



**REPORT OF THE 1ST WORKING GROUP MEETING  
ON TRADE AND INVESTMENT  
INDONESIA-MALAYSIA-THAILAND GROWTH TRIANGLE (IMT-GT)  
26-27 JULY 2007, BANDA ACEH – INDONESIA**

**INTRODUCTION**

The First Working Group (WG) Meeting on Trade and Investment was held on 26-27 July 2007 at Banda Aceh – Nanggroe Aceh Darussalam Province, Indonesia. The Indonesian delegation was led by Madam Ita Megasari Dachlan, Deputy Director General of International Trade Cooperation – Ministry of Trade. The Malaysian Delegation was led by Mr. Wong Seng Foo, Senior Director of Trade Policy and Negotiation – Ministry of International Trade and Industry. Thailand Delegation was led by Madam Pranee Siriphand, the Executive Director of Bureau of Trade Initiatives - Ministry of Commerce.

The meeting was attended by 60 participants from the respective member countries. The list of delegates is appended as **Annex A**. The Meeting was chaired by Mr. Wong Seng Foo from Malaysia.

**AGENDA ITEM 1: WELCOME REMARKS**

1. Madam Ita Megasari Dachlan, Deputy Director General of International Trade Cooperation – Ministry of Trade as head of the Indonesian delegation welcomed all delegates to the First Working Group (WG) Meeting on Trade and Investment.
2. In her welcome remarks she mentioned that Indonesia was fully aware that trans-border economic cooperation could play an essential role in supporting regional development. She hoped that the Working Group on trade and investment would encourage the business circles, particularly those that operate at the IMT GT area to be more active and launch more joint business activities with their counterparts. All member countries were expected to put more efforts in making the sub regional more dynamic, workable and flexible in managing its program and activities to achieve its potentials.

The full text of her welcome remarks is appended as **Annex B**.

## **AGENDA ITEM 2 : OPENING STATEMENT BY HEADS OF DELEGATION**

3. Mr. Wong Seng Foo, Senior Director of Trade Policy and Negotiation – Ministry of International Trade and Industry, conveyed his gratitude to H.E Governor of Nanggroe Aceh Darussalam and the host organizing ministry for the kind support and warm hospitality extended to the Malaysian Delegation.
4. He highlighted the outcome of the Second IMT GT Summit at Cebu, Philippines in January 2007 at which the Leaders reaffirmed the importance of IMT GT as sub regional growth area within the overall context of narrowing development gaps in ASEAN and noted the need to accelerate its economic development. He also urged the private sector business communities, particularly the IMT-GT Joint Business Council (JBC) to be more pro-active and drive the project proposals process and help ensure cohesive and dynamic private sector participation.
5. He also highlighted the need for the work programs and activities of IMT GT to take into account and take advantage of the synergies of the ASEAN wide initiatives on trade and investment liberalization and facilitation as well as the broader initiatives towards the establishment of ASEAN Economic Community (AEC) by 2015.

The text of the opening remarks is appended as **Annex C**.

6. Madam Pranee Siriphand, the Executive Director from Bureau of Trade Initiatives - Ministry of Commerce also expressed her sincere appreciation to the host country. She expected that the meeting would become productive and successful.
7. In her remarks, she believed that this trilateral cooperation had laid down a concrete framework in building upon our dynamism based on our resources and expertise. She confidently trusted that we had the capacity to achieve successful cooperation of our economy and to focally develop our countries towards a quality-oriented growth strategy especially within IMT-GT network. Through cooperation and partnership, we could also bring to realization a shared vision for sustained economic growth and development for the well-being of member countries.

The text of the opening remarks is appended as **Annex D**.

## **AGENDA ITEM 3 : ADOPTION OF AGENDA**

8. The Meeting adopted several changes to the provisional agenda. The amended agenda appears as **Annex E**.

## **AGENDA ITEM 4 : BUSINESS ARRANGEMENT**

9. The Meeting was conducted in plenary.

#### **AGENDA ITEM 5 : APPOINTMENT OF DRAFTING COMMITTEE**

10. The Meeting agreed that each delegation would appoint representatives to the Drafting Committee to prepare the report of the Meeting for adoption at the end of the session. The members of the Drafting Committee :

Indonesia	Mr. Antonius AB Ms. Lusye Marthalia
Malaysia	Mr. Abd. Ghani Zainuddin
Thailand	Mr. Adul Chotinisakorn Mr. Kittipol Chotipimai

#### **AGENDA ITEM 6: REPORT OF THE 4<sup>TH</sup> ITG MEETING ON TRADE AND IN-SITU DEVELOPMENT**

- 11. The Chair reported the outcome of the 4<sup>th</sup> ITG Meeting on Trade and In-situ Development. He highlighted the progress of the projects which had been mentioned during last year's meeting.

The details of the summary appear as **Annex F**.

#### **AGENDA ITEM 7: ARISING AND PENDING MATTERS**

##### **(a) Bilateral Payments Arrangement (BPA)**

12. Thailand updated the meeting that Thailand and Malaysia had already signed an agreement on BPA, but the agreement between the government of Indonesia and Thailand was still pending. Thailand requested the update from Indonesia on this particular matter.
- 13. Indonesia informed the meeting that Bank Negara Indonesia (BNI 46) and Bank Mandiri had been appointed as signatory banks but final internal clearance by the government was still on going.
14. Thailand requested Indonesia's assistance in providing further guidance in submitting a request to the Ministry of Finance Indonesia in regards to the appointment of the two banks. Indonesia will update the progress on this matter during the 14<sup>th</sup> Senior Official Meeting.
15. The meeting was of the view that the BPA facilities should be promoted among the banking and business community in the IMT GT area.

**(b) Trade Facilitation and Activities**

16. The meeting discussed the issue raised by JBC concerning the waiver on insurance coverage for vehicles crossing within 50 km of either side of the Malaysia and Thailand border. The meeting was of the view that the authorities of respective countries will continue to require insurance coverage. The meeting was also of the view that the provision of insurance coverage by respective insurance companies was more of a commercial consideration rather than government policy.
17. JBC may wish to reconsider its earlier request. Should JBC decide to continue pursuing the matter it would be useful for JBC to provide more specific information to clarify the issue as well as to make further submission through the respective National Secretariat for consideration before the 14<sup>th</sup> Senior Officials Meeting.
18. The meeting also discussed the issue of insurance coverage for drivers using RORO Ferry service between Belawan and Penang. The meeting noted that the RORO Ferry operation was temporarily suspended due to recent Indonesian government policy. As such the issue of insurance coverage for drivers is no longer valid. Should JBC decide to pursue the matter it will be useful for JBC to submit the issue through the respective National Secretariat for consideration before the 14<sup>th</sup> Senior Officials Meeting.

**(c) Progress Report**

19. The meeting noted the progress report on the various projects from the 4<sup>th</sup> ITG Meeting on Trade and In-situ Development which appears as **Annex G** and **Annex H**.
20. While waiting for the various infrastructure projects to be completed, the Meeting was of the view that the JBC proponents should continue to intensify business relations before such projects come on stream.

**AGENDA ITEM NO 8 : PRESENTATION ON IMT-GT CONFERENCE AND TRADE EXPO**

21. The Meeting had a briefing and a presentation by the Small and Medium Industry Development Corporation (SMIDEC) from Malaysia regarding the IMT-GT SME Conference and Trade Expo which would be held on 6-9 December 2007 in Penang - Malaysia.
22. The Meeting noted the clarification by SMIDEC on booth rentals, arrangement for display and sale of exhibits and the product coverage involved. To make the expo more successful, it was suggested that it was necessary for member countries to organize the trade delegation to visit the expo. The Meeting agreed that members of the Working Group should actively promote the

Expos organized by the respective countries among the business communities.

The copy of the presentation appears in **Annex I.**

**AGENDA 9 : DISCUSSION ON IMT-GT ROADMAP ACTION PLAN (2007 – 2011)**

23. The meeting exchanged views on the IMT-GT Roadmap Action Plan and made several revisions.

The revised version appears in **Annex J.**

24. Indonesia proposed to expand the coverage of trade fairs and to include tourism and investment where appropriate. The meeting also was of the view that the scheduling of trade fairs organization by respective member countries in advance could facilitate planning.

25. Thailand proposed that the participation under IMT-GT in related international trade fairs should be encouraged.

26. Indonesia circulated the letter from the Asian Development Bank regarding consideration by the Working Group on database project. The meeting was supportive of the Trade and Investment Database project proposed by ADB, however the meeting felt that it was necessary that the respective National Secretariats be informed and consulted since the coverage of database is envisaged to other areas such as tourism and other possible sectors apart from trade and investment. As such it was necessary for ADB to consider making a presentation similar to the BIMP-EAGA prototype as well as other features of the database so as to enable a more comprehensive consideration of the needed areas.

The letter from ADB appears as **Annex K.**

27. Malaysia circulated information on INTRADE Malaysia 2007 which will provide opportunities for participating countries to showcase their products as well as take advantage of the incoming buying mission from overseas. Malaysia welcomes support from the IMT GT Member countries in terms of participation and promotion of the event.

The contact details appear as **Annex L.**

#### **AGENDA ITEM 10: NEW PROJECT PROPOSALS**

28.The Chairman requested that new project proposals for 2008 be identified and submitted to the lead-country of the working group preferably by the end of August 2007 prior to the 14<sup>th</sup> Senior Officials Meeting. In this regard, the JBC was also requested to make submission through the respective National Secretariats.

29.Thailand informed the meeting of the establishment of a new IMT-GT Plaza in Phatthalung Province in September 2007.

30.Indonesia informed the meeting of the establishment of a new IMT-GT Plaza in Pekanbaru, Riau Province inline with the JBC proposal made at the 22<sup>nd</sup> JBC Meeting in Trang, Thailand.

31.Indonesia proposed an Agriculture Product Auction Market and invited participation of IMT GT member countries.

#### **AGENDA ITEM 11 : OTHER MATTERS**

32.Thailand requested Indonesia to expand the coverage of the Avoidance of Double Taxation Agreement. The meeting noted that both countries would consult their respective Ministry of Finance to find possible ways to accommodate Thailand's request.

33.Indonesia informed The Meeting that she will organize 2 Expos in Batam on 1 - 4 November 2007, the two Expos are Investment of Processing and Marketing of Fisheries Product Expo and Agribusiness Expo. The Seminar on Investment of Processing and Marketing of Fisheries Product is also being conducted at the same time. The invitation and further information will be conveyed through the respective National Secretariat of Thailand and Malaysia.

The copy of detail information appears in **Annex M**.

34.Indonesia proposed the participation of relevant officials of the investment agencies of the IMT-GT members in future meetings of the Working Group.

#### **AGENDA ITEM 12 : CONSIDERATION AND ADOPTION OF REPORT**

35.The Meeting considered and adopted the report of the First Working Group Meeting on Trade and Investment.

**AGENDA ITEM 13 : DATE AND VENUE OF THE MEETING**

36.Thailand informed the meeting that the next Working Group Meeting will be held in Krabi Province at early June 2008 subject to further confirmation.

**AGENDA ITEM 14 : CLOSING**

37.The Meeting would like to thank the host and the organizing committee for the excellent arrangement of the meeting.

