

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.

5. The margins of preference on existing items in the PTA shall be increased to 50 per cent.

#### IV. PROGRAMME FOR PHASING IN TARIFF PREFERENCES

6. In order to achieve the margins of preference referred to in paragraph 5, the Contracting Parties shall adopt either one or a combination of the following approaches:

- a) An across-the-board basis of 5 percentage points per annum;
- b) A product basis with the 50 per cent margin of preference to be achieved at the end of the 5-year period.

In respect of paragraph 6(b), the Contracting Parties shall phase in tariff preferences as evenly as possible over the five-year period, subject to the provisions of paragraph 9.

7. The Contracting Parties shall phase in the new items into the PTA and increase the margins of preference on existing items in the PTA in accordance with the programmes which appear as Annexes 1 and 2.

8. The Contracting Parties shall circulate and agree upon their respective product lists to implement this Protocol before the commencement of the five-year period.

9. The Contracting Parties take note that at this juncture, the Republic of Indonesia and the Republic of the

Philippines might require 7 years to complete the 5-year programme.

#### V. RULES OF ORIGIN

10. The ASEAN content requirement in the rules of origin shall be reduced from 50 per cent to 35 per cent on a case-by-case basis for a period of five years. With respect to Indonesia the ASEAN content requirement will be reduced from 60 per cent to 42 per cent. After the said period of reduction it shall be reviewed with a view to reverting to original levels.

#### VI. REVIEW

11. The progress on the implementation of the measures specified in paragraphs 2 to 5 above shall be reviewed annually by the ASEAN Economic Ministers to enable the Contracting Parties to make necessary adjustments. At the end of the 5-year period from the date of entry into force of this Protocol, the Contracting Parties shall examine the possibility of achieving further improvements.

#### VII. ENTRY INTO FORCE

12. This Protocol shall enter into force on 1 January 1988.

#### VIII. FINAL PROVISIONS

13. This Protocol may be amended by consensus of the Contracting Parties.

14. This Protocol shall be deposited with the Secretary-General of the ASEAN Secretariat who shall promptly furnish a certified copy thereof to each of the Contracting Parties.

IN WITNESS WHEREOF, the undersigned, duly authorized thereto by their respective Governments, have signed this Agreement.

Done in Manila, Philippines this Fifteenth day of December Nineteen Hundred Eighty Seven in one original copy in the English Language.

For the Government of  
Brunei Darussalam:

PG. DATO DR. HJ. ISMAIL PG. HJ. DAMIT  
Minister of Development

For the Government of the  
Republic of Indonesia:

ALI WARDHANA  
Minister Coordinator for Economy,  
Finance, Industry and Development  
Supervision

For the Government of  
Malaysia:

DATIN PADUKA RAFIDAH AZIZ  
Minister of Trade and Industry

For the Government of the  
Republic of the Philippines:

JOSE E. CONCEPCION, JR.  
Secretary of Trade and Industry

For the Government of the  
Republic of Singapore:

RICHARD HU TSU TAU  
Minister for Finance

For the Government of the  
Kingdom of Thailand:

DR. ARUN PANUPONG  
Minister Attached to the  
Prime Minister's Office

ANNEX 1

PROGRAMME FOR INTRODUCTION OF ITEMS  
FROM EXCLUSION LISTS INTO THE PTA  
(Value in US\$'000)

	Present Status	1988	1989	1990	1991	1992
<u>BRUNEI</u>						
a) No. of excluded items	583	513	444	381	308	213
b) Import Value of Excluded Items (1986)	78,950	76,192	75,145	-	-	-
c) Total Imports from ASEAN (1986)	233,168	233,168	233,168	233,168	233,168	233,168
d) Total no. of traded items in ASEAN	2,134	2,134	2,134	2,134	2,134	2,134
a/d (%)	27.3	24.0	20.8	17.9	14.4	10.0
b/c (%)	33.9	32.7	32.2	-	-	-

	Present Status	1988	1989	1990	1991	1992
<u>INDONESIA</u>						
a) No. of excluded items	1,360	1,254	1,254	1,116	1,116	963
b) Import Value of Excluded Items (1985)	153,523					-
c) Total Imports from ASEAN (1985)	963,003	963,003	963,003	963,003	963,003	963,003
d) Total no. of traded items in ASEAN	4,061	4,061	4,061	4,061	4,061	4,061
a/d (%)	33.49	30.88	30.88	27.48	27.48	23.71
b/c (%)	15.49					-

	Present Status	1988	1989	1990	1991	1992
<u>MALAYSIA</u>						
a) No. of excluded items	1,342	1,247	1,097	910	662	367
b) Import Value of Excluded Items (1985)	1,483,137					-
c) Total Imports from ASEAN (1985)	2,747,963	2,747,963	2,747,963	2,747,963	2,747,963	2,747,963
d) Total no. of traded items in ASEAN	3,672	3,672	3,672	3,672	3,672	3,672
a/d (%)	36.0	33	29	24	18	9
b/c (%)	54.0					50

	Present Status	1988	1989	1990	1991	1992
<u>PHILIPPINES</u>						
a) No. of excluded items	1,239	1,159	1,079	999	919	839
b) Import Value of Excluded Items (1985) <sup>1/</sup>	586.2	577	557	553	550.3	548
c) Total Imports from ASEAN (1985) <sup>1/</sup>	754	754	754	754	754	754
d) Total no. of traded items in ASEAN	4,620	4,620	4,620	4,620	4,620	4,620
a/d (%)	26	25	28	21	19	18
b/c (%)	77	76	73	73	72	72

<sup>1/</sup>  
in million US Dollars

	Present Status	1988	1989	1990	1991	1992
<u>THAILAND</u>						
a) No. of excluded items	2,257	605	570	536	504	394
b) Import Value of Excluded Items (1985)	1,572	1,534	717	647	646	646
c) Total Imports from ASEAN (1985)	1,833	1,833	1,833	1,833	1,833	1,833
d) Total no. of traded items in ASEAN	4,111	4,111	4,111	4,111	4,111	4,111
a/d (%)	54.9	14.7	13.9	13.0	12.2	9.6
b/c (%)	85.8	83.6	39.1	37.4	37.4	37.4

NOTE: No. of traded items = no. of existing items in PTA + no. of items in exclusion list.

PROGRAMME TO DEEPEN MOPS FOR  
EXISTING ITEMS IN THE PTA

## PRESENT STATUS

Country	25%	30%	35%	40%	45%	50%
Indonesia	1,995	575	2	86	-	43
Malaysia	1,024	529	7	129	2	46
Philippines <sup>a/</sup>	2,293	1,106	2	9	-	28
Singapore	1	125	-	17	-	9
Thailand	615	1,033	1	152	-	53
Total	5,928	3,368	12	393	2	179
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## 1988

Country	25%	30%	35%	40%	45%	50%
Indonesia	1,777	511	2	56	-	355
Malaysia	84	1,455	21	122	9	46
Philippines			551 <sup>b/</sup>			
Singapore	-	1	125	-	17	9
Thailand			606			1,248
Total						

## 1989

Country	25%	30%	35%	40%	45%	50%
Indonesia	1,777	511	2	56	-	355
Malaysia	84	53	1,409	136	2	53
Philippines			551 <sup>c/</sup>			
Singapore	-	-	1	125	-	26
Thailand			217			1,637
Total						

<sup>a/</sup> Total number of items in the PTA of the Philippines is 3,099.

<sup>b/</sup> Number of items to be deepened to achieve 50% MOP in 1992.

<sup>c/</sup> Number of items to be deepened to achieve 50% MOP in 1993.

1990

Country	25%	30%	35%	40%	45%	50%
Indonesia	1,544	369	1	51	-	736
Malaysia	54	73	1	1,540	16	53
Philippines	-	-	-	-	-	-
Singapore	-	-	-	1	125	26
Thailand	-	-	101	-	-	1,753
Total						

1991

Country	25%	30%	35%	40%	45%	50%
Indonesia	1,544	369	1	51	-	736
Malaysia	37	26	1	87	1,519	67
Philippines	-	-	-	-	-	-
Singapore	-	-	-	-	1	151
Thailand	-	-	64	-	-	1,790
Total						

1992

Country	25%	30%	35%	40%	45%	50%
Indonesia	916	238	1	48	-	1,498
Malaysia	-	-	-	-	-	1,737
Philippines	-	-	-	-	-	-
Singapore	-	-	-	-	-	152
Thailand	-	-	-	-	-	1,854
Total						

d/

Number of items to be deepened to achieve 50% MOP in 1994.