

December 15, 1987

## **MEMORANDUM OF UNDERSTANDING ON STANDSTILL AND ROLLBACK ON NON-TARIFF BARRIERS AMONG ASEAN COUNTRIES**

THE GOVERNMENTS OF BRUNEI DARUSSALAM, THE REPUBLIC OF INDONESIA, MALAYSIA, THE PUBLIC OF THE PHILIPPINES, THE REPUBLIC OF SINGAPORE AND THE KINGDOM OF THAILAND (hereinafter referred to as the "Contracting Parties"), Member States of the Association of Southeast Asian Nations (ASEAN):

MINDFUL of the Declaration of ASEAN Concord signed in Bali, Indonesia on 24 February 1976 which provides that Member States shall take cooperative action in their national and regional development programmes, utilizing as far as possible the resources available in the ASEAN region to broaden the complementarity of their respective economies;

AWARE of the Declaration of ASEAN Concord's provision for a programme of action that seeks cooperation in the fields of trade in order to promote development and growth of new production aid trade and to improve the trade structures of individual states and among ASEAN countries;

CONSCIOUS of the need to address both tariff and non-tariff barriers to trade as means for achieving these ends;

NOTING that the Agreement on ASEAN Preferential Trading Arrangements (PTA) signed in Manila, Philippines on 24 February 1977 provides for the adoption of various instruments, among them the liberalization of non-tariff barriers on a preferential basis;

DESIRING to effect further the provisions of the ASEAN-PTA in consonance with ASEAN's international commitments;

HAVE agreed to sign a Memorandum of Understanding with the following provisions:

### **I. DEFINITIONS**

1. For the purpose of this Memorandum, all parties agree to the following definitions:

- a) "Standstill Commitment" means the undertaking by and among the Contracting Parties not to introduce new or additional non-tariff measures which would impede intra-ASEAN trade;
- b) "Rollback Commitment" means the undertaking by and among Contracting Parties to phase out or eliminate non-tariff measures which would impede intra-ASEAN trade;
- c) "Non-tariff measures" refer to government measures or policies other than duties which affect trade.

### **II. EXTENT/COVERAGE OF COMMITMENT**

2. The commitments of the Contracting Parties on standstill and rollback shall cover not only non-tariff measures which are inconsistent with the General Agreement on Tariffs and Trade (GATT) but also non-tariff- measures which are consistent with GATT;

3. The Contracting Parties shall implement their commitments on standstill and rollback to categories of non-tariff measures, inter alia, those listed in Annex I, affecting ASEAN products of interest to and being traded in ASEAN;

4. Without prejudice to the obligations of the Contracting Parties under GATT, ASEAN products shall be taken to mean products which qualify as such in accordance with the rules of origin in Chapter VIII, Article 15 of the PTA.

### **III. MODALITIES**

5. The Contracting Parties shall implement their standstill commitments under this Memorandum from its date of entry into force;

6. The Contracting Parties reiterate their commitments made on standstill at Punta del Este. Non-tariff measures which are consistent with GATT, if introduced, shall not be applied, or may be applied to a lesser degree, on imports from the Contracting Parties if they qualify under the rules of origin in the PTA;

7. The Contracting Parties shall continue with the unilateral rollback of all measures inconsistent with GATT. Non-tariff measures which are consistent with GATT shall be negotiated for rollback by the Contracting Parties on a preferential basis;

8. The negotiation referred to in paragraph 7 shall be undertaken by the Trade Preferences Negotiating Group (TPNG) established by the Committee on Trade and Tourism (COTT) and shall commence at the 23rd Meeting of COTT;

9. Negotiations shall be undertaken in any of the following Manners: a product-specific approach or a barrier-specific approach or a sector-specific approach;

10. Each Contracting Party shall extend all concessions agreed upon in the negotiations to all the Contracting Parties on an ASEAN Most-Favoured Nation (MFN) basis.

### **IV. SURVEILLANCE**

11. The ASEAN Secretariat shall function and serve as the surveillance body responsible for monitoring the adherence to the commitments and obligations of the Contracting Parties under this Memorandum;

12. The ASEAN Secretariat shall receive all notifications and reverse notifications on the suspension and violation of commitments under this Memorandum and report all such notifications to COTT to enable consultations and negotiations to take place between Contracting Parties at COTT;

13. The ASEAN Secretariat: shall report to all the Contracting Parties on a semi-annual basis and in a consolidated fashion all developments on the implementation of this Memorandum.

### **V. NOTIFICATION PROCEDURES**