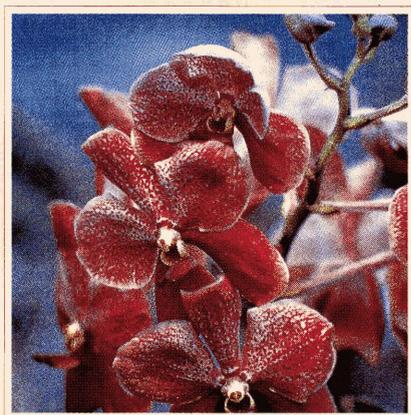
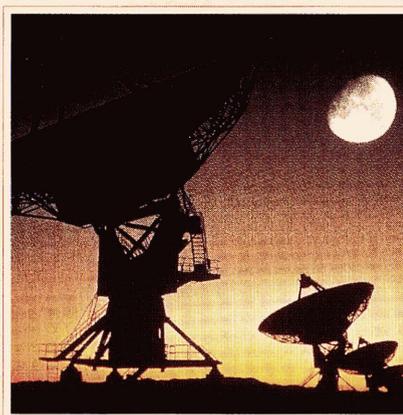




THE EUROPEAN  
COMMISSION



# EU-ASEAN Relations: The Facts



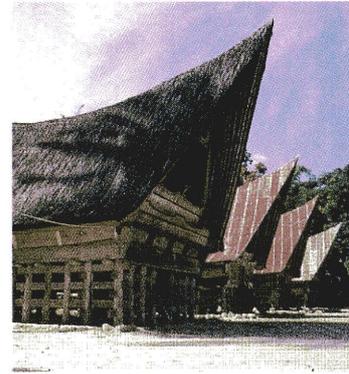




# EU-ASEAN RELATIONS: THE FACTS

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## EU-ASEAN COOPERATION: THE LEGAL BASIS



### THE 1980 EEC-ASEAN COOPERATION AGREEMENT

The Agreement was concluded in 1980 between the European Economic Community and the five-nation Association of South East Asian Nations. It is still in force today, having been enlarged to Brunei Darussalam in 1985. Like all agreements with Asian and Latin American (ALA) countries, it is a non-preferential, framework agreement: it sets out objectives for commercial, economic and development cooperation and establishes a Joint Cooperation Committee to promote the various cooperation activities envisaged by the two sides. Like other ALA cooperation agreements its implementation depends largely on the political will shown by the two parties.

The preamble to the EEC-ASEAN agreement sets out the overall objectives. They include (1) strengthening regional organisations committed to economic growth, social progress and cultural development; (2) developing EEC-ASEAN trade and economic relations on the basis of comparative advantage and mutual benefit; (3) contributing to the expansion of international trade and (4) facilitating the development of the human and material resources of the two parties on the basis of freedom, equality and justice. The agreement recognises ASEAN as a grouping which has contributed to peace and stability in South East Asia.

Although it is a cooperation rather than a trade agreement, it provides for most-favoured-nation (MFN) treatment in accordance with the GATT. The expansion and diversification of EEC-ASEAN trade is to be encouraged through commercial cooperation, not tariff preferences. To this end the two sides undertake to study ways and means of overcoming trade barriers, particularly non-tariff and quasi-tariff barriers. They also undertake to bring together their economic operators, with the aim of creating new trade patterns.

Economic cooperation is to be conducted in the light of the complementary EEC and ASEAN interests and their long-term economic capabilities. Objectives include: the encouragement of closer economic links through mutually beneficial investment, technological and scientific progress, the opening up of new sources of supply and new markets and the creation of new employment opportunities.

The means include (1) a continuous exchange of information; (2) promotion of activities between firms and organisations in both regions and (3) cooperation in science and technology, energy, environment, transport and communications, agriculture, fisheries and forestry. Improving the investment climate, through investment promotion and protection arrangements, is another means towards achieving closer links.

The EEC recognises ASEAN as a developing region, and is prepared, therefore, to contribute to its efforts at greater self-reliance and the social well-being of its people. To this end it will cooperate with ASEAN to realise concrete projects and programmes in such areas as food production, rural development, education and training.

The agreement establishes an official channel of communication between the EEC and ASEAN. This is the Joint Cooperation Committee (JCC), now normally meeting once every 18 months. The EEC is represented on the JCC by the European Commission, with representatives of the Member States present for purposes of consultation.



The agreement takes into account the fact that the EEC has full competence in all trade matters but not in economic and development cooperation. The EEC countries therefore retain the right to undertake bilateral activities with any ASEAN country in the field of economic cooperation. As regards development cooperation, the agreement notes the EEC will seek to co-ordinate the development cooperation activities of its own Member States, especially as regards regional projects.

### ENHANCING EU-ASEAN RELATIONS: UPDATING THE 1980 AGREEMENT

The 1980 Agreement is, in EC jargon, a 'second generation' agreement. By the end of the 1980s some Asian and Latin American countries which had concluded such agreements felt they were no longer adequate for the purpose of promoting closer relations with the EC, and concluded the more wide-ranging so-called 'third generation' agreements. Some Latin American countries wanted their new agreements to include a 'human rights' clause, as a way of making violations more difficult in their own countries in the future. EC Member States also favoured a clause on human rights, democracy and good governance, especially after the collapse of the Soviet Union.

By 1991, developments within the EC and the ASEAN regions and the sharp rise in their two-way trade, pointed to the need for a more wide-ranging agreement. At the 9th EC-ASEAN ministerial meeting in 1991, it was agreed to revise the 1980 agreement. The 12 Member States were unable, however, to agree on the negotiating mandate to be given to the European Commission, their trade negotiating arm, because of the problem of East Timor. (Indonesia annexed Portugal's former colony in 1975 and there are repeated reports of human rights violations in the territory).

At their 10th ministerial meeting in 1992, the two sides noted the significant progress made in commercial, economic and development cooperation since the signing of the 1980 agreement and agreed to continue to accelerate their joint efforts in enhancing their relations. There was no further reference to a new agreement. However, in 1993 ASEAN proposed the creation of an ad hoc **Eminent Persons Group (EPG)**, to chart the future course of EU-ASEAN relations. The 11th EU-ASEAN ministerial meeting in 1994 agreed

to the creation of such a Group, its members drawn from both regions, to enhance EU-ASEAN relations further. It was also agreed that the EPG would (1) analyse relations both political and economic between the two regional groupings; (2) identify constraints to their further development and (3) make proposals and recommendations aimed at enhancing their relations to the year 2000 and beyond, in a forward-looking, visionary approach.

The EPG would thus provide the two sides the elements of a work programme, taking them into the next century. The EPG in fact is a device favoured by some ASEAN countries and it has been used by the Asia-Pacific Economic Cooperation (APEC) forum, which set up an EPG in 1992 'to enunciate a vision for trade in the Asia Pacific region to the year 2000 (and) identify constraints and issues which should be considered by APEC'.

The absence of a 'third generation' agreement would not be an obstacle to the implementation of an enhanced EC-ASEAN cooperation programme; the 1980 cooperation agreement is sufficiently comprehensive to allow it to be used for this purpose. In any case, as regards the key area of economic cooperation, the 1980 agreement allows such cooperation 'in all fields deemed suitable by the (two) parties'.

With ASEAN emphasising trade rather than aid, the development cooperation provisions included in the 1980 agreement are still quite adequate. This is also the case as regards commercial cooperation. The 'third generation' agreements too being non-preferential, negotiations on trade matters will continue to be handled multilaterally, through the World Trade Organisation (WTO). However, given that several Asian and Latin American countries, including India and Brazil, have concluded 'third generation' agreements, ASEAN is expected to follow suit, sooner or later.

**NOTE:** EUROPEAN UNION (EU) OR EUROPEAN COMMUNITY (EC)? THE EU CAME INTO BEING ON 1 NOVEMBER 1993, WHEN THE MAASTRICHT TREATY ON EUROPEAN UNION CAME INTO FORCE. IT COVERS THREE AREAS OR "PILLARS": THE ECONOMIC AND SOCIAL ASPECTS COVERED BY THE ORIGINAL EUROPEAN COMMUNITIES SET UP IN THE 1950s (EEC, ECSC, EURATOM), PLUS THE COMMON FOREIGN AND SECURITY POLICY (CFSP) AND THE JUSTICE AND HOME AFFAIRS COOPERATION. THE EUROPEAN COMMUNITY, IS PART OF THE FIRST PILLAR AND IS RESPONSIBLE FOR COOPERATION AND RELATED AGREEMENTS.



### **THE EC'S 1992 REGULATION ON FINANCIAL AID AND ECONOMIC COOPERATION**

The EC's relations with ASEAN are also covered by the 1992 EC Council regulation on financial and technical assistance to, and economic cooperation with, developing ALA countries. All ALA developing countries are eligible for assistance and cooperation, both of which can be extended not only to states and regions, but also to regional organisations, public agencies, local or traditional communities, private institutes and operators, including cooperatives and non-governmental organisations (NGOs).

#### **FINANCIAL AND TECHNICAL ASSISTANCE**

It is targeted primarily on the poorest sections of the population and the poorest ALA countries. Priority is given to developing the rural sector and improving the level of food security, but there are provisions for measures in small towns serving rural areas, in order to promote employment.

Long-term priorities include protection of the environment and natural resources, and sustainable development. Ten percent of the aid for the period 1991 to 1995 is being set aside for projects specifically aimed at protecting the environment - in particular tropical forests.

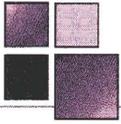
The fight against drugs receives special attention under this regulation. It shall be stepped up on the basis of a dialogue between the EC and ALA countries, within the more general context of the economic development of the producer countries.

Regional cooperation between developing countries is also a priority area, particularly in such fields as environmental cooperation, the development of intra-regional trade, regional communications, research, training and energy cooperation.

#### **ECONOMIC COOPERATION**

Devised to serve the mutual interests of the EC and its partner countries, economic cooperation is to contribute to the development of the ALA countries by helping them (1) create an environment more favourable to investment, (2) take advantage of the prospects opened up by the growth of international trade, including the European single market and (3) by enhancing the role of businessmen, technology and know-how, particularly from the private sector and small and medium-sized undertakings.

The regulation lists three sectors of economic cooperation: (1) improvement of scientific and technological potential, by means of training schemes and the transfer of know-how; (2) improvement of the institutional structure, in order to make the economic, legislative, administrative and social climate more conducive to development; (3) support for undertakings, through trade promotion, training and technical assistance schemes and by establishing contacts between undertakings. Regional cooperation is an important sector for economic cooperation, particularly in such fields as industrial ecology, intra-regional trade, industrial cooperation, communications and regional policies.



# THE INSTITUTIONAL FRAMEWORK FOR EU-ASEAN RELATIONS

## EU-ASEAN MEETINGS

### *Meetings of foreign ministers (AEMM)*

It is a measure of the importance the EC and ASEAN countries have always accorded to their relationship that their foreign ministers first met in 1978, at a time when many developing ALA countries found it hard to meet the President of the European Commission, let alone all nine EC foreign ministers. That meeting resulted in the decision to open negotiations for a cooperation agreement. It was followed by a second meeting, this time in Kuala Lumpur, during the course of which the new agreement was signed.

EC and ASEAN foreign ministers have since met at periodic intervals: the 10th such ministerial meeting was in Manila in 1992, the 11th in Karlsruhe in 1994. The meetings last two days and the time is equally divided between economic relations, on the one hand, and political issues on the other. The European Commission is represented by the Commissioner responsible for relations with Southeast Asia.

### *Meetings of ministers of economic affairs*

Here, too, the initiative came from ASEAN. A special meeting of ministers of economic affairs from both the EC and ASEAN was held in Bangkok in 1985. It drew up new guidelines for bilateral cooperation, in such key areas as industrial cooperation and training, and added tourism and the fight against drugs to the cooperation programme. A second meeting took place in Luxembourg in 1991, following the 9th EC-ASEAN ministerial meeting.

### *European Parliament and ASEAN Inter-Parliamentary Organisation (AIPO) relations*

The European Parliament's delegation for relations with the Member States of ASEAN, South East Asia and the Republic of Korea holds regular meetings with the ASEAN Inter-Parliamentary Organisation (AIPO) to discuss current political and economic issues arising from EU/ASEAN relations. At the 9th EP/AIPO Interparliamentary meeting held in Strasbourg in June 1993, Members of the European Parliament reaffirmed their attachment to the inclusion of 'human right clauses' in agreements signed with third countries. The

next EP/AIPO meeting is scheduled for 1996.

In addition to its relationship with AIPO, the European Parliament also has bilateral contacts with Parliaments of the ASEAN Member States and of other countries of the region. In 1994 and 1995, Interparliamentary meetings took place with members of the Parliaments of Thailand, the Philippines, Vietnam, Cambodia and Laos. Regular consultations between the ASEAN Brussels Committee and the European Parliament delegations are also organised in Brussels.

## THE EC-ASEAN JOINT COOPERATION COMMITTEE

The 1980 EC-ASEAN cooperation agreement provides for the creation of a Joint Cooperation Committee (JCC). It has the task of keeping under review the various cooperation activities envisaged between the EC and ASEAN in the framework of the agreement. The JCC normally meets every 18 months, alternating between Brussels and a city in the ASEAN country which is "coordinator" in charge of relations with the EU.

The EC is represented on the JCC by the European Commission, although representatives of the Member States also attend JCC meetings and therefore are available for consultations.

The JCC has set up five sub-committees, dealing with trade, economic and industrial cooperation, science and technology, narcotics and forestry.

The EC also has relations with individual ASEAN countries. Indeed, most of the cooperation activities launched by the EC are conducted bilaterally, rather than with ASEAN.

## MULTILATERAL MEETINGS

### *The ASEAN Post-Ministerial Conference*

The EU, represented by its 'troika' of foreign ministers, is one of ASEAN's 'dialogue partners' in the framework of the ASEAN Post-Ministerial Conference (PMC). The PMC has been held

each year since 1981, immediately after the annual meeting of ASEAN foreign ministers, which takes place when the Presidency of the ASEAN Standing Committee changes. The other dialogue partners are Japan, the United States, Australia, Canada, New Zealand, and South Korea. While the EU addresses itself mostly to political issues, the European Commissioner responsible for relations with ASEAN speaks on matters of EC competence.

The PMC therefore gives the EU ministers and the Commission an excellent opportunity to meet foreign ministers of key Asia-Pacific countries in both formal and informal settings. There are plenary meetings (called 7+7 now) where the seven ASEAN ministers meet jointly with all their dialogue partners for political discussions and the 7+1 meetings in which the EU (like each of the other partners) has a one-on-one meeting with ASEAN.

### **ASEAN Regional Forum**

The ASEAN countries took the initiative in 1994 to set up the first Asian forum for the discussion of regional security issues. The ASEAN Regional Forum (ARF), which held its first meeting in Bangkok in July, 1994, was attended by the foreign ministers of not only the six ASEAN countries but also ASEAN's 'dialogue partners', including the EU, and its consultative partners (China and Russia) and other observers.

The discussions have centred on the efforts to reduce tension in the Korean peninsula and the need to halt proliferation of nuclear and conventional weapons in Asia, the territorial disputes in the South China Sea, Cambodia's civil war and the political situation in Myanmar.

The Bangkok meeting endorsed ASEAN's Treaty of Amity and Cooperation (Treaty of Bali) as a code of conduct governing relations between

states. It was agreed to convene the ARF on an annual basis, with the second meeting held in Brunei Darussalam in August, 1995.

## **THE 11TH EU-ASEAN MINISTERIAL MEETING**

*Extracts from the Joint Declaration made at the end of the meeting of foreign ministers, held in Karlsruhe, Germany, on 22 and 23 September 1994:*

The Ministers expressed satisfaction over the substantial progress of the relationship and agreed that cooperation between EU and ASEAN had been further consolidated and diversified and expressed their commitment to reinvigorate and to intensify their long-standing dialogue and cooperation on issues of peace and security, the environment and sustainable development, trade and investment and human rights, based on partnership, shared responsibility and mutual benefit.

### **Trade**

They noted the value of the on-going EU and ASEAN dialogue in increasing two-way trade and investments, and recognised that EU assistance in this field had contributed to ASEAN's export growth and diversification. They agreed that such cooperation be continued, particularly by encouraging mutual investment by the private sector.

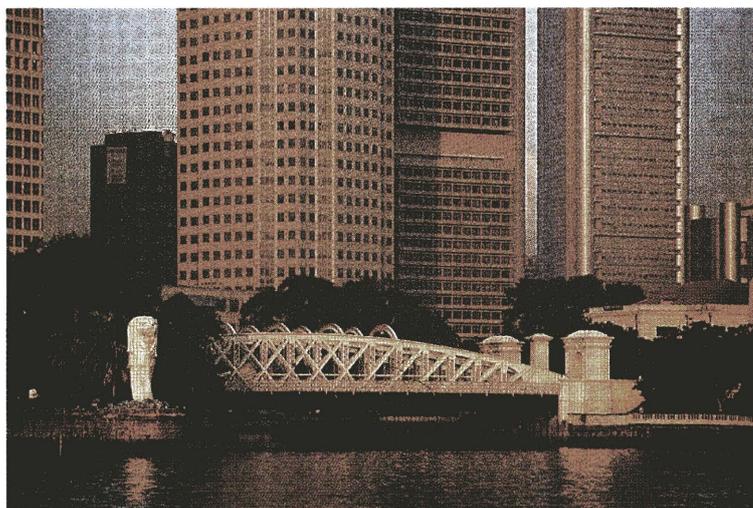
They reaffirmed their commitment to an open multilateral trading system and welcomed the conclusion of the Uruguay Round negotiations as a significant step forward. They agreed that both the EU and ASEAN would continue to improve market access in order to maintain growth in their two-way trade.

### **Economic cooperation**

The Ministers agreed that mutually beneficial economic cooperation should be accorded high priority in EU-ASEAN relations, with a particular focus on:

Improvement of scientific and technological potential; on assistance to trade and investment enabling activities, and on promotion of business-to-business cooperation.

They stressed the need to ensure the protection of intellectual property rights, in accordance with Uruguay Round TRIPS, and agreed to continue cooperation in this area.



## ***Development cooperation***

The Ministers noted the commitment of both sides to prioritise: poverty alleviation, human resource development, health and family planning, the role of women, respect for human rights, environment and sustainable development.

They recognised the interest of EU and ASEAN to put forward a joint effort to promote development and poverty alleviation in the less developed countries of SE Asia, to help these countries participate fully in the growth of the region.

## ***Future directions***

The Ministers agreed that increased EU-ASEAN cooperation is a central element in relations between Europe and the Asia-Pacific region. They had an extensive and fruitful exchange of views on the future directions of this cooperation and agreed that pre-eminence be given to:

- ◆ Maintenance of an open, fair and transparent world trading system, as underpinned by the results of the Uruguay Round;
- ◆ promotion of business sector cooperation;
- ◆ poverty alleviation and education;
- ◆ protection of the urban and natural environment;
- ◆ the fight against drugs and HIV/AIDS;
- ◆ improving the EU profile in ASEAN and of the ASEAN in the EU;
- ◆ promoting cultural cooperation and media exchanges.

They agreed also to the creation of an informal Eminent Persons Group to study and further enhance ASEAN-EU relations.

## ***Political and security issues***

The Ministers agreed to strengthen the partnership between EU and ASEAN in addressing global issues and welcomed the intensified political and security cooperation and dialogue between the two regions. The EU ministers congratulated ASEAN for the successful launching of the ASEAN Regional Forum, and welcomed EU's participation therein.

They emphasised their common commitment to the promotion of and respect for human rights and fundamental freedoms on the basis of the UN Charter, the Universal Declaration of Human Rights and the Vienna Declaration and Programme of Action, and expressed their strong support for the successful implementation of the latter.

## ***Regional Issues***

Regional issues covered in the Joint Declaration included: Central and Eastern Europe and the former Soviet Union; situation in former Yugoslavia; Asia-Pacific; CPA for Indochinese refugees; situation on the Korean peninsula; the South China sea; Cambodia and Myanmar.

The EU ministers welcomed Vietnam's coming membership of ASEAN, and noted with interest the development of APEC and the EU's interest in having a dialogue with APEC. The Ministers further noted that the proposed East Asia Economic Caucus (EAEC) would be a forum that would further enhance regional cooperation.

The Ministers also noted some positive developments in Myanmar, and expressed the hope that ASEAN's policy of constructive engagement and the EU's willingness to engage in a critical dialogue will eventually contribute to achieving more sustainable improvements there.



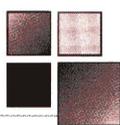
## THE 12TH EC-ASEAN JOINT COOPERATION COMMITTEE

*Extracts from the Summary Conclusions of the JCC Meeting held in Brussels 3-5 October 1995:*

- ◆ The Meeting reviewed recent developments in the EU and in ASEAN, welcomed an early extension of the Cooperation Agreement to cover Vietnam, and noted the rapid expansion of EU-ASEAN trade in 1994;
- ◆ reviewed future directions in EU-ASEAN cooperation, emphasising consultation, cooperation and partnership;
- ◆ reviewed progress in ongoing EC/ASEAN cooperation programmes, emphasising the enhancement of people-to-people contacts and of European investment and industrial cooperation;
- ◆ agreed on the recommendations made by the Sub-Committee on Trade and Economic and Industrial Cooperation, including the establish-

ment of an expert group to improve macro-economic analysis relevant to links between the two regions, and of an expert group on intellectual property rights. Others matter discussed included GSP, anti-dumping, food and hygiene regulations, and financial services, together with cooperation possibilities in energy, transport and business cooperation;

- ◆ reviewed the report of the Sub-Committee on Science and Technology, noting the large number of joint research proposals underway or being considered, and discussing priority areas for future cooperation in this sector;
- ◆ reviewed orientations for EU/ASEAN development cooperation, touching on sectors such as forests, environment and narcotics control;
- ◆ reviewed progress in cultural cooperation, including action in the field of HRD, as well as the forthcoming Europe-Asia Cultural Forum in Venice in January 1996.



## THE DIFFERENT FACES OF REGIONAL COOPERATION

Regional cooperation encompasses a range of projects aimed at helping the ASEAN countries create the conditions which will allow businesses to make the most of the trade and investment opportunities that are open to them in the EU and ASEAN. Areas covered include assistance in developing the regulatory environment, business cooperation, energy, transport and communications, scientific and technical cooperation, human resource development, environmental cooperation and cooperation in the field of drugs.

### REGULATORY ENVIRONMENT

As the ASEAN countries become assimilated into the world economy, there is an increasing need for their governments to upgrade the provisions that exist with regard to the regulation of the industrial environment. In particular, the EC has sought to promote a better climate for business and trade in ASEAN by strengthening and modernising the system of Intellectual Property Rights (IPR) as, for example, through the ASEAN-EC Patents and Trademarks Programme.

The ASEAN-EC Industrial Standards and Quality Assurance Programme (ISQAP), which began in 1989, aims to promote and develop ASEAN trade and industry by strengthening,



harmonising and co-ordinating the underlying framework of standards and norms. Co-ordinated regionally by the Thai Industrial Standards Institute (TISI), it also seeks to upgrade the institutional and industrial capabilities of the ASEAN countries in the fields of testing and quality assurance.

Under Phase I, regional harmonisation of industrial standards for selected sectors has been achieved by supporting the work of the existing national institutes, and by enhancing

their capacities to provide effective technical services to industries in this field. In practical terms this has been achieved through a combination of regional workshops, seminars and other training programmes, together with the provision of European technical assistance and equipment, plus financial support for the Thai Industrial Standards Institute as the lead agency in executing the project. With Phase I finished, the EC is looking forward to continuing its cooperation with ASEAN in this important area.



## EC INVESTMENT PARTNERS (ECIP)

Set up in 1988 as part of the EC's overall strategy for economic cooperation, the European Community Investment Partners (ECIP) scheme exists as a quick, simple and efficient financial instrument for assisting development in the countries of Latin America, Asia

and the Mediterranean (ALAMED) by promoting joint ventures between local and European operators to their mutual benefit. There are four main facilities provided by the scheme:

- **Facility One** covers the preliminary phase of joint investment operations and provides funds for the identification of partner companies in the EC and ALAMED countries.
- **Facility Two** is concerned with analysis and other preparations made prior to launching a joint venture.
- **Facility Three** provides EC co-financing of the investment itself.
- **Facility Four** covers any subsequent expenditure on human resources and/or technical development.

Facility one can be used where the promoter of the project is an organisation or a public agency representing a group of companies (such as federations of industries or chambers of commerce). Facilities two, three and four are more specific than facility one, in that they operate to assist specific and concrete joint venture proposals and must be invoked by the involved business operators themselves.

As far as the ASEAN countries are concerned, more than 150 projects had received financial assistance with a total EC contribution of more than ECU 16 million by 1994. Financing was granted for some 40 projects under facility one, including the organisation of a four-day seminar for Indonesian and European entrepreneurs in the metal-working and engineering industries, and a visit by a group of Malaysian industrialists to counterpart factories in Europe to discuss partnership activities and licensing agreements in the toys and giftware sector. Under facility two, more than 100 projects received assistance, mainly for carrying out feasibility studies. Examples of such studies include those carried out for a semi-conductor manufacturing project in Malaysia (which also benefited from

## BUSINESS COOPERATION

ASEAN-EC business cooperation, as its name suggests, comprises a series of initiatives that seek directly to improve the number, efficiency and productivity of EC-ASEAN business activities to the mutual benefit of companies operating in both regions. Broadly speaking there are two kinds of business cooperation. The first is the provision of business, financial and legal information to (1) companies located in the ASEAN region which want to do business with their European counterparts and (2) European companies wanting to enter ASEAN markets. In addition a range of projects have been set up to assist in the training of business personnel. These will be examined in greater detail under the heading of human resource development. The second main activity is the supply of information on European technology and products through the so-called "technology windows".

As far as business cooperation *per se* is concerned, recent projects include the INSEAD-led Joint-Venture Management and Industrial Cooperation programme involving the training of firms' executives and civil servants, with a view to facilitating the creation of joint ventures between EC and ASEAN companies. Another project worth mentioning is the European Business Familiarisation Annual Programmes for ASEAN Business Leaders (EBFP), which have been taking place under the auspices of the ASEAN-EC Business Council. The EBFP provide highly qualified ASEAN executives with an introduction to European commercial and management practices and an opportunity to witness European standards of excellence in industry, with a view to establishing closer cooperation between the two regions.

employee training and the setting-up of pilot production) and a shrimp hatchery joint-venture in Thailand. The 10 projects approved under facility three include a joint-venture for the refining of coconut oil in the Philippines and the creation of a holiday village in Thailand. Meanwhile, under facility four, grants have been awarded to a project requiring help concerning worker training and the improvement of management expertise in the production of high tension power transformers in Indonesia, and for a computer consultancy in the education sector in the Philippines.

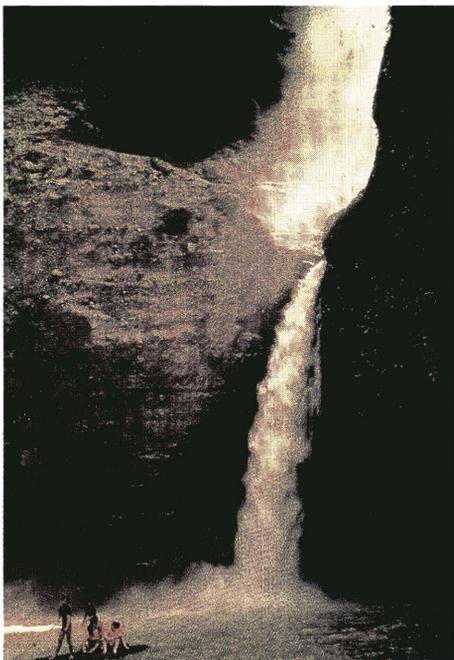
The simple and non-bureaucratic nature of the ECIP scheme has been commended by many of the participant enterprises. Companies and their representative organisations are encouraged to make increasing use of this partnership-promoting instrument in the future.

Further information on the role and availability of ECIP can be obtained directly from the European Commission in Brussels or from any of the financial institutions signatories of the ECIP network. For ASEAN, these include Bank Niaga and Bapindo in Indonesia, Commerce International Merchant Bankers Berhad in Malaysia, the Asian Finance and Investment Corp., Asia Trust Bank and PDCP Bank in the Philippines, Deutsche Bank (Asia Pacific) Ltd. and the ASEAN Finance Corporation in Singapore, and Bangkok Bank Ltd. and the Industrial Finance Corporation of Thailand. Applications for assistance should be addressed directly to these institutions.

### ASIA-INVEST

In order to facilitate the linkages between European and Asian economic operators through, for example, EBICs and counterpart organisations (e.g. business associations and chambers of commerce) in Europe, the ECU 32 million Asia-Invest programme will be established during 1996 for an initial five years period.

Asia-Invest follows on from the Support Programme for Economic Cooperation (SPEC) and will be run by a Secre-



tariat to be set up in Brussels. As well as directly facilitating business linkages, Asia-Invest will make available several instruments to promote economic cooperation. These are: Asia-Interprise and Partenariat, to cofinance EU-Asian business meetings; the Business Priming Fund, to support groups of European and Asian companies in their efforts to prepare for collaboration; and the Asia Invest Facility, principally to support pre-competitive research into investment opportunities in Asia and the subsequent dissemination of information.

Asia-Invest will ensure linkage with ECIP (see above) and with Commission-supported initiatives such as the Euro-Info-Centres, the Business Cooperation Network (BC-Net) and the Bureau de Rapprochement des Entreprises (BRE).

### EUROPEAN BUSINESS INFORMATION CENTRES (EBICs)

The European Business Information Centres, or EBICs, are a central component in the EC's drive to facilitate business cooperation. Their primary functions are to provide information to businesses on both sides; to disseminate greater knowledge (in both quantitative and qualitative terms) of local business and trade statistics, business activities and opportunities, company profiles (for partnership), local infrastructure facilities, factor costs, sector-related trade evolution, regulations and standards; and to provide counselling services to businesses on how to access this information. In addition, the EBICs seek to optimise the use of joint ASEAN-European technical expertise on specific sectors through the organisation of seminars, workshops and business contacts and the facilitation of other trade promotion activities. It is envisaged that these services will be built-up progressively, in a manner that is complementary to those offered in each country by the organisations of the individual Member States.

An EBIC has been operational since 1993 at the European Chamber of Commerce in Manila. Others are planned to open in Kuala Lumpur, Bangkok and Jakarta before the end of 1995, with a regional information centre planned for Singapore. A complementary network called the Support Programme for Economic Cooperation (SPEC), is being developed in the European Union.

### ENERGY

Cooperation between the EC and the countries of ASEAN in the field of energy has conventionally

fallen under the twin headings of development aid (with bilateral support projects carried out for the manufacturing and commercialisation of energy systems in the Philippines and rural electrification in Indonesia) and economic cooperation. Increasingly, however, the emphasis is being placed on the latter, for which a further subdivision can be made into the three pillars of training and transfer of know-how, institutional strengthening and business support.

Over the past few years, the combined effects of economic and demographic growth, together with the rise of living standards throughout the ASEAN region, as elsewhere in Asia, have caused a dramatic increase in energy demand, particularly electricity, and profound changes in the energy structures of many of these countries. This has meant that a greater role has been given to the private sector, both local and international. From a European perspective, this situation has resulted in a growing interest among ASEAN countries for European experience, and an opening up of opportunities for European companies in the ASEAN energy market.

The European Commission, through its cooperation budgets, is seen to have a valuable role to play in enhancing the European image and presence in the ASEAN energy market. Two flagship projects are indicative of the work being undertaken. The **ASEAN-EC Energy Management, Training and Research Centre (AEEMTRC)**, based in Jakarta, was inaugurated in 1989 in order to enhance cooperation between the ASEAN countries, and to strengthen political, economic and commercial links between ASEAN and the EC in the field of energy.

After a successful Phase I, Phase II of the project starting in 1995 should consolidate the Centre's activities and pave the way towards self-sustainability, thanks to increased European expertise, energy policy tools, and the promotion of energy technology. AEEMTRC, which groups the most senior officials of the ASEAN countries in the field of energy, co-ordinates a range of activities, including database programmes and forecasts of the energy situation in ASEAN and on energy technology in the EU (database of demonstration projects called Valente), an energy efficiency programme and human resource and social development initiatives.

The second project is the **Action of Technology Transfer of Energy Cogeneration from Biomass (COGEN)**. Initiated in 1991 and co-ordinated by the Asian Institute of Technology (AIT) in Bangkok,



COGEN aims to accelerate the implementation of proven technologies for heat and power generation from wood and agro-industrial residues, and to encourage the development of joint ventures with European companies through the setting-up of full-scale demonstration projects.

Phase II, which started in April 1995 with an EC contribution of ECU 5 million out of a project total of ECU 20 million (which will be complemented by local ASEAN investments), will further contribute to the energy supply of ASEAN countries through the replication of modern, efficient and environment-friendly European technologies, whilst benefiting European industrialists (equipment suppliers) and the ASEAN wood and agro-industries by increasing their mutual awareness.

## TRANSPORT AND COMMUNICATIONS

As a sector fundamental to the smooth development of all industrialising countries, the EC recognises the role it is able to play in helping countries in the field of transport and communications. In addition to the large number of bilateral projects that have been organised, regional cooperation has also been encouraged through initiatives such as the Integrated Harbour Management Programme, which aims to increase the productivity and efficiency of ASEAN port authorities and harbour organisations, and the ASEAN Training Programme in Air Traffic Control. This last project, besides providing theoretical and practical courses, allows air traffic controllers and managers to compare European air traffic technology, which is simpler and more people-oriented, with that of the US and Japan. A Seminar on Maritime Transport will take place in Brunei in October 1995.



## SCIENTIFIC AND TECHNICAL COOPERATION

A number of regional projects have received EC funding in the area of scientific research and technical cooperation, to improve ASEAN's technological potential by assisting transfers of technology and know-how, whilst acting as 'windows' for European companies able to provide the technical inputs of equipment and expertise required for the future development of the Association's members.

In particular, the EC has assisted in the setting-up of various regional centres of excellence, including for example:

- ◆ **the ASEAN Timber Technology Centre (ATTC)** established in 1987 in Kuala Lumpur, and providing technical support to the wood-based industries sector;
- ◆ **the European-Singapore Regional Institute for Environmental Technology (RIET)**, established in 1993 as a focal point for fostering technology transfer in the sector of environmental technology and for promoting links between European and local industry.

The EC, in cooperation with the European Space Agency, has also worked with ASEAN in the field of satellite remote-sensing, using radar satellite images to help in the land-use mapping, studies of environmental degradation, and other resources-management issues.

Another priority area has been the promotion of joint research and scientific exchanges with ASEAN, with EC support for joint research, post-doctoral fellowships and topical workshops, both regionally and bilaterally, in a wide range of fields linked particularly with the life sciences. Main areas of cooperation included tropical agriculture and tropical medicine, biotechnology, earth sciences, environmental sciences and food technologies.

Examples include work on the sustainable use of coastal ecosystems in SE. Asia, as well as a major project on the assessment of seismic natural hazards through the investigation of plate motions and crustal deformation.

Since 1995, these actions have been re-focused in the context of the EC's 4th Framework Programme for Science and Technology. In its international cooperation aspects, this emphasises region-to-region cooperation, with priority for the management of renewable natural resources, agricultural and agro-industrial production and health, and with scope for cooperation also in information and communications technology.

In addition, the 4th Framework Programme opens the possibility of ASEAN participation on a project-by-project basis in a host of other EC science and technology programmes, ranging from marine sciences through biomedicine to economic and social research.

## HUMAN RESOURCE DEVELOPMENT (HRD)

Projects that are noteworthy concerning HRD include the ASEAN-EC Management Centre in Brunei, the EC-ASEAN Scholarship Programme, and the European Institute of Public Administration (EIPA) Seminar Programme. The first is a new venture, a regional Centre of Excellence, established in Brunei in 1994, to help develop management capacity within the region through the organisation of workshops, conferences and strategic planning services for ASEAN industrialists. The second finished in 1995, offering scholarships for the training of young professionals (almost two hundred so far) from the ASEAN countries at universities (postgraduate programmes) in Europe. In addition, work placements are organised with European companies, thereby

adding a practical dimension to the programme's activities, and to assist with professional networking. The programme is preceded by a 'European Awareness Course' to promote an understanding of Europe as a Community and the role of its official organisations.

Finally, since 1991, the European Institute of Public Administration in Maastricht has organised a series of seminars on subjects of interest to more than 800 high-level officials, parliamentarians, academics, businessmen and journalists from the ASEAN countries with a view to increasing awareness of the EC and promoting closer development, cooperation and understanding between the two regions.

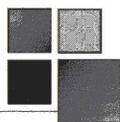
### ENVIRONMENTAL COOPERATION

Some elements of EC-ASEAN regional cooperation in the field of the environment have been covered

under separate headings in the text above. However, the Commission is constantly seeking to improve its contribution to this vital area and is analysing the establishment of a regional centre for the conservation of biodiversity to complement the various other regional and bilateral projects being carried out.

### DRUGS

The EU is strongly committed to fighting the illicit traffic in narcotics and psycho-tropic substances, the laundering of the financial proceeds of these activities and the diversion of trade in precursor chemicals. To this end, the EU published a Global Action Plan in 1994 which, *inter alia*, calls for intensified international cooperation. Meanwhile, measures are being taken to prevent and reduce drug abuse in the region through a variety (10 so far) of EC-sponsored projects.



## BILATERAL RELATIONS BETWEEN THE EU AND THE ASEAN SEVEN

### Brunei Darussalam

The EU's political and economic dialogue with Brunei is carried out in the framework of the 1980 EC-ASEAN Cooperation Agreement.

Brunei is the wealthiest ASEAN country, with a GDP per capita of US\$ 17,000 in 1991 for its 270,000 inhabitants. Oil and gas resources still account for roughly 99% of Brunei's exports. Total trade with the EC for 1993 was ECU 986 million. Of these, exports to the EU totalled ECU 397 million and imports from the EU ECU 589 million. The EU ranks third among Brunei's trading partners after ASEAN and Japan.

Economic cooperation with Brunei has mostly been limited to EC-ASEAN regional projects. The Commission supports the EC-ASEAN Management Centre, located in Brunei Darussalam. The Centre focuses on regional and inter-regional managerial issues of relevance to ASEAN and EU managers.

### Indonesia

Indonesia is by far the largest ASEAN member, in terms both of its surface area and the number of inhabitants, with a total population in excess of 190 million in 1993. It is one of the key

players in ASEAN. Its occupation of the former Portuguese colony of East Timor has halted negotiations on a 'Third Generation' cooperation agreement with the Association since 1991.

Indonesia has a per capita GNP of US\$ 730 in 1993. Yet the country has enjoyed rapid economic growth for much of the past two decades and structural adjustments linked to an export-oriented development strategy (based increasingly on non-oil based manufactures since 1986)



should see progress towards economic take-off continue.

In terms of external trade, Indonesia still derives 26 percent of its revenue from the export of oil and gas, with wood and wood products accounting for a further 14 percent. However, textiles and garments now account for 16 percent of its revenue and rubber and rubber manufactures just over 7 percent. Its main imports are machinery and transport equipment (42.8%), other manufactures (21.2%), and chemicals (14.1%). The EU is Indonesia's second trading partner after Japan. Two-way trade amounted to ECU 9.1 billion in 1993, with Indonesia enjoying a surplus in the terms of this trade of around ECU 1 billion.

As with the Philippines, Indonesia benefits from both development assistance and economic cooperation with the EU.

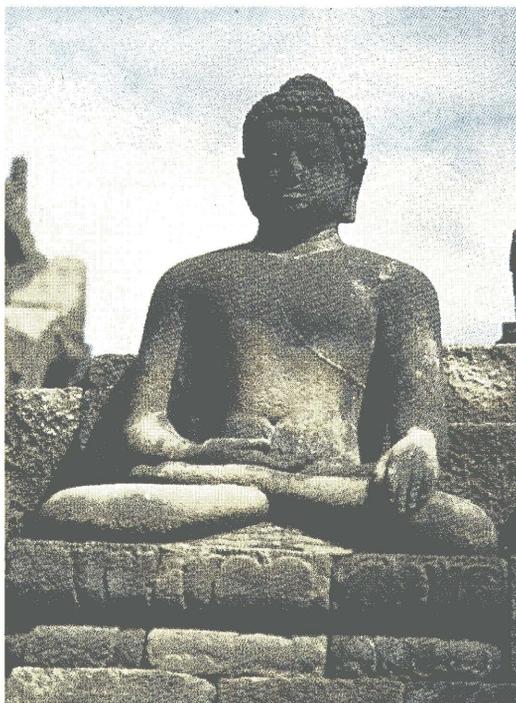
Development cooperation is concentrated on the EU-Indonesia Forest Programme. Three constituent projects have been decided so far: (1) a Sector Support Project, (2) the Gunung Leuser Forest Conservation Programme and, (3) the Berau Production Forest Management Project. A further component in the Production Forest Project (sustainable management) is being designed. The total budget for the three is over ECU 100 million. Other projects cover irrigation, agriculture and fisheries.

Economic cooperation between the EU and Indonesia covers a number of areas, the most important of which are business cooperation, with an EBIC currently being set up, and energy (industrial cooperation in the power sector). Indonesia is also a key participant in many of the EU's regional cooperation projects, such as AEMTRC and ISQAP. The ASEAN secretariat is in Jakarta.

### **Malaysia**

The general framework for relations between the EU and Malaysia is also provided by the 1980 EC-ASEAN Cooperation Agreement.

With a per capita GNP of US\$ 3,160 in 1993, Malaysia is classed by the World Bank as a



middle income country. Its economy posted an average annual growth rate of 8-9% in the eight years to 1995. Estimates for the next years point to a similar range. This has been made possible by a healthy macroeconomic situation that has attracted foreign direct investment commitments worth ECU 30 billion in the last 5 years.

Malaysia is the European Union's third most important ASEAN trading partner, with imports from

the EU totalling ECU 3,984 million and exports to the EU totalling ECU 6,225 million in 1993. In 1992, the EU was Malaysia's third largest export market, after Singapore and the USA. Malaysian imports from the EU ranked fourth in importance after those from Japan, the USA, and Singapore.

The EU's cooperation with Malaysia focuses on economic and environmental matters.

In terms of economic cooperation, the Commission approved the establishment of a European Business Information Centre (EBIC) in Kuala Lumpur in 1993. The EBIC will provide information to European and Malaysian businessmen interested in engaging in trade and investment activities. The EBIC will be managed by the European Union Business Council in Kuala Lumpur.

The Commission organised a seminar on the Single European Market in Kuala Lumpur in December 1994. This was set up in collaboration with the Malaysian Ministry of International Trade and the European Union Business Council and served as an awareness-creating exercise among key decision makers. The Commission is keen to show the increased opportunities for trade constituted by the Single Market.

On environmental cooperation, the Commission supported Malaysian efforts to achieve sustainable forest management. In this objective, the Commission approved a forest mapping project for Peninsular Malaysia in 1992. The Commission is studying the possibility of funding Forestry Training Programmes in Sabah and Sarawak in 1995 and a Multi-Use Hill Forest Programme for Sarawak in 1996.

## Philippines

In common with the other ASEAN states, the formal basis for relations between the EU and the Philippines is the 1980 EC-ASEAN Cooperation Agreement. Nevertheless, the relationship between the two sides has broadened and deepened remarkably in recent years. These intensified relations have been reflected at the highest level, with the visit of President Fidel Ramos to several European countries and the EC Brussels headquarters in late 1994 and early 1995. The Philippines also plays its full role in the EU-ASEAN dialogue.

The Philippines is one of the poorer ASEAN countries, with a per capita GNP of US\$ 830 in 1993. Along with Indonesia, therefore, the Philippines benefits from both economic and development cooperation with the EU; the latter amounted to some ECU 250 million between 1976-1994. Taken as a whole (EU plus Member States) the European Union is currently the Philippines' second largest donor, with total aid amounting to around ECU 843 million between 1989-92.

Development cooperation with the Philippines is aimed largely at alleviating the country's socio-geographic income disparities (both urban and rural). A strong and consistent emphasis is placed on local participation based on micro-projects that are community- and/or area-based to ensure greater impact and sustainability. These projects address a broad range of problems, such as agricultural production and marketing, rural infrastructure, cooperatives and credit schemes and capability strengthening for

local government units. 1995 saw the addition of three new projects relating to protected area management, community-based forest management and agrarian reform support.

The EU is currently the Philippines second largest export market, accounting for almost 18 percent of total Philippine exports in 1994. This enabled the country to enjoy a modest trade surplus with the 12 country EU of around ECU 86 million. This surplus will be overturned in the course of 1995 with the accession of Austria, Finland and Sweden, all of which export more to the Philippines than they import. Since 1992, the EU has also been the Philippines' largest foreign investor (with almost 40 percent of the total).

In terms of economic cooperation, the EU has supported a range of business information and business cooperation programmes, that include export and investment promotion activities, partner matching and technical assistance, implemented through the European Chamber of Commerce in Manila. Philippine companies have made good use of the ECIP scheme and in November 1994 the European Investment Bank approved its first loan in the country for an industrial project in Mindanao to a value of ECU 27 million. Other projects have been implemented in such diverse areas as leather manufactures, computer software production, toxic and hazardous waste control and the establishment of a packaging institute. The EU is currently setting up a national European studies programme and a regional centre for biodiversity conservation.



## *Singapore*

The EU and Singapore enjoy a firm and long-lasting relationship. The formal framework for relations is also provided by the 1980 EC-ASEAN Cooperation Agreement.

With per capita GNP standing at US\$ 19,310 in 1993, Singapore is a high-income country. Its economy grew at an average 8 percent per annum over the period 1987-1993 and prospects for the next few years are equally good. Singapore is the EU's largest ASEAN trading partner, with imports from the EU totalling ECU 7,677 million and exports to the EU totalling ECU 6,396 million in 1993. Likewise in 1993, the EU was Singapore's second largest export market after the USA. Singaporean imports from the EU rank third after those from Japan and the USA.

The main thrust of cooperation with Singapore is naturally economic, based on common interests and mutual benefit. The EU-Singapore Regional Institute of Environmental Technology (RIET) was established in 1993 with the aim of fostering technology transfers and linkages between ASEAN and European industries and providing environmental services. Singapore will also play host to the Secretariat of the European Economic Co-operation Network (ECNET) in Asia. The ECNET Secretariat will coordinate the activities of the European Business Information Centres, the European Technology Windows and the Support Programme for Economic Cooperation (SPEC) throughout ASEAN and, indeed, the rest of Asia. It will provide a regional business information service and assist the Singapore European Business Association.

## *Thailand*

Although relations between the EU and Thailand are based on the 1980 EC-ASEAN Cooperation Agreement, in view of a commonly held desire to strengthen bilateral cooperation, it was decided at Senior Officials level in 1992 to hold Senior Officials' and Ministerial Meetings of an informal nature as parallel fora. Subsequently, two meetings at Senior Officials level (in 1992 and 1993) and one Ministerial Meeting (in 1993) have been held. Thailand is an active ASEAN member and, in 1994, hosted the ASEAN Ministerial Meeting as well as the first ASEAN Regional Forum on security issues in the region.

Thailand is one of the fastest growing economies in the world and has maintained annual growth rates of up to 12% for more than a decade. GDP per capita stands at US\$ 2,085, and the expected growth rate in 1995 is 8.4%. Thailand's GDP pattern is today comparable to that of an industrialised country with almost 40% industry, 50% services and 11% agriculture. This is not, however, to deny the fact that about 60% of the population still makes its living out of agriculture, and that there is an increasing shortage of skilled labour in Thailand, that could potentially hamper future growth prospects.

The emphasis of the EU's cooperation with Thailand has switched over the last two years from development to economic cooperation. Target areas are the environment, SMEs and transfer of technology. Equally important are activities in the fields of AIDS and drug prevention and human rights. Relief to the remaining refugees in Thailand is also to be continued. And whilst there will be no new rural develop-



ment projects, there are 7 ongoing projects that will continue until 1999. The EU accounts for about 30% of ODA to Thailand, of which 5% is administered by the Commission.

The EU's trade with Thailand increased by almost 16% per annum between 1986 and 1992. The trade surplus Thailand enjoys with the EU grew to ECU 1,729 million over the same period but was reduced in 1993 to ECU 717 million. That same year, Europe was Thailand's third biggest export market after the US and slightly behind Japan. In terms of imports, the EU was Thailand's second biggest supplier, ahead of the US and ASEAN, with Japan alone accounting for a greater share.

Europe was third most important foreign investor in Thailand in 1993 (after Japan and the US but ahead of ASEAN).

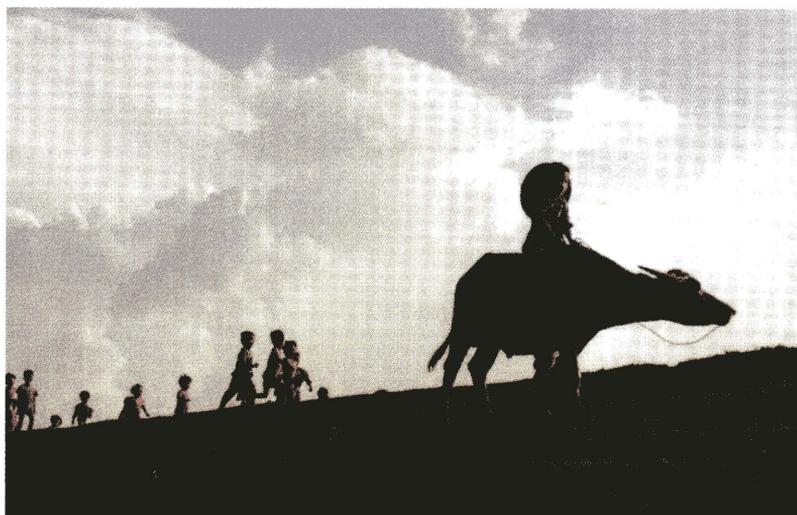
In terms of economic cooperation, the EU is at present setting up a Business Information Centre in Bangkok and supports a range of business cooperation programs that include SME strategy development in the South, partner matching, and technical assistance in fields like the health, urban planning, and the environment. A second phase of the successful European Studies Programme at Chulalongkorn University is about to start and several forestry and wildlife conservation projects are currently being appraised.

## **Vietnam**

ASEAN's newest member, the Socialist Republic of Vietnam is the Association's least affluent member with per capita GNP standing at a little under US\$ 200 in 1994. However, the process of *doi moi* begun in 1986 to reform and open up the economy has taken hold and the average 8 percent annual growth of the economy looks set to continue through 1995.

Diplomatic relations between the EU and Vietnam were normalised in November 1990. A textile agreement was signed in December 1992. The 1995 EC-Vietnam Cooperation Agreement will further enhance the scope for cooperation and trade activities between the two sides.

With agriculture accounting for 37.2 percent of GDP, industry 25.7 percent and services the remainder of 37.1 percent, the sector breakdown of Vietnam differs from that of the other ASEAN members, particularly Brunei, Malaysia and Singapore. Yet despite its relative lack of development, the country boasts high educational standards, with 88 percent adult literacy. Health care provisions are equally satisfactory.



The EU pledged ECU 30 million in aid to Vietnam in 1994. Similar levels have also been committed for 1995. The first application of the EU's development cooperation was to assist the economic and social reintegration of returnees from first asylum countries under the Geneva Comprehensive Plan of Action for Indochinese Refugees (1989).

In view of the country's recent history, the EU has launched its single largest economic cooperation programme in Asia, focusing on technical assistance for the transition from a command to a market-oriented economy. Projects cover fields such as accounting and auditing, insurance, quality standards and intellectual property. The ECIP scheme has been extended to Vietnamese companies and further projects are planned for 1995 to assist the work of the State Planning Committee with macroeconomic planning and management as well as much-needed institution-building.

The EU has also made significant contributions to environmental protection programmes, and is to become the single largest donor to forest and nature conservation in the country. Decentralised cooperation and NGO activities (on a separate budget line) have also been used to alleviate specific social problems.

Total trade between the EU and Vietnam has increased steadily over recent years to top ECU one billion in 1993. The country's exports to the EU include rice, coffee and textiles. Yet despite the soaring commercial flows and Vietnamese government's commitment to join the GATT/WTO and ASEAN Free Trade Area (AFTA), high tariff rates on imports remain a serious obstacle to free trade, as do violations of intellectual property rights.



## TRADE

### THE NEW GENERALISED SYSTEM OF PREFERENCES (GSP) SCHEME

The EC has continuously operated a generalised system of preferences (GSP) in favour of developing countries since 1971, on the basis of principles adopted by UNCTAD.

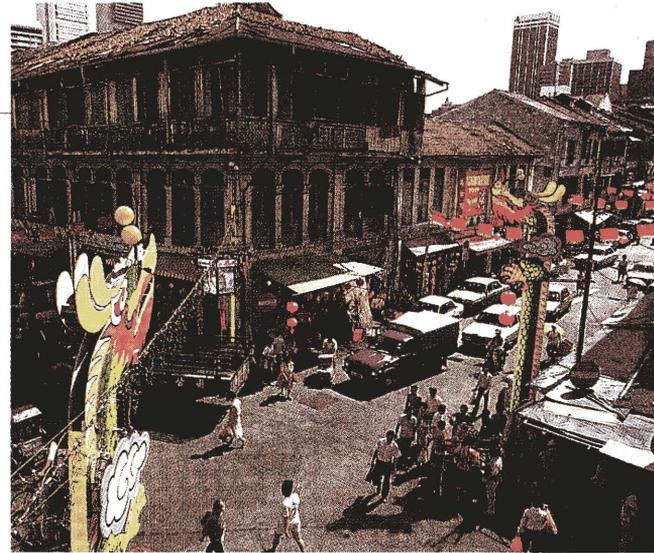
The Joint Declaration issued by EU and ASEAN foreign ministers at the end of their 1994 meeting in Karlsruhe, Germany, had this to say about the GSP:

*'The Ministers recognised that the general system of preferences (GSP) has contributed to the growth in exports from ASEAN to the EU. More than one-third of ASEAN's exports to the EU enjoy tariff concessions under the GSP. The Ministers recognised that the Cumulative Rules of Origin (CRO) provision has contributed to ASEAN's regional integration and would further assist ASEAN in achieving its objectives of an ASEAN Free Trade Area.'*

On January 1, 1995 the EU introduced a new GSP scheme for industrial products, the main features of which will remain valid until the year 2005. The new scheme, like the old, is designed to encourage developing countries to (1) industrialise (2) diversify their exports and (3) increase their export earnings.

The new scheme improved compared to the old in at least three ways. First of all, it is no longer annual. The scheme introduced in 1995 will remain in force for four years (1995-1998), so that manufacturers and traders can plan ahead for several years. (The introduction of the scheme covering agricultural products was delayed until 1996, however.)

The new scheme affords exporters greater certainty, because the entire mechanism of quotas and ceilings has been scrapped. The preferential rates of import duty apply over the entire 4-year period, without any quantitative restrictions. However, this preferential rate is no longer zero on an across-the-board basis (for manufactured products) but varies, depending on



how sensitive the product in question is. The margin of preference now varies from 15 percent to 100 percent.

All products now fall into one of four categories. (1) Highly sensitive products (essentially textiles, clothing and ferro-alloys): the preferential rate is 85 percent of the most-favoured-nation (MFN) rates, so that the margin of preference is 15 percent. (2) Sensitive products (a rather wide range of goods, including footwear, chemicals, consumer electronics and cars); preferential rate: 70 percent of the MFN rates; the preference margin is 30 percent. (3) Semi-sensitive products (a very wide range of goods, including chemicals, machinery, photographic goods); preferential rate: 35 percent of the MFN rates; the preference margin is 65 percent. (4) Non-sensitive products (ranging from toys to pharmaceutical products); preferential rate: duty-free entry.

To the extent that the new scheme favours less advanced developing countries, it may be said to foster the GSP's role in promoting development. It does this through a 'graduation' mechanism, which allows the EC to withdraw GSP benefits gradually for entire product sectors from the more advanced countries. This mechanism makes use of two criteria, represented by (1) a development index and (2) a specialisation index. In the interests of transparency and objectivity, the EU has provided full details in its GSP regulation.

The list of countries/sectors to be excluded during the present 4-year period of the GSP

scheme is also published. ASEAN countries/sectors from whom GSP benefits are being withdrawn include:

- ◆ **Thailand:** plastics and rubber; articles of leather and furskins; clothing; footwear; jewelry and precious metals; miscellaneous (chapters 94 to 96).
- ◆ **Malaysia:** plastics and rubber; wood; clothing; consumer electronics.
- ◆ **Indonesia:** wood; footwear.
- ◆ **Singapore:** electro-mechanical equipment.
- ◆ **Brunei:** jewelry and precious metals.
- ◆ **Philippines:** unaffected by the graduation mechanism.

There are two exceptions to the graduation mechanism: (1) A country which accounts for more than 25 percent of GSP imports of a given product sector will lose GSP benefits for that sector. (2) Finally, a country which should be graduated, but whose share does not exceed 2 percent, will continue to enjoy GSP benefits. The new scheme envisages the total exclusion of the most advanced developing countries as from 1 January 1998, on the basis of criteria to be drawn up in 1997. Singapore is one of the 3 or 4 former developing countries which may lose all GSP benefits.

The graduation criteria are represented by (1) a development index, which represents a country's overall level of industrial development compared to that of the EC and (2) a specialisation index, which reflects its share of the EC's imports of a given sector. The two indices are combined to identify developing countries subject to the graduation mechanism. As full details are given in the EC's GSP regulation, beneficiary countries can make the necessary calculations themselves.

The new GSP scheme contains further innovations. Beneficiary countries which meet (1) certain ILO conventions, including one on child labour, and (2) the International Tropical Timber Organisation's (ITTO) standards for sustainable forest management, will be entitled to an increased margin of preference. Details have yet to be worked out, so that these special incentive arrangements will come into force only in 1998.

In order to benefit from the GSP scheme, developing countries must meet the rules of origin requirements. In order to encourage regional cooperation, the EU introduced cumulative rules of origin (CRO). These rules apply to products made up of inputs from two or more countries which are members of a regional grouping, such as ASEAN. Moreover, since 1995, parts and components supplied by EU countries can be treated as if they originated in the country seeking GSP benefits.

In 1993 just 44 percent of the total imports entitled to GSP treatment entered the EU duty-free or at preferential rates. The GSP utilisation rate in fact ranged from 69 percent in the case of agricultural products to 43 percent for manufactured products, excluding textiles and clothing, for which the utilisation rate was 36 percent.

In other words, not all exports entitled to GSP treatment actually benefit from it when clearing customs at EU ports and airports. There are a number of reasons for this. Exporters may decide, for example, that the import duty on a given product is not high enough to justify the time and effort needed to meet GSP rules. Indeed, they may pay more attention to exchange rate fluctuations than to the GSP.

The following Table shows the EC's imports from ASEAN between 1990 and 1993:

GSP imports from ASEAN, 1990-93			Total		Industrial Products	
Year	Total imports	Duty-free (MFN)	Eligible GSP	Received GSP	Eligible GSP	Received GSP
1993	25 486	2 671	21 573	9 498	16 397	7 066
%	--	--	100	44	100	43
1992	22 408	2 395	18 037	7 788	12 962	5 388
%	--	--	100	43	100	42
1991	19 946	2 308	16 208	6 840	11 340	4 512
%	--	--	100	42	100	40
1990	16 731	2 622	12 592	4 931	8 779	3 043
%	--	--	100	39	100	35

*In million ECU and percentages / Source : European Commission*



## TRADE IN TEXTILES AND CLOTHING

A good deal of the credit for the success of the export-led strategy adopted by ASEAN countries should go to their textile and clothing industries. By 1993, they accounted for 13 percent of the EU's total imports from the mainly Asian and Latin American countries, whose exports were governed by the GATT-sponsored Multifibres Arrangement. The table at the bottom of this page shows EU imports from ASEAN between 1992 and 1994.

How will ASEAN's exports to the EU fare to the end of the decade? Clearly, the 1990s will be very different from the 1980s - for both the ASEAN and EU textile and clothing industries. During the years of rapid expansion, ASEAN's exports were governed by the bilateral agreements the ASEAN countries had individually negotiated with the EU under the MFA (which effectively removed trade in textiles and clothing from the operation of GATT rules and disciplines).

The MFA was replaced by a new agreement, reached during the Uruguay Round, which has been in force since January 1, 1995. This is designed to re-integrate trade in textiles and clothing into the WTO-GATT over a 10-year period. The quotas introduced by the EU under its bilateral agreements are now governed by the new agreement, for the bilateral agreements themselves disappeared with the MFA.

The new agreement seeks to end more than 20 years of managed trade, by returning textiles and clothing to the normal operation of GATT rules. As these products are re-integrated into

GATT, their trade is liberalised; a country seeking to restrict imports must meet the stricter requirements of the Uruguay Round agreement on safeguards, which introduces a ban on voluntary export restraints, orderly marketing arrangements and similar measures.

The long-term effects of the new textile agreement will be favourable, therefore, to exporters. The GATT Secretariat pointed out that in the case of products subject to MFA quotas, the effective percentage reduction will be greater, as the tariff-equivalent of these quotas is higher than the tariffs themselves.

But this return to free trade in textiles and clothing will also mean greater competition for ASEAN exporters - not only from other Asian exporters but also from Central and East European countries, and the developing economies of the Mediterranean.

EU clothing manufacturers are also planning increased sales to Asian, including ASEAN, countries. They are planning to take advantage of the fact that the new agreement calls on both developed and developing countries to improve market access, implement policies which create fair and equitable trading conditions and avoid discriminating against imports when taking measures for general trade policy reasons. EU producers see the agreement as an opportunity to prise open Asian markets, where a growing middle class is demanding more, and high quality, brand name consumer goods.

EU textile and clothing exports to the ASEAN countries amounted to ECU 377 million in 1993. While this was equal to just 11 percent of imports, EU exports nevertheless grew by 20 percent annually in 1992 and 1993. European manufacturers in any case are determined to take advantage of the opportunities offered them by the new textile agreement and the tariff reductions negotiated during the Uruguay Round.

<b>EC Imports of Textiles and Clothing (MFA Products) from ASEAN, 1991-1993</b>						
<b>In million ECU and annual percentage change</b>						
	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>92/91</b>	<b>93/92</b>	<b>94/93</b>
<b>Total</b>	3 276	3 339	3 391	4	2	1,6
<b>Textiles</b>	772	850	1 005	10	10	18
<b>Clothing</b>	2 504	2 489	2 385	3	-1	-4,2
<b>In thousand tonnes and annual percentage change</b>						
<b>Total</b>	248	354	416	12	43	17,5
<b>Textiles</b>	183	197	261	22	7	32,5
<b>Clothing</b>	165	157	156	3	-5	0

Source : European Commission

## SPECIFIC TRADE ISSUES

Now that the emphasis is on markets and the private sector, many governments see their role mainly as one of helping their exporters. In trade negotiations they tend to assume that there is a 'right' level of trade between two countries and to view deficits as evidence that the other side is not playing the game by the rules.

The EU, for its part, has become more concerned in recent years with its chronic trade deficit with the ASEAN countries. In 1991 it recorded its first deficit in manufactured products, while in 1992 its overall trade deficit was ECU 3.1 billion. For their part, the ASEAN countries tend to assume that if their share of the EU's total trade is modest, it is because of trade restrictions imposed by the EU. They contrast their five percent share of the EU's global trade with the EU's 15 percent share of ASEAN trade.

Specific problems - real or imaginary - will probably be similar to those raised by the two sides in the recent past. Thus the ASEAN countries have expressed concern over various aspects of EC trade policy, which they fear could have an unfavourable effect on their exports.

Some of these concerns are related to the completion of the European single market, such as the introduction of Community quotas in place of national quotas for bonito and tuna. But these quotas, as the EU's representatives pointed out, are a transitional measure. They will be abolished in 1996; meanwhile they are being increased annually. As for the duty-free entry granted to canned tuna from some Latin American countries, this is a temporary concession in view of their efforts to combat drug trafficking.

Despite the dramatic rise in their exports of manufactured products, the ASEAN countries want to develop their traditional exports of palm and coconut oil, industrial fatty alcohol and plywood. All these products enjoy preferential entry under the GSP scheme; but the ASEAN countries want larger quotas (as in the case of plywood) or a further reduction in the GSP rate of duty (palm and coconut oil). They also want canned tuna to be brought within the GSP scheme and its import duty reduced.

The EU has its own concerns as regards access to ASEAN markets: it feels that its exporters face major non-tariff barriers, even after the conclusion of the Uruguay Round. And with the growing importance of foreign direct investment and financial services in the ASEAN countries, the EU is also seeking better terms for its investors

and financial institutions. To this end it wants the ASEAN countries to remove limitations on foreign equity, as regards both foreign direct investments and financial services.

If European industry is to invest more in the ASEAN countries, the latter must do more as regards the regulatory environment, particularly to protect intellectual property rights (IPR), in the EU's view. The hope of course is that with the adoption of the agreement on trade-related aspects of intellectual property rights (TRIPS) in the Uruguay Round, IPR violations will become a thing of the past. To help the ASEAN countries both raise their standards for IPR protection and improve the enforcement of existing legislation, the EC has given them technical assistance in the fields of patents and trade marks and offered its cooperation as regards copyrights.

The successful conclusion of the Uruguay Round clearly will not mean an end to trade problems between the EC and ASEAN. But given that their two-way trade, both in goods and services, is governed by the most-favoured-nation principle of the GATT, and the parallel General Agreement on Trade in Services (GATS), inter-regional solutions (or those reached at the bilateral level) will be increasingly implemented through the World Trade Organisation (WTO).



## THE IMPLEMENTATION OF THE URUGUAY ROUND AGREEMENTS

Following the successful conclusion of the Uruguay Round, the GATT Secretariat estimated the increase in world trade, as a result of better market access, at ECU 590 billion a year by the year 2005. In broad terms, EU and ASEAN businesses should benefit from the implementation of the Uruguay Round results in the following ways:

**Tariff reductions:** Nearly 40 percent of the EU's imports of manufactures will be duty-free in the coming years. Tariffs on other products will fall by a third at least, in principle over 5 to 10 years. Although the tariff reductions granted by the ASEAN countries vary from country to country, top rates will be 50 percent. But even more important, perhaps, is their decision to bind up to 60 percent of their tariffs (i.e. not raise them unilaterally, without compensating exporting countries).

**Trade in agricultural products:** Access to the EU market will be made easier because the EU is converting the various types of protective measures into tariffs and reducing both new and existing tariffs by up to 36 percent. It is also reducing the overall level of internal support by 20 percent (over six years in both cases). The EU is also setting minimum import levels.

At the same time the EU is reducing export subsidies by 36 percent from their 1986-90 base levels and cutting the actual volume of

subsidised exports by 21 percent, in both cases a 6-year period. Equally important for exporters is the EU's reform of its common agricultural policy, which seeks to bring supply and demand more into line with each other, thus reducing pressure on world markets.

**Trade in textiles and clothing:** The agreement represents a delicate balance between the interests of exporting and importing countries. The process of reintegrating textiles and clothing sectors into the GATT will take 10 years, starting from 1 January 1995, and will be in four stages. During each stage a fixed percentage of products will once again come under GATT rules, while quotas still in force will be increased by fixed percentages.

The balance between the interests of exporting and importing countries is also maintained by means of an explicit link between reintegration and the reinforcement of GATT rules and disciplines. That is, as products are reintegrated and quotas increased by industrialised countries, the developing will have to implement the Uruguay Round agreements regarding improved market access, dumping, subsidies and the protection of intellectual property rights (to eliminate counterfeiting).

**Trade in services:** The General Agreement on Trade in Services (GATS) is a first step towards bringing services within a multilateral framework. The GATS framework sets out the basic rules for liberalising trade in services, including the obligation to offer most-favoured-nation

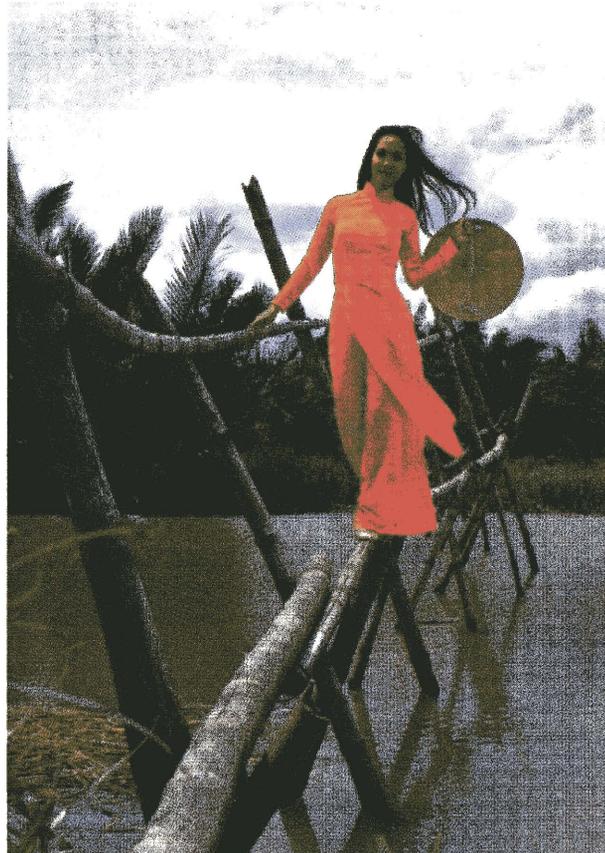


(MFN) treatment, safeguards and exemptions. Both the EU and ASEAN countries made substantial initial commitments, and both have met the conditions for original membership of GATS.

**Trade-related intellectual property rights (TRIPs):** Effective protection for copyright, trademarks, designs and patents is necessary for increased trade and investment flows and technology transfers. The TRIPs agreement provides this, together with respect for international treaties, new procedures for dispute settlement and non-discrimination. As a result, the consumer goods industry will benefit from stronger protection for trade-marks, and the textile industry from the new provisions protecting industrial design. The European pharmaceuticals and chemicals industries will receive patent protection in many developing countries that have refused such protection so far. The copyrights for sound recordings, films, books and computer programmes should now be better protected against piracy.

**Trade-related investment measures (TRIMs):** Foreign direct investment (FDI) is now an important feature of the global economy. The first agreement of its kind, the TRIMs agreement seeks to clarify the rules concerning the use of investment measures imposed by countries on foreign investors. The agreement contains an illustrative list of requirements which can be imposed on foreign investors, including local content, trade balancing and local sales requirements (the first of which requires that a fixed percentage of inputs be sourced locally, the second of which links imports to exports). All such agreements will have to be registered and phased out within two years by developed countries, five by developing ones.

**World Trade Organisation (WTO):** Both the EU and ASEAN supported the early establishment of the WTO, which has a firmer legal foundation than the GATT. The WTO provides a single institutional framework, encompassing the GATT, all agreements concluded under its aegis and all the Uruguay Round agreements. It is headed by a ministerial conference, meeting every two years at least. All member countries are required to bring their national legislation into line with the agreements governed by the WTO, thus further reducing the scope for unilateral action.



## STATISTICAL INDICATORS FOR ASEAN\*

Indicators	Brunei	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
<b>Basic</b>							
Population (millions)	0.273	184	19	64	3	58	71
Area (thousand km <sup>2</sup> )	6	1 905	330	300	1	513	332
Agricultural land (%)	3	19	15	31	2	47	21
<b>Economic</b>							
Total GDP (to nearest billion US\$)	5 (est)	134	60	53	58	118	13
GDP (per capita)	17 000 (est)	730	3 160	830	19 310	2 040	170
GDP (average annual growth in %)	--	5.7	5.9	1.2	6.7	8.2	8
GDP agriculture average annual growth in %)	--	3.1	3.6	1.0	-6.6	4.1	6
GDP manufacturing (average annual growth in %)	--	12.0	10.0	0.7	7.1	10.1	11
Import (million US\$)	--	27 280	38 361	15 465	72 067	40 466	3 500
Exports (million US\$)	--	33 815	40 705	9 790	63 386	32 473	2 800
Total external debt (billion US\$)	--	84	20	33	--	39	18
Household income (total share of top 20 %)	--	42	54	48	49	51	--
<b>Population</b>							
Total (million)	0.273	184	19	64	3	58	71
Growth rate (annual average 1980-1992)	3.0	1.6	2.3	2.2	2.0	1.5	2.2
Urban (% of total)	58	32	45	44	100	24	20
<b>Social</b>							
Health (people per doctor)	1 810	7 028	2 440	8 117	822	4 497	2 284
Secondary education (% of school age population)	--	45	58	74	70	33	33

\* Indicators are for 1992, except for household incomes (1991) and total/per capita GDP (1993). Economic indicators are drawn from the World Bank's 'World Development Report' and the Asian Development Bank's 'Asian Development Outlook'. Income indicators as well as those for population and social indicators are taken from the World Bank's 'Social Indicators of Development'.

EXCHANGE RATE (mean)	
1 ECU =	US\$
1990	1.273
1991	1.239
1992	1.298
1993	1.171
1994	1.189

Source: Eurostat

Table I.  
Exports to ASEAN by Major Sector  
(in million ECU)

Breakdown by Sector	1980			1988			1994		
	EU	US	Japan	EU	US	Japan	EU	US	Japan
<b>Primary goods</b>	<b>322.19</b>	<b>939.61</b>	<b>276.84</b>	<b>798.91</b>	<b>993.67</b>	<b>314.10</b>	<b>1510.85</b>	<b>2334.57</b>	<b>620.15</b>
Food and live animals	180.61	465.46	140.15	389.94	431.64	156.10	721.60	937.25	236.43
Beverages and tobacco	106.29	118.13	1.57	233.12	144.89	5.34	409.23	302.80	28.11
Crude materials	25.57	348.56	120.55	137.86	407.30	141.50	348.64	1037.68	348.53
Oils, fats and waxes	9.72	7.46	14.57	37.99	9.84	11.16	31.38	20.84	7.08
<b>Fuel products</b>	<b>48.90</b>	<b>128.13</b>	<b>39.60</b>	<b>47.60</b>	<b>95.81</b>	<b>75.92</b>	<b>365.54</b>	<b>508.90</b>	<b>327.97</b>
<b>Manufactured goods</b>	<b>4534.83</b>	<b>5209.63</b>	<b>9004.86</b>	<b>8830.64</b>	<b>7623.94</b>	<b>14647.05</b>	<b>24801.50</b>	<b>22991.31</b>	<b>48756.78</b>
Chemicals	680.58	745.72	812.35	1533.98	920.46	1227.27	3177.12	2204.00	3391.42
Classified by material	677.67	373.14	2733.38	1516.85	519.93	3022.14	3706.17	1408.73	7017.01
Machinery and transport	2851.31	3826.02	5034.11	4769.13	5520.55	9591.23	15288.50	17243.46	35505.85
Miscellaneous	325.27	264.75	425.02	1010.68	663.00	806.41	2629.71	2315.12	2842.50
<b>Other goods</b>	<b>463.56</b>	<b>45.72</b>	<b>100.11</b>	<b>1011.15</b>	<b>255.16</b>	<b>328.23</b>	<b>1081.26</b>	<b>821.69</b>	<b>978.95</b>
<b>Total</b>	<b>5369.37</b>	<b>6323.09</b>	<b>9421.41</b>	<b>10688.30</b>	<b>8968.58</b>	<b>15365.30</b>	<b>27759.14</b>	<b>26863.45</b>	<b>50683.85</b>

(Source - Eurostat/Comtrade)

Table II.  
Imports from ASEAN by Major Sector  
(in million ECU)

Breakdown by Sector	1980				1988				1994				
	EU	US	Japan	Japan	EU	US	Japan	Japan	EU	US	EU	US	Japan
<b>Primary goods</b>	<b>3405.22</b>	<b>1777.70</b>	<b>4699.00</b>	<b>4699.00</b>	<b>4609.97</b>	<b>2237.03</b>	<b>5504.72</b>	<b>5504.72</b>	<b>5350.66</b>	<b>4046.05</b>	<b>8571.31</b>	<b>8571.31</b>	<b>8571.31</b>
Food and live animals	1296.05	724.54	907.85	907.85	2254.95	1093.89	1942.28	1942.28	2539.56	2523.09	4561.66	4561.66	4561.66
Beverages and tobacco	106.34	18.72	13.01	13.01	99.61	19.85	30.27	30.27	106.92	58.87	38.37	38.37	38.37
Crude materials	1555.57	755.83	3684.46	3684.46	1629.45	821.21	3402.21	3402.21	1614.16	1101.03	3714.42	3714.42	3714.42
Oils, fats and waxes	447.26	278.61	93.68	93.68	625.96	302.08	129.96	129.96	1090.02	363.06	256.86	256.86	256.86
<b>Fuel products</b>	<b>220.15</b>	<b>4107.80</b>	<b>11814.78</b>	<b>11814.78</b>	<b>38.76</b>	<b>1203.71</b>	<b>7423.67</b>	<b>7423.67</b>	<b>243.65</b>	<b>961.01</b>	<b>9034.83</b>	<b>9034.83</b>	<b>9034.83</b>
<b>Manufactured goods</b>	<b>2447.19</b>	<b>3479.98</b>	<b>961.29</b>	<b>961.29</b>	<b>7337.21</b>	<b>12032.01</b>	<b>2847.25</b>	<b>2847.25</b>	<b>24345.83</b>	<b>40361.37</b>	<b>14210.07</b>	<b>14210.07</b>	<b>14210.07</b>
Chemicals	35.15	28.10	131.53	131.53	135.50	195.29	315.36	315.36	511.73	777.14	729.82	729.82	729.82
Classified by material	951.28	754.82	566.39	566.39	1492.41	1171.65	1500.46	1500.46	3070.43	2198.89	3247.01	3247.01	3247.01
Machinery and transport	770.00	2045.39	157.79	157.79	3195.84	7513.11	599.20	599.20	13171.31	26754.24	6560.49	6560.49	6560.49
Miscellaneous	690.76	651.67	105.58	105.58	2513.46	3151.96	432.23	432.23	6986.12	9913.70	2973.00	2973.00	2973.00
<b>Other goods</b>	<b>784.70</b>	<b>148.49</b>	<b>93.21</b>	<b>93.21</b>	<b>216.79</b>	<b>279.62</b>	<b>354.48</b>	<b>354.48</b>	<b>606.24</b>	<b>717.41</b>	<b>699.75</b>	<b>699.75</b>	<b>699.75</b>
<b>Total</b>	<b>6857.21</b>	<b>9513.97</b>	<b>17568.28</b>	<b>17568.28</b>	<b>12202.72</b>	<b>15752.37</b>	<b>16130.12</b>	<b>16130.12</b>	<b>29940.15</b>	<b>45368.43</b>	<b>31816.20</b>	<b>31816.20</b>	<b>31816.20</b>

(Source - Eurostat/Comtrade)

Table III.  
Balance of Trade with ASEAN by Major Sector  
(in million ECU)

Breakdown by Sector	1980			1988			1994		
	EU	US	Japan	EU	US	Japan	EU	US	Japan
<b>Primary goods</b>	<b>-3083.03</b>	<b>-838.09</b>	<b>-4422.16</b>	<b>-3811.06</b>	<b>-1243.36</b>	<b>-5190.62</b>	<b>-3839.81</b>	<b>-1711.49</b>	<b>-7951.17</b>
Food and live animals	-1115.44	-259.08	-767.70	-1865.01	-662.25	-1786.18	-1817.96	-1549.85	-4325.25
Beverages and tobacco	-05	99.41	-11.44	133.51	125.04	-24.93	302.31	243.93	-10.26
Crude materials	-1530.00	-407.27	-3563.91	-1491.59	-413.91	-3260.71	-1265.52	-63.35	-3365.89
Oils, fats and waxes	-437.54	-271.15	-79.11	-587.97	-292.24	-118.80	-1058.64	-342.22	-249.79
<b>Fuel products</b>	<b>-171.25</b>	<b>-3979.67</b>	<b>-11775.18</b>	<b>8.84</b>	<b>-1107.90</b>	<b>-7347.75</b>	<b>121.89</b>	<b>-452.11</b>	<b>-8706.85</b>
<b>Manufactured goods</b>	<b>2087.64</b>	<b>1729.65</b>	<b>8043.57</b>	<b>1493.43</b>	<b>-4408.07</b>	<b>11799.80</b>	<b>1061.91</b>	<b>-16472.67</b>	<b>35246.47</b>
Chemicals	645.43	717.62	680.82	1398.48	725.17	911.91	2665.39	1426.85	2661.61
Classified by material	-273.61	-381.68	2166.99	24.44	-651.72	1521.68	635.74	-790.16	3769.99
Machinery and transport	2081.31	1780.63	4876.32	1573.29	-1992.56	8992.03	2117.19	-9510.78	28945.36
Miscellaneous	-365.49	-386.92	319.44	-1502.78	-2488.96	374.18	-4356.41	-7598.58	-130.49
<b>Other goods</b>	<b>-321.14</b>	<b>-102.77</b>	<b>6.90</b>	<b>794.36</b>	<b>-24.46</b>	<b>-26.25</b>	<b>475.02</b>	<b>104.28</b>	<b>279.20</b>
<b>Total</b>	<b>-1487.84</b>	<b>-3190.88</b>	<b>-8146.87</b>	<b>-1514.43</b>	<b>-6783.79</b>	<b>-764.82</b>	<b>-2180.99</b>	<b>-18531.98</b>	<b>18867.65</b>

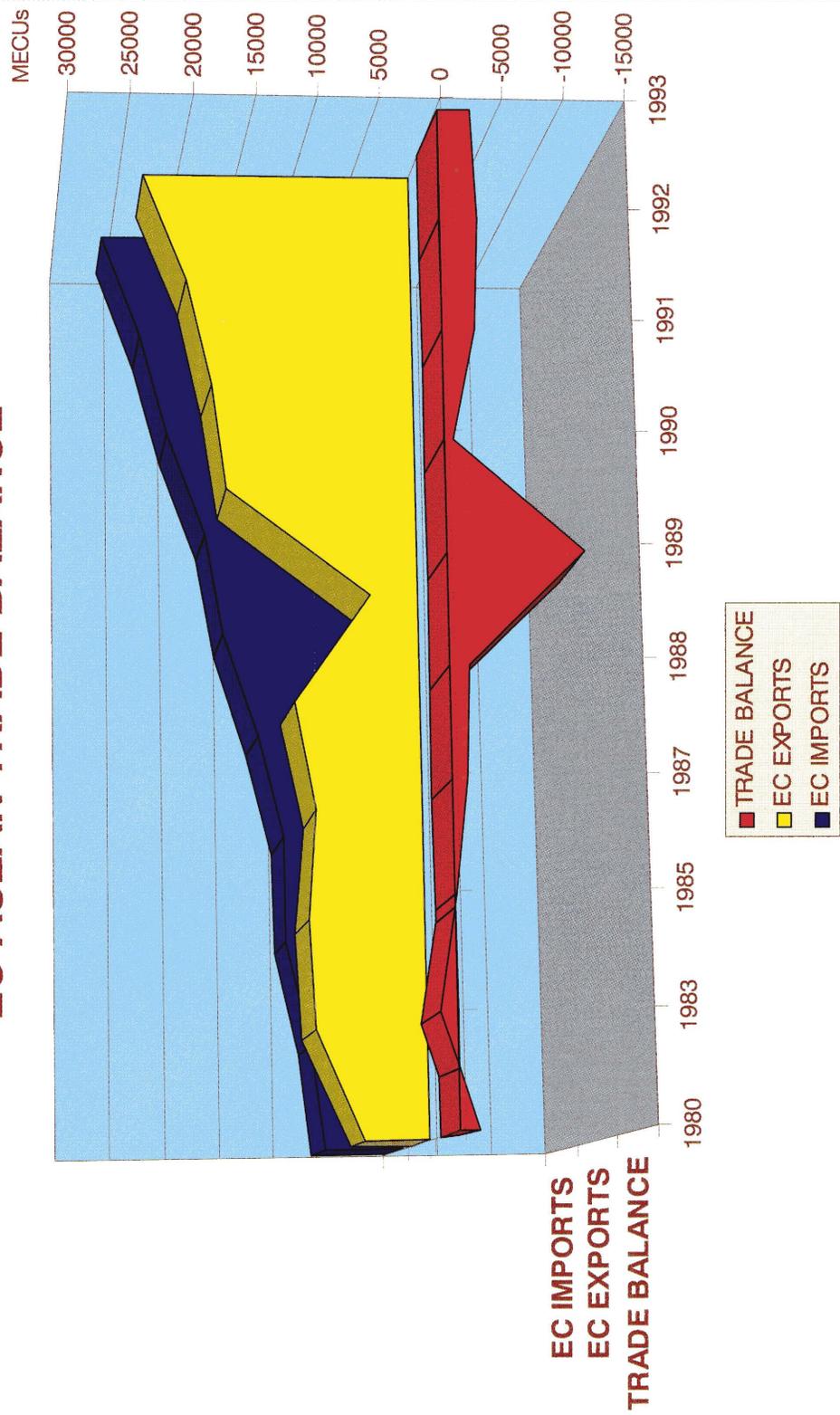
(Source - Eurostat/Comtrade)

Table IV.  
Trade between ASEAN 6 and ASEAN 7\* with EU 12 and EU 15\*\* by Major Sector in 1993 (in million ECU)

Breakdown by Sector	Exports						Imports						
	EU Twelve		EU Fifteen		EU Twelve		EU Fifteen		EU Twelve		EU Fifteen		
	ASEAN Six	ASEAN Seven											
<b>Primary goods</b>	1512.03	1551.15	1628.08	1631.44	4821.36	4887.07	5118.81	5141.82	6.04	674.29	2467.99	2527.85	2687.53
Food and live animals									459.11	462.05	117.17	117.20	122.85
Beverages and tobacco									396.31	398.92	1410.52	1416.34	1464.12
Crude materials									15.57	15.89	825.68	825.68	867.32
Oils, fats and waxes									<b>482.28</b>	<b>483.00</b>	<b>188.51</b>	<b>210.57</b>	<b>211.62</b>
<b>Fuel products</b>	<b>482.28</b>	<b>483.00</b>	<b>551.85</b>	<b>551.87</b>	<b>20173.68</b>	<b>20629.56</b>	<b>21844.21</b>	<b>21868.21</b>	<b>20072.32</b>	<b>20514.08</b>	<b>22764.20</b>	<b>22809.90</b>	<b>21868.21</b>
<b>Manufactured goods</b>	<b>20072.32</b>	<b>20514.08</b>	<b>22764.20</b>	<b>22809.90</b>	<b>378.20</b>	<b>380.68</b>	<b>404.03</b>	<b>404.04</b>	2647.15	2726.66	2800.09	2805.43	2822.82
Chemicals									3264.44	3319.45	3762.91	3766.05	3821.64
Classified by material									12165.03	12448.12	14098.76	14135.35	11270.49
Machinery and transport									1995.70	2019.85	2102.44	2103.07	7370.86
Miscellaneous									<b>853.88</b>	<b>859.87</b>	<b>854.04</b>	<b>860.03</b>	<b>484.98</b>
<b>Other goods</b>	<b>853.88</b>	<b>859.87</b>	<b>854.04</b>	<b>860.03</b>	<b>484.10</b>	<b>484.73</b>	<b>484.97</b>	<b>484.98</b>	<b>22920.52</b>	<b>23408.12</b>	<b>25798.17</b>	<b>25853.24</b>	<b>27706.63</b>
<b>Total</b>	<b>22920.52</b>	<b>23408.12</b>	<b>25798.17</b>	<b>25853.24</b>	<b>25667.66</b>	<b>26211.94</b>	<b>27659.61</b>	<b>27706.63</b>					

\* including Vietnam - \*\* including Austria, Finland and Sweden - (Source - Eurostat)

# EC-ASEAN TRADE BALANCE



## FOREIGN DIRECT INVESTMENT

by country of origin. Applications approved in million US\$ (figures are approximative)

<b>PHILIPPINES</b>									
Country of origin	1985	1986	1987	1988	1989	1990	1991	est.92	est.93
TOTAL EC	22,818	7,485	23,821	32,07	69,57	37,251	327,98		
Belgium	0,013	0,65	0,04	0,11	0,01	0,02	0,3		
Denmark	0,82	0,04	1,1	0,23	0,6	0,03	0,66		
Germany	0,75	0,4	0,7	4,6	16,5	5	9,6		
France	0,07	0,013	2,3	0,79	13,2	1,2	4,6		
Greece		0,05	0,001	0,01	0,01	0	0,01		
Ireland	0,06	0,3		0,37	1,3	0,001	1,2		
Italy	0,014	0,03	0,1	0,09	0,23	1,1	1,6		
Luxembourg	0,23		0,2	0,07	0				
Netherlands	5	0,1	8,2	1,4	22,1	8,5	18		
Portugal	0,001	0,012	0,6	0,24	0,12	0,2	0,01		
Spain	0,52	0,09	0,08	0,03	0,1	0,2	4,1		
UK.	15,4	5,8	10,5	24,13	15,4	21	287,9		108,6
Japan	21,1	19,7	29,5	100,7	171,4	327,2	213,8	66	46,2
USA	47,3	19,8	36,9	161,4	142,6	63,6	88,6	96,2	35,6
South Korea					15,5	22,7	45,2		
Taiwan					131,9	150,4	12,2		
Hong Kong					117,9	222,8	8,4		
Singapore					20,9	14,7	3,1		

(source : B.O.I. Philippines)

<b>INDONESIA</b>									
Country of origin	1985	1986	1987	1988	1989	1990	1991	1992	1993
TOTAL EC	185,8	161,6	503,5	1324,9	410,4	1319,4	843,5	1351,1	905,5
Belgium	1,7	63	6,4		43,1	87,1	23	21,7	9,9
Denmark			3,9	0,3	9,2	12,1	12,2	3,5	0,3
Germany	56,5	17,3	322,4	955,7	6,7	13,5	59,9	36,7	120,6
France	39,5	24,7	16,3	8,5	18,8	68,7	25,8	19,9	158
Greece									
Ireland							2,2		
Italy			15		1,7		1,1	2,6	4,2
Luxembourg					4,6	509		135,2	0
Netherlands	16	10,5	123	271	282,8	567,3	183,6	96,2	311,4
Portugal									
Spain						2,7		57,1	0
UK.	72,1	46,1	16,5	89,4	43,5	59	535,7	978,2	301,1
Japan	106,8	324,6	512,1	224,7	778,6	2240,8	929,3	1510,6	836,1
USA	310,4	128,4	62	534,1	348,1	153,7	275,6	922,5	444,5
South Korea					466,1	722,9	301,3	618,3	661,4
Taiwan					156,9	618,3	1057,3	563,3	131,4
Hong Kong					401,5	993,3	277,7	1020,9	384,1
Singapore					156,2	265,2	346,4	465,1	1460,2

(Source : B.O.I. Jakarta)

## FOREIGN DIRECT INVESTMENT

by country of origin. Applications approved in million US\$ (figures are approximative)

<b>MALAYSIA</b>								
Country of origin	1986	1987	1988	1989	1990	1991	1992	1993
TOTAL EC	82,79	78,4	336,1	472,2	424,9	388,7	2493,45	136,09
Belgium	1,14	4,5	2,3	26,4	13,9	20,3		
Denmark		5,7	3,5	0,1	8,4	69,9	5,79	92,46
Germany	0,51	10,5	43,2	114,6	46,9	71,5	28,56	13,28
France	3,14	24,7	194,3	1,8	7,3	9,9	1594,5	12,06
Greece			0,5			0,8		
Ireland							294,11	
Italy	1,9	4,6	17,6	16,2	5	10,6	0,39	4,14
Luxembourg	2,3					3,3	3,13	
Netherlands	66,7		2	22,5	15,1		55,29	24,66
Portugal								
Spain						0,3	0,31	
UK.	7,1	28,4	72,7	288,9	328,3	202,1	511,37	14,15
Japan	215	264,8	452,5	996,4	1558,7	1371,6	1052,66	615,21
USA	6,33	60,2	198,2	118,7	209,9	665,4	1293,6	682,28
South Korea		1,3	15,5	69,9	240,6	672,9	38,97	39,17
Taiwan		89	306,9	799,9	2345,5	1334,7	588,21	350,42
Hong Kong		32,9	110,4	130,4	1138,7	222,2	30,83	36,76
Singapore		95,6	155,3	338,7	331,2	412,3	173,5	201,81

(source : Malaysian Industrial Development Authority (MIDA))

<b>SINGAPORE</b>										
Country of origin	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
TOTAL EC*	90,5	102,4	120,5	172,5	262,2	232,2	365,2	325,9	457,5	611,3
Belgium								0,6		
Denmark										
Germany	10,05	8,4	45,1	23,3	13,2	97,3	35,6	69,96	127,2	62,3
France	7,5	14	7,5	43,2	53	35,5	44,5	22,06	77,6	36,9
Greece										
Ireland										
Italy		2,5	11	34	16,4		41,5	16,35	26,9	26
Luxembourg										
Netherlands	37,6	28,5	35,4	41,4	87	42,6	128,2	27,64	4,8	120,9
Portugal										
Spain								0,25		
UK.	3,7	46,7	21,2	28,3	87,3	52,8	110,5	196	222	427,9
Japan	122	246,4	300,2	345,2	270,1	415,8	422,9	406,1	479,1	625,6
USA	213,7	221,7	271,2	293,3	260,1	619,4	574,7	730,3	903,1	1678,4
South Korea							1,4			
Taiwan							0,14			
Hong Kong							21,5			

\* the EC total for Singapore is derived from figures not shown in the table

(source : EDB Singapore)

## FOREIGN DIRECT INVESTMENT

by country of origin. Applications approved in million US\$ (figures are approximative)

THAILAND						
Country of origin	1986	1987	1988	1989	1990	1991
TOTAL EC	157,8	217,3	1018,2	1473,7	1251,6	1416,87
Belgium	3,8	58,9	465,9	32,7	64,4	0,57
Denmark						
Germany	35,5	13,5	140,5	128,8	411,2	45,8
France	19,2	1,3	51,6	87,5	197,7	120,8
Greece						
Ireland						
Italy		23,4	14,7	662,8	25,1	141,1
Luxembourg						
Netherlands	9,7	14,5	10	74,1	157,7	248,1
Portugal						
Spain						
UK.	89,6	105,7	335	487,8	395,5	860,5
Japan	316,5	974,5	3080	3622,7	2769,2	1706,5
USA	51,2	177,2	681	564,9	1116,5	1096,2
South Korea				175,5	275,6	47,1
Taiwan				892,2	782,7	554,2
Hong Kong				577,2	1096,5	329,7
Singapore				418,4	604,6	604,2

(Source : B.O.I. THAILAND)

VIETNAM					
Country of origin	1990	1991	1992	1993	1994
All countries	883	1,326	2,272	2,895	3,656
TOTAL EC	103	93	558	272	177
Belgium				2,9	4,6
Denmark		1		26,9	24,3
Germany		5		6,1	14,9
France		5	41,4	131	181,8
Greece					
Ireland					
Italy				25,4	2,4
Luxembourg				2	6,5
Netherlands		45	19	153,7	13,9
Portugal					
Spain					
UK.			7	241,3	1,3
Sweden		47,5	25		0,1
Finland			0,8		
Austria					39

(Source : European Commission)

## MAJOR EC-FUNDED COOPERATION WITH ASEAN 1986-1995

### ⇒ ASEAN-EC Air Traffic Control Training Programme

Training and capabilities-enhancement programme in air traffic control.

### ⇒ ASEAN-EC Aquaculture Development Programme

Joint research in improved techniques of aquaculture production.

### ⇒ ASEAN-EC Business Management Centre

Network linking business management school in ASEAN and Europe.

### ⇒ ASEAN-EC Energy Management Training and Research Centre (1&2)

Improved methods of national and regional energy forecasting and planning.

### ⇒ ASEAN-EC Patents and Trademarks Programme

Upgrading of institutional capabilities and industrial awareness in the field of patents and trademarks.

### ⇒ ASEAN-EC Scholarship Programme

Study opportunities and work experience in Europe for young professionals, in such fields as environment, business management, public administration, etc.

### ⇒ ASEAN Secretariat Support Programme

Linkage with European institutions and reinforcement of its library and computer systems.

### ⇒ ASEAN Timber Technology Centre

Upgrading of design, production and marketing skills for the timber-processing industry, and promotion of joint ventures with European industry.

### ⇒ COGEN 1&2

Information and demonstration of improved technologies for energy cogeneration from biomass (use of in-plant energy production to supplement grid supply).

### ⇒ Education, health, sanit., nutrition for refugees.

### ⇒ Exhibition Planning

Assistance for ASEAN export promotion authorities in planning participation and implementation of international trade exhibitions.

### ⇒ Geodetics Research

Joint research in the use of remote-sensing techniques for geological and volcanological research.

### ⇒ Industrial Standards & Quality Assurance Programme (ISQAP)

Harmonisation of industrial standards, and upgrading of institutional and private-sector capabilities in the field of standards and quality control.

### ⇒ Integrated Harbour Management Programme

Training and capabilities-enhancement programme in port management.

### ⇒ Interuniversities Cooperation

Joint research linking universities and industries in ASEAN and Europe.

### ⇒ Programme between European and ASEAN Cities (MECAP)

Cooperation between ASEAN and European cities in urban environmental planning.

### ⇒ Radar Remote Sensing Programme

Demonstration and training in practical applications of radar remote-sensing data for scientific, environmental, agricultural and planning uses.

### ⇒ Regional Institute for Environmental Technologies - RIET (Singapore)

Information and demonstration of improved environmental technologies for industry.

### ⇒ Science & development technology application

### ⇒ Seminars on EC matters for high-level ASEAN officials.

Organised by EIPA in Maastricht.

### ⇒ Tourism technical assistance and Tourism manpower training Programmes.

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♦ European Commission's Technical Assistance Programme for Transition to Market Economy, Coordination Office, 6 Thai Phien Street, Hanoi. Tel: (844) 228349 / 255118. Fax: (844) 228171.

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