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FRAMEWORK FOR COMPREHENSIVE ECONOMIC PARTNERSHIP BETWEEN THE ASSOCIATION OF SOUTH EAST ASIAN NATIONS AND JAPAN

WE, the Heads of State/Governments of Brunei Darussalam, the Kingdom of Cambodia, the Republic of Indonesia, the Lao People's Democratic Republic ("Lao PDR"), Malaysia, the Union of Myanmar, the Republic of the Philippines, the Republic of Singapore, the Kingdom of Thailand and the Socialist Republic of Viet Nam, Member States of the Association of South East Asian Nations (collectively, "ASEAN" or "ASEAN Member States", or individually, "ASEAN Member State"), and Japan gathered today for the ASEAN-Japan Summit;

RECALLING the Joint Declaration made at the ASEAN-Japan Summit held on 5 November 2002 in Phnom Penh, Cambodia to implement measures for the realisation of a Comprehensive Economic Partnership ("CEP"), including elements of a possible Free Trade Area ("FTA") which should be completed as soon as possible within 10 years, and to establish a Committee to consider and draft a framework for the realisation of the CEP between ASEAN and Japan ("ASEAN-Japan CEP");

INSPIRED by the significant progress made in ASEAN-Japan relations which has spanned 30 years of an economic partnership that has been expanding over a wide range of areas;

DESIRING to minimise barriers and deepen economic linkages between ASEAN and Japan; lower business costs; increase intra-regional trade and investment; increase economic efficiency; create a larger market with greater opportunities and larger economies of scale for the businesses of both ASEAN and Japan; and enhance our attractiveness to capital and talent;

SHARING the view that the ASEAN-Japan CEP should benefit from, and should be complementary to the economic integration of ASEAN, and considering that achievement of the ASEAN Free Trade Area ("AFTA") will enhance the value of ASEAN as a regional market and attract investment to ASEAN and that it is desirable that the Common Effective Preferential Tariff ("CEPT") Scheme among ASEAN Member States be implemented on a timely basis;

BEING confident that the establishment of an ASEAN-Japan FTA covering trade in goods, services and investment will create a partnership between ASEAN and Japan, and provide an important mechanism for strengthening co-operation and supporting economic stability in East Asia;

RECOGNISING the important role and contribution of the business sector in enhancing trade and investment between ASEAN and Japan and the need to further promote and facilitate their co-operation and utilisation of greater business opportunities provided by the ASEAN-Japan CEP;

RECOGNISING the different stages of economic development among ASEAN Member States and between ASEAN and Japan, and the need to facilitate the increasing participation of the Kingdom of Cambodia, Lao PDR, the Union of Myanmar and the Socialist Republic of Viet Nam, (collectively, "the newer ASEAN Member States") in the ASEAN-Japan CEP;

REAFFIRMING the rights and obligations of the respective countries under the Marrakesh Agreement Establishing the World Trade Organization ("WTO Agreement"), and other multilateral, regional and bilateral agreements and arrangements;

RECOGNISING the catalytic role that regional trade arrangements can contribute towards accelerating regional and global liberalisation and as building blocks in the framework of the multilateral trading system;

HAVE DECIDED AS FOLLOWS:

1
Objectives

The objectives of the ASEAN-Japan CEP are to:

(a) strengthen economic integration between ASEAN and Japan through the creation of a CEP;

(b) enhance the competitiveness of ASEAN and Japan in the world market through strengthened partnership and linkages;

(c) progressively liberalise and facilitate trade in goods and services as well as create a transparent and liberal investment regime;

(d) explore new areas and develop appropriate measures for further co-operation and economic integration; and

(e) facilitate the more effective economic integration of the newer ASEAN Member States and bridge the development gap among the ASEAN Member States.

2
Basic Principles

ASEAN and Japan will adhere to the following principles:

(a) The ASEAN-Japan CEP should involve all ASEAN Member States and Japan and include a broad range of sectors focusing on liberalisation, facilitation and co-operation activities, noting the principle of reciprocity, transparency and mutual benefits to both ASEAN and Japan;

(b) The integrity, solidarity and integration of ASEAN will be given consideration in the realisation of the ASEAN-Japan CEP;

(c) The ASEAN-Japan CEP Agreement should be consistent with the rules and disciplines of the WTO Agreement;

(d) Special and differential treatment should be provided to the ASEAN Member States in recognition of their different levels of economic development. Additional flexibility should be accorded to the newer ASEAN Member States;

(e) Flexibility should be given to address the sensitive sectors in each ASEAN Member State and Japan; and

(f) Technical co-operation and capacity building programmes should also be considered.

3
Measures for Comprehensive Economic Partnership

The ASEAN-Japan CEP should be realised by:

(a) carrying out the Measures for Immediate Implementation specified in Section 4;

(b) implementing programmes on Facilitation and Co-operation between ASEAN and Japan in the areas specified in Section 5; and

(c) implementing measures for Liberalisation in
(1) Trade in Goods
(2) Trade in Services; and
(3) Investment.

4
Measures For Immediate Implementation

1. ASEAN and Japan decide to work on the following activities that could provide immediate benefits on an accelerated basis:

(a) Technical assistance and capacity building to ASEAN, particularly for the newer ASEAN Member States, so as to improve their competitiveness to meaningfully participate in the partnership and to assist ASEAN Member States who are not members of the WTO and the World Customs Organization ("WCO") to work towards becoming members of the aforementioned organizations;

(b) Trade and investment promotion and facilitation measures;

(c) Trade and investment policy dialogue;

(d) Business sector dialogue;

(e) Measures to facilitate the mobility of business people;

(f) Exchange and compilation of relevant data such as customs tariff and bilateral trade statistics; and

(g) Any other measures delivering immediate mutual benefits.

2. ASEAN and Japan will continue to build upon existing or agreed programmes in the areas identified above.

5
Facilitation and Co-operation

1. ASEAN and Japan decide to conduct consultations from the beginning of 2004 on the areas of facilitation and co-operation, and to develop work programmes for the expeditious implementation of measures or activities in each of the following areas:

(1) Trade Related Procedures

Facilitation of trade-related procedures will be implemented in such areas as co-operation on custom procedures by computerisation, simplification and harmonisation, as far as possible, to relevant international standards.

(2) Business Environment

Recognising that the satisfactory business environment is an indispensable part of the attractiveness to investors, each ASEAN Member State and Japan will make the effort to improve the business environment and enhance co-operation in related fields.

(3) Intellectual Property Rights ("IPR")

Japan will support ASEAN Member States in developing, improving, enhancing and implementing their IPR capabilities, and in promoting accession to IPR-related international agreements. Co-operation between ASEAN and Japan, such as information exchange, will also be encouraged.

(4) *Other Areas of Co-operation:*

- Energy

  Co-operation in oil stockpiling, natural gas utilisation and promotion of energy efficiency.

- Information and Communications Technology ("ICT")

  Co-operation in developing ICT infrastructure, Information Technology ("IT")-related legal systems, and IT-related human resource, and promoting exchanges of IT researchers and engineers.

- Human Resource Development ("HRD")

  Co-operation among the relevant organisations in each ASEAN Member State and Japan, especially in the field of HRD for experienced engineers and middle management.

- Small and Medium Enterprises ("SMEs")

  Co-operation in exchanging views on policies relating to SMEs and expanding business opportunities of SMEs.

- Tourism and hospitality

  Co-operation in implementing seminars or information exchange on tourism and hospitality.

- Transportation and logistics

  Co-operation for efficient cargo transport system, safe and sustainable shipping and safe and efficient air transport.

- Standards and conformance and mutual recognition arrangement

  Exchange of information concerning the standards and conformance policies, and capacity building of standardisation organisations in each ASEAN Member State.

- Other possible technical co-operation projects, including environment, automobile, bio-technology, science and technology, sustainable forest management, competition policy, food security and financial services co-operation.

2. ASEAN and Japan will continue to develop work programmes in new areas of facilitation and co-operation.

6
Liberalisation

1. ASEAN and Japan will start the consultations on the ASEAN-Japan CEP on the liberalisation of trade in goods, trade in services, and investment, from the beginning of 2004 by discussing the basic principles of ASEAN-Japan cumulative rules of origin and customs classification and collecting and analysing trade and custom data.

2. ASEAN and Japan will initiate a negotiation on the CEP Agreement between ASEAN and Japan as a whole, taking into account the achievements of bilateral negotiations between each ASEAN Member State and Japan, and the further progress of the ASEAN integration process. Such Agreement should be consistent with the WTO Agreement.

3. During the negotiation, those ASEAN Member States that have not concluded bilateral Economic Partnership Agreement ("EPA") with Japan will negotiate concessions bilaterally. Schedules of liberalisation concessions between Japan and those ASEAN Member States that have concluded a bilateral EPA should not be renegotiated in the negotiation of the ASEAN-Japan CEP Agreement. All schedules of liberalisation concessions will be annexed to the ASEAN-Japan CEP Agreement.

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(1) Trade in Goods

ASEAN and Japan decide to progressively eliminate duties and other restrictive regulations of commerce (except, where necessary, those permitted under Article XXIV (8) (b) of the General Agreement on Tariffs and Trade 1994 in Annex 1A to the WTO Agreement ("GATT")) on substantially all trade in goods in order to establish an FTA between ASEAN and Japan which will include, but will not be limited, to the following:

(a) cumulative rules of origin;

(b) detailed rules governing the tariff reduction or elimination programmes including principles governing reciprocal commitments;

(c) non-tariff measures including technical barriers to trade; and

(d) trade remedy measures based on the principles of the WTO Agreement.

(2) Trade in Services

ASEAN and Japan decide to progressively liberalise trade in services with substantial sectoral coverage consistent with the rules of the WTO Agreement. Such liberalisations should be directed to:

(a) progressive elimination of substantially all discrimination between or among ASEAN and Japan and/or prohibition of new or more discriminatory measures with respect to trade in services between ASEAN and Japan, (except for measures permitted under Article V(1)(b) of the General Agreement on Trade in Services ("GATS") in Annex 1B to the WTO Agreement);

(b) expansion in the depth and scope of liberalisation of trade in services;

(d) enhanced co-operation in services between ASEAN and Japan in order to improve efficiency and competitiveness.

(3) Investment

In order to promote investment, ASEAN and Japan decide to:

(a) create a liberal and competitive environment;

(b) strengthen co-operation in investment, facilitate investment and improve transparency of investment rules and regulations; and

(c) provide for the protection of investors and investment.

7
Most-Favoured-Nation Treatment

For ASEAN Member States which are not yet members of the WTO, Japan will continue to apply the general Most-Favoured-Nation ("MFN") treatment as stipulated in Article I of the GATT. Japan will endeavour to provide MFN treatment under the WTO on a reciprocal basis.

8
General Exceptions

Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between or among ASEAN and Japan where the same conditions prevail, or a disguised restriction on trade within the ASEAN-Japan CEP, nothing in this Framework should prevent any individual ASEAN Member State and/or Japan from adopting or enforcing measures, in accordance with the rules and disciplines of the WTO Agreement, for:

(a) the protection of the national security of each ASEAN Member State and/or Japan;

(b) the protection of articles of artistic, historic and archaeological value; or

(c) such other measures which each ASEAN Member State and/or Japan deems or deem necessary for the protection of public morals or to maintain public order, or for the protection of human, animal or plant life and health.

9
Consultation

Any differences concerning the interpretation or implementation of this Framework should be settled amicably by consultations and/or mediation.

10
Timeframes

1. ASEAN and Japan will start consultations on the ASEAN-Japan CEP on the liberalisation of trade in goods, trade in services and investment, from the beginning of 2004, as set forth in Section 6, paragraph 1.

2. ASEAN and Japan will make maximum efforts to commence the negotiation on the CEP Agreement between ASEAN and Japan as a whole, referred to in Section 6, paragraph 2, from the beginning of 2005. ASEAN and Japan will endeavour to conclude the negotiation as soon as possible, taking into account the need to leave sufficient time for implementation.

3. The implementation of measures for the realisation of the ASEAN-Japan CEP, including elements of a possible free trade area, should be completed as soon as possible by 2012, taking into account the economic levels and sensitive sectors in each country, including allowing additional five (5) years' time for the newer ASEAN Member States.

11
Institutional Arrangements for this Framework

1. The ASEAN-Japan Committee on Comprehensive Economic Partnership ("AJCCEP") will continue to carry out the work set out in this Framework.

2. AJCCEP may establish other bodies as may be necessary to co-ordinate and implement this Framework, including the supervision, co-ordination and review of the implementation of other measures undertaken pursuant to this Framework.

3. The ASEAN Secretariat will provide the necessary secretariat support to the AJCCEP whenever and wherever the meetings are held.

SIGNED in Bali, Indonesia, this 8th day of October 2003 in duplicate in the English language.

For Brunei Darussalam

HAJI HASSANAL BOLKIAH
Sultan of Brunei Darussalam

For Japan

JUNICHIRO KOIZUMI
Prime Minister

For the Kingdom of Cambodia

SAMDECH HUN SEN
Prime Minister

For the Republic of Indonesia

MEGAWATI SOEKARNOPUTRI
President

For the Lao People's Democratic Republic



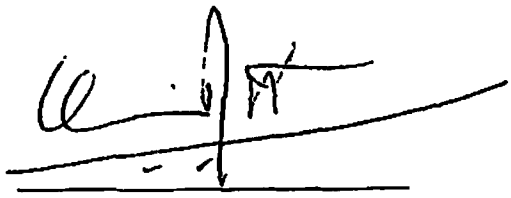
BOUNNHANG VORACHITH
Prime Minister

For Malaysia



DR. MAHATHIR BIN MOHAMAD
Prime Minister

For the Union of Myanmar



GENERAL KHIN NYUNT
Prime Minister

For the Republic of the Philippines



GLORIA MACAPAGAL-ARROYO
President

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DR. THAKSIN SHINAWATRA
Prime Minister

For the Socialist Republic of Viet Nam

PHAN VAN KHAI
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