



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 03.03.1997

COM(97) 78 final

97/0060 (CNS)

Proposal for a

COUNCIL DECISION

concerning the conclusion of the Cooperation Agreement between the European Community and the Kingdom of Cambodia

(presented by the Commission)

# Cooperation Agreement between the European Community and the Kingdom of Cambodia

## Summary

### **I. Background**

The general elections that brought a democratic coalition to power in 1993 marked the dawn of a new era in building democratic institutions in Cambodia, launching recovery within a new system of bilateral and multilateral political relations.

In February 1995, after high-level talks with Cambodian representatives, and in the light of the Member States' wishes, the Commission formally launched exploratory talks with the Cambodian government for the negotiation of a cooperation agreement. Since the conclusion of the peace agreements in Paris, on 23 October 1991, the Commission had already contributed significantly to the rehabilitation and reconstruction of the country, committing over ECU 160 million.

The Cambodian authorities and the Commission concluded that stronger relations between Cambodia and the Community would help consolidate the new democratic institutions brought in by the free elections, and foster the future expansion of cooperation for the country's reconstruction and development.

On the strength of the negotiating directives adopted by the Council on 23 July 1996, the Commission opened the sole negotiating session on 6 November 1996. The parties initialled an agreement the following day.

### **II. What the parties stand to gain from a cooperation agreement**

The conclusion of a cooperation agreement should bring a series of benefits for both parties inasmuch as the agreement will cover development, trade and economic cooperation reflecting the changes and challenges of the new global world order, the single market and the introduction of a market economy in Cambodia. It will offer an opportunity to strengthen the human rights clause on which all relations with Cambodia hang, and improve cooperation with the private sector as well as the climate for investors, regional cooperation and cooperation in a number of fields crucial to the reconstruction of the country and the consolidation of peace.

#### European Community

By developing good relations with Cambodia, the Community will improve the prospects for harmonious development in a region with astounding potential in human and natural resources, which shares certain geo-economic features of the more advanced and rapidly-expanding ASEAN economies.

Relations with Vietnam and Laos will also be strengthened by the conclusion of an agreement between the Community and Cambodia. They should also be a factor for stability for neighbouring countries that have shown considerable interest in the new Cambodia.

The Community is currently playing a key role in Cambodia, endeavouring to promote an effective rehabilitation strategy and consolidate democracy. The process under way warrants support at various development stages in step with the growing stability and a suitable political environment.

Last but not least, the Agreement also provides the Community with an opportunity to assert the importance of human rights, including workers' fundamental rights.

### Cambodia

The exploratory talks with the Cambodian authorities showed the country's interest in a stronger economic and political partnership with Europe. This is undoubtedly a result of the major changes of recent years and of the opportunity to safeguard its future development by creating closer ties with the Community, which is seen as a model for the development of Cambodia's new civil society.

In order to accomplish the transition period of its reconstruction process and prepare a real strategy for its future development, Cambodia needs a considerable amount of outside help, which the Community will be able to provide within the framework of the Agreement and on the basis of the regular dialogue conducted therein.

The new institutions and the government's new strategies will benefit greatly from the Community's policies and budget instruments, some of them available only under a cooperation agreement. Application of the Community's system of generalized preferences (GSP) could also considerably boost the development of Cambodia's trade. . The country will also benefit from the clauses according it most-favoured-nation treatment

### **III. Content of the Agreement**

The Agreement will be a framework cooperation agreement founded on respect for human rights and with an emphasis on development aid and economic cooperation in the broadest sense of the term.

The Agreement will contain an indication of the objectives of EC-Cambodia cooperation. They include the strengthening and diversification of economic and trade relations by way of the reciprocal granting of most-favoured nation status for trade in goods, development cooperation, especially for the poorest sections of the population, and the promotion of environmental protection, all of it on the basis of respect for human rights and democratic principles.

The body of the Agreement will contain provisions on the various fields of cooperation and cover:

- (a) trade cooperation;
- (b) development cooperation;
- (c) economic cooperation;
- (d) cooperation on the environment, agriculture, energy, the regional field, science and technology, chemical precursors and money laundering, infrastructure, information, communication and culture.

An appropriate institutional framework must be set up to ensure the proper functioning and implementation of the Agreement. In particular, this will involve a Joint Committee of the kind set up for other bilateral framework cooperation agreements concluded by the Community.

The text of the Agreement initialled on 7 November is annexed.

#### IV. CONCLUSION

This will be the first agreement to be concluded with Cambodia, reflecting the parties' shared interest in trade, development and economic cooperation.

In view of the above, and in the light of (a) the Member States' desire for stronger links between the Community and Cambodia and (b) the Commission's scrupulous compliance with the Council's directives for the negotiations, the Commission recommends that the Council approve the proposed Agreement between the Community and Cambodia and adopt the attached proposal for a Decision.

**Communication from the Commission to the Council**

**Subject: Cooperation Agreement between the European Community and the Kingdom of Cambodia**

**Proposal for a Council Decision concerning the conclusion of the Agreement**

1. The annexed proposal concerns a Council Decision concluding the Cooperation Agreement between the European Community and the Kingdom of Cambodia.
2. This is a non-preferential agreement and has no financial protocol.
3. The Agreement is aimed at strengthening and diversifying relations between the Community and Cambodia. Its legal basis is the Treaty establishing the European Community, and in particular Articles 113 and 130y in conjunction with the first sentence of Article 228(2) and the first subparagraph of Article 228(3) thereof.
4. Negotiations took place on 6 and 7 November 1996. They led to the initialling of an agreement between the Community and Cambodia. The initialled text is consistent with the negotiating directives adopted by the Council on 23 July 1996.
5. The Council is therefore asked to adopt the proposal for a Decision concerning the conclusion of the Agreement between the European Community and the Kingdom of Cambodia, and to sign that Agreement.

## Explanatory memorandum

1. By its decision of 23 July 1996, the Council authorized the Commission to open negotiations with the Kingdom of Cambodia with a view to concluding a cooperation agreement and adopted directives to that end.
2. The negotiations began on 6 November 1996 and were concluded by the initialling, the following day, of the Agreement between the European Community and Cambodia. The following annexes are an integral part of the Agreement:
  - a) the declaration concerning Article 19 on non-execution of the Agreement,
  - b) the joint declaration on intellectual, industrial and commercial property,
  - c) the joint declaration on the readmission of citizens,
  - d) the draft exchange of letters on maritime transport.
3. The Commission considers that the initialled text is in line with the negotiating directives adopted by the Council on 23 July 1996.
4. The European Parliament must be consulted because the legal basis of the Agreement includes Articles 113 and 130y in conjunction with the first sentence of Article 228(2) and the first subparagraph of paragraph 3 of that same Article of the Treaty establishing the European Community.
5. With a view to the signing and conclusion of the Cooperation Agreement between the European Community and Cambodia, the Commission proposes that the Council approve the Agreement and adopt the annexed proposal for a Decision.

## Proposal for a Council Decision

concerning the conclusion of the Cooperation Agreement between the European Community and the Kingdom of Cambodia

### **THE COUNCIL OF THE EUROPEAN UNION,**

Having regard to the Treaty establishing the European Community, and in particular Articles 113 and 130y in conjunction with the first sentence of Article 228(2) and the first subparagraph of Article 228(3) thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas, under Article 130u of the Treaty, Community policy in the sphere of development cooperation should foster the sustainable economic and social development of the developing countries, their smooth and gradual integration into the world economy and the alleviation of poverty in these countries;

Whereas the Community should approve, in pursuit of its objectives in the sphere of external relations, the Cooperation Agreement between the European Community and the Kingdom of Cambodia,

HAS DECIDED AS FOLLOWS:

#### **Article 1**

The Cooperation Agreement between the European Community and the Kingdom of Cambodia is hereby approved on behalf of the Community.

The text of this Agreement is attached to this Decision.

#### **Article 2**

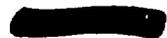
The President of the Council shall give the notification provided for in Article 21 of the Agreement.<sup>1</sup>

#### **Article 3**

The Commission, assisted by representatives of the Member States, shall represent the Community in the Joint Committee provided in Article 14 of the Agreement.

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<sup>1</sup> The date of entry into force of the Cooperation Agreement will be published in the Official Journal of the European Communities by the General Secretariat of the Council.



**Article 4**

This Decision shall be published in the Official Journal of the European Communities.

Done at Brussels,

For the Council

The President

**COOPERATION AGREEMENT**

**BETWEEN**

**THE EUROPEAN COMMUNITY**

**AND**

**THE KINGDOM OF CAMBODIA**

## **COOPERATION AGREEMENT**

**between the European Community and the Kingdom of Cambodia**

THE COUNCIL OF THE EUROPEAN UNION,

of the one part, and

THE ROYAL GOVERNMENT OF CAMBODIA,

of the other part,

hereinafter referred to as "the Parties",

WELCOMING the increase in trade and cooperation which has taken place between the European Community, hereinafter referred to as 'the Community', and the Kingdom of Cambodia, hereinafter referred to as 'Cambodia';

RECOGNIZING the excellent relations and ties of friendship and cooperation between the Community and Cambodia;

REAFFIRMING the importance of further strengthening ties between the Community and Cambodia;

RECOGNIZING the importance the Parties attach to the principles of the United Nations Charter, to the Universal Declaration of Human Rights, to the 1993 Vienna Declaration and the Plan of action of the World Conference on Human Rights, to the 1995 Copenhagen Declaration on Social Development and the associated plan of action, and to the 1995 Beijing Declaration and the plan of action of the 4th World Conference on Women;

RECOGNIZING the Parties' common will to consolidate, deepen and diversify their relations in areas of mutual interest on a footing of equality, non-discrimination, mutual benefit and reciprocity;

RECOGNIZING the desire of the Parties to create favourable conditions for the development of trade and investment between the Community and Cambodia, and the need to adhere to the principles of international trade, the purpose of which is to promote trade liberalization in a stable, transparent and non-discriminatory manner;

CONSIDERING the need to support the current process of economic reform in order to guarantee Cambodia's transition to a market economy, with due regard for the importance of the social development which should go hand in hand with economic development and the common commitment to respecting social rights;

CONSIDERING the need to support the Cambodian government's efforts to improve the living conditions of the poorest and most disadvantaged sections of the population, with a special emphasis on the status of women;

CONSIDERING the importance accorded by the Parties to the protection of the environment at all levels and to the sustainable management of natural resources, taking account of the links between the environment and development;

HAVE DECIDED TO CONCLUDE this Agreement and to this end have designated as their Plenipotentiaries:

THE COUNCIL OF THE EUROPEAN UNION,

President

Manuel MARÍN

Vice-President of the Commission of the European Communities,

THE ROYAL GOVERNMENT OF CAMBODIA

WHO, having exchanged their Full Powers, found in good and due form,

HAVE AGREED AS FOLLOWS:

*Article 1*

**Basis**

Respect for the democratic principles and fundamental human rights established by the Universal Declaration on Human Rights inspires the internal and international policies of the Community and of the Kingdom of Cambodia and constitutes an essential element of this Agreement.

*Article 2*

**Objectives**

The main objective of the Agreement is to provide a framework for enhancing cooperation between the Parties, within their respective areas of jurisdiction, with the following aims:

(a) to accord each other most-favoured-nation treatment on trade in goods in all areas specifically covered by the Agreement, save as regards advantages accorded by either Party within the context of customs unions or free trade areas, trade arrangements with neighbouring countries or specific obligations under international commodity agreements;

(b) to promote and intensify trade between the Parties, and to encourage the steady expansion of sustainable economic cooperation, in accordance with the principles of equality and mutual advantage;

(c) to strengthen cooperation in fields closely related to economic progress and benefiting both Parties;

(d) to contribute to Cambodia's efforts to improve the quality of life and standards of living of the poorest sections of its population, together with measures for the country's reconstruction;

(e) to encourage job creation in both the Community and Cambodia, with priority being accorded to programmes and operations which could have a favourable effect in this respect. The Parties shall also exchange views and information on their respective initiatives in this field, step up and diversify their economic links and establish conditions conducive to job creation;

(f) to take the requisite measures to protect the environment and manage natural resources sustainably.

### *Article 3*

#### **Development cooperation**

The Community recognizes Cambodia's need for development assistance and is prepared to step up its cooperation in order to contribute to Cambodia's own efforts to achieve sustainable economic development and the social progress of its people through concrete projects and programmes in accordance with the priorities set out in Council Regulation (EEC) No 443/92.

In accordance with the abovementioned Regulation on cooperation with the Asian and Latin American (ALA) countries, assistance will be targeted mainly on the rehabilitation and reconstruction of the country and on the poorest sections of the population. In cooperation, priority will be given to schemes aimed at alleviating poverty, and in particular those likely to create jobs, foster development at grassroots level and promote the role of women in development. The Parties will also encourage the adoption of appropriate measures to prevent and combat AIDS and take steps to increase grassroots development and education on AIDS and the operational capacity of the health services.

Cooperation between the Parties will also address the problem of drugs to encourage and enhance training, education, health care and the rehabilitation of addicts.

The Parties acknowledge the importance of human resources development, social development, the improvement of living and working conditions, the development of skills and the protection of the most vulnerable sections of the population. Human resources and social development must be an integral part of economic and development cooperation. Appropriate consideration shall therefore be given to training objectives addressing institutional needs and specific vocational training activities aimed at enhancing the skills of the local work force.

In view of its major contribution to mine-clearance programmes in Cambodia, the Community will, in its future commitments, continue to concentrate on mutually agreed priorities to ensure that assistance is effective and lasting.

Community cooperation in all areas will be concentrated on mutually agreed priorities to ensure that assistance is effective and lasting. Development cooperation activities shall be compatible with the development strategies pursued under the auspices of the World Bank and IMF.

#### *Article 4*

### **Trade cooperation**

1. The Parties confirm their determination:
  - (a) to take all appropriate measures to create favourable conditions for trade between them;
  - (b) to do their utmost to improve the structure of their trade in order to diversify it further;
  - (c) to work towards the elimination of barriers to trade, and towards measures to improve transparency, in particular through the removal at an appropriate time of non-tariff barriers, in accordance with work undertaken in this connection by other international bodies while ensuring that personal data are suitably protected.
  
2. In their trade relations, the Parties shall accord each other most-favoured-nation treatment in all matters regarding:
  - (a) customs duties and charges of all kinds, including the procedures for their collection;
  - (b) the regulations, procedures and formalities governing customs clearance, transit, warehousing and transshipment;
  - (c) taxes and other internal charges levied directly or indirectly on imports or exports;
  - (d) administrative formalities for the issue of import or export licences.

3. Within the areas of their respective areas of jurisdiction, the Parties shall:
  - (a) seek ways of establishing cooperation in the field of maritime transport leading to market access on a commercial and non-discriminatory basis, taking into account the work done in this connection by other international bodies;<sup>1</sup>
  - (b) improve customs cooperation between their respective authorities, especially with regard to vocational training, the simplification and harmonization of custom procedures and administrative assistance in the matter of customs fraud;
  - (c) exchange information on mutually advantageous opportunities and cooperate on tourism and statistical matters.
4. Paragraphs 2 and 3(a) shall not apply to:
  - (a) advantages accorded by either Party to states which are fellow members of a customs union or free trade area;
  - (b) advantages accorded by either Party to neighbouring countries with a view to facilitating border trade;
  - (c) measures which either Party may take in order to meet its obligations under international commodity agreements.
5. Cambodia shall improve conditions for the adequate and effective protection and enforcement of intellectual, industrial and commercial property rights in conformity with the highest international standards. To this end, Cambodia shall accede to the relevant international conventions on intellectual, industrial and commercial property<sup>2</sup> to which it is not yet a party. In order to enable Cambodia to fulfil the abovementioned obligations, technical assistance could be envisaged.
6. Within their respective areas of jurisdiction and insofar as their rules and regulations permit, the Parties shall agree to consult each other on all questions, problems, or disputes which may arise in connection with trade.

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<sup>1</sup> Maritime transport would be the subject of an exchange of letters annexed to the Agreement, referring to the provision of maritime transport services based on the principle of free and fair competition.

<sup>2</sup> See Annex I.

## Article 5

### Environmental cooperation

The Parties recognize that the only way to improve environmental protection is to introduce appropriate environmental legislation, implement it effectively and integrate it into other policy areas.

The main objective of environmental cooperation is to enhance the prospects of sustainable economic growth and social development by placing a high priority on respect for the natural environment including:

- (a) the drafting of an effective environment policy involving appropriate legislative measures and the resources needed to implement it. Proper implementation of these measures will be essential in helping put an end to illegal logging activities. Such a policy will also encompass training, capacity building and the transfer of appropriate environmental technology;
- (b) cooperation in the development of sustainable and non-polluting energy sources, as well as solutions to urban and industrial pollution problems;
- (c) refraining from activities harmful to the environment (especially in regions with fragile ecosystems), while developing tourism as a sustainable source of revenue;
- (d) environmental impact assessment, which is a vital element in the preparation and implementation of any reconstruction or development project;
- (e) close cooperation to achieve the objectives of environmental agreements to which both Parties are signatories;
- (f) particular priority and initiatives for the conservation of existing primary forests and for the sustainable development of new forest resources.

## Article 6

### Economic cooperation

Within the limits of their respective areas of jurisdiction and the financial resources available, the Parties undertake to foster economic cooperation to their mutual advantage. This cooperation will be aimed at:

- (a) developing the economic environment in Cambodia by facilitating access to Community know-how and technology;
- (b) facilitating contacts between economic operators and taking other measures to promote trade;
- (c) encouraging, in accordance with their legislation, rules and policies, public- and private-sector investment programmes in order to strengthen economic cooperation, including cooperation between enterprises, technology transfers, licences and subcontracting;

(d) facilitating the exchange of information and the adoption of initiatives, fostering cooperation on enterprise policy, particularly with regard to improving the business environment and encouraging closer contacts;

(e) reinforcing mutual understanding of the Parties' respective economic environments as a basis for effective cooperation.

In the above fields the principal objectives shall be:

- to assist Cambodia in its efforts to restructure its economy by creating the conditions for a suitable economic environment and business climate;

- to encourage synergies between the Parties' respective economic sectors, and in particular their private sectors;

- within the Parties' respective areas of jurisdiction, and in accordance with their legislation, rules and policies, to establish a climate conducive to private investment by improving conditions for the transfer of capital and, where appropriate, by supporting the conclusion of agreements between the Member States of the Community and Cambodia on the promotion and protection of investment.

The Parties will together determine, to their mutual advantage, the areas and priorities for economic cooperation programmes and activities.

#### *Article 7*

### **Agriculture**

The Parties undertake, in a spirit of understanding, to cooperate in the agricultural sector and examine:

(a) the scope for developing trade in agricultural products;

(b) sanitary, phytosanitary and environmental measures, and the results thereof, along with assistance to avoid obstacles to trade, taking into account the Parties' legislation;

(c) the possibility of assisting the government of Cambodia in its efforts to diversify agricultural exports.

#### *Article 8*

### **Energy**

The Parties recognise the vital importance of the energy sector for economic and social development, and are prepared to step up cooperation by means of dialogue in the field of energy policy. This dialogue will take due account of the main objective, namely to ensure the sustainable development of Cambodia's energy resources.

*Article 9*  
**Regional cooperation**

Cooperation between the Parties may extend to activities under cooperation or integration agreements with other countries of the same region, provided the said activities are compatible with those agreements.

Without excluding any area, special consideration may be given to the following activities:

- (a) technical assistance (services of outside consultants, training of technical staff in certain practical aspects of integration);
- (b) promotion of intraregional trade;
- (c) support for regional institutions, projects and initiatives for which regional organizations bear responsibility;
- (d) studies concerning regional links, transport and communications.

*Article 10*

**Science and technology**

The Parties, according to their respective policies, their mutual interest and within their respective areas of jurisdiction, may promote scientific and technological cooperation.

Cooperation will involve:

- the exchange of information and experience at regional (Europe-South-East Asia) level, especially on the implementation of policies and programmes;
- the promotion of lasting ties between the Parties' scientific communities;
- the stepping-up of activities aimed at promoting innovation in industry, including technology transfers.

Cooperation may involve:

- the joint implementation of regional (Europe-South-East Asia) research projects in areas of mutual interest, facilitating, where appropriate, the active involvement of enterprises;
- the exchange of scientists to promote the preparation of research projects and high-level training;
- joint scientific meetings to foster exchanges of information and interaction and to identify areas for joint research;
- the dissemination of results and the development of links between the public and private sectors;

- evaluation of the activities concerned.

The Parties' higher education institutions, research centres and industries will play an appropriate part in this cooperation.

#### *Article 11*

### **Chemical drug precursors and money laundering**

Within their respective areas of jurisdiction and the legislation applicable, and taking into account work done by the relevant international bodies, the Parties agree to cooperate in order to prevent the diversion of chemical drug precursors, and agree on the need to do all in their power to prevent money laundering.

The Parties will also consider special measures against the cultivation, production and trafficking of drugs, narcotics and psychotropic substances, and measures to prevent and reduce drug abuse.

This cooperation may include :

- measures to promote other forms of economic development;
- the exchange of relevant information, subject to personal data being duly protected.

#### *Article 12*

### **Physical infrastructure**

The Parties recognise that the present state of Cambodia's physical infrastructure constitutes a serious constraint to private investment and to economic development in general. The Parties therefore agree to encourage specific programmes for the rehabilitation, reconstruction and development of Cambodia's infrastructure, including transport.

#### *Article 13*

### **Information, communication and culture**

The Parties, within their respective areas of jurisdiction, and in the light of their policies and mutual interests, will cooperate in the fields of information, communication and culture to improve mutual understanding and strengthen existing ties between them. In view of the importance of the ancient Khmer civilization and its heritage, appropriate support may also be provided for the promotion of new initiatives in the following areas:

- (a) preparatory studies and technical assistance for the conservation of the cultural heritage, notably for the purposes of tourism;
- (b) cooperation in the field of the media and audio-visual documentation;

- (c) the organisation of events and exchanges to improve cultural understanding.

The Parties recognise the importance of cooperation in the fields of telecommunications, the information society and multimedia. Such cooperation may include the exchange of information on the Parties' respective regulations and policies for telecommunication, mobile communications, including the promotion of Global Navigation Satellite Systems (GNSS), the information society, multimedia telecommunications technologies, networks and telematic applications (e.g. transport, health, education and environment).

#### *Article 14*

#### **Institutional aspects**

1. The Parties agree to establish a Joint Committee, whose tasks are:
  - (a) to ensure the smooth working and proper application of the Agreement and of the dialogue between the Parties;
  - (b) to make suitable recommendations for promoting the objectives of the Agreement;
  - (c) to establish priorities for potential operations in pursuit of the Agreement's objectives.
2. The Joint Committee shall be composed of representatives of sufficient seniority of both Parties. It shall normally meet every other year, alternately in Phnom Penh and in Brussels, on a date fixed by mutual agreement. Extraordinary meetings may also be convened by agreement between the Parties.
3. The Joint Committee may set up specialized sub-groups to assist it in the performance of its tasks and to coordinate the formulation and implementation of projects and programmes under the Agreement.
4. The agenda for meetings of the Joint Committee shall be determined by agreement between the Parties.
5. The Parties agree that it shall also be the task of the Joint Committee to ensure the proper functioning of any sectoral agreements concluded, or which may be concluded, between the Community and Cambodia.
6. The organizational structures and the rules of procedure of the Joint Committee shall be determined and agreed upon by the Parties.

### *Article 15*

#### **Future developments**

1. The Parties may, by mutual consent and within their respective areas of jurisdiction, extend this Agreement to expand cooperation and add to it by means of agreements on specific sectors or activities.
2. Within the framework of this Agreement, either Party may put forward suggestions for expanding the scope of the cooperation, taking into account the experience gained in its application.

### *Article 16*

#### **Other Agreements**

Without prejudice to the relevant provisions of the Treaties establishing the European Communities, neither this Agreement nor any action taken thereunder shall in any way affect the powers of the Member States of the European Union to undertake bilateral activities with Cambodia in the framework of economic cooperation or to conclude, where appropriate, new economic cooperation agreements with Cambodia.

### *Article 17*

#### **Facilities**

To facilitate cooperation under this Agreement, the Cambodian authorities will grant to Community officials and experts the guarantees and facilities necessary for the performance of their duties. The detailed provisions will be set out in a separate exchange of letters.

### *Article 18*

#### **Territorial application**

This Agreement shall apply, on the one hand, to the territories to which the Treaty establishing the European Community applies and under the conditions laid down in the Treaty and, on the other, to the territory of Cambodia.

### *Article 19*

#### **Non-execution of the Agreement**

If either Party considers that the other Party has failed to fulfil an obligation under this Agreement, it may take appropriate measures. Before so doing, except in cases of special urgency, it shall supply the Joint Committee with all relevant information required for a thorough examination of the situation with a view to seeking a solution acceptable to the Parties.

In the selection of measures, priority must be given to those which least disturb the functioning of this Agreement. These measures shall be notified immediately to the Joint Committee and shall be the subject of consultations within the Joint Committee if the other Party so requests.

*Article 20*

**Annexes**

The Annexes to this Agreement shall form an integral part thereof.

*Article 21*

**Entry into force and renewal**

1. This Agreement shall enter into force on the first day of the month following the date on which the Parties notify each other of the completion of the procedures necessary for this purpose.
2. This Agreement is concluded for a period of five years. It shall be renewed automatically from year to year unless one of the Parties denounces it six months before its expiry date.

*Article 22*

**Authentic texts**

This Agreement is drawn up in duplicate in the Danish, Dutch, English, Finnish, French, German, Greek, Italian, Portuguese, Spanish, Swedish and Khmer languages, each text being equally authentic.

Done in Brussels, on

The Council of the European Union

The Royal Government of Cambodia

The Commission of the European Communities

## Annex I

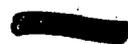
### Declaration on Article 19 - Non-Execution of the Agreement

- (a) The Parties agree, for the purposes of the interpretation and practical application of this Agreement, that the term 'cases of 'special urgency' in Article 19 of the Agreement means a case of the material breach of the Agreement by one of the Parties. A material breach of the Agreement consists in:
- repudiation of the Agreement not sanctioned by the general rules of international law;
  - violation of essential elements of the Agreement set out in Article 1.
- (b) The Parties agree that the 'appropriate measures' referred to in Article 19 are measures taken in accordance with international law. If a Party takes a measure in a case of special urgency as provided for under Article 19, the other Party may avail itself of the procedure relating to settlement of disputes.

## **Annex II**

### **Joint Declaration on Intellectual, Industrial and Commercial Property**

The Parties agree for the purposes of this Agreement that 'intellectual, industrial and commercial property' includes in particular protection of copyright and related rights, patents, industrial designs, software, brands and trademarks, topographies of integrated circuits, geographical indications, as well as protection against unfair competition and the protection of undisclosed information.



### **Joint Declaration on the readmission of citizens**

The European Community recalls the importance that its Member States attach to the establishment of effective cooperation with third countries in order to facilitate the readmission by the latter of its nationals unlawfully residing on the territory of a Member State.

The Kingdom of Cambodia undertakes to finalize readmission agreements with those Member States of the European Union which request it.

**Draft exchange of letters on maritime transport**

Sir,

I have the honour to confirm the following:

With regard to the barriers to trade which may arise for the European Community and its Member States or the Kingdom of Cambodia as a result of the operation of shipping, it has been agreed that mutually satisfactory solutions should be sought with due regard for the principle of free and fair competition on a commercial and non-discriminatory basis.

Please accept, Sir, the assurance of my highest consideration.

## FINANCIAL STATEMENT

### PART I: FINANCIAL IMPLICATIONS

1. **Title of Operation:**

Cooperation Agreement between the European Community and the Kingdom of Cambodia.

2. **Budget Headings Involved:**

- Part A (see Point 10)

- Part B (see Annex)

3. **Legal Basis:** the European Parliament must be consulted because the legal basis of the Agreement includes Articles 113 and 130y in conjunction with the first sentence of Article 228(2) and the first subparagraph of paragraph 3 of that same Article of the Treaty establishing the European Community.

4. **Description of Operation:**

4.1 **General objective**

Framework agreement for economic, trade and development cooperation.

4.2 **Duration and arrangements for renewal**

Initially five years, renewable each year thereafter.

5. **Classification of Expenditure or Revenue:**

5.1 Non-compulsory expenditure.

5.2 Differentiated appropriations.

5.3 The projects launched under the Agreement will generate no specific revenue.

6. **Type of Expenditure:**

6.1 **Grant up to 100%:** Yes.

7. **Financial Impact:**

7.1 **Method of calculating total cost of operation (relation between unit and total cost)**

The cost per operation for most of the budget headings possibly concerned will be decided and calculated on a case-by-case basis.

7.2 **Itemized breakdown of cost:** not applicable.

7.3 **Schedule of commitment and payment appropriations**

On request, following approval of the project by Commission departments and up to an amount not exceeding the appropriations to be entered under the relevant budget headings in each annual budget procedure.

**8. Fraud prevention measures:**

The Cambodian authorities and the Commission will apply the normal control measures when implementing the Agreement, as provided for in each financing agreement and contract.

**9. Cost-benefit analysis:**

**9.1. Specific and quantified objectives; target population**

To be defined on a case-by-case basis.

**9.2. Grounds for the operation**

To be defined on a case-by-case basis.

**9.3. Monitoring and evaluation of the operation**

To be defined on a case-by-case basis and included in each financing agreement and contract.

**10. Administrative expenditure (Section III, Part A, of the Budget):**

Deployment of the necessary administrative resources will depend on the Commission's annual decision on the allocation of resources, taking into account the number of staff and additional resources authorized by the budgetary authority.

**10.1 Impact of the number of posts:**

Type of post	Staff to be assigned to managing the operation		Source		Duration
	Permanent	Temporary	Existing resources in the DG or department concerned	Additional resources	
A-grade officials or B- and C-grade temporary staff	1	-	1 A	-	
	1	-	1 B	-	
	1	-	1 C	-	
<b>TOTAL</b>	<b>3</b>	<b>-</b>	<b>3</b>	<b>-</b>	

## 10.2 Overall financial impact of human resources

	Amounts	Method of calculation (ECU)
Officials		
Temporary staff		
Other resources (indicate budget heading)		
<b>TOTAL</b>		

The cost of the human resources required will be covered by existing resources. The estimated annual cost for titles A1, A2, A4 and A5 is ECU 300 000.

## 10.3 Increase in other administrative expenditure as a result of the operation

Budget heading	Amount	Method of calculation (ECU)
A 2510 (Joint Committee)	p.m.	
<b>TOTAL</b>	p.m.	

The Agreement will be managed and monitored by missions, the cost of which will be covered by existing resources.

The estimated annual cost for item A130 is ECU 35 000 (6 officials a year from the Directorates-General concerned), which covers attendance at a meeting in Cambodia every two years.

FINANCIAL STATEMENT

1. Title of Operation

Negotiation of a Cooperation Agreement between the European Community and the Kingdom of Cambodia.

2. Budget Headings Involved

a) Budget headings whose application is conditional on the existence of a Cooperation Agreement:

B7-870 Commercial and economic cooperation agreements with third countries.

b) Other budget headings whose application is not conditional on the existence of a cooperation agreement:

B6-7211 Cooperation with third countries and international organizations

B7-210 Aid to help the populations of and emergency food aid for developing countries and others hit by disasters or serious crises

B7-217 Operations to help refugees and displaced persons

B7-212 Aid towards self-sufficiency for refugees and displaced persons in Asia and Latin America

B7-872 Promotion of Community investment in developing countries of Asia, Latin America, the Mediterranean and in South Africa by economic cooperation and trade agreements

B7-300 Financial and technical cooperation with Asian developing countries \*

B7-301 Economic cooperation with Asian developing countries \*

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\* Under the "Asia" strategy to be adopted by the budgetary authority.

- B7-6000 Community contribution towards schemes concerning developing countries carried out by non-governmental organizations
- B7-6005 Community aid for non-governmental organizations operating in Cambodia
- B7-6200 Environment in the developing countries
- B7-6201 Tropical forests
- B7-6211 Health programmes and the fight against HIV/AIDS in developing countries
- B7-631 Aid for population policies and programmes in developing countries and follow-up to the conference on population and development
- B7-641 Rehabilitation and reconstruction measures for the developing countries
- B7-702 Human rights and democracy in the developing countries
- B7-643 Decentralized cooperation in the developing countries
- B7-6210 North-south cooperation schemes in the context of the campaign against drug abuse

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