



Amendment to ASEAN-Australia-New Zealand Free Trade Area (AANZFTA)

Miss Chutima Bunyapraphasara, the Permanent Secretary of the Ministry of Commerce (Thailand); Mr. Andrew Robb, the Minister for Trade and Investment (Australia); and Ministers from other member countries of the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA), signed the First Protocol to Amend AANZFTA in Nay Pyi Taw, Myanmar, on 26 August 2014, at the occasion of the Nineteenth ASEAN Economic Ministers – Closer Economic Relations (AEM-CER) Consultations.

The objective for the amendment is to facilitate trade for business operators by lessening the information required in the Certificate of Origin (Form AANZFTA) needed to claim AANZFTA tariff privileges when importing goods into an AANZFTA member state. This includes the abolishment of the declaration of FOB value on Form AANZFTA in cases where the origin of goods do not meet the local content or regional value content criterion. This will enable business operators to keep pricing information confidential. Moreover, to help business operators to locate the appropriate rule of origin for their product, this protocol will incorporate a consolidated list of Product Specific Rules (PSRs), and the general rule of origin will be revoked. Meanwhile, the new PSR list will be transposed to be in line with the latest version of the harmonized system (HS) of tariff code year.

This protocol is expected to come into force by 31 March 2015 after all AANZFTA members have completed their domestic procedures required for the ratification of the protocol.

Excise Tax Revamp Proposed by Excise Department

Mr. Somchai Poonsawas, the Director-General of the Excise Department, revealed that, within September 2014, the Excise Department will propose the draft Excise Tax Bill to the new cabinet. This new law will consolidate seven existing laws regulated and implemented by the Excise Department, and will revise the basis for excise tax computation to a suggested retail selling price (RSP) instead of an ex-factory price or a last wholesaling price, for which, it is claimed, most manufacturers make undervalue declarations. The new suggested RSP will provide an opportunity for manufacturers to declare suggested retail prices suitable for their types of products and brands. The Excise Department will also assign subcommittees to consider whether the RSP is suitable.

The Excise Department has been attempting to consolidate all seven existing excise tax laws over the past two years, and recently, the Excise Department organized a public hearing to gather opinions on the draft Excise Tax Code from representatives of related private sectors, including alcoholic drinks, tobacco, playing cards, and automobile manufacturers. The Excise Department will also organize more public hearings to gather opinions from manufacturers of beverages, gasoline, and other remaining products. The information and opinions gathered will then be concluded and presented to the government for further legislation process.

Mr. Somchai stated that the aim of consolidating seven excise tax laws is to enhance fairness and transparency, as well as to improve the efficiency of tax collection to bring it in line with international standards.



The seven excise tax laws to be consolidated consist of the Alcohol Act B.E. 2497, Tobacco Act B.E. 2509, Card Act B.E. 2486, Excise Tariff Act B.E. 2527, Excise Tariff Act B.E. 2527, Excise Tax Allocation Act B.E. 2527, and Alcohol Tax Allocation Act B.E. 2527.

The Upgrade of ASEAN+1 FTA

The 46th ASEAN Economics Ministers Summit was held in Nay Pyi Taw, Myanmar, in late August 2014. The trade ministers from all 10 ASEAN nations met with their counterparts from China, Japan and Korea. The primary item on the agenda of this meeting was to discuss and advance further upgrades to the existing ASEAN +1 free trade agreement with the respective trading parties. Of all three talks completed, the one to reach the most advanced negotiating stage was with China.

In late 2013, the leaders of ASEAN and China agreed upon a basic commitment to kick-start negotiations on upgrading their existing FTA, which had been in place since 2010. In this meeting, the Ministers endorsed the key trade topics where negotiations would be advanced. In specific terms, the Chinese Trade Minister said that this FTA upgrade is looking to enhance regional economic cooperation in four key actions: (1) to jointly develop the 21st Century Maritime Silk Road project, (2) to further facilitate bilateral trade and investment, (3) to further accelerate connectivity of infrastructure, and (4) to increase cooperation in regional economic integration. In addition, the official joint statement between ASEAN and China also outlined the potential establishment of an Asian Infrastructure Investment Bank.

The benefit to both ASEAN and China of this potential upgrade is expected to be significant.

For Thailand, the main benefit would be greater facilitation of bilateral trade to help both parties achieve the agreed annual trade value target of 100 billion USD by 2015. In 2013, Thailand-China export value was 64 billion USD. This accounts for more than ten percent of total ASEAN-China trade. Further negotiations are expected to continue in late September 2014.

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