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ASEAN FRAMEWORK (AMENDMENT) AGREEMENT FOR THE INTEGRATION OF PRIORITY SECTORS

The Governments of Brunei Darussalam, the Kingdom of Cambodia, the Republic of Indonesia, the Lao People's Democratic Republic (hereinafter referred to as "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 (hereinafter collectively referred to as "ASEAN" or "Member States" or singularly as "Member State");

RECALLING the ASEAN Framework Agreement for the Integration of Priority Sectors done at Vientiane, Lao PDR on 29 November 2004 (hereinafter referred to as the "Framework Agreement");

REAFFIRMING the commitment that the ASEAN Economic Community shall be the end-goal of ASEAN economic integration as outlined in the ASEAN Vision 2020;

REITERATING the commitment of ASEAN that the ASEAN Economic Community will result in ASEAN becoming a single market and production base, turning the diversity that characterises the region into opportunities and business complementation to make ASEAN a more dynamic and stronger segment of the global supply chain and the world economy;

CONSIDERING the necessity to revise the Framework Agreement to reflect the changes necessary to move ahead with the integration of the Priority Sectors;

DESIRING to reflect the changes to the Framework Agreement pursuant to Article 25(1) of the Framework Agreement,

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HAVE AGREED AS FOLLOWS:

Article 1
Objective

The objective of the ASEAN Framework (Amendment) Agreement for the Integration of Priority Sectors (hereinafter referred to as the "Framework (Amendment) Agreement" is to refine, improve, supplement and add new measures, sectors, implementing bodies and timelines in relation to the priority sector roadmaps so as to enable the progressive, expeditious and systematic integration of these sectors in ASEAN.

Article 2
Trade in Goods

Paragraphs (1) and (2) of Article 4 of the Framework Agreement shall be substituted by the following:

"1. Member States shall eliminate all Common Effective Preferential Tariff for the ASEAN Free Trade Area (CEPT-AFTA) tariffs on all identified products (other than those in the sensitive, highly sensitive and general exception lists) covered by the individual ASEAN Sectoral Integration Protocols, except those listed in accompanying negative lists to the Protocols, which in total for each Member State shall not exceed 15% of the total product list appearing as Annex XII to this Framework Agreement, by:

(a) 1 January 2007 for ASEAN-6; and

(b) 1 January 2012 for CLMV.

2. Member States shall implement the following actions in relation to non-tariff measures (hereinafter referred to as "NTMs") and non-tariff

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barriers (hereinafter referred to as "NTBs") to ensure transparency, in accordance with the timelines indicated:

(a) establish the database of ASEAN NTMs as of June 2004 and regularly update it;

(b) establish clear criteria to identify NTMs that are barriers to trade by 27 September 2005;

(c) establish a clear and definitive work programme for the assessment of existing NTMs and identification of NTBs by 21 August 2006;

(d) eliminate NTBs on all identified products by the following timeline:

(1) 1st Package: by 1 January 2008 for ASEAN-5; 1 January 2010 for the Philippines; and 1 January 2013 for CLMV;

(2) 2nd Package: by 1 January 2009 for ASEAN-5; 1 January 2011 for the Philippines; and 1 January 2014 for CLMV;

(3) 3rd Package: by 1 January 2010 for ASEAN-5; 1 January 2012 for the Philippines; and 1 January 2015 with flexibility up to 2018 for CLMV;

(e) conduct regular review and assessment of NTMs based on the criteria set by the AFTA Council beginning 1 January 2008.

Measures on NTMs shall apply to all products in accordance to the decisions of 20th AFTA Council, 21 August 2006, Kuala Lumpur, Malaysia. Priority Integration Sectors' Measures

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on NTMs and NTBs shall be implemented in conformance with the said AFTA Council decisions."

Article 3
Trade in Services

Article 5 of the Framework Agreement shall be substituted by the following:

"Member States shall accelerate the liberalisation of trade in priority services sectors by 2010. This could be achieved through:

(a) elimination of all limitations in Mode 1 (cross-border supply) and Mode 2 (consumption abroad) by 31 December 2008, otherwise due reasons shall be provided;

(b) allowing for Mode 3 (commercial presence) foreign equity participation targets, with flexibility, by 31 December 2010, in conformity with the relevant decisions of the ASEAN Economic Ministers Meeting (AEM);

(c) setting clear targets for liberalising other Mode 3 limitations, by 31 December 2007;

(d) improving Mode 4 commitments in line with the results of each ASEAN Framework Agreement on Services (AFAS) Round Negotiations;

(e) accelerating the development and finalisation of Mutual Recognition Arrangements (hereinafter referred to as "MRAs"), as identified, by 31 December 2008;

(f) applying the ASEAN-X formula; and

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(g) promoting joint ventures and cooperation, including third country markets beginning 2007."

Article 4
Investment

Article 6 (a), (b) and (c) of the Framework Agreement shall be substituted with the following:

"(a) accelerate the opening up of sectors currently in the Sensitive List (hereinafter referred to as "SL") by transferring these sectors into the Temporary Exclusion List (hereinafter referred to as "TEL") under the Framework Agreement on the ASEAN Investment Area (AIA), using the ASEAN-X formula;

(b) reduce restrictive investment measures in the SL. Complete the progressive elimination of restrictive investment measures in the TEL by 2010 for ASEAN-6, 2013 for Viet Nam and 2015 for Cambodia, Lao PDR and Myanmar;

(c) identify and implement programmes and activities to promote investments in ASEAN."

Article 5
Rules of Origin

Article 7 of the Framework Agreement shall be substituted with the following:

"Member States shall, by 31 December 2006, improve the CEPT Rules of Origin by:

(a) making them more transparent, predictable, standardised and trade-facilitating, taking into account the need to encourage regional sourcing and the best practices of other Regional Trade

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Agreements, including the rules of origin of the WTO;

(b) adopting substantial transformation as alternative criteria for conferring origin status."

Article 6
Customs Procedures

Article 8 of the Framework Agreement is amended:

(a) by substituting the expression "on an ongoing basis" in sub-paragraph (a) with "31 December 2007";

(b) by adding the following new sub-paragraph:

"(g) implement the ASEAN Single Window by 1 January 2008 for ASEAN-6 and by 1 January 2012 for CLMV;"

Article 7
Standards and Conformance

Article 9 of the Framework Agreement shall be substituted with the following:

"Member States shall take the following steps to accelerate the development of MRAs and harmonise product standards and technical regulations:

(a) accelerate the development and implementation and where appropriate the development of sectoral MRAs for priority sectors beginning 1 January 2005;

(b) encourage domestic regulators to recognise, beginning 1 January 2007, test reports issued by testing laboratories which are already accredited

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by national accreditation bodies in ASEAN that are signatories to International Laboratory Accreditation Cooperation (ILAC) and Asia-Pacific Laboratory Accreditation Cooperation (APLAC) MRAs for products not covered under the Sectoral MRAs;

(c) set, by 31 December 2005, clear targets and schedules for harmonisation of standards in the priority sectors wherever required. Where international standards are not available and when requested by industry, align national standards among Member States;

(d) harmonise already identified standards among Member States by 31 December 2007;

(e) identify and harmonise additional standards, wherever required; where international standards are not available, and when requested by industry, align national standards among Member States by 31 December 2010;

(f) harmonise and/or develop technical regulations as appropriate, for national application by 31 December 2010;

(g) ensure compliance with the requirements of the WTO Agreements on Technical Barriers to Trade and the Application of Sanitary and Phyto-Sanitary Measures;

(h) explore the development of ASEAN policy on standards and conformance to further facilitate the realisation of the ASEAN Economic Community, beginning 2005."

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Article 8
Facilitation of Travel in ASEAN

Article 11 of the Framework Agreement shall be substituted with the following:

"(a) harmonise procedures for the issuance of visas to international travelers in ASEAN; and

(b) provide visa exemption for intra-ASEAN travel by ASEAN nationals."

Article 9
Movement of Business Persons, Experts, Professionals, Skilled Labour and Talents

Article 12 of the Framework Agreement shall be substituted with the following:

"Member States shall, taking into account their respective domestic laws and regulations:

(a) develop an ASEAN Agreement to facilitate the movement of business persons, including the adoption of an ASEAN Travel Card;

(b) identify and develop other mechanisms that will compliment existing ASEAN initiatives to further facilitate the movement of experts, professionals, skilled labour and talents by 31 December 2007; and

(c) accelerate completion of MRAs to facilitate free movement of experts, professionals, skilled labour and talents in ASEAN, by 31 December 2008."

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Article 10
Trade and Investment Promotion

Article 13 (a) and (b) of the Framework Agreement shall be substituted with the following:

"(a) intensify intra-ASEAN and extra-ASEAN joint promotion efforts on a regular basis;

(b) organise regular private sector initiatives to undertake:

(i) more efficient joint ASEAN facilitation and promotion measures to promote FDI into ASEAN; and

(ii) joint trade and investment missions;"

Article 11
Intra-ASEAN Trade and Investment Statistics

Article 14 of the Framework Agreement shall be substituted with the following:

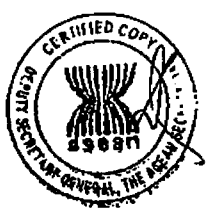
"Intra-ASEAN Trade and Investment Statistics

Member States shall develop an effective system to monitor intra-ASEAN trade and investments through:

(a) establishment of an efficient trade and investment database, by 31 December 2009;

(b) provision of updates to the ASEAN Secretariat of the latest trade (goods and services) and investment statistics; and

(c) preparation of consolidated industry profiles, by the respective associations, which, *inter alia*,



cover information such as production capacity and product range."

Article 12
Intellectual Property Rights

Article 15 of the Framework Agreement shall be substituted with the following:

"Member States shall expand the scope of ASEAN intellectual property rights cooperation beyond trademarks and patents to include cooperation in copyrights information exchange and enforcement."

Article 13
Outsourcing and Industrial Complementation

Article 16 of the Framework Agreement shall be substituted with the following:

"**Outsourcing and Industrial Complementation**

Member States shall promote complementation among ASEAN manufacturers, as applicable, through:

(a) identification and development of areas of specialisation on production processes, research and development (R&D), and testing facilities based on comparative advantage of individual Member State; and

(b) development of guidelines on promoting outsourcing arrangements among Member States, as applicable, by 31 December 2008."

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Article 14
Sectoral Integration Protocols and Annexes

Article 21 of the Framework Agreement shall be substituted with the following:

> "The ASEAN Sectoral Integration Protocols attached to this Framework Agreement, the total product list and such other annexes agreed upon in accordance with the Framework Agreement, as annexed, including any modifications made thereto, shall form an integral part of this Framework Agreement."

Article 15
Depository

This Framework (Amendment) Agreement shall be deposited with the Secretary-General of ASEAN, who shall promptly furnish a certified copy thereof to each ASEAN Member State.

Article 16
Entry into Force

1. The Framework (Amendment) Agreement shall enter into force 90 (ninety) days after the date of its signature. Notwithstanding the specified date of entry into force, Member States undertake to carry out the obligations which arise prior to the date of entry into force of this Framework (Amendment) Agreement in accordance with the timelines indicated herein and in the Roadmaps attached to the ASEAN Sectoral Protocols as Appendices.

2. Member States undertake to complete their internal procedures of ratification for the entry into force of this Framework (Amendment) Agreement.



3. Each Member State shall, upon the completion of its internal procedures of ratification of this Framework (Amendment) Agreement, notify the ASEAN Secretariat in writing.

IN WITNESS WHEREOF, the undersigned being duly authorised by their respective Governments, have signed this ASEAN Framework (Amendment) Agreement for the Integration of Priority Sectors.

DONE in Cebu, the Philippines, this Eighth Day of December in the year of Two Thousand and Six, in single copy, in the English Language.

For Brunei Darussalam:

MOHAMED BOLKIAH
Minister of Foreign Affairs and Trade

For the Kingdom of Cambodia:

CHAM PRASIDH
Senior Minister and Minister of Commerce

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SECRETARY GENERAL, THE ASEAN SECRETARIAT

For the Republic of Indonesia:

MARI ELKA PANGESTU
Minister of Trade

For the Lao People's Democratic Republic:

NAM VIYAKETH
Minister of Industry and Commerce

For Malaysia:

RAFIDAH AZIZ
Minister of International Trade and Industry

For the Union of Myanmar:

U SOE THA
Minister for National Planning and Economic Development

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For the Republic of the Philippines:

PETER B. FAVILA
Secretary of Trade and Industry

For the Republic of Singapore:

LIM HNG KIANG
Minister for Trade and Industry

For the Kingdom of Thailand:

KRIRK-KRAI JIRAPAET
Minister of Commerce

For the Socialist Republic of Viet Nam:

TRUONG DINH TUYEN
Minister of Trade

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