

## AGREEMENT ON THE COMMON EFFECTIVE PREFERENTIAL TARIFF SCHEME FOR THE ASEAN FREE TRADE AREA

The Governments of Brunei Darussalam, the Republic of Indonesia, Malaysia, the Republic of the Philippines, the Republic of Singapore and the Kingdom of Thailand, Member States of the Association of South, East Asian Nations (ASEAN):

MINDFUL of the Declaration of ASEAN Concord signed in Bali, Indonesia on 24 February 1976 which provides that Member States shall cooperate in the field of trade in order to promote development and growth of new production and trade;

RECALLING that the ASEAN Heads of Government, at their Third Summit Meeting held in Manila on 13-15 December 1987, declared that Member States shall strengthen intra-ASEAN economic cooperation to maximise the realisation of the region's potential in trade and development;

NOTING that the Agreement on ASEAN Preferential Trading Arrangements (PTA) signed in Manila on 24 February 1977 provides for the adoption of various instruments on trade liberalisation on a preferential basis;

ADHERING to the principles, concepts and ideals of the Framework Agreement on Enhancing ASEAN Economic Cooperation signed in Singapore on 28 January 1992;

CONVINCED that preferential trading arrangements among ASEAN Member States will act as a stimulus to the strengthening of national and ASEAN Economic resilience, and the development of the national economies of Member States by expanding investment and production opportunities, trade, and foreign exchange earnings;

DETERMINED to further cooperate in the economic growth of the region by accelerating the liberalisation of intra-ASEAN trade and investment with the objective of creating the ASEAN Free Trade Area using the Common Effective Preferential Tariff (CEPT) Scheme;

DESIRING to effect improvements on the ASEAN PTA in consonance with ASEAN's international commitments;

HAVE AGREED AS FOLLOWS:

### ARTICLE 1: DEFINITIONS

For the purposes of this Agreement :

1. "CEPT" means the Common Effective Preferential Tariff, and it is an agreed effective tariff, preferential to ASEAN, to be applied to goods originating from ASEAN Member States, and which have been identified for inclusion in the CEPT Scheme in accordance with Articles 2 (5) and 3.
2. "Non-Tariff Barriers" mean measures other than tariffs which effectively prohibit or restrict import or export of products within Member States.

3. "Quantitative restrictions" mean prohibitions or restrictions on trade with other Member States, whether made effective through quotas, licenses or other measures with equivalent effect, including administrative measures and requirements which restrict trade.
4. "Foreign exchange restrictions" mean measures taken by Member States in the form of restrictions and other administrative procedures in foreign exchange which have the effect of restricting trade.
5. "PTA" means ASEAN Preferential Trading Arrangements stipulated in the Agreement on ASEAN Preferential Trading Arrangements, signed in Manila on 24 February 1977, and in the Protocol on Improvements on Extension of Tariff Preferences under the ASEAN Preferential Trading Arrangements (PTA), signed in Manila on 15 December 1987.
6. "Exclusion List" means a list containing products that are excluded from the extension of tariff preferences under the CEPT Scheme.
7. "Agricultural products" mean :
  - (a) agricultural raw materials/unprocessed products covered under Chapters 1-24 of the Harmonised System (HS), and similar agricultural raw materials/unprocessed products in other related HS Headings; and
  - (b) products which have undergone simple processing with minimal change in form from the original products.

## ARTICLE 2: GENERAL PROVISIONS

1. All Member States shall participate in the CEPT Scheme.
2. Identification of products to be included in the CEPT Scheme shall be on a sectoral basis, i.e., at HS 6-digit level.
3. Exclusions at the HS 8/9 digit level for specific products are permitted for those Member States, which are temporarily not ready to include such products in the CEPT Scheme. For specific products, which are sensitive to a Member State. pursuant to Article 1 (3) of the Framework Agreement on Enhancing ASEAN Economic Cooperation, a Member State may exclude products from the CEPT Scheme, subject to a waiver of any concession herein provided for such products. A review of this Agreement shall be carried out in the eighth year to decide on the final Exclusion List or any amendment to this Agreement.
4. A product shall be deemed to be originating from ASEAN Member States, if at least 40% of its content originates from any Member State.
5. All manufactured products, including capital goods, processed agricultural products and those products falling outside the definition of agricultural products, as set out in this Agreement, shall be in the CEPT Scheme. These products shall automatically be subject to the schedule of tariff reduction, as set out in Article 4 of this Agreement. In respect of PTA items, the schedule of tariff reduction provided for in Article 4 of this Agreement shall be applied, taking into account the tariff rate after the application of the existing margin of preference (MOP) as at 31 December 1992.

6. All products under the PTA which are not transferred to the CEPT Scheme shall continue to enjoy the MOP existing as at 31 December 1992.

7. Member States, whose tariffs for the agreed products are reduced from 20% and below to 0%-5%, even though granted on an MFN basis, shall still enjoy concessions. Member States with tariff rates at MFN rates of 0%-5% shall be deemed to have satisfied the obligations under this Agreement and shall also enjoy the concessions.

#### ARTICLE 3 : PRODUCT COVERAGE

This Agreement shall apply to all manufactured products, - including capital goods, processed agricultural products, and those products falling outside the definition of agricultural products as set out in this Agreement. Agricultural products shall be excluded from the CEPT Scheme.

#### ARTICLE 4 : SCHEDULE OF TARIFF REDUCTION

1. Member States agree to the following schedule of effective preferential tariff reductions:

(a) The reduction from existing tariff rates to 20% shall be done within a time frame of 5 years to 8 years, from 1 January 1993, subject to a programme of reduction to be decided by each Member State, which shall be announced at the start of the programme. Member States are encouraged to adopt an annual rate of reduction, which shall be  $(X-20)\%/5$  or 8, where X equals the existing tariff rates of individual Member States.

(b) The subsequent reduction of tariff rates from 20% or below shall be done within a time frame of 7 years. The rate of reduction shall be at a minimum of 5% quantum per reduction. A programme of reduction to be decided by each Member State shall be announced at the start of the programme.

(c) For products with existing tariff rates of 20% or below as at 1 January 1993, Member States shall decide upon a programme of tariff reductions, and announce at the start, the schedule of tariff reductions. Two or more Member States may enter into arrangements for tariff reduction to 0%-5% on specific products at an accelerated pace to be announced at the start of the programme.

2. Subject to Articles 4 (1) (b) and 4 (1) (c) of this Agreement, products which reach, or are at tariff rates of 20% or below, shall automatically enjoy the concessions.

3. The above schedules of tariff reduction shall not prevent Member States from immediately reducing their tariffs to 0%-5% or following an accelerated schedule of tariff reduction.

#### ARTICLE 5 : OTHER PROVISIONS

##### A. Quantitative Restrictions and Non-Tariff Barriers

1. Member States shall eliminate all quantitative restrictions in respect of products under the CEPT Scheme upon enjoyment of the concessions applicable to those products.

2. Member States shall eliminate other non-tariff barriers on a gradual basis within a period of five years after the enjoyment of concessions applicable to those products.

## B. Foreign Exchange Restrictions

Member States shall make exceptions to their foreign exchange restrictions relating to payments for the products under the CEPT Scheme, as well as repatriation of such payments without prejudice to their rights under Article XVIII of the General Agreement on Tariff and Trade (GATT) and relevant provisions of the Articles of Agreement of the International Monetary Fund (IMF).

## C. Other Areas of Cooperation

Member States shall explore further measures on border and non-border areas of cooperation to supplement and complement the liberalisation of trade. These may include, among others, the harmonisation of standards, reciprocal recognition of tests and certification of products, removal of barriers to foreign investments, macroeconomic consultations, rules for fair competition, and promotion of venture capital.

## D. Maintenance of Concessions

Member States shall not nullify or impair any of the concessions as agreed upon through the application of methods of customs valuation, any new charges or measures restricting trade, except in cases provided for in this Agreement.

## ARTICLE 6 : EMERGENCY MEASURES

1 . If, as a result of the implementation of this Agreement, import of a particular product eligible under the CEPT Scheme is increasing in such a manner as to cause or threaten to cause serious injury to sectors producing like or directly competitive products in the importing Member States, the importing Member States may, to the extent and for such time as may be necessary to prevent or to remedy such injury, suspend preferences provisionally and without discrimination, subject to Article 6 (3) of this Agreement. Such suspension of preferences shall be consistent with the GATT.

2. Without prejudice to existing international obligations, a Member State, which finds it necessary to create or intensify quantitative restrictions or other measures limiting imports with a view to forestalling the threat of or stopping a serious decline of its monetary reserves, shall endeavour to do so in a manner, which safeguards the value of the concessions agreed upon.

3. Where emergency measures are taken pursuant to this Article, immediate notice of such action shall be given to the Council referred to in Article 7 of this Agreement, and such action may be the subject of consultation as provided for in Article 8 of this Agreement.

## ARTICLE 7 : INSTITUTIONAL ARRANGEMENTS

1. The ASEAN Economic Ministers (AEM) shall, for the purposes of this Agreement, establish a ministerial-level Council comprising one nominee from each Member State and the Secretary-General of the ASEAN Secretariat. The ASEAN Secretariat shall provide the support to the ministerial-level Council for supervising, coordinating and reviewing the implementation of this

Agreement, and assisting the AEM in all matters relating thereto. In the performance of its functions, the ministerial-level Council shall also be supported by the Senior Economic Officials' Meeting (SEOM).

2. Member States which enter into bilateral arrangements on tariff reductions pursuant to Article 4 of this Agreement shall notify all other Member States and the ASEAN Secretariat of such arrangements.

3. The ASEAN Secretariat shall monitor and report to the SEOM on the implementation of the Agreement pursuant to the Article III (2) (8) of the Agreement on the Establishment of the ASEAN Secretariat. Member States shall cooperate with the ASEAN Secretariat in the performance of its duties.

#### ARTICLE 8 : CONSULTATIONS

1. Member States shall accord adequate opportunity for consultations regarding any representations made by other Member States with respect to any matter affecting the implementation of this Agreement. The Council referred to in Article 7 of this Agreement, may seek guidance from the AEM in respect of any matter for which it has not been possible to find a satisfactory solution during previous consultations.

2. Member States, which consider that any other Member State has not carried out its obligations under this Agreement, resulting in the nullifications or impairment of any benefit accruing to them, may, with a view to achieving satisfactory adjustment of the matter, make representations or proposal to the other Member States concerned, which shall give due consideration to the representations or proposal made to it.

3. Any differences between the Member States concerning the interpretation or application of this Agreement shall, as far as possible, be settled amicably between the parties. If such differences cannot be settled amicably, it shall be submitted to the Council referred to in Article 7 of this Agreement, and if necessary, to the AEM.

#### ARTICLE 9 : GENERAL EXCEPTIONS

Nothing in this Agreement shall prevent any Member State from taking action and adopting measures, which it considers necessary for the protection of its national security, the protection of public morals, the protection of human, animal or plant life and health, and the protection of articles of artistic, historic and archaeological value.

#### ARTICLE 10 : FINAL PROVISIONS

1. The respective Governments of Member States shall undertake the appropriate measures to fulfill the agreed obligations arising from this Agreement.

2. Any amendment to this Agreement shall be made by consensus and shall become effective upon acceptance by all Member States.

3. This Agreement shall be effective upon signing.

4. This Agreement shall be deposited with the Secretary-General of the ASEAN Secretariat, who shall likewise promptly furnish a certified copy thereof to each Member State.

5. No reservation shall be made with respect to any of the provisions of this Agreement. In witness Whereof, the undersigned, being duly authorised thereto by their respective Governments, have signed this Agreement on Common Effective Preferential Tariff (CEPT) Scheme for the Free Trade Area (AFTA).

Done at Singapore, this 28th day of January, 1992 in a single copy in the English Language.

For the Government of Brunei Darussalam :

ABDUL RAHMAN TAIB  
Minister of Industry and Primary Resources

For the Government of the Republic of Indonesia :

DR ARIFIN MSIREGAR  
Minister of Trade

For the Government of Malaysia:

RAFIDAH AZIZ  
Minister of International Trade and Industry

For the Government of the Republic of the Philippines :

PETER D GARRUCHO JR  
Secretary of Trade and Industry

For the Government of the Republic of Singapore :

LEE HSIEN LOONG  
Deputy Prime Minister and Minister for Trade and Industry

For the Government of the Kingdom of Thailand :

AMARET SILA-ON  
Minister of Commerce

FRAMEWORK AGREEMENT ON ENHANCING ASEAN ECONOMIC COOPERATION  
Singapore, 28 January 1992

The Sultan of Brunei Darussalam, the President of the Republic of Indonesia, the Prime Minister of Malaysia, the President of the Republic of the Philippines, the Prime Minister of the Republic of Singapore and the Prime Minister of the Kingdom of Thailand:

REAFFIRMING their commitment to the ASEAN Declaration of 8 August 1967, the Declaration of ASEAN Concord of 24 February 1976, the Treaty of Amity and Cooperation in Southeast Asia of 24 February 1976, the 1977 Accord of Kuala Lumpur and the Manila Declaration of 15 December 1987;

DESIRING to enhance intra-ASEAN economic cooperation to sustain the economic growth and development of all Member States which are essential to the stability and prosperity of the region;

REITERATING their commitment to the principles of the General Agreement on Tariffs and Trade (hereinafter referred to as "GATT");

RECOGNISING that tariff and non-tariff barriers are impediments to intra-ASEAN trade and investment flows, and that existing commitments to remove these trade barriers could be extensively improved upon;

NOTING the significant unilateral efforts made by Member States in recent years to liberalise trade and promote investments, and the importance of extending such policies to further open up their economies, given the comparative advantages and complementarity of their economies;

RECOGNISING that Member States, having different economic interests, could benefit from subregional arrangements;

CONSCIOUS of the rapid and pervasive changes in the international political and economic landscape, as well as both challenges and opportunities yielded thereof, which need more cohesive and effective performance of intra-ASEAN economic cooperation;

MINDFUL of the need to extend the spirit of friendship and cooperation among Member States to other regional economies, as well as those outside the region which contribute to the overall economic development of Member States;

RECOGNISING further the importance of enhancing other fields of economic cooperation such as in science and technology, agriculture, financial services and tourism;

HAVE AGREED AS FOLLOWS

ARTICLE I  
Principles

1. Member States shall endeavour to strengthen their economic cooperation through an outward-looking attitude so that their cooperation contributes to the promotion of global trade liberalisation.
2. Member States shall abide by the principle of mutual benefit in the implementation of measures or initiatives aimed at enhancing ASEAN economic cooperation.
3. All Member States shall participate in intra ASEAN economic arrangements. However, in the implementation of these economic arrangements, two or more Member States may proceed first if other Member States are not ready to implement these arrangements.

## ARTICLE 2

### Areas of Cooperation

#### A. Cooperation in Trade

1. All Member States agree to establish and participate in the ASEAN Free Trade Area (AFTA) within 15 years. A ministerial-level Council will be set up to supervise, coordinate and review the implementation of the AFTA.
2. The Common Effective Preferential Tariff (CEPT) Scheme shall be the main mechanism for the AFTA. For products not covered by the CEPT Scheme, the ASEAN Preferential Trading Arrangements (PTA) or any other mechanism to be agreed upon, may be used.
3. Member States shall reduce or eliminate non-tariff barriers between and among each other on the import and export of products as specifically agreed upon under existing arrangements or any other arrangements arising out of this Agreement.
4. Member States shall explore further measures on border and non-border areas of cooperation to supplement and complement the liberalisation of trade.

#### B. Cooperation in Industry, Minerals and Energy

1. Member States agree to increase investments, industrial linkages and complementarity by adopting new and innovative measures, as well as strengthening existing arrangements in ASEAN.
2. Member States shall provide flexibility for new forms of industrial cooperation. ASEAN shall strengthen cooperation in the development of the minerals sector.
3. Member States shall enhance cooperation in the field of energy, including 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.

#### C. Cooperation in Finance and Banking



1. Member States shall strengthen and develop further ASEAN economic cooperation in the field of capital markets, as well as find new measures to increase cooperation in this area.

2. Member States shall encourage and facilitate free movement of capital and other financial resources, including further liberalisation of the use of ASEAN currencies in trade and investments, taking into account their respective national laws, monetary controls and development objectives.

#### D. Cooperation in Food, Agriculture and Forestry

1. Member States agree to strengthen regional cooperation in the areas of development, production and promotion of agricultural products for ensuring food security and upgrading information exchanges in ASEAN.

2. Member States agree to enhance technical joint cooperation to better manage, conserve, develop and market forest resources.

#### E. Cooperation in Transportation and Communications

1. Member States agree to further enhance regional cooperation for providing safe, efficient and innovative transportation and communications infrastructure network.

2. Member States shall also continue to improve and develop the intra-country postal and telecommunications system to provide cost-effective, high quality and customer-oriented services.

### ARTICLE 3

#### Other Areas of Cooperation

1. Member States agree to increase cooperation in research and development, technology transfer, tourism promotion, human resource development and other economic-related areas. Full account shall also be taken of existing ASEAN arrangements in these areas.

2. Member States, through the appropriate ASEAN bodies, shall regularly consult and exchange views on regional and international developments and trends, and identify ASEAN priorities and challenges.

### ARTICLE 4

#### Sub-regional Economic Arrangements

1. Member States acknowledge that sub-regional arrangements among themselves, or between ASEAN Member States and non-ASEAN economies, could complement overall ASEAN economic cooperation.

### ARTICLE 5

#### Extra-ASEAN Economic Cooperation

1. To complement and enhance economic cooperation among Member States, and to respond to the rapidly changing external conditions and trends in both the economic and

political fields, Member States agree to establish and/or strengthen cooperation with other countries, as well as regional and international organisations and arrangements.

#### ARTICLE 6

##### Private Sector Participation

1. Member States recognise the complementarity of trade and investment opportunities, and therefore encourage, among others, cooperation and exchanges among the ASEAN private sectors and between ASEAN and non-ASEAN private sectors, and the consideration of appropriate policies aimed at promoting greater intra-ASEAN and extra-ASEAN investments and other economic activities.

#### ARTICLE 7

##### Monitoring Body

1. The ASEAN Secretariat shall function as the body responsible for monitoring the progress of any arrangements arising from this Agreement. Member States shall cooperate with the ASEAN Secretariat in the performance of its duties.

#### ARTICLE 8

##### Review of Progress

1. The ASEAN Economic Ministers' Meeting and its subsidiary bodies shall review the progress of implementation and coordination of the elements contained in this Agreement.

#### ARTICLE 9

##### Settlement of Disputes

1. Any differences between the Member States concerning the interpretation or application of this Agreement or any arrangements arising therefrom shall, as far as possible, be settled amicably between the parties. Whenever necessary, an appropriate body shall be designated for the settlement of disputes.

#### ARTICLE 10

##### Supplementary Agreements or Arrangements

2. Appropriate ASEAN economic agreements or arrangements, arising from this Agreement, shall form an integral part of this Agreement.

#### ARTICLE 11

##### Other Agreements

1. This Agreement or any action taken under it shall not affect the rights and obligations of the Member States under any existing agreements to which they are parties.

2. Nothing in this Agreement shall affect the power of Member States to enter into other agreements not contrary to the terms and objectives of this Agreement.

ARTICLE 12  
General Exceptions

1. Nothing in this Agreement shall prevent any Member State from taking action and adopting measures which it considers necessary for the protection of its national security, the protection of public morals, the protection of human, animal or plant life and health, and the protection of articles of artistic, historic and archaeological value.

ARTICLE 13  
Amendments

1. All Articles of this Agreement may be modified through amendments to this Agreement agreed upon by all the Member States. All amendments shall become effective upon acceptance by all Member States.

ARTICLE 14  
Entry Into Force

1. This Agreement shall be effective upon signing.

ARTICLE 15  
Final Provision

1. This Agreement shall be deposited with the Secretary General of the ASEAN Secretariat who shall promptly furnish a certified copy thereof to each Member State.

IN WITNESS WHEREOF, the undersigned have signed this Framework Agreement on Enhancing ASEAN Economic Cooperation.

DONE at Singapore, this 28th day of January, 1992 in a single copy in the English Language.

For Brunei Darussalam :

HAJI HASSANAL BOLKIAH  
Sultan of Brunei Darussalam

For the Republic of Indonesia :

SOEHARTO  
President

For Malaysia :

DR MAHATHIR BIN MOHAMAD  
Prime Minister

For the Republic of the Philippines :

CORAZON C AQUINO  
President

For the Republic of Singapore :

GOH CHOK TONG  
Prime Minister

For the Kingdom of Thailand :

ANAND PANYARACHUN  
Prime Minister

## ASEAN Framework Agreement on the Facilitation of Goods in Transit

### PREAMBLE

The Members of the Association of South East Asian Nations (hereinafter referred to as "Contracting Parties");

Inspired to maintain, further develop and strengthen friendly relations and cooperation between their countries;

Reiterating their commitment to foster smooth, rapid and efficient movement of goods between and among Contracting Parties;

Recalling the decisions of the First ASEAN Informal Summit held on 30 November 1996 in Jakarta and the Second ASEAN Informal Summit held on 15 December 1997 in Kuala Lumpur, to cooperate in the area of facilitation of goods in transit and to expeditiously study the necessary measures to facilitate the transportation of goods both in transit and inter-State, covering land, maritime and air links, respectively;

Noting Article V of the General Agreement on Tariffs and Trade (GATT 1994) on "Freedom of Transit" and other relevant international conventions on goods in transit;

Agreeing that the ASEAN Framework Agreement on the Facilitation of Goods in Transit (hereinafter referred to as "this Agreement") provides the most effective arrangement for facilitating inter-State traffic and transit transport among ASEAN countries;

Undertaking to encourage and facilitate inter-State traffic and transit transport among the Contracting Parties;

Have agreed as follows :

#### Article 1

##### Objectives

The objectives of this Agreement are :

- a. to facilitate transportation of goods in transit, to support the implementation of the ASEAN Free Trade Area, and to further integrate the region's economies;
- b. to simplify and harmonize transport, trade and customs regulations and requirements for the purpose of facilitation of goods in transit; and
- c. to establish an effective, efficient, integrated and harmonized transit transport system in ASEAN.

#### Article 2

## Principles

The Contracting Parties shall be guided by the following principles under this Agreement :

- a. Most Favoured Nation Treatment : Contracting Parties shall accord to transit transport to or from the territory of any other Contracting Parties treatment no less favourable than the treatment accorded to transit transport to or from any other country;
- b. National Treatment : Contracting Parties shall accord to products which have been in transit through the territory of any other Contracting Party treatment no less favourable than that which would have been accorded to such products had they been transported from their place of origin to their destination without going through the territory of such other Contracting Party;
- c. Consistency : Contracting Parties shall ensure the consistent application of the relevant laws and regulations, procedures, and administration guidelines and other rulings within each Contracting Party;
- d. Simplicity : Contracting Parties shall endeavour to ensure the simplification of all transit transport procedures and requirements in ASEAN;
- e. Transparency : Contracting Parties shall make all laws, regulations, procedures and administrative notifications pertaining to the relevant authorities publicly available in a prompt, transparent and readily accessible manner;
- f. Efficiency : Contracting Parties shall ensure the efficient and effective administration of transit transport to facilitate movement of goods in transit;
- g. Appeals : Contracting Parties shall ensure that an effective mechanism for the review of the decisions by the relevant authorities of Contracting Parties is made available and accessible to users and providers of transit transport within ASEAN; and
- h. Mutual Assistance : Contracting Parties shall endeavour their utmost cooperation and mutual assistance between the concerned agencies involved in the facilitation of goods in transit in ASEAN.

## PART I

### General Provisions

#### Article 3

#### Definitions

For the purposes of this Agreement:

- a. "Transit transport" means transit of goods and means of transport across the territory of one or more Contracting Parties, when the passage across such territory or territories, with or without transshipment, warehousing, breaking bulk or change in the mode of transport, is only a portion of a complete journey beginning and terminating beyond the frontier of one or more Contracting Parties across whose territory the traffic passes;
- b. "Internal transport" means the carriage of goods loaded in the territory of a Contracting Party for unloading at a place within the territory of the same Contracting Party;
- c. "Means of transport" means road vehicles, railway rolling stock, sea and inland waterways craft and aircraft;
- d. "Dangerous goods" means those substances and articles which may affect the interest of environment, health, safety and national security;
- e. "Perishable goods" means fresh, chilled or frozen fish, crustacean, molluscs, fruits, vegetables, chilled or frozen meat or poultry, dairy and dairy products, eggs and egg products, and swine and pork products ; and
- f. "Secretary-General" means Secretary-General of the Association of South East Asian Nations.

#### Article 4

##### Scope of Application

- 1. The provisions of this Agreement shall apply to transit transport.
- 2. Inter-State transport shall be agreed upon by all the Contracting Parties. For this purpose, the Contracting Parties shall enter into negotiations and expeditiously conclude a separate ASEAN Framework Agreement on the Facilitation of Inter-State Transport.

#### Article 5

##### Grant of Rights

- 1. Subject to the provisions of this Agreement, each Contracting Party shall grant to other Contracting Parties :
  - a. the right of transit transport; and
  - b. the right to load and discharge third countries' goods destined for or coming from Contracting Parties.
- 2. The Contracting Parties, through whose territory the transit transport takes place, will endeavour to provide facilities for transit transport in accordance with the provisions of this Agreement.

3. Transit Transport shall not be subject to any unnecessary delays or restrictions and shall be exempt from customs duties, taxes and other charges except charges for specific services rendered in connection with such transport.

4. Goods carried in sealed road vehicles, combination of vehicles or container shall not be subjected to examination at Customs offices en route. However, to prevent abuses such as smuggling and fraud, Customs authorities of either Contracting Party, may in exceptional cases, and particularly when irregularity is suspected, carry out an examination of the goods at such offices or other areas designated by Customs authorities.

## PART II

### DESIGNATION OF TRANSIT TRANSPORT ROUTES

#### Article 6

##### Designation of Transit Transport Routes and Facilities

1. The Contracting Parties shall adopt a list of designated transit transport routes to be specified in Protocol 1 of this Agreement.

2. For the benefit of safety, the Contracting Parties shall endeavour to provide in their territories vehicle rest areas on these specified routes at appropriate intervals.

#### Article 7

##### Frontier Facilities

1. The Contracting Parties agree to designate frontier posts at border points to be specified in Protocol 2 to facilitate transit transport.

2. The Contracting Parties shall provide adequate facilities and related installations at frontier posts over the transit transport routes.

3. The Contracting Parties shall endeavour to:

a. Provide, whenever possible, and within their national jurisdiction, frontier posts which are physically adjacent to those of other Contracting Parties concerned with control areas with checking requirements in order to facilitate the clearance and examination of the means of transport and goods in transit, so that repeated unloading and reloading of these goods may be avoided. Nothing shall prevent two or more Contracting Parties from conducting joint examination at the same place by officials of these Contracting Parties;

b. Ensure that adequate manpower resources are made available for the speedy completion and clearance of frontier formalities, such as immigration, customs, health and foreign exchange controls;

c. Allow goods in transit to be temporarily stored in approved places;



- d. Coordinate working hours of adjacent posts; and
  - e. Provide, wherever possible, adequate parking space for containers and for vehicles awaiting goods clearance.
4. The Contracting Parties agree to be guided, wherever possible, by the provisions of the International Convention on Harmonization of Frontier Control of Goods, signed at Geneva on 21 October 1982, in their efforts to harmonise frontier facilities for goods in transit.

### PART III

#### GENERAL CONDITIONS FOR ROAD TRANSPORT

##### Article 8

###### Traffic Regulations

The Contracting Parties shall endeavour to take appropriate measures to ensure the harmonization of road traffic regulations in force in their territories conform in substance to the provisions of the Convention on Road Traffic, signed at Vienna on 8 November 1968, and the Convention on Road Sign and Signals, signed at Vienna on 8 November 1968.

##### Article 9

###### Transit Transport Services

1. Each Contracting Party shall allow the use of means of transport registered in other Contracting Parties to provide transit transport services on its territory in accordance with Article 5 of this Agreement.
2. The type and quantity of road vehicles to be used for transit transport shall be agreed upon between all Contracting Parties, to be specified in Protocol 3, before the transport services are inaugurated. Thereafter, the type and quantity of road vehicles shall be discussed from time to time between the Contracting Parties.

##### Article 10

###### Road Transport Permits

The Contracting Parties undertake to harmonize road transport permit requirements in order to facilitate transit transport.

##### Article 11

###### Technical Requirements of Vehicles

Means of transport used in road transit transport shall conform to the technical requirements regarding vehicle dimensions, maximum weights and loads, emission standards and related matters to be specified in Protocol 4.

## Article 12

### Mutual Recognition of Inspection Certificates

1. The Contracting Parties undertake to institute periodic inspection of road vehicles registered in each respective territory and used for transit transport operations.
2. The Contracting Parties shall recognize periodic inspection certificates of road vehicles used for transit transport issued by the other Contracting Parties, in accordance with the Agreement on the Recognition of Commercial Vehicle Inspection Certificates for Goods Vehicles and Public Service Vehicles Issued by ASEAN Member Countries signed at Singapore on 10 September 1998.

## Article 13

### Mutual Recognition of Driving Licenses

The Contracting Parties shall recognize domestic driving licenses issued by all other Contracting Parties in accordance with the Agreement on the Recognition of Domestic Driving Licenses Issued by ASEAN Countries signed at Kuala Lumpur on 9 July 1985.

## Article 14

### Motor Vehicle Third-Party Insurance Scheme

1. The road vehicle entering the territory of the other Contracting Party shall strictly comply with the laws and regulations related to third-party insurance covering for the insurance of their means of transport to cover third-party liability incurred in the course of transit transport.
2. The Contracting Parties undertake to harmonize or establish a common ASEAN scheme of compulsory motor vehicle third-party liability insurance to be specified in Protocol 5.
3. The ASEAN scheme of compulsory motor vehicle third-party liability insurance shall provide, at least, all the guarantees required by the laws and regulations governing compulsory motor vehicle third-party insurance in the Contracting Parties.

## Article 15

### Charges and Other Financial Obligations

The Contracting Parties endeavour to simplify, consolidate and harmonize charges and other financial obligations which are levied on the means of transport.

## PART IV

### GENERAL CONDITIONS FOR RAIL TRANSPORT

#### Article 16

##### Connecting and Transit Services

1. Connecting and transit services on railway lines linking the territories of the Contracting Parties shall be performed at designated interchange stations.
2. Border stations, interchange stations and type and quantity of rolling stock shall be designated in Protocol 6. The Protocol shall also specify basic operational arrangements relating to such matters as technical inspection of rolling stock .
3. The Contracting Parties shall encourage their railways to conclude inter-railway agreements, including arrangements for the acceptance of technical inspection of rolling stock, which are consistent with the provisions of this Agreement and its Protocols.

## PART V

### CUSTOMS CONTROL, SANITARY AND PHYTOSANITARY MEASURES

#### Article 17

##### Harmonization and Simplification of Customs Procedures

1. The Contracting Parties shall simplify and, whenever possible, harmonize the customs control procedures of transit transport to ensure compliance with the laws and regulations which the Customs are responsible for enforcing.
2. The Contracting Parties shall facilitate joint customs inspection, wherever possible, of transit transport at their designated frontier points.
3. The Contracting Parties agree to be guided, whenever possible, by the standards and recommended practices of Annex E1 concerning Customs Transit of the International Convention on the Simplification and Harmonization of Customs Procedures, concluded at Kyoto on 18 May 1973, as amended, under the auspices of the World Customs Organization.

#### Article 18

##### Establishment of a Customs Transit System

1. The Contracting Parties shall establish a customs transit system for the purposes of facilitating the movement of goods in their territories.
2. The Contracting Parties agree to apply the customs transit system to be specified in Protocol 7.

## Article 19

### Establishment of Sanitary and Phytosanitary Measures

The Contracting Parties shall establish sanitary and phytosanitary measures to be specified in Protocol 8, to facilitate the movement of goods in their territories and ensure compliance with the laws and regulations which the relevant authorities are responsible for enforcing.

## PART VI

### MISCELLANEOUS PROVISIONS

## Article 20

### Special Provisions on Transport of Dangerous Goods

Transit transport of dangerous goods to be specified in Protocol 9 shall not be permitted under this Agreement, unless there is a special permit of the Contracting Party in whose territory the transportation is undertaken.

## Article 21

### Special Provisions on Transport of Prohibited and/or Restricted Goods

Transit transport of goods prohibited and/or restricted in the transit territory of a Contracting Party, to be specified in Protocol 7, shall not be permitted under this Agreement.

## Article 22

### Special Provisions on Transport of Perishable Goods

Subject to the provisions of this Agreement, the Contracting Parties shall endeavour to facilitate transport of perishable goods.

## Article 23

### Provision of Greater Facilities

This Agreement does not entail in any way the withdrawal of transit facilities which are greater than those provided for in this Agreement as long as the terms and conditions are consistent with the principles embodied in this Agreement. This Agreement also does not preclude the granting of greater facilities, which may be agreed between Contracting Parties in the future.

## Article 24

### Domestic Legislation

1. Domestic legislation and regulations relating to transport of goods shall, in so far as this Agreement and its Protocols do not lay down, apply equally and without discrimination to transit transport.

2. The Contracting Parties endeavour to harmonize and simplify their rules, regulations and administrative procedures relating to transit transport in accordance with the provisions of this Agreement.

## Article 25

### Working Groups

After the signing of this Agreement, related Working Groups shall be established or designated, to conclude the Protocols which shall form integral parts of this Agreement. These are :

Protocol 1 Designation of Transit Transport Routes and Facilities

Protocol 2 Designation of Frontier Posts

Protocol 3 Types and Quantity of Road Vehicles

Protocol 4 Technical Requirements of Vehicles

Protocol 5 ASEAN Scheme of Compulsory Motor Vehicle Third-Party Liability Insurance

Protocol 6 Railways Border and Interchange Stations

Protocol 7 Customs Transit System

Protocol 8 Sanitary and Phytosanitary Measures

Protocol 9 Dangerous Goods

## Article 26

### Compliance with National Laws

Except where otherwise provided in Agreements between the Contracting Parties, including this Agreement:

a. means of transport of one Contracting Party including persons and goods shall, when in the territory of the other Contracting Party, comply with national laws and regulations in force in that territory ; and

b. neither of the Parties shall impose on persons or goods of the other Contracting Party requirements which are more restrictive than those applied by its national laws and regulations on its own means of transport.

## Article 27

### Transparency

1. The Contracting Parties shall ensure transparency of its respective laws, regulations and administrative procedures which affect the facilitation of transit transport of goods under this Agreement and its Protocols.
2. For this purpose, all Contracting Parties shall deposit with the ASEAN Secretariat, not later than six months after this Agreement has entered into force, their aforementioned laws, regulations and administrative procedures.
3. If the aforementioned documents are not in the English language, their English translation shall also be deposited within one year after this Agreement has entered into force.

## Article 28

### Assistance for Traffic Accidents

Should the means of transport of one Contracting Party including persons and goods be involved in traffic accidents in the territory of another Contracting Party, the latter shall provide all possible assistance to the means of transport, including persons and goods, and notify the appropriate authorities of the Contracting Party concerned as soon as possible.

## PART VII

### INSTITUTIONAL ARRANGEMENTS

## Article 29

### Institutional Arrangements

1. A National Transit Transport Coordinating Committee shall be established in each of the Contracting Parties for the effective and efficient coordination and implementation of this Agreement.
2. A Transit Transport Coordinating Board shall be established and composed of senior official nominated from each Contracting Party and a representative of the ASEAN Secretariat, to oversee the overall coordination and implementation of this Agreement. The Board is also authorized to invite and seek the assistance of other relevant ASEAN coordinating bodies, for all matters related to the implementation of this Agreement.
3. The Transit Transport Coordinating Board shall make periodic reports on the implementation of this Agreement, and seek appropriate guidance on significant issues as necessary, from the relevant ASEAN Ministerial bodies.
4. The ASEAN Secretariat shall assist the Transit Transport Coordinating Board in its functions and responsibilities under this Agreement, and in particular, in the monitoring and

reporting of the progress of the implementation of this Agreement. The ASEAN Secretariat shall submit evaluation reports to the Transit Transport Coordinating Board, for further action.

## PART VIII

### FINAL CLAUSES

#### Article 30

##### Dispute Settlement

The provisions of the ASEAN Protocol on Dispute Settlement Mechanism, done at Manila on 20th day of November 1996, shall apply to consultation and the settlement of disputes under this Agreement.

#### Article 31

##### Accession of New Members

New Members of ASEAN shall accede to this Agreement on terms and conditions consistent with it and which have been agreed between them and the existing Members of ASEAN. Accession shall be through the signing and deposit of the Instrument of Accession of this Agreement with the Secretary – General of ASEAN, who shall promptly furnish each Contracting Party a certified true copy thereof.

#### Article 32

##### Other Agreements in Force

This Agreement or any actions taken thereto shall not affect the rights and obligations of the Contracting Parties under any existing agreements or International Conventions to which they are also Contracting Parties.

#### Article 33

##### Final Provisions

1. This Agreement is subject to ratification or acceptance by the Contracting Parties.
2. The Instrument of Ratification or Acceptance shall be deposited with the Secretary-General of ASEAN who shall promptly inform each Contracting Party of such deposit.
3. This Agreement shall enter into force upon the deposit of Instruments of Ratification or Acceptance by all Contracting Parties with the Secretary-General of ASEAN.
4. No reservations may be made to this Agreement either at the time of signature or ratification.

5. Any amendment to the provisions of this Agreement shall be effected by consent of all the Contracting Parties.

IN WITNESS WHEREOF, the undersigned, being duly authorized to sign by their respective Governments, have signed the ASEAN Framework Agreement on the Facilitation of Goods in Transit.

DONE at Hanoi, Vietnam on the 16th day of December 1998, in a single copy in the English language.

Protocol 1 Designation of Transit Transport Routes and Facilities

Protocol 2 Designation of Frontier Posts

Protocol 3 Types and Quantity of Road Vehicles

Protocol 4 Technical Requirements of Vehicles

Protocol 5 ASEAN Scheme of Compulsory Motor Vehicle Third-Party Liability Insurance

Protocol 6 Railways Border and Interchange Stations

Protocol 7 Customs Transit System

Protocol 8 Sanitary and Phytosanitary Measures

Protocol 9 Dangerous Goods