

## **INDUSTRIAL COOPERATION**

### **PROTOCOL TO AMEND THE BASIC AGREEMENT ON THE ASEAN INDUSTRIAL COOPERATION SCHEME**

The Governments of Brunei Darussalam, the Kingdom of Cambodia, the Republic of Indonesia, the Lao People's Democratic Republic, Malaysia, the Union of Myanmar, the Republic of the Philippines, the Republic of Singapore, the Kingdom of Thailand, and the Socialist Republic of Vietnam, Member States of the Association of South East Asian Nations (ASEAN);

RECALLING the Basic Agreement on the ASEAN Industrial Cooperation (AICO) Scheme signed on 27 April 1996 in Singapore, hereinafter referred to as "the Agreement" which aims to provide the guidelines and institutional framework within which the ASEAN private sector may collaborate on the basis of mutual and equitable benefits for the ASEAN Member Countries and increased industrial production for the region as a whole;

ACKNOWLEDGING with satisfaction that the AICO Scheme has met its set objectives;

NOTING also that Article 3 of the Protocol to Amend the Agreement on theCEPT Scheme for the AFTA for the Elimination of Import Duties signed on 31 January 2003 amended the finalCEPT rate to zero percent (0%);

RECALLING the decision of the ASEAN Economic Ministers Meeting held in Kuala Lumpur, Malaysia in July 2002 to maintain the relevance of the AICO Scheme beyond 2002 and to work towards setting the AICO rate at zero percent (0%);

RECALLING the decision of the 34th Meeting of the ASEAN Economic Ministers (AEM) held on 12 September 2002 in Bandar Seri Begawan, Brunei Darussalam to amend the preferential tariff rates applicable to participating countries on the AICO Scheme;

RECOGNISING the need to update the Agreement to maintain its continued relevance beyond 2002;

NOTING that Article 13 of the Agreement provides for amendments to it;

HAVE AGREED AS FOLLOWS:

#### **ARTICLE 1**

Article 1 (Definitions) of the Agreement shall be amended by substituting Article 1(6), with the following:

"6. "Preferential Tariff Rate" shall mean the advanced finalCEPT rate fixed by Participating Countries at 0% as provided for by the Protocol to Amend the Agreement on theCEPT Scheme for the AFTA for the Elimination of Import Duty. This definition shall be read together with Article 2(4) of the Agreement agreed upon in this Protocol and Article 4 of the Agreement"

## ARTICLE 2

Article 2 (General Provisions) of the Agreement shall be amended as follows;

(a) by inserting a new Article 2(4) after existing Article 2(3) as follows:

"4. In the case of AICO Arrangements approved from 01 January 2003, the Preferential Tariff Rate for Participating Countries shall be within the band as follows;

a. Brunei Darussalam	- 0%
b. The Kingdom of Cambodia	- 0%
c. Republic of Indonesia	- 0%
d. Lao People's Democratic Republic	- 0%
e. Malaysia	- 0%
f. Union of Myanmar	- 0-5%
g. Republic of the Philippines	- 0-1%
h. Republic of Singapore	- 0%
i. The Kingdom of Thailand	- 0-3%
j. Socialist Republic of Vietnam	- 0-5%

Participating Countries upon mutual agreement may establish preferential tariff rate arrangements between or amongst Participating Countries within the applicable bands stated above of the respective Participating Countries."

(b) by inserting the following new Article 2(5) as follows:

"5. The ASEAN Member Countries referred to in Article 2(4) that are temporarily not ready to implement the Preferential Tariff Rate of 0%, shall work towards reducing the Preferential Tariff Rate to 0% for AICO

Arrangements by 1 January 2005, whereas the Socialist Republic of Vietnam shall do so by January 2006."

## ARTICLE 3

Article 5 (Privileges) of the Agreement shall be amended by substituting Article 5(1) (a) with the following :

"a. approved AICO Products traded between Participating Companies shall enjoy the Preferential Tariff Rate stipulated in Article 1(6) and Article 2(4), where applicable. Where the stipulated Preferential Tariff Rate is within a band, the actual rate shall