IMPLEMENTING ARRANGEMENT FOR THE ASEAN-AUSTRALIA-NEW ZEALAND FREE TRADE AREA (AANZFTA) ECONOMIC CO-OPERATION WORK PROGRAMME PURSUANT TO CHAPTER 12 (ECONOMIC CO-OPERATION) OF THE AGREEMENT ESTABLISHING THE ASEAN-AUSTRALIA-NEW ZEALAND FREE TRADE AREA

The Governments of Brunei Darussalam, the Kingdom of Cambodia (Cambodia), the Republic of Indonesia (Indonesia), the Lao People's Democratic Republic (Lao PDR), Malaysia, the Union of Myanmar (Myanmar), the Republic of the Philippines (Philippines), the Republic of Singapore (Singapore), the Kingdom of Thailand (Thailand) and the Socialist Republic of Viet Nam (Viet Nam), collectively, the Member States of the Association of Southeast Asian Nations, Australia and New Zealand;

ACKNOWLEDGING the breadth of their ongoing co-operation relationship, encompassing political and security co-operation, socio-cultural co-operation, development co-operation and economic co-operation;

HAVE MUTUALLY REACHED THE FOLLOWING UNDERSTANDINGS:

1. The ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) Economic Co-operation Work Programme developed for the purpose of Chapter 12 (Economic Co-operation) of the Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area is attached to this document.

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2. At any time the implementing and participating Parties for a particular activity may jointly modify a Work Programme component subject to available resources.

SIGNED at Cha-am, Phetchaburi, Thailand, this 27th day of February, two thousand and nine, in three copies in the English language.

For the Government of
Brunei Darussalam:

For the Government of
Australia:

For the Government of
the Kingdom of Cambodia:

For the Government of
New Zealand:

For the Government of
the Republic of Indonesia:

For the Government of
the Lao People's Democratic Republic:

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For the Government of
Malaysia:

For the Government of
the Union of Myanmar:

For the Government of
the Republic of the Philippines:

For the Government of
the Republic of Singapore:

For the Government of
the Kingdom of Thailand:

For the Government of
the Socialist Republic of Viet Nam:

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Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) Economic Co-operation Work Programme

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Introduction

This document is the Economic Co-operation Work Programme (ECWP) for the AANZFTA. It draws on proposals submitted to the Working Group on Economic Co-operation (WGEC) and information and concepts provided by AANZFTA Parties (the Parties). It outlines the assistance that will be given to the Parties to implement AANZFTA in eight components linked to different aspects of the AANZFTA. It provides a synopsis for each component which identifies objectives and relevance to the AANZFTA, gives a broad description of activities that will be implemented and outlines arrangements for their implementation. The ECWP provides flexibility for emerging and changing priorities to be addressed through economic co-operation, as such priorities are identified during the implementation of the AANZFTA.

The ECWP is to be implemented, through annual programmes, over five years from the date of the AANZFTA's entry into force. The cost of implementing the ECWP (implementation funds) is estimated at up to AUD20-25 million.

Two elements important for the implementation of the ECWP and effective implementation of the AANZFTA are support for the ASEAN Secretariat's role in the implementation of AANZFTA and the management structure for the ECWP.

Support for the ASEAN Secretariat's role in the implementation of the AANZFTA

The goal is to support the ASEAN Secretariat (ASEC) servicing the FTA Joint Committee and to assist Parties in the implementation of the AANZFTA. A capacity will be established in ASEC to assist the FTA Joint Committee and the Parties to implement the AANZFTA and it will undertake the following functions:

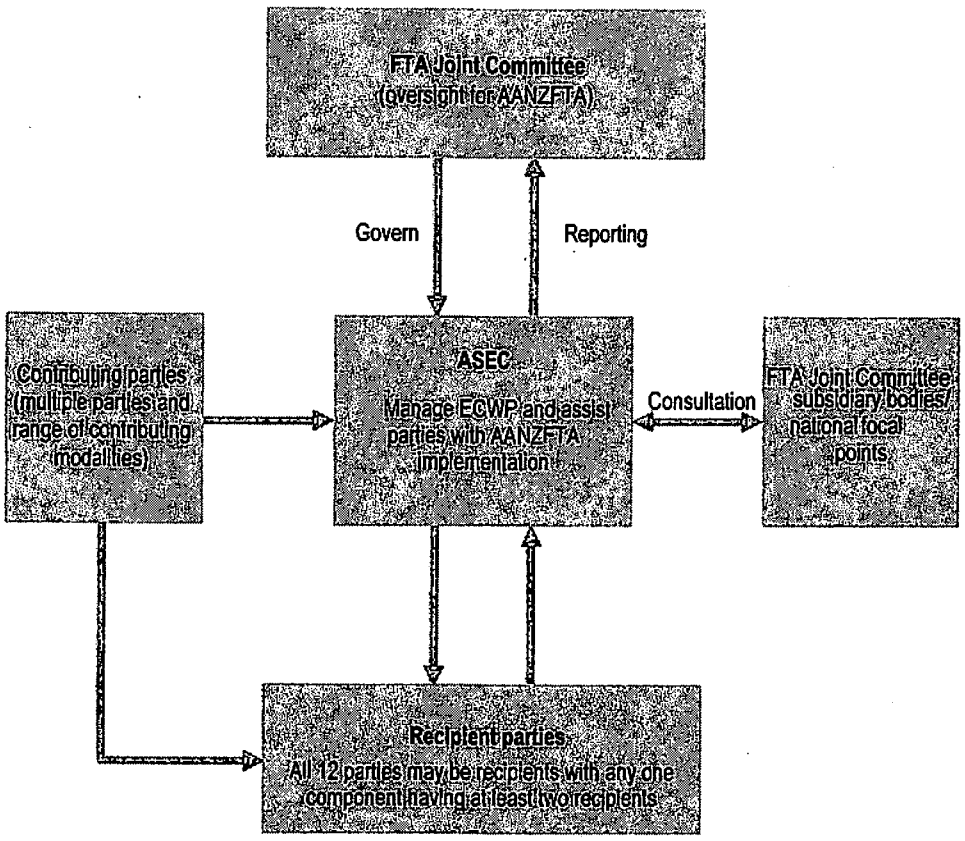
- provide information to the FTA Joint Committee to assist in decision making and implementing decisions;
- assist Parties to track AANZFTA implementation progress against the AANZFTA objectives, and identify successes to build upon and problems to be addressed;
- support capacity development of national institutions of Parties to operationalise the AANZFTA and address regional implementation gaps;
- assist development of regional mechanisms for effective collaboration and co-operation in the execution of the provisions of the AANZFTA; and
- support Parties in the promotion of the AANZFTA to key audiences including business and industry including through the development of communications strategies.

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Management structure

Critical to the implementation and effectiveness of the ECWP is the development of a management and implementation structure. The figure below illustrates the relationship between the management and implementation structure within ASEC and the FTA Joint Committee, its subsidiary bodies, national focal points, and contributing and implementing Parties. The capacity established in ASEC will develop annual programmes that will be submitted to the FTA Joint Committee for approval.[1] Annual programmes will be based on the ECWP and developed in consultation with the Parties. This consultation will be through ASEC and relevant subsidiary bodies of the FTA Joint Committee and/or national focal points as appropriate.

Management structure



[1] Prior to the first meeting of the FTA Joint Committee, approval for the annual program may be obtained by the agreement of representatives of each Party.

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Component 1 – Rules of Origin and other Aspects of Implementation of Tariff Commitments

Objective

To facilitate effective utilisation of the AANZFTA commitments through efficient and transparent administration of Rules of Origin (ROO) requirements and other aspects of implementation of tariff commitments.

Relevance to the AANZFTA

Efficient and transparent implementation of ROO requirements is essential to any free trade agreement, since it must achieve an appropriate balance of facilitating trade and ensuring that benefits of tariff commitments are obtained. Implementation of ROO for AANZFTA may involve considerable challenges for ASEAN agencies responsible for embedding them in legislation and regulation, for certifying compliance and ensuring that eligible goods receive the benefit of tariff preferences. Ready availability to business of the substantive requirements of ROO and the associated administrative procedures will be necessary if full advantage is to be taken of AANZFTA commitments. Other elements of implementing tariff commitments – such as transposition from HS2002 to HS2007 – will also be central to implementation of AANZFTA.

Indicative Activities

A comprehensive programme of support will be established to achieve the following:

- educate the private sector to enable compliance with AANZFTA requirements to generate trade and co-operation;
- develop procedures to ensure the smooth implementation of the ROO;
- develop procedures to facilitate the use and authenticity of Certificates of Origin;
- ensure the timely transposition of tariff schedules from HS2002 to HS2007.

Countries involved and implementation arrangements

Experts from within Australia and New Zealand will be relied upon to conduct the requisite workshops, seminars and other training procedures as well as developing other capacity building activity required by the proposal. While all Parties will benefit from co-operation on ROO and on other aspects of implementing tariff commitments, it is expected that ASEAN Member States currently with less developed systems will gain major benefit.

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Component 2 – Sanitary and Phytosanitary Measures

Objective

To support implementation of the AANZFTA chapter on Sanitary and Phytosanitary (SPS) Measures, by helping to: build the capacity of agencies responsible for implementation of SPS policies and procedures; build business awareness of the application of SPS measures consistent with the principles in the SPS chapter; and support strengthened co-operation between authorities responsible for dealing with the matters covered by that chapter.

Relevance to the AANZFTA

This component supports implementation of the AANZFTA chapter on SPS Measures, which aims to: facilitate trade between Parties while protecting human, animal or plant health in the territory of each Party; provide greater transparency and understanding in the application of each Party's regulations and procedures relating to SPS measures; strengthen co-operation between the competent authorities of the Parties for matters covered by the SPS chapter; and enhance practical implementation of the principles and disciplines contained within the WTO SPS Agreement.

Indicative Activities

The component will involve two broad streams of activities. One stream will be devoted to building capacity in ASEAN Parties with respect to various functions associated with efficient implementation of SPS measures to facilitate trade while pursuing science based bio-security objectives. This stream could cover co-operation with regard to WTO SPS Agreement obligations for notification (SPS National Notification Authority and National Enquiry Point), emergency response management for plant pests, SPS awareness training and pest diagnostic training and capacity building.

The other stream will be aimed at providing priority to Import Health Standard (IHS) Assessments for ASEAN agricultural exports into New Zealand. This will involve adding resources to Biosecurity NZ to create a priority line for processing IHS applications from ASEAN Parties to increase the annual volume of such assessments. There will also be a focus in this stream on improving the ability of ASEAN Parties to provide necessary information to expedite IHS risk assessments.

Both streams will require further design and interaction between relevant authorities in the Parties to determine the scope and timing of activities, some of which will build on existing or prospective regional and bilateral co-operation programmes.

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Countries involved and implementation arrangements

Australia will lead the first stream, and New Zealand the second. Given the policy related nature of much of this work, and the fact that most relevant expertise to deliver co-operation activities lies within government agencies responsible for SPS measures, activities will be conducted as government-to-government co-operation, led by the respective agencies providing the expertise. All ASEAN Parties will potentially benefit from this component, with stream one focusing on ASEAN Parties with less developed capacity.

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Component 3 –Standards, Technical Regulations and Conformity Assessment Procedures (STRACAP)

Objective

This component will support joint efforts in the fields of standards, technical regulations and conformity assessment procedures, assist in promoting mutual understanding of each Party's STRACAP measures, and strengthen information exchange and co-operation among the Parties.

Relevance to the AANZFTA

This component supports the AANZFTA chapter on STRACAP which aims to facilitate trade in goods between the Parties by: ensuring that STRACAP measures do not create unnecessary obstacles to trade, promoting mutual understanding of each Party's STRACAP measures, strengthening information exchange and co-operation between the Parties and providing a framework to implement the supporting mechanisms to realise these objectives. These activities should build on the work of international and regional standards and conformity assessment bodies. The establishment of strong regional information exchange and co-operation will work to facilitate trade within the region.

Indicative Activities

A programme of support will be established to help achieve the following:

- enhance the transparent process of STRACAP through information exchanges between the Parties;
- facilitate co-operation between the Parties in the areas of standards, technical regulations and conformity assessment procedures;
- provide an analysis of the strengths and weaknesses of the regulatory and certification infrastructures of selected countries and identify areas for allocation of further resources.

This support programme will require further detailed design.

Countries involved and implementation arrangements

Experts from Australia and New Zealand, and in some cases ASEAN Parties, will be relied upon to conduct the requisite workshops, seminars and other training procedures as well as developing other capacity building activity required. While all Parties will benefit from co-operation on STRACAP, it is expected that ASEAN Parties currently with less developed systems will gain major benefit.

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Component 4 – Services

Objective

To facilitate increased cross-border flows of services among the Parties, by assisting them to adapt regulations affecting services trade and to build on the reductions in barriers to trade in services embodied in the AANZFTA.

Relevance to the AANZFTA

One of the aims of the AANZFTA services chapter is to facilitate greater participation in the service sectors of the Parties. Commitments made by the Parties under the services chapter will reduce constraints on market access for service providers and investors. However, realising the potential created by the AANZFTA may involve streamlining or harmonising regulatory arrangements affecting service provision, or strengthening institutions that support a freer flow of services among the Parties.

Indicative Activities

This component will assist in addressing these issues through two streams of co-operation. One stream will assist in the facilitation of movement of natural persons and increased education sector investment among the Parties by conducting pilot projects on national qualification frameworks and associated recognition tools. The other stream will provide support to strengthen agencies in Cambodia, Lao PDR and Myanmar responsible for handling trade in services issues. This will build on experience gathered in negotiating commitment schedules for the AANZFTA, and build understanding of trade in services concepts and assist agencies to document and assess effects of laws and regulations affecting trade in services.

Countries involved and implementation arrangements

The Philippines and Australia will direct project activities regarding education qualifications with other ASEAN Parties that wish to participate. Co-operation under the second stream may be delivered by a mix of linkage activities involving government agencies from Australia, New Zealand and ASEAN Parties, and consultancy inputs.

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Component 5 - Investment

Objective

To facilitate the flow of investment across the Parties, by deepening and broadening linkages and assisting Parties to address impediments to expanding investment in response to the opportunities created by the AANZFTA.

Relevance to the AANZFTA

The Parties will benefit from implementation of the AANZFTA through investment. Inter-regional investment should expand in response to reductions in cross border barriers, and domestic and foreign investment should expand to take advantage of opportunities created by the AANZFTA. Implementing provisions on investment and commitments on commercial presence in the chapter on services will make important contributions to facilitating greater cross-border investment among the Parties. To fully realise the benefits of these commitments, efforts may need to be made to make potential investors aware of new opportunities arising, and identify and address impediments to investment that the AANZFTA does not address. This may involve co-operation aimed at facilitating inward investment and analysing the impact of the regulatory environment and developing strategies for further improving the investment climate.

Indicative Activities

This component will provide a vehicle for the Parties to assess the overall climate for investment and identify areas of concern for consideration by the FTA Joint Committee and relevant domestic agencies. It will also apprise potential investors of opportunities arising from the AANZFTA and will initiate public-private policy dialogue by providing a forum for informing policy makers of issues of concern to investors, including aspects of the regulatory environment for investment. This will be initiated by combining ECWP-supported meetings with existing investment conferences and building on these by promoting a range of workshops on specific investment opportunities and issues, including AANZFTA commitments. Workshops and meetings may target ASEAN Priority Integration Sectors, and provide an opportunity for the ASEAN Lead Coordinating Countries to promote the work being done to create opportunities in the sectors they are responsible for. These interactions may be supported by the preparation of information or issues papers helping to focus attention on key issues, and by establishing website reference sources to support investors.

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Countries involved and implementation arrangements

Modes of assistance will include support to a working group of experts of the Parties to conduct research into the environment for investment within and between the Parties and to formulate recommendations for consideration by the FTA Joint Committee and relevant domestic agencies in participating Parties. It is noted that such support will particularly benefit newer ASEAN member states. It may also involve conference sessions, workshops, seminars and training events.

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Component 6 - Intellectual Property

Objective

To provide comprehensive support for the development of sound and balanced Intellectual Property (IP) systems in the AANZFTA region.

Relevance to the AANZFTA

The development of strong IP regimes throughout the ASEAN region is a sound underpinning for international trade to be promoted through the AANZFTA. If IP rights are consistently protected, investors and traders will have increased confidence to operate within the region. A comprehensive programme of support will be put into place to assist ASEAN Parties to:

- Improve capacity to develop sound and balanced IP frameworks and systems;
- Facilitate business use of IP systems through the region for the purpose of economic integration;
- Improve capacity to enforce IP rights; and
- Improve public and business awareness of the benefits of sound and balanced IP regimes.

Indicative Activities

While this support programme will require further detailed design and cost analysis, it is envisaged as being delivered through four major projects, each addressing one of the above aims. This component assists in the development of capacity to develop systems for IP in the region including those for enforcement. It also assists in the development of systems helping businesses to participate including improvement in awareness of the benefits of IP systems. This component will recognise the different current capabilities and starting points for activities of the Parties, notably newer ASEAN member states.

Countries involved and implementation arrangements

The form of assistance may include direct training for IP examiners and other government officials, IP judges, patent attorneys, academia and the business community. It may also include study visits, policy discussions and seminars. While all Parties will benefit from co-operation on IP, it is expected that ASEAN Parties currently with less developed IP systems will gain major benefit.

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Component 7 – Sectoral Integration

Objective

To provide for technical assistance and training that helps the Parties to address residual impediments to integration by working on the problems faced by particular sectors.

Relevance to the AANZFTA

A programme of activities will be put into place to work with specific sectors to identify and propose ways of dealing with constraints to realising the trade and investment benefits that should flow from implementation of the AANZFTA. Given the limited resources likely to be available to finance ECWP activities it would not be effective to use the programme to deliver direct assistance to firms to pursue trade and investment opportunities or to improve their competitiveness. However working with stakeholders in a sector to identify regulatory, institutional or informational constraints could provide invaluable information for policy makers.

Indicative Activities

One initial sector has been identified for activities in this component. Activities will be constructed in the dairy industry that draw upon and support the AANZFTA. This will involve assessment of ASEAN regional concerns on liberalisation of trade in dairy products.

Countries involved and implementation arrangements

This activity will be managed by New Zealand in conjunction with target countries to be confirmed.

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Component 8 – Customs

Objective

To support Customs co-operation activities related to implementation of the AANZFTA.

Relevance to the AANZFTA

This component supports the AANZFTA chapter on customs procedures which specifically aims to promote co-operation among Customs administrations in the Parties. This is relevant not only to the specific matters covered by the chapter, which also aims to ensure predictability, consistency and transparency in the application of Customs laws and regulations; promote efficient, economical Customs administration and expeditious clearance of goods; and simplify Customs procedures, it is also relevant to other chapters, for example on Rules of Origin.

Indicative Activities

No specific activities are proposed under this component. Co-operation would need to build on the existing extensive arrangements for regional and international co-operation on Customs matters.

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