

Vivekanand College, Kolhapur (Autonomous)

Department of BBA

Subject- International Business

Topic- The Association of South- East Asian Nations (ASEAN)


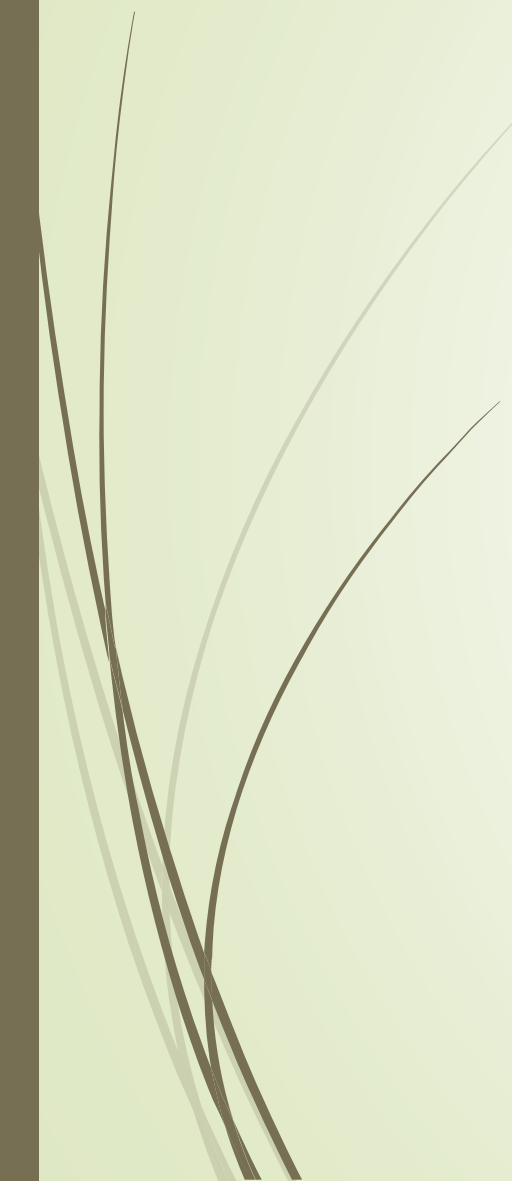


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ASEAN

- The Association of South- East Asian Nations.
- A group of six countries, Singapore, Brunei, Malaysia, Philippines, Thailand and Indonesia agreed in January 1992 to establish a Common Effective Preferential Tariffs (CEPT) plan.
- This plan helped to create an Association of South- East Asian Nations (ASEAN) free trade area in 15 years with effect from January 1993.
- The CEPT allows for tariffs cut ranging from 0.50% to 20% beginning with 15 products.

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- The ASEAN member countries have developed economically at a fast rate in the globe.
 - Their strength lies in well educated and skilled human resources.
 - Further the ASEAN member countries are rich in oil, mineral resources, agricultural goods and modern industrial products.
 - These countries invite and allow the free flow of foreign capital.
 - Currently 10 member countries are in ASEAN.
 - ASEAN countries have the determination to develop south-east Asia a nuclear weapons free area and a zone of peace, freedom and neutrality.



ASEAN Free Trade Area (AFTA)-

- ASEAN countries formed the ASEAN Free Trade Area in September 1994.
- The AFTA initially set to function for 10 years in order to develop inter ASEAN trade.



Objectives of AFTA-

- To encourage inflow of foreign investment into this region.
- To establish free area in the member countries.
- To reduce tariff of the products produced in ASEAN countries.



AFTA and India-

- India would like to associate itself with ASEAN in order to develop trade relation and gain the benefits from AFTA.
- India became a sectoral dialogue partner of ASEAN in 1992. The sector were trade, investment, tourism and science & technology.
- The 6th India-ASEAN summit in Singapore in Nov 2007, India proposed to enhance bilateral trade with the ASEAN countries form the current 30 billion turnover to a target of 50 billion by 2010.