

# **Second Meeting of the ASEAN Directors-General of Customs**

Tretes, East Java, Indonesia

17-18 July 1995

## **JOINT PRESS STATEMENT**

1. The Meeting was attended by Mr. Haji Mohammad Junaidi Abdul Rahman, Acting Deputy Controller of Customs and Excise, Royal Customs and Excise, Brunei Darussalam; Mr. Soehardjo, Director-General of Customs and Excise, Directorate-General of Customs and Excise, Indonesia; Dato' Mohd. Nor bin Abdul Hamid, Director-General of Customs, Royal Customs and Excise, Malaysia; Mr. Buenaventura C. Maniego, Collector of Customs, Bureau of Customs, Philippines; Mr. Koh Chong Hwa, Director-General of Customs, Customs and Excise Department, Singapore; Mr. Suphachai Phisitvanich, Director-General of Customs, The Customs Department, Thailand; and their respective delegations. H.E. Dato' Ajit Singh, Secretary-General of ASEAN and staff of the ASEAN Secretariat were also present. The Meeting was chaired by Mr. Soehardjo, Director-General of Customs and Excise, Indonesia.
2. Mr. Bui Duy Bao, Deputy Director-General of Customs, General Department of Customs, Vietnam and his delegation were also in attendance as Observers.
3. ASEAN trade is growing in importance both among the Member Countries and with the rest of the world. In 1994 ASEAN trade ranked fourth in the world after the EU, US and Japan. Between 1993 and 1994, intra-ASEAN trade for products covered by the Common Effective Preferential Tariff Scheme for the ASEAN Free Trade Area (AFTA) grew from US\$ 64.2 billion to US\$ 91.5 billion resulting in an increase of 43 %. The dynamism of the economies of the region is reflected in these figures. Trade will remain the driving force to sustain the rapid economic growth and deepening economic integration in this region.
4. In recognising this, the Customs administrations of the ASEAN Member Countries have stepped up cooperative efforts to facilitate and further promote trade in the region. The AFTA Council had requested the ASEAN Directors-General of Customs to accelerate the efforts in the harmonisation of the three main aspects of customs i.e., tariff nomenclature, customs valuation and customs procedures.
5. This was discussed for the first time when the ASEAN Directors-General of Customs met in January 1995 in Bali. This second Meeting in Tretes discussed the progress since the first Meeting. The results of this Meeting clearly demonstrates the firm commitment and resolve in which the customs authorities of ASEAN have to further enhance the economic dynamism and integration in the region.
6. An important development made in this Meeting is the adoption of the revised ASEAN Customs Code of Conduct. This Code of Conduct provides a comprehensive framework for customs cooperation and aims at facilitating the implementation of the Common Effective Preferential Tariff (CEPT) Scheme for ASEAN Free Trade Area (AFTA). The Code promotes the principles of transparency, consistency, appeals and challenges,

efficiency and simplicity. It governs the cooperation efforts in the harmonisation of tariff nomenclature, valuation and procedures. It also calls for mutual assistance for e.g., for technical assistance between customs administrations. This will be particularly useful for new members such as Vietnam. This revised Code of Conduct is more comprehensive and contains provisions for consultation and dispute settlement.

7. The Meeting also made progress in various technicalities which will contribute to the work for an ASEAN harmonised tariff nomenclature. The harmonisation of tariff nomenclature will simplify the implementation of CEPT/AFTA which is based on the principle of reciprocity for tariff concessions. This harmonisation of tariff nomenclature is a unique feature for AFTA.
8. On the harmonisation of customs valuation, ASEAN Member Countries are committed to implement the GATT Valuation Code (GVC) by the year 2000. The Meeting agreed to coordinate the implementation of the Code. In this regard, Member Countries recognised the need to increase the training of both the government officials and the private sector to understand the implementation of the GVC.
9. Another important development in this Meeting is the agreement to establish a special arrangement to expedite the customs clearance of CEPT products. The purpose of this special arrangement is to reduce transactions cost and minimise the time required in clearing CEPT products in each Member Country. It was noted that Pre-Shipment Inspection (PSI), which is part of the customs procedures of some Member Countries, imposes an additional burden and cost on traders, as well as unnecessarily and unreasonably restrains intra-ASEAN trade. In this regard, it was agreed that, as part of this special arrangement, CEPT products will be exempted from Pre-Shipment Inspection (PSI). This would be a very important step towards realizing the objectives of AFTA that is to have a free flow of goods across borders in ASEAN.