

# ASEAN \*

## JOINT PRESS STATEMENT MEETING OF THE ASEAN HEADS OF GOVERNMENT Manila, 14 - 15 December 1987

1. The Third Meeting of ASEAN Heads of Government was held in Manila on 14 - 15 December 1987. The Meeting was attended by the Sultan and Yang di-Pertuan of Negara Brunei Darussalam, H.M. Sultan Haji Hassanal Bolkiah; the President of the Republic of Indonesia, H.E. General Soeharto; the Prime Minister of Malaysia, Datuk Seri Dr. Mahathir Mohamad, the President of the Republic of the Philippines, H.E. Mrs. Corazon C. Aquino; the Prime Minister of the Republic of Singapore, H.E. Mr. Lee Kuan Yew, and the Prime Minister of the Kingdom of Thailand, H.E. General Prem Tinsulanonda.
2. The Meeting took place during the twentieth anniversary year of ASEAN and was held in the traditional ASEAN spirit of solidarity and friendship.
3. The Heads of Government issued the "Manila Declaration of 1987."
4. The Foreign Ministers signed a Protocol amending the Treaty of Amity and Cooperation so as to enable states outside Southeast Asia to accede to the Treaty.
5. The Heads of Government reviewed the international political and economic developments since the Second Meeting of ASEAN Heads of Government in Kuala Lumpur on 4 - 5 August 1977 and assessed the implications of these developments for the future direction of ASEAN. They also noted the implementation of the Programme of Action embodied in the Declaration of ASEAN Concord adopted in Bali on 24 February 1976 and agreed on new initiatives to advance ASEAN cooperation.
6. The Heads of Government agreed that ASEAN has grown into a viable and dynamic organization fostering the spirit of regional co-operation and solidarity and strengthening national and regional resilience. They noted that ASEAN has also developed a distinct identity and has become an effective vehicle for joint approaches to regional and international issues. They also noted that regular consultations have forged closer relations among the member states and thus promoted peace, stability and prosperity in the region.
7. The Heads of Government of the Republic of Indonesia, Malaysia, the Republic of the Philippines, the Republic of Singapore, and the Kingdom of Thailand noted with great satisfaction that the membership of Brunei Darussalam since 1984 has contributed to the further development and strengthening of the Association.

### Political Development

8. The Heads of Government welcomed the signing of the Treaty on the elimination of intermediate and shorter-range nuclear missiles by President Ronald Reagan of the U.S.A. and General Secretary Mikhail Gorbachev of the U.S.S.R. as an important step in genuine nuclear arms reduction and disarmament. They expressed the hope that this would lead to further agreements on strategic nuclear weapons and provide fresh impetus to the multilateral disarmament negotiations in the Conference on Disarmament in Geneva. They further expressed the hope that the new atmosphere of greater cooperation and mutual accommodation between the two superpowers will facilitate the speedy and just resolution of the protracted conflicts and problems in Southeast Asia, Southwest Asia, the Middle East and Southern Africa.

9. The Heads of Government affirmed that it is the primary responsibility of the nations of the

\*[This document was provided by H E Romualdo A Ong, Ambassador of the Philippines, Canberra].

area to reduce the potential for conflict in Southeast Asia and blunt the effects of actual conflict by further strengthening national and regional resilience through closer political, economic, social and cultural cooperation.

10. The Heads of Government reaffirmed their commitment to the realization of Southeast Asia as a Zone of Peace, Freedom and Neutrality. The recent developments affecting regional peace and security, while creating certain impediments, nevertheless underline further the necessity of pursuing that commitment with greater vigour and a sense of urgency. They agreed that ASEAN should intensify efforts aimed at the early realization of the Zone of Peace, Freedom and Neutrality.

11. An important step for advancing the realization of the Zone of Peace, Freedom and Neutrality is the establishment of a Southeast Asia Nuclear-Weapon-Free-Zone, comprising all Southeast Asian States. The Heads of Government noted that as an important disarmament measure sanctioned by the United Nations, the establishment of Southeast Asia Nuclear-Weapon-Free Zone will also serve as a regional contribution to the efforts to achieve general and complete disarmament and as an effective measure for promoting peace and security in Southeast Asia. The Heads of Government noted with satisfaction the progress made in the realization of the Southeast Asia Nuclear-Weapon-Free Zone, and agreed that ASEAN should intensify its efforts towards the early establishment of a Nuclear Weapon Free Zone in Southeast Asia, including the continuation of the consideration of all aspects relating to the establishment of the Zone and of an appropriate instrument to establish the Zone.

12. The Heads of Government noted that the Vietnamese invasion and continued occupation of Kampuchea presents a threat to international peace and security. They agreed that efforts should be intensified to resolve the Kampuchean problem. Accordingly, they reiterated the call, repeatedly sounded by ASEAN and by a vast majority of states for Vietnam to engage in

serious discussions on a just and enduring solution to the Kampuchean problem, including the total withdrawal of Vietnamese forces from Kampuchea so as to allow the Kampuchean people to exercise the right to self-determination and Kampuchea to become a neutral, independent and non-aligned nation posing no threat to its neighbours. They reiterated support for the efforts of Prince Sihanouk in this regard and welcomed the recent meeting at Fere-en-Tardenois, France as a first step towards the attainment of the above mentioned objectives.

13. The Heads of Government noted that the influx of Indochinese refugees and displaced persons into the ASEAN region has continued unabated causing a burden to the countries of first refuge of ASEAN. The presence of these refugees presents, political, economic, social and security problems to the ASEAN countries. The Heads of Government reaffirmed that ASEAN will continue to take serious efforts with other parties concerned to find an effective solution to the problem. They called upon Vietnam and Laos to give their full cooperation in these efforts. They also appealed to the resettlement countries to remain committed to the resettlement programme of Indochinese refugees.

14. The Heads of Government noted with interest the desire of the South Pacific island countries to establish a regional identity and mechanisms for regional cooperation, primarily through the South Pacific Forum. They also welcomed the creation of the South Asian Association for Regional Cooperation.

#### **Developments in the World Economy**

15. In reviewing economic developments since the Second Meeting of Heads of Government in Kuala Lumpur in 1977, the Heads of Government noted a slowdown in the world economy, which is characterized by rising protectionism, massive trade imbalances and trade frictions. They also noted that the global economic environment has brought about a deceleration in the growth of international trade, instability in exchange rates, the foreign debt problem, and the diversion of foreign investment and financial flows to the de-

veloped countries. These developments have created difficulties for developing countries, including the ASEAN member countries. In this regard, the Heads of Government expressed concern over recent developments in the stock markets of industrial countries that may threaten the global economy.

16. The Heads of Government observed that during this particular period of unfavourable world trading conditions the ASEAN countries have become increasingly dependent on external markets for their exports, the composition of which has been shifting in favour of manufactured products. They noted that this shift has occurred within the context of the rapid growth of the ASEAN economies.

17. The Heads of Government reiterated their call on developed countries to refrain from adopting measures that would hinder the access to markets of commodities from the ASEAN region in their raw, semi-processed and processed forms, in line with the spirit of global trade liberalization. They expressed their support for the Uruguay Round of Multilateral Trade Negotiations under GATT.

18. Addressing the problem of the declining world prices of primary commodities, they reaffirmed the need for ASEAN to participate actively in the renegotiations and to initiate the establishment of specific international commodity agreements under the Integrated Programme for Commodities.

19. The Heads of Government urged the developed creditor nations and multilateral and regional financial institutions to help alleviate the adverse effects of the debt problem on debtor nations by actively looking for effective, realistic, sustainable and just solutions to these problems. They expressed the view that the solution to the debt problem should be anchored on appropriate debt relief for debtor nations in order to ensure reasonable rates of economic growth in accordance with their national priorities.

20. Recognizing the role of foreign investments as an effective source of capital inflow and

modern technology, the Heads of Government reaffirmed their commitment to promote investment opportunities in the ASEAN countries, to adopt measures that would attract direct foreign investments into the region, and to encourage intra-ASEAN investments.

21. The Heads of Government noted certain changes around ASEAN that open up opportunities and challenges for their countries, including the modernization programme of China, the rise of the Newly Industrializing Countries of East Asia, the increased involvement of the Soviet Union and the other Eastern European countries in global economic issues, Japan's emergence as the leading supplier of capital, and the growing perception of the Pacific rim as the "region of the future".

#### Economic Cooperation

22. The Heads of Government affirmed the importance of economic cooperation in raising the quality of life of their peoples and in fostering peace and stability in the region.

23. The Heads of Government agreed on the need to enhance intra-ASEAN trade cooperation to attract foreign investments and agreed that as a long-term goal, ASEAN should work towards the significant expansion in intra-ASEAN trade. It is envisaged that by the turn of the century, a substantial share of the number of value of the traded items should be covered by the Preferential Trading Arrangement (PTA). The Heads of Government therefore agreed on the following recommendations to improve the PTA over the next five years:

- a) reduce the exclusion lists of individual member countries to not more than 10 per cent of the number of traded items and to not more than 50 per cent of the value of intra-ASEAN trade, while striving for a greater harmonization of the exclusion lists;
- b) phase in new items from the exclusion lists into the PTA, granting them a minimum Margin of Preference (MOP) of 25 per cent;

- c) deepen to 50 per cent the MOP for items already included in the PTA, on the basis of either an across-the-board concession of 5 percentage points yearly or product-by-product concessions totalling 50 per cent at the end of five years of a combination thereof;
- d) reduce the ASEAN content requirement in the Rules of Origin on a case-by-case basis, subject to review after five years.
- e) implement immediate standstill of Non-Tariff Barriers (NTBs) and negotiate the rollback of such NTBs after the Manila ASEAN Summit.

24. The Heads of Government directed the ASEAN Economic Ministers to undertake annual reviews of the progress of the improved PTA during the five-year period in order to enable the individual member countries to make the necessary adjustment. They agreed that, at the end of the five-year period, ASEAN will examine the possibility of further improving the PTA by:

- a) Placing a larger proportion of intra-ASEAN trade under the PTA both in value and in number of items traded;
- b) Deepening the MOP for items already under the PTA;
- c) Further improving the Rules of Origin; and
- d) Achieving a more extensive rollback of NTBs on a preferential basis.

25. The Heads of Government noted with appreciation that, in order to make the PTA scheme more transparent and predictable, member countries had circulated their respective programmes to phase in new items into the PTA and deepen MOPs on items already included.

26. The ASEAN Economic Ministers signed a Protocol on Improvements on the Extension of Tariff Preferences under the ASEAN Preferential Trading Arrangements.

27. The Economic Ministers also signed a Memorandum of Understanding on the immediate

implementation of the standstill and the negotiations of the rollback of non-tariff barriers.

28. Taking cognizance of the different levels of economic development and tariff structures of member countries, the Heads of Government agreed that the participation of certain member countries in the improved PTA could be phased in over a period of time.

29. The Heads of Government affirmed their commitment to ASEAN cooperation for the purpose of accelerating sound industrial development as a long-term goal for the region. They reiterated ASEAN's intention to increase the flow of investments into the region and to raise intra-ASEAN investments, to at least ten per cent of total foreign investments by the turn of the century. They expressed the hope that manufacturing value-added will increase at a rate of eight per cent a year.

30. In pursuit of these goals, they agreed to improve the ASEAN Industrial Joint Venture (AIJV) Scheme in order to render it more flexible, quicker to implement, and more attractive to investors by:

- a) facilitating the setting-up of AIJVs through a pre-approved list of AIJV products;
- b) liberalising the non-ASEAN AIJVs from 49 per cent to 60 per cent up to 31 December 1990 subject only to a minimum five per cent equity from each participating ASEAN country; and
- c) expanding and deepening incentives and privileges under the scheme as follows:
  - deepening of the margin of tariff preference from a minimum 75 per cent to a minimum of 90 per cent. Binding of a zero duty shall be regarded as fulfilling the requirement of extending the minimum 90 per cent margin of tariff preference;
  - providing for the waiver period of the margin of preference (MOP) to be extended from 4 years to a

maximum of 8 years for those non-participating countries which are unable to offer reciprocal MOPs;

- granting of local content accreditation to an AIJV product if it is a component for the manufacture of any product in the participating countries which have local content programmes;
- not lowering the participating countries' tariff rates for products similar to the AIJV product below the level prevailing at the time of approval of the AIJV product for four years from the start of commercial operations; and
- protection to AIJV products in cases of dumping, unfair trade practices or any other form of unreasonable pricing of similar products obtained from sources outside the participating countries as if the AIJV products were located in the participating countries subject to negotiations of the mechanism.

The ASEAN Foreign Ministers signed the Revised Basic Agreement on ASEAN Industrial Joint Ventures (BAAIJV) to effect the above changes.

31. The ASEAN Economic Ministers signed an agreement for the protection and promotion of ASEAN investments.

32. They also agreed to adopt measures that would encourage the increased flow of technology, know-how and investments into the ASEAN region.

33. They agreed that the existing practice of exchanging information on national industrial policies and plans should be continued on a more regular basis.

34. The Heads of Government agreed to accelerate cooperation in the field of finance and

banking to support and facilitate growing intra-ASEAN trade and investment activities. They endorsed the establishment of the ASEAN Reinsurance Corporation, a major initiative of the private sectors of ASEAN, which would help to retain reinsurance business within ASEAN as well as enhance ASEAN capabilities in the insurance industry. They welcomed the plan to establish the Corporation in mid-1988 with an initial authorised capital of US\$ 10 million and a paid-up capital of US\$3 million, shared equally among the six shareholders.

35. The Heads of Government noted that a number of other forward-looking measures have also been taken to enhance intra-ASEAN cooperation in the field of finance and banking. These measures include the use of the intra-ASEAN model of Double Taxation Convention to guide member countries' negotiations with third countries for the avoidance of double taxation; the liberalization in the use of ASEAN currencies for intra-ASEAN trade and investments; and the enhancement of the efficiency of ASEAN tax and customs administrators through training programmes.

36. The Heads of Government agreed that for the enhancement of cooperation in the area of commodities ASEAN will take joint action to address problems of structural surpluses, seek greater market shares, develop indigenous resource-based industries, and intensify research and development programmes. They also agreed to encourage the establishment of producer associations, regional trade associations, and commodities exchanges.

37. In the light of the growing importance of trade in services, the Heads of Government agreed to enhance closer cooperation in this area.

38. The Heads of Government, recognising the economic and socio-cultural contributions of tourism to the member countries and its continuing potential as a growth industry in ASEAN, declared 1992, the 25th anniversary year of ASEAN, as "Visit ASEAN Year". They agreed that the year 1988 - 1992 should serve as a promotional and preparatory period to encourage

intra and inter-ASEAN travel. They resolved that member-countries shall develop and implement specific cultural, sporting and trade activities in support of "Visit ASEAN Year". They agreed that member countries shall:

- a) promote intra-ASEAN tourism to foster greater ASEAN consciousness and inter-personal relationships among the peoples of ASEAN;
- b) develop not only tourist destinations in each country, but also long-range plans for the development of a viable and competitive industry;

39. The Heads of Government agreed that on energy matters, ASEAN shall continue to pursue and enhance regional energy cooperation in, among other fields, energy planning exchange of information, transfer of technology, research and development, manpower training, conservation and efficiency, and the exploration, production, and supply of energy resources.

40. The Heads of Government noted the substantial progress of ASEAN in coordinating the development of transport infrastructure and communication facilities. They agreed that more efficient ASEAN transportation and communication systems could catalyze and accelerate ASEAN economic growth and development.

41. The Heads of Government agreed to promote shipping links by encouraging the ASEAN private sector to examine the feasibility of establishing the following:

- a) An Inter-ASEAN Bulk Pool System using existing operators;
- b) A Broker Telegraph System to facilitate the exchange of information between ship owners and shippers on the availability of shipping space and cargo; and
- c) Freight Booking and Cargo Consolidation Centres that would assist ASEAN shippers in obtaining the most favorable terms and conditions in the shipment of their goods; and

- d) The ASEAN private sector should also determine the need to expand shipping services such as point-to-point services which are not available at certain ports at the moment.

42. The Heads of Government noted the importance of establishing new links and strengthening existing ones among ASEAN member countries in the various modes of transportation (road, rail, shipping ferry and air) with a view to forming an overall ASEAN transportation network.

43. The Heads of Government agreed to urge third country donors and international organizations to provide technical assistance to member countries to implement transportation and communication projects and establish related Centres of Excellence in ASEAN countries.

44. The Heads of Government affirmed that the immediate and long-term goals of ASEAN cooperation in food, agriculture, and forestry are improving the standard of living of the population of the agricultural and forestry sectors, sustaining the adequate supply of basic agricultural and forestry commodities to meet regional needs, and reducing the differences in agricultural and forestry structures in the region. To achieve these objectives, they agreed that future cooperative efforts should promote greater private sector involvement in ASEAN undertakings and put more emphasis on the development of farmers, fishermen, and forestry workers on the basis of the Human Resources Development (HRD) concept. They agreed further that cooperation should cover income-generating activities through private sector involvement and joint ventures, development of human resources through training and exchange programmes for farmers, fishermen and forestry workers, and harmonization of national plans on food, agriculture and forestry.

#### Functional Cooperation

45. In reviewing the progress of ASEAN functional cooperation, the Heads of Government reiterated their commitment to the Declaration of ASEAN Concord in the fields of social de-

velopment, culture and information. They expressed the view that ASEAN functional co-operation should continue the efforts towards achieving greater understanding of the ASEAN ideals in order to help achieve the political and economic aspirations of the peoples of ASEAN.

46. In order to achieve a stronger sense of regional identity and belonging, the Heads of Government called for a systematic approach to the synchronisation and formulation of programmes on information, education, culture and social development that would further inculcate greater understanding among the people of the history, geography, natural environment, and other aspects of the region.

47. Recognising the correlation between the population and the social and economic development of the region, the Heads of Government called for the wider involvement and increased participation by the people, including ASEAN Inter-Parliamentarian Organizations (AIPO) and ASEAN affiliated Non-governmental Organizations (NGOs) and Inter-Governmental Organizations (IGOs), in ASEAN undertakings.

48. The Heads of Government expressed their desire that ASEAN functional cooperation should aim at achieving sustainable development based on the sustained availability of needed natural resources which seeks continuous improvement in the level of income, the quality of life and the environment. To this end, ASEAN shall systematically integrate the principle of sustainable development into all aspects of development.

49. The Heads of Government also reaffirmed the need to strengthen intra-ASEAN cooperation programmes in biotechnology, material science and micro-electronics to further promote the utilization of natural resources for industrialization and to improve the quality of life of the people in the region.

50. The Heads of Government commended the efforts undertaken to strengthen drug control policies to reduce the supply and demand of drugs and upgrade training and research capabilities in the prevention and treatment of drug abuse

and in the enforcement of pertinent laws in the region.

51. The Heads of Government agreed that ASEAN should harness the potentials and capabilities of women towards ensuring their maximum involvement in the future development of the region.

52. The Heads of Government also agreed that the potentials of youth should be harnessed to ensure their participation in regional development through the implementation of an ASEAN youth programme. They urged that opportunities be created to enable the youth to be self-reliant.

53. The Heads of Government affirmed the need to actively involve all sectors and levels of the ASEAN community in promoting cooperation in the fields of health, drug abuse prevention, environmental management, labour, law, population, child survival and welfare and other socialwelfare programmes, news, information and cultural exchanges.

54. The Heads of Government further agreed that human resources constitute a major element in the future development of ASEAN and called for the development of an intelligent and productive work force consistent with rapid global scientific and technological advancements, as well as the development of ASEAN's own creativity in science and technology.

55. To achieve the above objectives, the Heads of Government agreed that ASEAN has to develop strong and efficient public administration in the region to ensure balanced and systematic coordination among economic development, social development and the environment of the region.

#### **Relationship with Dialogue and Other Countries**

56. The Heads of Government expressed the view that since the previous meeting of the Heads of Government, ASEAN had achieved sustained and more intensified dialogue relations with Australia, Canada, the European Community, Japan, New Zealand and the United States in the areas of

political, economic, trade, development, and social and cultural cooperation, while maintaining a cooperative relationship with the United Nations Development Programme (UNDP).

57. The Heads of Government agreed that while the present scope of ASEAN cooperation with its Dialogue Partners has covered wide areas more emphasis should be placed on areas of special interest to the Association, such as market access, trade and tourism promotion, investments, flow of resources, industrial development, transfer of technology, human resources development and support for ASEAN positions in international fora such as the General Agreement on Tariffs and Trade (GATT) and the United Nations Conference on Trade and Development (UNCTAD). They recognized the important role played by the private sectors of ASEAN and the Dialogue Partners in improving economic and trade relations and hence encourage private sector participation in the dialogue process.

58. With respect to development cooperation with the Dialogue Partners, the Heads of Government agreed that medium and long-term projects of a regional character should be pursued and that projects for future cooperation should focus on trade, tourism and investment promotion, science and technology, transportation, institutional linkages, and human resource development. They also agreed that projects of interest to the private sector, such as trade, tourism and investment promotion, trade fairs,

and business council activities, should be encouraged.

59. The Heads of Government agreed that ASEAN should explore possible relations with additional third countries or group of countries and international organizations/institutions. However, such relations need not reach a full dialogue status.

#### **The Machinery for ASEAN Cooperation**

60. The Heads of Government agreed to meet every three to five years, if necessary. To enhance coordination, a Joint Ministerial Meeting (JMM) of Foreign and Economic Ministers may be held, as and when necessary. They were of the view that the ASEAN organizational structure should be continually improved with the view to enhancing its effectiveness.

#### **Acknowledgement**

61. The Heads of Government of Brunei Darussalam, Indonesia, Malaysia, Singapore and Thailand expressed their sincere appreciation to the President of the Philippines for providing the Meeting with direction and guidance as Chairman of their Meeting and expressed their gratitude and appreciation to the Government and people of the Philippines for the warm hospitality accorded to them and for the excellent arrangements and facilities made available for the Meeting.