in making proposals for co-operations in their respective areas. To achieve its objectives, the RICs conduct studies to identify opportunities, products and projects that may be suitable for joint ventures. It plays a lead role in encouraging studies for harmonizing expansion plans within the region. The clubs also deal with questions on incentives, tariffs and other forms of promotional measures for particular projects and products. Among the industries covered by RICs are agricultural machinery, aluminium, automotive, cement, ceramics, chemicals, electric and electronic, food processing, furniture, glass, industrial machinery, iron and steel, leather-based products, panel products, pharmaceuticals, plastics, printing and publishing products, pulp and paper, rubber and textiles. In addition the RICs search for new markets outside ASEAN can take joint approach on issues of common interest affecting a particular industry.

60. The fourth tier is made of the MICs and NCCs, components of the RICs and RCCs. Regional clubs are considered as an integral part of the ASEAN-CCI and hence work closely with their national members. The NICs initiate the identification of possible projects for economic co-operation and recommend them to the RICs. The recommendation is processed by the relevant working group for endorsement by the ASEAN-CCI council.

61. It is equally important to underscore the guidelines for private sector participation in the ASEAN machinery. Box 1 gives the guideline on Private

sector participation the ASEAN Meetings and Activities. The ASEAN-CCI's ASEAN Development Committee had proposed a Memorandum of Understanding (MOU) to define the working relationship between ASEAN governments and the private sector so that they can effectively complement each other in promoting the objectives of ASEAN cooperation. The MOU covers:

- (a) attendance in ASEAN meetings at various levels;
- (b) access to reports, studies and communications;

Box 1: GUIDELINES ON PRIVATE SECTOR

The third meeting of ASEAN Heads of Government held on 14-15 December 1987 in Manila decided to encourage and improve private sector involvement both in extra-ASEAN co-operation and in ASEAN dialogue relations in view of the importance of the role of the private sector in both areas. Pursuant to this decision, private sector participation in ASEAN meetings and activities was given due consideration, while taking cognizance of the fact that in the normal proceedings of ASEAN meetings, items relating to policy matters shall be discussed solely by ASEAN officials concerned. There are, however, other items in which the private sector could participate. In this regard, the extent of involvement of the private sector in the dialogue process could be based on the response of each dialogue partner. In light of the above, the following recommendations have been adopted as guidelines for private sector participation in the ASEAN machinery.

A. ASEAN Economic Ministers Meetings

1. The president and the six vice-presidents of the ASEAN Chamber of Commerce and Industry (ASEAN-CCI) should be invited to attend all open sessions of the AEM.
2. To encourage free-wheeling exchange of views between the AEM and the private sector, the president of the ASEAN-CCI could be invited for consultations during AEM meetings. The outcome of the consultation in the form of a record of discussion should also be prepared. The host country would be responsible for the preparation of such session and of the topic of such consultations.

B. ASEAN Functional Committees

1. National secretariats of ASEAN committees could closely consult with the private sector concerned in the preparation for meetings of the committee, including sub-committees and working groups, and in following up the decisions or actions taken at such meetings.
2. Representatives of national chambers of commerce and/or affiliated NGOs could attend meetings of ASEAN committees, sub-committees, and working groups, as and when necessary on the understanding that participation is in accordance with paragraph 3 below.
3. Where there are agenda items deemed to be of direct interest to the private sector, the private sector could be invited to consult with the committee in such meetings.
4. Whenever deemed appropriate, the private sector should be encouraged to contribute in the process of the formulation of relevant ASEAN project proposals by ASEAN committees.

PARTICIPATION IN ASEAN MEETINGS AND ACTIVITIES

C. Dialogue Process

1. There should be close co-ordination between ASEAN national secretariats as well as other agencies concerned and their respective private sector in the preparation and implementation of the result of dialogue meetings.
2. Identification of specific agenda items for the private sector to participate in dialogue meetings should be made during the preparatory stage of such meetings.
3. The private sector should be given the opportunity to propose agenda items and submit position papers as deemed necessary well in advance for the consideration of officials of both ASEAN and dialogue partners, particularly in highlighting problem areas on policy matters that require public sector attention.
4. The country co-ordinators should give sufficient time to dialogue partners and the private sector from dialogue countries to consider and have initial exchange of views on the agenda items proposed by the private sector of ASEAN member countries.
5. Business associations of ASEAN and their counterparts in respective dialogue countries would be informed of such dialogue meetings and encouraged to meet before the scheduled dialogue meetings.
6. The country co-ordinators should invite the president of the ASEAN-CCI and the relevant co-chairmen of the business councils to attend the dialogue meetings after having ascertained that the dialogue partners concerned have no objection.
7. The issues that the private sector could be involved in are as follows:
 - (a) International and regional economic issues of interest to ASEAN and the dialogue partners which are of direct interest to the private sector.
 - (b) Commercial co-operation and industrial and investment co-operation. However, discussion of policy matters will be confined to the officials concerned only. The private sector will be invited to participate only in the discussion on practical aspects of these issues, including implementing procedures.
8. In view of the benefits of private sector participation in the dialogue process, funding from dialogue partners could be sought for projects that are of interest to the private sector.

relationship with the ASEAN Secretariat; and policy advocacy.

62. Notwithstanding the improvements in ASEAN-CCI participation in the ASEAN organization, its formal participation in ASEAN decision-making has not been resolved due to a number of reasons which include, among others:

- (i) unlike ASEAN government, the private sector is not accountable to the people;
- (ii) more fundamental, is that the interests represented by the ASEAN-CCI are not necessarily synonymous with the interests of private enterprises since they are driven by various motives, either competition or rent-seeking;
- (iii) member countries have different economic philosophies, and political cultures. These intrinsic difficulties demand improvement in the consultation mechanisms and channels of communication between the ASEAN-CCI and ASEAN.

63. The existence of a wide array of private sector groups in ASEAN and their vast potential which could be harnessed for expanding the scope of ASEAN economic cooperation towards one regional and a single economy is crucial. They can be tapped to promote economic in the traditional areas promoted by ASEAN. Secondly, they can become potential vehicles for regional processes and feedback mechanisms about cooperation modalities that ASEAN governments initiate. Thirdly, NGOs and Centres created could contribute to ASEAN's regional efforts. These are some of the primary additional reasons why ASEAN officials called for their greater involvement and participation in the ASEAN programmes at the 27th AEM meeting held in September 1995. The Meeting called upon ASEAN-CCI to reach out to all captains of industry in order to make their participation effective and meaningful. Both sides were urged to explore how best to have more private sector inputs into ASEAN's economic cooperation programmes. Such inputs would guarantee that ASEAN remains ahead of its competition in the global market place.

Institutional Framework

64. The ASEAN Secretariat consists of the Secretary General, Deputy Secretary-General and five departments or offices, namely: Office of Secretary

General, Bureau of Economic Cooperation, Bureau of Functional Cooperation, ASEAN Free Trade Area Unit and Bureau of General Affairs. The machinery of ASEAN Economic Cooperation consists of ASEAN Summit, ASEAN Economic Ministers (AEM), Senior Economic Officials Meeting (SEOM), Ad-hoc Working Groups on Investment, Industrial Cooperation, Intellectual Property, Trade in Services, Transport and Communications, Infrastructure, CEPT for AFTA, Committee on Standards and Quality (ACCSQQ), and AFTA Council on implementation of CEPT scheme. The ASEAN Secretariat holds over 300 meetings dealing with specific technical issues each year.

65. In 1976, the Bali Summit introduced changes in the ASEAN's structure and machinery for cooperation. The AEM which is an institution in ASEAN directly controls five economic committees to ensure that special attention is given to economic matters. Second, the ASEAN Secretariat reports to the Standing Committee which in turn supervises three non-economic committees and seven committees with dialogue countries and international organizations. The original 20 committees handled by the Standing Committee were reduced to ten, but now they are sub-committees, working groups, and ad-hoc committees. The committees are chaired by different countries:

- Committee on Trade and Tourism (COTT) – Singapore
- Committee on Industry, Minerals and Energy (COIME) – Philippines
- Committee on Finance and Banking (COFAB) – Thailand
- Committee on Forestry, Agriculture and Fishing (COFAF) – Indonesia
- Committee on Transport and Communication (COTAC) – Malaysia

66. Between the Committees and AEM is the SEOM that sets the agenda for AEM. The mechanisms for cooperation appears to be confined to the five Committees. There are numerous subsidiary bodies of the ASEAN Committees that deal with specific sectors, even non-economic ASEAN Committees also have subsidiary bodies. It has been noted that there is a lack of a regional focus in ASEAN co-operation mechanism. However the stronger mandate given to the Secretariat by the Fourth ASEAN Summit, which allows it to shape the direction of economic cooperation towards clear regional objectives, will now facilitate greater focus on regional issues.

Indonesia Chamber of Commerce and Industry

67. The mission also paid a visit to the Indonesian Chamber of Commerce and Industry where it was informed that trade between ASEAN and the rest of the

world is US\$320 billion dollars and between ASEAN countries is US\$95 billion. Most of the trade is in electronic and metal goods. There are special incentives for attracting FDI in which foreign enterprises or countries can enjoy up to 5 years tax holidays if they invest in 3 ASEAN countries. After the ASEAN financial crisis, ASEAN countries developed an advanced Early Warning System for monitoring the financial markets. The chambers of commerce and industry in ASEAN are busy promoting the concept of "made in ASEAN". The Chambers call for the use of national currencies for enhancement of trade and promotions of tourism. The COMESA countries have now abandoned the use of national currencies in intra-COMESA trade as result of liberalization.

68. Regarding standards, Indonesia uses American standards, Malaysia, British and Thailand French standards. Use of Mutual Recongnized Agreements (MRAs) has enhanced tourism and free movement of people. The use of smart cards has reached an advance stage. The greatest success of ASEAN is its ability to speak with one voice in international fora. ASEAN have different business Councils with dialogue partners e.g. USA, Europe, Japan, Russia, Pakistan etc. ASEAN enters into different tripartite Purchase Arrangements e.g. Indonesia - Vietnam - Nigeria. A trade agreement between ASEAN and COMESA should be considered. At the ASEAN level there are several industrial clubs formed to deal with different products such as ASEAN cement or automotive clubs. There are also different products associations that exist at the national levels. Business can be promoted between ASEAN and by COMESA exporting agricultural products to ASEAN member States for example Indonesia alone needs 865,000 M.T. of Soya beans and 914,000 M.T. of groundnuts. Another area is in semi-finished garments which could be exported from Indonesia and have the process finished in COMESA countries and then export such products to Europe or America. Other areas of co-operation can include development of SMEs, provision of capital goods to COMESA countries since 63% of the trade in ASEAN is in capital goods. Lastly, the promotion of technological cooperation with COMESA in the context of S-S, and promotion of trade fairs and trade missions should also be explored.

Micro-Regionalism: Growth Triangles (FTs) in ASEAN

69. Within the context of increasing economic integration in the region, sub-regionalism emerged as a new phenomenon in Southeast Asia. It took a number of forms, among them subregional economic zones, transnational economic zones and extended metropolitan regions. Within ASEAN, similar development

took place. An example is the Singapore-Johor-Riau (or SIJORI) Growth Triangle, also known as the Southern Growth Triangle. It was joined by two other Growth Triangles, the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) also known as the Northern Growth Triangle, and the East ASEAN Growth Area (EAGA) either known as Eastern Growth Triangle (or Quadrangle since it involves four countries).

70. Growth Triangles, as subregional economic cooperation modes, need not involve entire countries, but simply adjacent areas within countries that have complementary capabilities and resources. The concept is essentially a simple one: link adjacent areas with different factor endowments and different comparative advantages – such as differences in levels of technology, labour (quantity and quality), natural resources, financial capital – to form a subregion of economic growth that is driven by market dynamics. The formation of GTS has evolved through a combination of political motivations to support the growth area concept. In addition, social influences, such as ethnic and cultural tie could also impact on the pace and character of development of a growth area.

Batam Authority

71. The mission visited the Batam authority, which forms part of Singapore-Indonesia Malaysia growth triangle (SIJORI) Batam Island has got 300,000 inhabitants. The working force is 150,000. The Island is connected by bridges to Singapore. Batam has experienced changes in its course of development. Since the formation of the Batam Industrial Development Authority (BIDA) in 1971, it has gone through four development periods, namely: preparation, consolidation, infrastructure and capital investment, and the current period which is the continuation of the previous one but with an emphasis on social welfare development. With the current economic and political situation, Batam is facing greater challenges. Promotion, extensive media coverage and success stories have made Batam a magnet that draws on influx of migrants from other parts of Indonesia. For the last ten years, the population has swollen from 80,000 to 260,000 people with an average growth of 13% per annum well above the national figure of 1.5 to 2% growth annually.

72. Batam is strategically located on an international shipping route between the Indian and the Pacific Ocean. It is only 20 kilometres to the Southwest of Singapore, which has one of the busiest seaports in the world. A ferry ride to Singapore takes only 30 minutes. Batam industrial Area covers the islands of Batam, Rempang, Galang, and the smaller surrounding islands with a total area

of 715 sq. km. The area is 15 % larger than the area of Singapore. All the main islands are linked by the Trans-Barelang road, which includes six bridges. Batam has been developed to serve four main functions, namely: trade, industry, tourism and trans-shipment. The whole of Batam industrial area has been declared a bonded area. All goods, which include capital and consumer goods, imported to the area are exempted from import taxes and Value Added Tax (VAT).

73. As of October 1998, total investment in Batam was about US\$6.7 billion comprising 23.5 % or US\$1.6 billion of government investment and 76.5 % or US\$5.1 billion of private sector investment. Government investment is in terms of infrastructural development. Private investment is comprised of 55 % or US\$2.9 billion of domestic investment and 4.5 % or US\$2.2 billion of foreign investment. Growth rate average for the last 5 years is 24 %.

74. Industrial facilities are abundantly available. Investors can choose whether to plug into ready-to-use factory buildings with complete infrastructure and facilities or to acquire a piece of land to build a factory. Erecting a 1000 sq. m. lot costs only around US\$300,000. There are 9 industrial estates offering these facilities. Labour is also readily available both from the local pool, and from Java and Sumatra. These workers are increasingly becoming better skilled as they gain years of training and experience.

75. Foreign investment applications are processed with a **one-stop** policy in Batam and take no more than 20 days to get approval. Companies are allowed to have 100 % foreign ownership. A Temporary Residence Permit is easy to obtain from the local immigration office. Foreign nationals are allowed to buy and own houses. So, Batam could become a second home for foreigners.

Asian - Pacific Economic Cooperation (APEC)

76. APEC was established in 1989 in response to the growing interdependence among the Asian-Pacific economies. It has a membership of 21 economies¹. APEC has been considered as a child of push forces searching for integration and depth, suffering from being too large, too diverse, too young and too loosely organized. It is against this background that it has been variously described as a "four adjectives" in search of a noun. APEC is governed by the principle of

¹ Australia, Brunei Darussalam, Canada, Chile, Peoples Republic of China, Hongkong, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, Republic of the Philippines, Russia, Singapore, Chinese Taipei, Thailand, United States of America, Vietnam

“voluntarism” and commitment, and is previously used as a vehicle for promoting open trade and practical economic cooperation. Its goal is to advance Asia-Pacific economic dynamism and sense of community by employing three pillars of economic cooperation, namely: liberalization, facilitation, and economic and technical cooperation (ECOTECH). It aims to achieve free trade and investment by 2010 for the more developed partners, while the less developed member economies will achieve this goal by 2020. As a forum, it strives to build the Asia-Pacific community through achieving economic growth and equitable development through trade and economic cooperation.

Trade Liberalization and Facilitation Measures

77. At their meeting in Bogor in November 1994, the APEC Economic Leaders set a number of specific goals and objectives, including: free and open trade investment in the Asia-Pacific region no later than 2010 for industrialized economies and 2020 for developing economies; expansion and acceleration trade cooperation. In November 1995 in Osaka, APEC adopted the Osaka Action for Agenda (OAA) which has become the template for future APEC work toward the common goals. In November 1996, APEC adopted the Manila Action Plan for APEC (MAPA) which is the first action plan toward the goal set in the Bogor Declaration and OAA.

Tariff Reduction – Liberalization

78. Since the late 1980s APEC has made progress in trade liberalization including significant advances on the multilateral, unilateral and subregional fronts. The implementation of unilateral reforms and deregulation programmes by APEC economies resulted in a significant reduction of their overall tariff rates in 1990s. As a result of these various measures, the overall unweighted average tariff rate fell in the region from 15.4% in 1988 to 9.1% in 1996. Among the members, three economies have virtually zero tariffs, and only four economies had tariffs higher than 15% in 1996. Most member economies with higher tariffs have significantly reduced them. The Uruguay Round of the GATT which was completed on December 1993, complemented the unilateral tariff reforms. The UR served to bind the applied tariffs that had been lowered by unilateral reforms. In the case of industrial products, the percentage of bound tariff lines rose from 78% to 99% for developed member of the GATT and from 21 to 73% for the developing members, and from 73 to 98% for transition members. The result provided a substantially higher degree of market security for traders and investors. This was particularly important for the developing

NIEs economies of APEC. The number of bound tariff lines was significantly increased while bound tariff rates were lowered.

Non-Tariff Liberalization

79. The unilateral reforms have brought about significant decline in the incidence of non-tariff measures (NTMs) on imports by APEC economies since 1980s. The incidence of NTMs has been cut nearly in half, declining from 9% of import coverage in 1988 to 5% in 1996. Some member virtually eliminated some types of non-tariff protection. The UR equally contributed to the removal and reduction of NTMs and subsidies in several important areas. The commitments include: removal of voluntary export restraints (VERs) by the end of 1999; removal of domestic support, export subsidies and VERS in agriculture; phasing out and integrating into WTO rules of the bilateral quotas on textiles and garments in three stages for a ten-year period; and expansion of the list of prohibited subsidies in non-agricultural trade to include not only export subsidies but also subsidies on domestic goods considered to distort trade.

Subregional Arrangements

80. There are several subregional trading arrangements within APEC region involving 13 APEC members. These arrangements have contributed to the reduction of tariffs and non-tariff measures within the regions. The main ones include NAFTA, ASEAN Free Trade Area (AFTA) and the Australia-New Zealand Closer Economic Relation Trade Agreement (ANCERTA) or CER in short. NAFTA will eliminate all tariffs on trade between all the parties by January 2003. AFTA has set a schedule to reduce intra-regional tariffs to a range of zero and five percent for industrial products by January 2003, as already indicated in paragraphs 17 and 18 above. Meanwhile, 87.7% of tariff lines will meet this target by 2001. AFTA has equally encouraged member to consider accelerating tariff reduction for the remaining products from between zero and five-percent range by 2000. Trade facilitation has also been encouraged, and progress has been recorded on various fronts, including customs procedures and standards. The CER eliminated all tariffs, import licensing and quantitative restrictions to trans Tasman trade as of July 1990. Trade in services was broadly liberalized between Australia and New Zealand from January 1989.

Trade Facilitation Measures (TFMS)

81. The objective of TFMs is to reduce the cost of doing business by liberalizing trade, eliminating unnecessary administrative business and bringing down technical barriers to trade through the use of new technology or cost-effective process. The measures would involve: (i) a move toward a paperless and harmonized customs system; and (ii) conclusion of a mutual recognition arrangement on conformity assessment for standards and alignment with international standards. For customs procedures, APEC will work toward reducing transaction costs arising from complex administrative requirements by moving to a paperless system and to operate simplified, harmonized, efficient and transparent customs rules and procedures throughout the region. In the area of trade and investment facilitation, APEC agreed to intensify efforts on the simplification of customs procedures, effective implementation intellectual property rights commitments, harmonization of customs valuation, facilitation of comprehensive trade in services, and enhancing the environment for investment.

82. Incontrovertible evidence indicates that all participating member economies regardless of the level of their economic development will all benefit from economic integration, and that most of the benefits will arise from facilitation measures rather than on liberalization of tariffs. It is said that trade facilitation creates a gain of about 0.26% of real GDP to APEC or about US\$45 billion, while the gain from trade liberalization will be about 0.14 percent of real GDP or about US\$23 billion (personal interview 1999).

Economic and Technical Cooperation (ECOTECH)

83. The four basic principles for economic and technical cooperation and development in APEC are:

- to attain sustainable growth and equitable development in the Asia-Pacific region;
- to reduce economic disparities among APEC economies;
- to improve the economic and local well-being of the people; and
- to deepen the spirit of community in the Asia Pacific.

The attainment of these four objectives require that the member economies should have:

- Mutual respect and equality including respect for diversity and the different situation of members, focusing on member economies strengths;
- Mutual benefit and assistance;
- Constructive and genuine partnership; and
- Consensus-building.

In this regard six priority areas have been identified, and these include:

- Human capital;
- Safe and efficient capital markets;
- Economic infrastructure;
- Technologies of the future;
- Environmentally sustainable development;
- Growth of small and medium enterprises.

The selection of the six priority areas have been based on the following criteria:

- The contribution of the project to APECs ECOTECH goals and reflect at least one of APECs' six ECOTECH priority areas;
- The project should at least benefit one of ZAPEC economies to reflect ECOTECH's primary goal of building an APEC sense of community;
- The project should be financially self-replenishing and business/private sector-led in its execution (a condition essential for sustaining business/private sector participation);
- The project should be endorsed by the government of APEC economies benefiting from it to underline the central importance of partnership between government and the business/private sector.

Private Sector and APEC: The Experience

84. There is a very strong private sector involvement in the APEC programmes and projects. The implementation of projects requires not only the broad government support but also that of the private sector. The private sector participate at three different levels of APEC's institutional framework, namely: Leaders conference, Ministerial meetings and Sectoral ministerial meetings. It should be noted here that at the level of Ministerial Meetings, two parallel meetings are usually held, one of Ministers and another of Private Sector. The two parallel meetings consider the same agenda in order to have inputs from the two different perspectives, then a Joint Meeting is held in order to thrush out any differences or strengthen convergencies that might arise.

85. The APEC Business Advisory Council (ABAC) was created in recognition of "business as a source of vitality for the Asia-Pacific and a driving force for regional economic development. The private sector Advisory Council of APEC is guided by the following principles to ensure that its input has highest value-added to the APEC Economic Leaders and to the APEC community at large:

- innovative in thinking and making bold advise;
- input to members at the highest level of private sector involvement in their respective economies;
- community-building and economic cooperation in order to fine tune the spirit of APEC;
- that no advice is useful without being timely; and
- that action should reflect the essence of that advice.

ABAC's work is carried out in task forces which are given instructions to address issues directly, draft the appropriate solution, and provide input to the council as a whole. Once the task is achieved, the task forces are to be disbanded accordingly.

Institutional Framework

86. The APEC Secretariat consists of a very small secretariat of 23 staff from 21 member economies and 23 local staff at the Headquarters in Singapore, with

a budget of US\$2 million. The post of Executive Director rotates every year, but for continuity purposes, the Deputy Director of the country's host for the following year's APEC meeting takes over. The administrative operational cost of the Secretariat is kept low, while the Ecotech project budget is very substantial.

87. While APEC has no legal framework and acts as a voluntary process and on the basis of consensus, the degree of moral commitment and the sheer force of peer pressure and self-interest is so compelling that member economies dare not retreat on decisions that have already been undertaken for implementation purposes. Leaders at their annual meetings, which they must attend in person have to report progress. It is within this context, that even though the APEC process may not have a formal institutional framework, the degree of moral commitment to implement projects and programmes is very strong.

The Crisis and Its Impact on ASEAN

88. The discussion with Dr. Zainal A. Yusof, Deputy Director General of the Institute of Strategic and International Studies focussed on the ASEAN economic crisis. In the last three decades the Association of Southeast Asian Nations (ASEAN) has brought about peace, stability and prosperity to Southeast Asia resulting in sustained economic and social development for its member countries. ASEAN registered an average growth rate of more than 7% and was the fourth largest trading entity after the US, EU and Japan in terms of total trade. In 1994 ASEAN's average economic growth was 7.5% and it has been sustaining that rate until the financial crisis of 1997. According to WTO, total exports in 1994 was US\$247.7 billion and its total import was valued at US\$258.4 billion making it the 4th largest trading entity in the world. ASEAN also ensured that the region enjoyed uninterrupted peace and stability, which enabled member countries to focus their energies on economic development. The people of the region benefited from the progress of ASEAN and the socio-economic indicators in the ASEAN member countries showed an upward trend reflecting the general improvement in standards of living.

89. The growth and development of the ASEAN countries came to an unexpected slowdown with the Asian financial and economic crisis which swept the region in July, 1997 causing the ASEAN economies to reel from its impact. The crisis severely affected the ASEAN member countries causing the economies to contract. Painful measures have since been instituted by national governments.

90. The financial and economic crisis was attributed to both external and internal factors. The external factors included the strengthening of the US dollar, fall in regional exports, globalisation and free flow of capital, speculation on the most vulnerable currencies and the herd instinct of investors who withdraw billion of dollars from the region on short notice. Domestic factors also contributed to the loss of investor confidence and severity of the crisis. These included the weak and vulnerable financial sector, poor corporate governance, lack of transparency and an excessive reliance on short-term borrowing to finance domestic investment and long-term projects and property development.

91. The crisis has sharply affected the value of ASEAN currencies and the purchasing power of the people. Compared to their July, 1997 values the Malaysian ringgit had fallen by about 40 percent; the Indonesian rupiah by 80 percent; the Philippines peso by 30 percent; the Thai baht by 60 percent, the Singapore dollar by 15 percent; the Laotian kip by 70 percent; the Myanmar Kyat by 50 percent and the Vietnamese Dong by 15 percent against the dollar. The devalued exchange rates had largely influenced two indicators: the interest rates and the stock market. Interest rates have risen to as high as 64.5 per cent in Indonesia; 20.6 percent in Thailand and 14.5 percent in the Philippines. In the stock market, Indonesia's index fell 45 percent; Malaysia by 60 percent; Singapore by 51.6 percent; Philippines by 56.3 percent and Thailand by 62.4 percent. This has substantially wiped out the wealth among shareholders reflecting a wave of short-term outflow of funds from these countries. Besides, inflation reached as high as 66 percent in Indonesia, 75.6 percent in Laos, 10.2 percent in Philippines and 7 percent in Malaysia. Unemployment figures have also increased in ASEAN countries. In 1997, Malaysia had 3.5 percent unemployed; Indonesia had 4.68 percent; Singapore had 1.7 percent and Thailand had 3.5 percent. In 1998 unemployment ranged from 5 percent in Brunei Darussalam and Thailand 13.3 percent ad 15.1 percent in the Philippines and Indonesia respectively.

92. The crisis had worsened the already high foreign debt of some of the region economies. Thailand's external debt amounted to 60 percent of GDP in 1997; Malaysia had a foreign debt of 60 percent of GDP and the foreign debt of the Philippines was 42 percent of the GDP.

93. ASEAN has responded to the financial crisis at four levels. At the national level, the affected countries have undertaken reforms and other steps

that their different circumstances call for, with varying degrees of success. These reforms generally focus on tighter supervision and discipline of the financial institutions, fostering greater transparency in financial and other economic transactions, promoting greater competition and levelled playing field for business, stronger bankruptcy laws and commercial codes and better management of external debt.

94. At the bilateral level, member countries in the spirit of solidarity have been extending assistance to those in need. ASEAN's Heads of State and Government have been visiting one another to offer financial and other help and to exchange views and consult each other. Singapore and Thailand have provided rice to Indonesia, and the Philippines has offered medicine, Singapore has offered to guarantee letters of credit issued by Indonesian Banks to enable Indonesia to continue importing essential commodities. Malaysia has extended to Indonesia a standby credit of US\$520 million. Singapore has offered a similar facility. Brunei, Malaysia and Singapore have provided more than US\$2 billion of standby credit to Thailand.

95. At the international level, ASEAN has collectively called upon the developed countries to provide trade financing. ASEAN has urged the developed countries to encourage their banks to honour letters of credit issued by Indonesian banks and to be more accommodating in the re-negotiation of Indonesia debt. ASEAN has requested the developed countries and international financial institutions, in prescribing programmes of reform to take into account the need to protect the less privileged and other vulnerable groups in the affected societies. ASEAN has also collectively requested the Chinese Government not to devalue her currency.

96. Within the associations itself, ASEAN has strongly reaffirmed its commitment to regional economic integration. The ASEAN Free Trade Area is proceeding as scheduled and there has been no backsliding. At their informal summit in December 1998, ASEAN's Heads of State and Government called for the acceleration of AFTA's implementation. AFTA's completion date remains the first of January 2003 for the original six signatories, with the vast majority of traded products expected to receive full AFTA treatment by the year 2000.

97. At the 6th ASEAN Summit in Hanoi in December 1998, the ASEAN Heads of Government adopted a statement on bold measures to rejuvenate ASEAN economies and business dynamism that has been severely affected by

the financial and economic crisis. They pledged their commitment to the realisation of AFTA in order to regain business confidence, enhance economic recovery and promote growth in the region. They also agreed on special incentives and privileges to attract foreign direct investment into the region and further liberalize trade and services to enhance economic integration of the region.

98. The ASEAN Economic Ministers have agreed to maximise the number of tariff lines to be reduced to tariff rates of zero percent by the year 2003, rather than the previous 0-5 percent of tariff range. As part of measures embodied in the Manila Framework of November 1997, ASEAN's Finance Ministers have decided to establish an ASEAN surveillance process, which aims to prevent future crises. The Surveillance Process is also aimed at monitoring developments in ASEAN member countries and in the international economy that could affect individual ASEAN economies and the region. An important aspect of the Surveillance Process will be providing recommendations on possible actions that could be taken at the country and/or regional levels. ASEAN finance officials, Central Banks and the ASEAN Secretariat are now working on the ASEAN Surveillance Process.

99. The Finance Ministries have also endorsed the use of ASEAN currencies for the settlement of intra-ASEAN trade. This is aimed at reducing the demand for US dollars for trade settlement and easing the pressure on the participating ASEAN countries to obtain hard currency, encourage them to trade with one another and stimulate economic activity. So far, one Bilateral Payment Arrangement (BPA) had been concluded and three more are in the process of being concluded. The four BPA involve Malaysia with Philippines, Thailand, Indonesia and Myanmar. ASEAN has agreed, at the 30th Meeting of ASEAN Economic Minister, to further encourage the increased use of regional currencies for intra-ASEAN trade transactions.

100. The future directions of ASEAN will be dictated by the ASEAN vision 2020 adopted by the Heads of Government at the second informal Summit. The document sets out a broad vision for ASEAN to the year 2020 as a concert of Southeast Asian nations, outward looking, living in peace, stability and prosperity and bonded together in partnership in dynamic development.

101. In order to bring the vision 2020 into reality, ASEAN will be adopting a series of plans of action. The first plan of action, called The Hanoi Plan of Action (HPA) was adopted at the 6th ASEAN Summit. It has a six-year time

frame from 1999 to 2004 and the ASEAN Heads of Government will review the implementation of the plan every three years at their summit meetings. The main thrusts of HPA are to strengthen regional peace and security, enhance ASEAN's regional and global roles; strengthen ASEAN's macro-economic and financial co-operation; enhance greater economic integration, promote information technology and science and technology infrastructure; promote social impact of the financial and economic crisis; promote human resources development; promote the environment and promote sustainable development; promote ASEAN awareness and strengthen ASEAN mechanisms.

102. The financial and economic crisis and the trans-boundary haze issue have demonstrated how closely the ASEAN countries are interwoven and how events in one country have the potential to affect events in other ASEAN countries. Thus there is an urgent need for ASEAN to work even closer, not only in the economic aspects but also in other aspects. Indeed, the vision 2020 and the HPA will seek to bring about synergies among ASEAN countries so that a Southeast Asian Community could evolve in the next millennium.

Regional Economic Section - Economic planning Unit - Prime Minister's Office - Malaysia

103. The delegation had a meeting in the Regional Economic Section - Economic and Planning Unit of the Prime Minister's Office, where it had a briefing on Malaysia's vision 2020, the challenges ahead, key economic sectors, growth triangles and their importance to the Malaysian economy.

The important points of Malaysia's vision are:

- develop outlying regions;
- balanced development;
- enhance competitiveness;
- security;
- prosperity neighbour
- share experiences.

The challenges ahead for Malaysia are the following:

- recession and current economic instability;
- flexibility of requirements and ease of establishing investments;
- promotional activities to attract foreign investment;

- packaging of new tourism products;
- reaching out to the SME/SMIS;
- lack of physical and commercial infrastructure;
- existence of different rules and regulations;
- smallness in the size of the local private sector;
- greater encouragement for private sector participation.

104. The mission was also briefed that Malaysia is involved in 4-Growth Triangles, which are:

- (i) Malaysia-Indonesia-Singapore
- (ii) Malaysia-Brunei-Indonesia-Philippines
- (iii) Malaysia (Sabah and Sarwak) – Indonesia-Singapore-Southern part of Philippines
- (iv) Indonesia-Malaysia-Thailand

105. The economic capabilities of the triangles are different, the resources are different and accordingly the type of co-operations differs from each growth triangle to another.

The concept of Growth Areas is based on:

- (i) subregional economic zone;
- (ii) flexible mechanisms “relaxation of formalities”

The critical success for Growth Area depends on:

- (i) marked economic complementarities;
- (ii) geographical proximity;
- (iii) strong political commitment;
- (iv) effective policy co-ordination;
- (v) adequate physical and commercial infrastructure;
- (vi) exports to markets beyond growth area;
- (vii) new centres of consumption;

Principles of Growth Triangle Co-operation:

- (i) private sector – led growth;
- (ii) consistency with existing policies;
- (iii) priority projects implementation;
- (iv) phased development approach;
- (v) positive impact;
- (vi) dynamic “capacity to develop and ability to respond”.

106. Development should be in phases. Getting immediate positive results will have a multiplier effect on other economic sectors.

Significant Gains in the Growth Triangles Initiatives:

- (i) Investment initialising complementarities;
- (ii) Development and management of natural resources;
- (iii) Attract foreign investment;
- (iv) Promote the specialisation and regionalisation of production.

The implementation mechanisms for the growth triangles involve:

- (i) ministerial meeting;
- (ii) senior officials meeting;
- (iii) working groups;
- (iv) joint business council.

The objectives of the growth triangles include the following:

- (i) strengthening traditional trade and economic links;
- (ii) generate growth traditional trade and economic links;
- (iii) mobilise private sectors;
- (iv) act as a catalyst towards AFTA and ASEAN
- (v) enhance competitiveness.

Meeting Malaysia South-South Association

107. The delegation had a meeting with Malaysia South-South Association. Mr. Ng Su Fun the General Manager welcomed the delegation to Malaysia and expressed the genuine wish of his association of establishing strong business

relations with COMESA countries. The meeting was attended by representatives of major Malaysia companies and banks. Among those in attendance were: EXIM Bank, Serving Group, HICOM Holdings BERHAD, Great Eastern, MASSCORP Trading, SDN BHD, Malaysia Trading House, Pacific Beacon Sdn Bhd, South Investment Business Exchange Link, FRIMA Int. Co. Ltd., TELECOM Malaysia, Dina Puri Holdings Bhd, Bina Puri Group of companies etc...

108. The discussion between the delegation and South-South Associations concentrated on technology transfer from Malaysia to COMESA countries and direct investment in COMESA through utilisation of the vast investment opportunities that COMESA can offer. Such opportunities are found in agriculture, manufacturing, industry and mining sectors. Also the discussion touched on ways and means of activating trade between COMESA and Malaysia. However, the Malaysian businessmen complained of the bureaucracy in some of the African countries. They cited the example of Mozambique where the Mozambican authorities insist on U.K. certification of imported commodities to Mozambique. They also hinted on the difficulty of getting entry visa to Mozambique.

109. The meeting provided a chance for the members of the delegation from the private sector to enter into some business deals with Malaysian counterparts.

Mission to Thailand

110. The mission to Thailand coincided with one of the biggest Buddhist religious festivals. However, the delegation with assistance from UNDP Thailand, was able to be briefed on the Thai Business Initiative in rural Development and to pay a visit to the Asian Center for Population and Community Development in Bangkok. The ECA mission also collected information by visiting ESCAP and the Ministry of Foreign Affairs which is the coordinating Ministry on the APEC activities, the summary of that mission has been given under the discussion on APEC.

Thai Business Initiative in rural Development "TBIRD"

111. The initiative determines the government role in providing the basic infrastructure, transportation utilities, education and health services. The NGO role is to be restricted to social development, rural development and environment.

112. The initiative provides integrated rural development through long-term sponsor involvement through various development activities in villages. TBIRD programmes are aimed at income generation, providing education opportunities, improving the environment and social development for the rural population. Income generation can be brought about through affordable financing, use of appropriate technology, diversification of products, effective marketing and have proper linkage with industry. Industrial development in the rural areas was brought about through establishment of shoe factories, garment factories and food processing factories. In the agricultural field rural development was enhanced through establishment of poultry farms and a vegetable bank which makes loans for development of vegetable farms available. Many training centers were opened in the rural areas e.g. motorcycle repair training center and jewellery setting training center. Women were also assisted in developing their skills in basket making, brooms making and silk weaving. Educational opportunities were enhanced through scholarship, improving instruction methods, providing lunch in schools and vocational training in agriculture and trades. The rural environmental programme comprises reforestation, village sanitation (clean water and latrines) and reducing pollution through garbage disposal and use of natural pesticides.

113. Income generation activities comprise improving existing enterprise, diversification of products and have new enterprises. The technology used is mostly labour intensive.

The Asian Center for Population and community Development (ACPD)

114. The Asian Center for Population and Community Development (ACPD) was created in 1978 to provide a forum for exchange of ideas and development models with Asian neighbours. Established by its parent organization, the Population and Community Development Association (PPA), ACPD was initially funded by the Pathfinder Fund and the Japanese organisation for International Co-operation in Family Planning (JOICFP). Today, ACPD is largely funded by the Netherlands Government and is one of the most comprehensive training institutes in Thailand and Southeast Asia, offering training courses and study-tours on community-based, integrated approaches to family planning, health and community development.

115. The Asian center international training programme consists of six international training course in the areas of HIV/AIDS prevention and care strategies, Women for Development/Gender and Development; training for trainers and business initiative in rural areas. All the courses are structured to provide practical applications so that participants can implement similar programmes in their own countries. To-date, Asian center has hosted more than 2700 participants from 50 countries in the international courses and over 9000 guests from 54 countries have benefited from orientations, field observations and study tours.

The Bangkok Metropolitan Youth Center (Thai-Japan)

116. The delegation paid a visit to Bangkok Metropolitan Youth Centre. The Centre is a recreation centre. Its administration is divided into 4 sections. Administrative Section and Financial Section. The members of the centre are divided into 3 categories according to age i.e. 8-18 years, 18-25 years and 25 years.

The objectives of the centre are the following:

- to provide training and development in vocational skills as well as personality development;
- to provide youth residing in Bangkok Metropolis with centres for health, education and recreation services;
- to provide youth in Bangkok Metropolis with facilities, space and equipment for sports and games, which will contribute to their physical, mental hygiene and sportsmanship;
- to provide recreation areas and cultural opportunities for the public so that they will make the best use of their leisure for personal and social benefits. The centre aims at serving the youth and the general public through the following:
 - **Sports Activities:** These consist of indoor and outdoor sports, including aquatic sports. Training and coaching services will be provided by officials and volunteers who are experienced in each sport. The services will stress basics and techniques on the formation of teams and competition.

- **Recreational Activities:** These include games, classical dances, music, art, day camps, over-night camps, educational trips and civic activities. These activities will assist in training the youth in learning how to utilise their free time in recreational activities that develop their physical and mental health and to teach them good conduct.
- **Vocational Activities:** These aim at providing basic theoretical and practical vocational training on selected vocations. The training will continue until the trainees develop certain skills on specific vocation. The emphasis of the training on the youth who have been deprived of normal education.

It should be noted that the centre has youth hostels and dormitories which will provide accommodation for youth and athletes from the provinces.

Some Areas for Possible Joint Partnership

117. Area where possible joint partnership with the ASEAN counterpart could be explored are the following:

- (i) Joint ventures/financing in the growing, processing and marketing soya beans. The Indonesian market alone has a demand of 860,000 metric tonnes per annum
- (ii) Joint ventures/financing in the growing and marketing of groundnuts – The requirement of the Indonesian market is 914,000 M.T. per annum;
- (iii) Joint ventures in the processing of paprika. The market size is Unlimited;
- (iv) Supply of bulk refined palm oil for bottling, branding and marketing;
- (v) Support in the development of textile industry;
- (vi) Support in the growing and processing of Irish potatoes and related products;

- (vii) Support in the supply of fruit and vegetable canning and processing technology;
- (viii) Support in the supply of technology to produce resins for the plastic industry;
- (ix) Finance and technology transfer for infrastructure development;
- (x) Reconditioning of second-hand vehicles;
- (xi) Processing of coconuts into value added products like milk, powder etc.;
- (xii) Development of glass and ceramic industry.
- (xiii) Joint ventures in the electronic areas.

IV. CONCLUSION

118. As is evident from the mission report, there is a lot that Africa countries as well as regional economic groupings can gain from the Asian experience. The authors of this report have been faithful in providing detailed outcome of the discussions held during the mission to South East Asia.

119. The lessons learned from the Asian mission will be fully discussed in the study to be prepared. What is clear from the preliminary assessment is that Asian countries have instituted very strong response mechanisms to emerging challenges. They have also responded to these crises by strengthening their regional economic cooperation. Equally, the countries have undertaken bold measures and innovative steps to address the crisis that gripped the region in 1997. The concept of a Single Investment Area is one such measure. The second measure is to attract FDI by providing a 5-year tax holidays on the understanding that such investors undertake investments in three ASEAN countries. The experience on the implementation of CEPT, is that it has been scaled in such a way as to accommodate the different levels of economic development among the participating economies and by establishing mechanisms to deal with and to support the CEPT scheme. Lastly, the unquestioned commitment to the implementation of agreed projects and decisions are but some of the lessons that could be learned from the ASEAN and APEC experiences.

120. The list of those with whom discussions were held is attached to this report as Annex II.

COMPOSITION OF MISSION TO SOUTH EAST ASIA

COMESA

Mr. Sindiso Ngwenya	-	Assistant Secretary General (COMESA Secretariat)
Dr. E. A. Mohammed	-	Senior Programme Analyst – Agriculture (COMESA Secretariat)
Mr. Michael Soko	-	Assistant Resident Representative, UNDP Lusaka, Zambia
Mr. Abel T. Chanje	-	Chief Executive, Ethanol Co. Ltd. And Counsellor Responsible for Industry at Malawi Chamber of Commerce and Industry (Private Sector Representative)
Mr. Caleb A. Mulenga	-	Chairman of Golden Thorn Company and Owner of Superior Milling Ltd. (Private Sector Representative, Zambia)
Mr. Hipolito	-	Secretary General Mozambique Chambers of Commerce and Industry

ECA

Mr. S. A. Ochola	-	Senior Economist Regional Cooperation and Integration Division (RCID) - Addis Ababa
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ASEAN SECRETARIAT

Dr. Suthad Setboonsarng	-	Deputy secretary General
Mr. Robert R. Teh, Jr.	-	Director AFTA Bureau
Mr. S. Pushpanathan	-	Assistant Director ASEAN Cooperation and External Relations
Dr. Linda S. Posadas	-	Assistant Director Science and Technology Functional Cooperation Bureau
Mr. Noordin Azhari	-	Assistant Director Industrial Development
Dr. Worapot Manupipatpong	-	Director Economic Cooperation
Dr. Wee Kee Hwee	-	Assistant Director Investment, Finance & Banking
Ms. Salina Mazlan-Gilmore	-	Senior Officer ASEAN Cooperation and External Relations
Dr. Khiane Phansourivong	-	Senior Officer AFTA Bureau
Ms. Moe Thuzar	-	Senior Officer Functional Cooperation Bureau
Mr. Nora'in Ali	-	Senior Officer AFTA Bureau
Dr. Pham The Vinh	-	Senior Officer AFTA Bureau
Ms. Nina Laraswati	-	Programme Officer Investment, Finance & Banking

Ms. Nelia Iskandar, MA - Assistant Programme Officer
Investment, Banking & Finance

ASEAN Chambers of Commerce and Industry

Mr. Andreas Hartono

Indonesian Chamber of Commerce and Industry

Mr. Haryono Eddyarto - Chairman

P.T. Gunanusa Utama Fabricators

Mr. Tience Sumartini - Chairperson
Compartment of Coordination of Bilateral and
Multilateral Committees, Kamar Dagang Dan Industri,
Indonesia

Mr. Ir. A. Sarbini - Ex. Chairman
ASEAN Committee, Kamar Dagang Dan Industri,
Indonesia

Ambassador Iman Taufik - Special Envoy of the President of the Republic of
Indonesia to ASEAN (Southeast Asian Nations) and
President Director, Engineering & Heavy Steel
Fabrication

Otorita Pengembangan Daerah Industri Pulau Batam

Ms. Ir. Koernia R. Asih Dumais

Ms. Utami Laksmi Dewi, SE

UNDP

Mr. Carlyse A. Hessic - Deputy Resident Representative/Operations
Jakarta

Mr. Handoko - Assistant Resident Representative

United Nations Support Facility for Indonesian Recovery (UNSFIR)

Mr. Satish Mishra - Head/Chief Economist

Ministry of Foreign Affairs, Thailand

Mr. Chutintorn Gongsakdi - Counsellor
International Economic Affairs Division
Department of Economic Affairs

UNESCAP

Mr. Ravi Sawhney - Director
International Trade and Economic Cooperation Division

Mr. Alexey A. Vikhlyayev - Economic Affairs Officer
International Trade and Economic Cooperation Division

Mr. Jaratsri Tulananda - International Trade and Economic Cooperation Division

Institute of Strategic and International Studies

Dr. Zainal Aznam Yusuf - Deputy Director General,
Malaysia

- Economic Planning Unit
Prime Minister's Office
Malaysia

South-South Association

Mr. Ng Su Fun - General Manager, South-South Association
Malaysia

Mr. Philips-Young - Resident Coordinator of the United Nations System's
Operation for Development in Malaysia

1. The first step is to identify the problem.

2. The second step is to analyze the problem.

3. The third step is to develop a solution.

4. The fourth step is to implement the solution.

5. The fifth step is to evaluate the results.

6. The sixth step is to monitor the results.

7. The seventh step is to report the results.

8. The eighth step is to conclude the project.

9. The ninth step is to close the project.

10. The tenth step is to reflect on the project.

11. The eleventh step is to document the project.

12. The twelfth step is to share the results.

13. The thirteenth step is to celebrate the success.

14. The fourteenth step is to learn from the experience.

15. The fifteenth step is to apply the lessons learned.

