

PROTOCOL ON IMPROVEMENTS ON EXTENSION OF TARIFF PREFERENCES UNDER THE ASEAN PREFERENTIAL TRADING ARRANGEMENTS

The Governments of Brunei Darussalam, the Republic of Indonesia, Malaysia, the Republic of the Philippines, the Republic of Singapore and the Kingdom of Thailand, (hereinafter referred to as "Contracting Parties"), Member Countries of the Association of South East Asian Nations (ASEAN);

RECOGNIZING the need to enhance intra-ASEAN trade cooperation;

DESIRING to work towards a significant expansion in intra-ASEAN trade by placing a substantial share of the number and value of the traded items in the Preferential Trading Arrangements (hereinafter referred to as the "PTA") by the turn of the century;

HAVE agreed, pursuant to paragraph 1 of Article 1 of the Agreement on ASEAN Preferential Trading Arrangements, Manila, 24 February 1977, to adopt the following specific measures to improve on the extension of tariff preferences under the PTA from the date of entry into force of this Protocol:

I. DEFINITIONS

1. For the purpose of this Protocol, all Contracting Parties agree to the following definitions:

- a) "Exclusion List" means a list containing products that are excluded from the extension of tariff preferences under the PTA.
- b) "New items" means products in the Exclusion List which are phased into the PTA and are to be accorded margins of tariff preference.
- c) "Existing items" means products which are currently accorded margins of tariff preference under the PTA.

II. COVERAGE OF PRODUCTS

2. The Contracting Parties shall expand the coverage of the PTA by reducing the items in their exclusion lists such that by the end of the 5-year period they do not amount to more than:

- a) 10 per cent of the number of items traded by them; and
- b) 50 per cent of intra-ASEAN trade value.

3. The Contracting Parties shall further endeavour to achieve a greater harmonization of exclusion lists in pursuance of paragraph 2.

III. MARGINS OF PREFERENCE

4. New items introduced into the PTA from exclusion lists pursuant to paragraph 2 of this Protocol shall have a minimum Margin of Preference of 25 percent.