

“AVA DURING AFTA INTEGRATION.”

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1. Executive Summary

The ASEAN Free Trade Agreement (AFTA) may create significant opportunities for property professionals in general, especially professionals from the more populous nations like Indonesia, Malaysia, Singapore, Thailand and the Philippines, not so much for countries where property professionals have only started to develop.

An ASEAN Framework Agreement on Trade in Services which was adopted at the ASEAN Summit in Bangkok in December 1995 under which ASEAN countries will negotiate intra-regional services liberalization in a number of sectors including telecommunications, tourism, financial services, construction and maritime transport.

ASEAN has concluded three packages of commitments from two rounds of negotiations on liberalizing trade in services in seven sectors: air transport, business services, construction, financial services, maritime transport, telecommunications and tourism.

During the Seventh ASEAN Summit held in Brunei Darussalam in November 2001, the Leaders agreed to speed up negotiations in liberalising intra-ASEAN trade in services and also to start negotiations on mutual recognition arrangements to facilitate flow of professional services in the region.

2. What is the impact of AFTA?

AFTA seeks to create benefit for which all free trade agreements are formed – to improve the economic welfare of the participating economies, to win a better return from the comparative advantage, which each ASEAN economy enjoys.

Economics supports the idea of free trade agreement, where the greatest economic benefit is won when the agreement create the largest markets and secure the participation of the largest number of economies.

Conversely, agreements, which open only a few markets among a few countries, can have a negative economic impact on the participating countries, whereby the competitive advantage in each economy can be suppressed.

3. How will AFTA impact AVA?

To realize the impact, we have looked into a few Articles in the ASEAN Framework Agreements on Trade in Services. Amongst the objectives of the ASEAN Framework Agreements on Services include: -

- (a) To enhance cooperation in services amongst Member States in order to improve the efficiency and competitiveness, diversify production capacity and supply and distribution of services of their service suppliers within and outside ASEAN.
- (b) To eliminate substantially restrictions to trade in services amongst Member States; and
- (c) To liberalise trade in services by expanding the depth and scope of liberalization beyond those undertaken by Member States under the General Agreement on Trade in Services (GATS) with the aim to realizing a free trade area in services.

❖ *So how will this impact AVA?*

The formation of AVA itself in 1981 was actually the beginning of a cooperation, harmonization of standards, and advancement of the ASEAN property professional circle.

In the AVA constitution, the objectives were: -

- (i) To promote closer relations, cooperation and mutual understanding amongst Valuers in the ASEAN countries;
- (ii) To provide the organisational framework for regional cooperation in the study and research in the harmonisation of relevant fields of valuation among the ASEAN countries, as required by the social and economic development of the region of the region;
- (iii) To cooperate with international, regional, national and other organisations in the furtherance of the aforementioned objectives.

❖ *How does this integrate into the AFTA concept?*

- 1) Note the emerging trends and developments in the regional and global arena, in particular globalisation and the increasing competitiveness of the world's economies;
- 2) Be mindful of the challenges these trends would pose on ASEAN, so as to sustain the economic dynamism and competitiveness of the region;
- 3) Recognise the rapid changes taking place within the region, the need to promote closer economic integration in ASEAN, and the implications this have for AVA;

- 4) Further recognise the dynamic changes which are required to stay ahead of these international and regional developments;
- 5) Believe that AVA must aim to provide excellence and quality service to the ASEAN community, and must provide consistent, simple and transparent procedures and requirements;
- 6) Commit to deepen and broaden cooperation and partnership by adopting a common valuation for all AVA members;
- 7) Recognise the education and experience obtained, requirements met or licences or certifications granted in another ASEAN state for the purpose of licensing and certification;
- 8) Provide training and education opportunities open to all AVA members; and
- 9) Further recognise the need to formulate a long term vision for the valuation profession, which will chart the future role of AVA and to set new heights for the valuation profession, cooperation in ASEAN so as to collectively face, and cohesively deal, with the present and emerging challenges posed specifically on the general real estate profession.

4. Possible linkages between AFTA and AVA

One of the important Article in the ASEAN Framework Agreements on Trade in Services is perhaps Article VII – Settlement of Disputes whereby the Protocol on Dispute Settlement Mechanism for ASEAN shall generally be referred to and applied with respect to any disputes arising from, or any differences between Member States concerning the interpretation or the application of, the Framework Agreement or any arrangement arising there from.

The Article also stated that a specific dispute settlement mechanism maybe established for the purposes of this Framework Agreement, which shall form an integral part of the Agreement.

In AVA, the AVA Council has been able to provide ground for AVA members to bring up issues where open discussions are held between AVA members and where many resolutions have been reached by means of votes.

Where issues cannot be settled in one meeting, normally task forces or committees are formed to study the various issues or problems. Each AVA member state nominated to study the various issues would report to the AVA Secretariat who act as coordinators. When the studies have been completed, it will be presented at the next AVA Council Meeting and resolutions may be reached and recommendations adopted as a means to settling the issues.

5. Conclusion

- a) AVA itself has shown that the AFTA concept has been integrated into its business;
- b) The AVA Standards, which will be finalized in this Congress will form a harmonisation and liberalisation of standards for AVA Members;
- c) The AVA Council has been able to provide ground for AVA members to bring up issues where open discussion are held between AVA members where many resolution have been reached by means of votes;
- d) Some AVA countries have been providing training and education for other AVA members;
- e) The hosting of AVA Congresses in different AVA countries shows that there is a common understanding that exists between AVA countries.

IMPORTANT:

This paper is an independent research by the authors and does not necessary reflect the views and policies of the Brunei Government.