1988 Memorandum of Understanding Brand-to-Brand Complementation on the Automotive Industry under the Basic Agreement on ASEAN Industrial Complementation (BAAIC)

1.Each BBC Scheme shall be an arrangement whereby specified parts/components of a specific vehicle model are traded and used by the Brand-Owners and Brand Related Original Equipment Manufacturers in their respective Original Equipment products.

2.A participating country is an ASEAN member country which has agreed to participate in a specific BBC Scheme by way of providing tariff preference as well as other privileges provided for in Section 9 hereof. There shall be two or more countries participating in respect of any specific BBC Scheme.

3.A Brand-Owner shall be any Original Equipment Manufacturer (OEM) being the privileged owner or co-owner of a registered brand name, and having proprietary design rights to produce finished products, sub-assemblies, parts and components thereof.

4.A Brand-related Original Equipment Manufacturer shall be any manufacturer/assembler in a participating country entitled to use parts/components designed by the brand owner for use by the BR-OEM in the Original Equipment Market irrespective of whether the relationship to the Brand-Owner is that of an associate, affiliate or any other type of technical and/or commercial cooperation.

5.A Brand-to-Brand Parts/Components Manufacturer shall be any manufacturer producing in a participating country parts/components which are included in the approved BBC Scheme. A BBPM may be an in-plant production facility manufacturing under the direct control of either the Brand-Owner, or the BR-OEM plants, or an independent manufacturer not related to the BO or the BR-OEM.

6.A Brand-to-Brand Complementation Product shall be any part/ component manufactured, or to be manufactured in any one or more of the participating countries for inclusion in the BBC Scheme.

7.A BBC product shall comply with the technical specifications of the BO and/or the respective BR-OEM as defined in Section 3 and Section 4.

8.BBC products should comply with the rules of origin as stipulated in the Agreement on the ASEAN Preferential Trading Arrangements unless the ASEAN content requirement is otherwise reduced under Article V of the "Protocol on Improvements on Extension of Tariff Preferences under the ASEAN Preferential Trading Arrangements";

9.BBC products should be manufactured under international quality assurance system standards; and be competitively priced in relation to the prevailing market price.

10.Participating countries shall automatically grant local content accreditation if a BBC product is a component for the manufacture of any product in the participating countries which have local content programmes;

11.Participating countries shall automatically grant a minimum of 50% margin of tariff preference (MOP) to BBC products already approved by COIME in accordance with the following terms:

12.Participating countries shall automatically grant freedom of choice to the participants in the BBC Scheme to source or procure parts/components from any manufacturer of the participating countries.