

**FRAMEWORK FOR COMPREHENSIVE ECONOMIC PARTNERSHIP
BETWEEN THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS
AND JAPAN**

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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, Republic of Singapore, the Kingdom of Thailand and the Socialist Republic of Viet Nam, Member States of the Association of Southeast Asian Nations (collectively, "ASEAN" or "ASEAN 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, to establish a Committee to consider and 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; business costs; increase intra-regional trade Investment; increase economic efficiency; create a larger market with greater opportunities larger economies of scale for the businesses both ASEAN and Japan; and enhance our attractiveness to capital and talent;

SHARING the view that the ASEAN-Japan CEP should benefit from and 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 cooperation 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 cooperation 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.

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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.

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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 WTO and 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.

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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 cooperation 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