

EMBARGOED TILL 00:01 ON 22 JUNE

PRESS STATEMENT: EU-ASEAN BUSINESS COUNCIL AND ASEAN BUSINESS ADVISORY COUNCIL
LAUNCH REPORT ON NON-TARIFF BARRIERS IN ASEAN: BOTH BODIES CALL FOR FASTER ACTION ON
REMOVAL OF NTBS

- **The EU-ASEAN Business Council & ASEAN Business Advisory Council today launched a report on Non-Tariff Barriers in ASEAN that they jointly commissioned.**
- **The report identifies the existence of a large number of Non-Tariff Barriers (NTBs) in the region in the Automotive, Agri-Food and Healthcare sectors.**
- **It also sets out a number of recommendations for ASEAN to follow if the region is to accelerate the process of NTB removal as set out in the AEC Blueprints.**
- **Both Organisations encourage faster movement on achieving ASEAN's objectives linked to the ASEAN Economic Community, particularly on the removal of trade distorting Non-Tariff Barriers.**
- **The business groups continue to have concerns over the slow progress in achieving the objectives of the AEC, particularly on NTB removal, and the continued impact this has on holding back intra-ASEAN trade and achieving the full benefits of economic integration.**

22 June 2019 – In line with ASEAN's 2019 theme of "Advancing Partnership for Sustainability", the EU-ASEAN Business Council (EU-ABC) and ASEAN Business Advisory Council (ASEAN BAC) today launched a joint report "*Non-Tariff Barriers (NTBs) in ASEAN and their elimination from a business perspective*" which examines the prevalence of NTBs to trade in three key industrial sectors in ASEAN – Automotive, Agri-Food, and Healthcare. The aim of the report is to highlight the need for faster action in removing NTBs in the region to help ASEAN achieve its objectives as set out in the two ASEAN Economic Community Blueprints, and the subsequent targets of reducing the cost of trade transaction by 10% by 2020 and doubling intra-ASEAN trade by 2025 as agreed by the ASEAN Leaders in 2017.

The report sets out a number of recommendations to ASEAN, aimed at helping the region accelerate the removal of NTBs.

The Counsellor of the EU Delegation in Thailand, Mrs Isabelle De Stobbeleir, opened the event by stating that: "The European Union is a strong supporter of the ASEAN economic integration and the facilitation of regional trade. Through the Enhanced Regional EU-ASEAN Dialogue Instrument (E-READI), the EU strives to facilitate EU-ASEAN policy dialogues across all three ASEAN pillars. Thanks to the active engagement of the ASEAN Business Advisory Council and the EU-ASEAN Business Council, business communities from the EU and ASEAN are involved in a constructive exchange. Together, we join forces to promote the economic integration of ASEAN, strengthen business cooperation and bring forth the perspectives of the private sector."

Commenting on the report, Mr Donald Kanak, Chairman of the EU-ABC, said: "ASEAN has made excellent progress on removing tariffs for intra-ASEAN trade, but Non-Tariff Measures (NTMs) have increased markedly despite the commitments made under the ASEAN Economic Community (AEC) to reduce them. This report by the Asian Trade Centre highlights the extent of the problem in three sectors within ASEAN. Reducing NTMs and removing NTBs will foster intra-ASEAN trade, increase innovation, and lead to lower costs for businesses and for consumers. It should also create intra-ASEAN trading opportunities for MSMEs."

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Speaking at the launch event in Bangkok, Chairman of ASEAN BAC, Mr Arin Jira, said: “As we cross over the 10th year anniversary of the ASEAN Trade in Goods Agreement (ATIGA), we are very pleased to launch this joint research undertaking by ASEAN BAC and EU-ABC which only affirms the private business sector's commitment to help address NTBs. While it's only the start of a long tedious process, we're hopeful that with ASEAN's support and cooperation, we now have a clear starting point in prioritising which NTBs to address based on the results of the research as initiated on three sectors: Agri-food, Healthcare and Automotive. We are now moving from talk mode to action mode.”

Executive Director of the EU-ASEAN Business Council, Chris Humphrey, added: “ASEAN is at risk of failing to fulfil its potential, unless faster and more proactive action is taken on its own economic integration programme. 2019 marks ten years since ATIGA was signed but yet some elements of that Agreement have still not been implemented. ASEAN is still a long way from being the single market and production base that the AEC envisaged. Unfortunately, this means that intra-ASEAN trade remains low, and extremely unlikely to hit the goal of doubling intra-ASEAN trade by 2025 set when the Philippines was in the Chair of ASEAN in 2017. Taking faster and clearer action on the removal of NTBs is vital to both hitting those targets, and to enhancing business confidence in the AEC process.”

The report concludes that “absent a much clearer, more sustained and tighter focus on reducing the number and scope of existing NTMs and eliminating NTBs, ASEAN will not accomplish the objectives of the AEC and it will fail to meet the targets contained in the AEC Blueprint 2025. Growth will not be as high as ASEAN Member States could have achieved and much of the promise embedded in the ASEAN exercise will have been lost.”

The report was prepared by the Asian Trade Centre, commissioned by the EU-ASEAN Business Council and by the ASEAN Business Advisory Council, and funded by the EU's Enhanced Regional EU-ASEAN Dialogue Instrument (E-READI).

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EMBARGOED TILL 00:01 ON 22 JUNE

Notes to editors:

1. About the EU-ASEAN Business Council

The EU-ASEAN Business Council (EU-ABC) is the sole voice for European business within the ASEAN region. It is recognised by the European Commission, and by the ASEAN Secretariat as an Entity associated with ASEAN under Annex 2 of the ASEAN Charter. Independent of both bodies, the Council has been established to help promote the interests of European businesses operating within ASEAN and to advocate for changes in policies and regulations which would help promote trade and investment between Europe and the ASEAN region. As such, the Council works on a sectorial and cross-industry basis to help improve the investment and trading conditions for European Businesses in the ASEAN region through influencing policy and decision makers throughout the region and in the EU, as well as acting as a platform for the exchange of information and ideas amongst its members and regional players within the ASEAN region.

The EU-ABC's membership consists of large European Multi-National Corporations and the eight European Chambers of Commerce from around South East Asia. As such, the EU-ABC represents a diverse range of European industries cutting across almost every commercial sphere from car manufacturing through to financial services and including FMCG and high-end electronics and communications. Our members all have a common interest in enhancing trade, commerce and investment between Europe and ASEAN.

2. About the ASEAN Business Advisory Council

The ASEAN Business Advisory Council (ASEAN-BAC) was established by the ASEAN Heads of State and Government (HOSGs) at the 7th ASEAN Summit in November 2001 in Bandar Seri Begawan, Brunei Darussalam. Launched in April 2003, ASEAN-BAC was set up with the mandate to provide private sector feedback and guidance to boost ASEAN's efforts towards economic integration. Aside from providing private sector feedback on the implementation of ASEAN economic cooperation, the Council also identifies priority areas for consideration of the ASEAN Leaders. Accordingly, ASEAN-BAC's activities are primarily focused on reviewing and identifying issues to facilitate and promote economic cooperation and integration.

3. Key Recommendations of the report:

The report provides a range of recommendations to improve the scope of ASEAN's work on NTMs and NTBs and significantly strengthen the institutional capacity of the organization to address the former and eliminate the latter. The final section of the report provides additional details, but in brief, these recommendations include the following:

1: Create improved systems to effectively identify and collect information on both NTMs and NTBs

1.1: Promote transparency in NTMs through an open database system

1.2: Quickly follow and implement ASEAN's 2018 NTM Guidelines

1.3: Allow for ASEAN member state response to NTMs

1.4: Streamline NTMs

1.5: Ensure appropriate and effective mechanisms to allow firms to notify ASEAN about probable NTBs

EMBARGOED TILL 00:01 ON 22 JUNE

- 2: Effectively manage identified NTMs and reduce NTBs
 - 2.1: Ensure that ASEAN has appropriate institutional body in place to address NTM and NTB issues
 - 2.2: Craft targeted, time-bound NTB reduction commitments
 - 2.3: Set principles for regulatory reform based on international best practices

- 3: Develop clear procedures and institutional frameworks for tracking the elimination of NTBs
 - 3.1: Ensure that the review body has the capacity to track the elimination of NTBs
 - 3.2: Ensure that the review body has the mandate and resources to develop work plans and support the elimination of identified NTBs

- 4: Continue to ensure the harmonization of standards and build capacity of ASEAN Member States and firms to meet those standards
 - 4.1: Continue to effectively implement programs using international standards; MRAs especially for conformity assessment; and accreditation of testing facilities
 - 4.2: Include appropriate follow-up mechanisms to ensure compliance
 - 4.3: Ensure process in place to engage and hold accountable non-compliant members

- 5: Strengthen work with the private sector to identify, eliminate and conduct compliance reviews of NTBs across the region
 - 5.1: Invite the private sector to participate in ASEAN working committees
 - 5.2: Work with the private sector to identify areas of most significant cost to help prioritize efforts

Note that these recommendations need not be followed sequentially. In other words, it is not necessary to have identified every single NTM or NTB before taking steps to remove unnecessary NTMs or eliminate NTBs. Instead, ASEAN must proceed in parallel — identifying existing arrangements, limiting new obstacles, while working to streamline and remove barriers that impede trade.

4. About the Authors:

The Asian Trade Centre (ATC) is the premier regional thought leader, advocate and educator for trade in Asia. We work with businesses and governments across the Asia Pacific to make better trade policy.

Its activities include:

- Increasing capacities and knowledge of government and business leaders through training, workshops and seminars;
- Building bridges between government and business to foster the growth of trade in the region;
- Leading world-class research projects; and
- Conducting outreach to the media, business, NGOs and the interested public on trade issues.

EMBARGOED TILL 00:01 ON 22 JUNE

- ATC is also the Secretariat to the Asia Business Trade Association (ABTA) and the Asia Pacific MSME Trade Coalition (AMTC)

5. About EREADI

The Enhanced Regional EU-ASEAN Dialogue Instrument (E-READI) is an EU-funded development cooperation programme that facilitates dialogue forums between the EU and ASEAN in priority policy areas of joint interest across all three ASEAN Community pillars:

- Political and Security
- Economic
- Socio-Cultural

The overall objective of the E-READI is to support ASEAN integration aiming at poverty reduction through inclusive and sustainable growth, while the specific objective is to support the implementation of the ASEAN Community blueprints, drawing on European experience and know how through sectoral policy dialogues. It is a follow-up of the READI and READI Human Rights programmes.

The potential areas for dialogue consist of human rights, maritime cooperation, peace and reconciliation, science and technology, ICT, energy, forestry, trade related aspects not covered by other EU-ASEAN projects, and climate change, disaster management, environment, education, working toward achieving sustainable development goals, as well as capacity building. However, other areas may emerge during the implementation period of the facility.

For more information, please see: [https://eeas.europa.eu/headquarters/headquarters-homepage_en/49815/Enhanced%20Regional%20EU-ASEAN%20Dialogue%20Instrument%20\(E-READI\)](https://eeas.europa.eu/headquarters/headquarters-homepage_en/49815/Enhanced%20Regional%20EU-ASEAN%20Dialogue%20Instrument%20(E-READI))

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