

# GENERAL AGREEMENT ON

# TARIFFS AND TRADE

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## ASEAN PREFERENTIAL TRADING ARRANGEMENTS

### Report Submitted by the Member States of ASEAN

The following communication, dated 20 September 1989, has been received from the Chairman of the ASEAN Geneva Committee.

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I have the honour to transmit herewith a copy of the Report on ASEAN Preferential Trading Arrangements, for your attention and circulation to the CONTRACTING PARTIES of GATT. The report has been adopted at the 27th Meeting of the Committee on Trade and Tourism (COTT) of ASEAN, held in Yogyakarta from 28 to 30 August 1989.

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**ASEAN PREFERENTIAL TRADING ARRANGEMENTS**

**Report Submitted by the Member States of ASEAN to GATT**

1 The Governments of the Republic of Indonesia, Malaysia, the Republic of the Philippines, the Republic of Singapore, and the Kingdom of Thailand which together form the member States of the Association of South-East Asian Nations (ASEAN) concluded an Agreement on ASEAN Preferential Trading Arrangements (PTA) on 24 February 1977. The Sultanate of Brunei Darussalam acceded to the PTA on 8 December 1987. The Agreement on ASEAN PTA was concluded with the intention to promote economic development through a continuous process of trade expansion among the member countries of ASEAN.

2 In its decision of 29 January 1979, the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade decided that notwithstanding the provisions of Article I of the General Agreement, the member countries of ASEAN may implement the Agreement on ASEAN PTA.

3 At the thirty-fifth session in November 1979, the CONTRACTING PARTIES adopted the Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (the Enabling Clause), which inter alia applies to "Regional or global arrangements entered into amongst less-developed Contracting Parties for the mutual reduction of elimination of tariffs.

4 As the Committee on Trade and Development has the primary responsibility for the supervision of the implementation of the Enabling Clause, the member States of ASEAN accordingly submit the following report on the operation of the Agreement on ASEAN PTA.

5 The implementation of the PTA is done through the Trade Preferences Negotiating Group (TPNG) of the ASEAN Committee on Trade and Tourism (COTT). This body constitutes the forum where member countries conduct negotiations and exchange preferences on products to be covered by the PTA.

6           The preferentially-traded products include agricultural products such as dairy produce, edible vegetables and fruits, spices, sugar confectionery and fruit juices; mineral products like metallic ores and mineral fuels; products of the chemical industries including antibiotics, insecticides and organic chemicals; textiles and textile articles; optical and photographic apparatus; and electrical machinery. The trade preferences granted on these products are mainly in the form of preferential rates of customs duties with the quantum of the margin of preference on existing rates ranging from 25 percent to 50 percent.

7           Since the coming into force of the Agreement on ASEAN PTA, the number of preferences exchanged has totalled 14,462 items.

8           ASEAN considers that the Agreement is of importance as it has provided a possible basis for expansion of intra-ASEAN trade. It is the intention of ASEAN to further improve and expand the tariff preferences exchanged. In this regard, ASEAN may add an additional 4,000 items to the PTA over the next 5 years and deepen the margin of preference on existing items as decided by the Third ASEAN Summit held in Manila in December 1987.

9           Copies of the existing list of concession exchanges have been submitted to the GATT for reference by interested contracting parties.

**TABLE I**  
**INTRA-ASEAN IMPORTS UNDER**  
**THE PREFERENTIAL TRADING ARRANGEMENTS**

(Value in US\$'000)

Country	Import Value of Intra-ASEAN Trade under PTA	
	1985	1986
Indonesia	1,074	7,036
Malaysia	8,095	24,053
Philippines	75,411*	90,719*
Singapore	17,642	22,143
Thailand	14,773	14,758
<b>ASEAN TOTAL</b>	<b>116,995</b>	<b>158,709</b>
<b>‡ Increase/Decrease</b>	<b>-</b>	<b>35.7‡</b>

Source: Data are compiled from returns submitted by individual country

Note: \* Data Submitted by the Philippines was overstated as not all its imports under the PTA had been granted PTA benefits.

**TABLE II**  
**ASEAN IMPORTS FROM THE WORLD**

(Value in US\$ Million)

Country	ASEAN Global Import Value		
	1984	1985	1986
Indonesia	13,880.0	10,214.0	10,724.0
Malaysia	14,057.0	12,301.0	10,828.0
Philippines	6,262.1	5,351.4	5,211.0
Singapore	28,667.0	26,237.0	25,513.0
Thailand	10,415.3	9,256.6	9,184.7
<b>ASEAN TOTAL</b>	<b>73,281.4</b>	<b>63,360.0</b>	<b>61,460.7</b>
<b>‡ Increase/Decrease</b>	<b>-</b>	<b>-13.5‡</b>	<b>-3.0‡</b>

Source: Direction of Trade Statistics Yearbook