

Brussels, 17 June 1987.

ASEAN "POST-MINISTERIAL" CONFERENCE  
- Singapore, 18-20 June 1987 -

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The "Post-Ministerial" Conference between the Asean countries and their main partners (the Community, the United States, Japan, Canada, Australia and New Zealand) will be held in Singapore from 18 to 20 June.

The Commission will be represented by Mr Tindemans, in his capacity as President of the Council of the European Communities, and Mr Claude Cheysson, Member of the Commission responsible for relations with the developing countries in Asia.

This meeting will give the ASEAN countries an opportunity to hold a collective exchange of views with their main partners on political issues of mutual interest, e.g. the situation in the region, East-West relations and the Middle East, as well as on international economic issues such as progress with the Uruguay Round, the forthcoming UNCTAD meeting or commodities.

Following the plenary sessions, the ASEAN countries will meet their partners individually. The Community and ASEAN will discuss bilateral relations, in particular the most important areas of cooperation (investment, human resources and science and technology), and current trade issues, including the Community's proposal for a tax on oils and fats and problems relating to intellectual property rights.

## EEC - ASEAN RELATIONS

### The Development of EC-ASEAN Relations(\*)

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With certain exceptions the Community did not have a traditional special relationship with the developing countries of South East Asia, in the way it had with the Lome convention countries or the countries of the Mediterranean Basin, but a desire was felt in the early 70's to develop closer relations with the area and with the ASEAN group in particular.

At that point the ASEAN side took the initiative in setting up a coordinating committee in Brussels to deal jointly with the Community. This set in motion a dialogue at the political level through exchanges of visits between Commissioners and ASEAN ministers.

It was after the 1976 Bali Summit, when the ASEAN countries decided to broaden their contacts with the EC, that the relationship gained momentum. A Community proposal for regular meetings at ministerial level to discuss economic and political questions, was welcomed by the ASEAN countries. The first of these meetings, which took place in Brussels in November 1978, set in motion the negotiation of a broad cooperation agreement between the two groups.

Such joint ministerial meetings have been held four times since 1978. The other meetings took place in Kuala Lumpur in March 1980 following the signing of the cooperation agreement, in London in October 1981, in Bangkok in March 1983, in Dublin in November 1984 and in Djakarta in October 1986.

The first ministerial meeting on economic matters was held in Bangkok in October last year. On that occasion the Ministers decided to set up a high-level working party, which held its first meeting on 17 March 1986.

The Community, represented by members of the Commission and the President of the Council, also takes part in the annual Post-Dialogue meeting which brings together the Foreign Ministers of ASEAN and their counterparts from the Community, the United States, Canada, Japan, Australia and New Zealand.

To promote relations between the Community and Asia, and in particular the links between the EEC and ASEAN, the Commission established a delegation at Bangkok in September 1979.

### The EC-ASEAN Cooperation Agreement of 1980

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The Cooperation Agreement is the cornerstone on which EC-ASEAN relations are based. The two partners have made strenuous efforts to take advantage of the economic integration which has taken place in their respective regions and have as far as possible incorporated this regional aspect into their cooperation.

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(\*) Indonesia, Malaysia, Philippines, Singapore, Thailand and since January 1984, Brunei

The agreement is made up of a number of chapters which establish cooperation in the trade, economic and development areas. \_

A Joint Cooperation Committee was established to promote and keep under review the various cooperation activities and to provide a forum for consultations between the parties.

### Trade Cooperation

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Both sides grant each other the benefit of the GATT Most Favoured Nation clause.

The Community has made a substantial effort, in the framework of its Generalized System of Preferences, to provide easier access to the Community market for products of special interest to the ASEAN countries. It has done this both by the extension of the scheme to new products and by a modification of the rules of origin to encourage inter-ASEAN cooperation. These efforts have borne fruit as ASEAN is now one of the largest beneficiaries of the Community's GSP.

#### - Trade Promotion

In recent years the Community has substantially improved and extended its schemes to promote exports from the ASEAN region. These schemes include the organization of exporters' trade missions and European buyers' missions to ASEAN, participation in European fairs, on average two workshops every year, the provision of experts in various fields, the offer of trade centres and aid for publicity programmes.

The Community has also recently modified its trade promotion policy to encourage regional actions. Accordingly, 700 000 ECU was allocated in 1984 for regional trade promotion actions, on top of the 3.156.000 ECUS for bilateral activities. Aid for this type of cooperation amounted to 4 million ECU in 1985 and 1.8 million ECU in 1986.

Since 1984 the Community has organized schemes to promote European products in ASEAN countries and two trade missions made up of European businessmen have visited certain ASEAN countries.

### Economic cooperation

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The European Commission is preparing to launch a one-off project in January 1988 to encourage cooperation between business circles in the Community and the ASEAN countries. This project goes under the title of "City 2000" and aims to promote European know-how in the urban development sector.

The particular competitiveness of European firms in this sector and the rapid and large-scale development of cities in South-East Asia led to the choice of theme.

Urban development comprises a series of sub-sectors including services (environment, water supply, sanitation, health, education), construction (infrastructure, housing, specialized buildings), transport and telecommunications and information systems.

The plan is for a boat, able to hold up to 250 participants and offering exhibition space of 2 500-3 000 m<sup>2</sup>, to sail from one ASEAN capital to another, where symposia will be held on the various sub-sectors of urban development, attended not only by European company managers but also by representatives of the private sector in the ASEAN countries.

### Industrial Cooperation

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It is in the area of investment and industrial cooperation that the most significant cooperation has so far taken place. Three ASEAN-EEC conferences on industrial cooperation bringing together industrialists and bankers from both regions have taken place in Brussels in 1976, Jakarta in 1979 and Kuala Lumpur in 1983. A fourth industrial conference on the food processing sector took place in Manila from 11 to 13 November last year. Three seminars on investments in ASEAN countries took place in London, Bonn and Paris in April 1984.

On 31 March 1987 the Community and ASEAN set up the first joint investment committee, the EEC-Thailand Committee in Bangkok.

The decision to establish joint investment committees was taken following the report made by the high-level EEC-ASEAN working party on investment. The working party, which was set up at the EEC-ASEAN meeting of economic ministers in October 1985, confirmed that European investment in the region was lagging behind Japanese or US investment, even though ASEAN was one of the most rapidly developing areas in the world; and offered excellent possibilities for long-term economic cooperation.

The committees are made up of about 20 representatives from the public and private sectors. The Community side consists of representatives of private firms and Chambers of Commerce from the Member states, and - wherever possible - representatives from the two Community delegations in South-East Asia.

The other five joint investment committees should be set up very soon in each of the other ASEAN capitals.

Following contacts between the chambers of commerce of both regions, an ASEAN-EC Business Council has been set up to bring together industrialists from the two regions to encourage the development of reciprocal trade and investment. It met for the first time in Jakarta in December 1983, where it agreed its programme for future work. This includes the publishing of a joint membership directory, the organisation of investment seminars, a study on ways to stimulate trade and the examination of possibilities for joint ventures.

## **Development Cooperation**

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The Community committed itself to support actively, in coordination with the Member States, the development of the ASEAN region and, wherever possible, to bring together financial institutions in the two regions. The Community has provided aid under two main headings:

### **\* Financial and Technical Assistance**

From its budget for non-associated countries, the Community has financed development projects in the three ASEAN countries which are eligible for such aid (Indonesia, Thailand and the Philippines). This aid has increased constantly since 1976; it was initially granted bilaterally. Since 1979 it has also been granted for regional projects benefiting the ASEAN countries as a whole.

Between 1976 and 1988 the Community allocated some 271 million ECU of aid to projects in the ASEAN region, almost 20 % of its available funds under this budget heading.

### **\* Food Aid**

Since 1976 the Community has regularly granted food aid to certain ASEAN countries in the light of their requirements. This aid now totals 32.9 million ECU.

## **Bilateral Textile Agreements**

The Community and five ASEAN countries are members of the Multifibre Arrangement under which, at the end of 1982, they negotiated bilateral agreements covering the period 1983-86. The agreements provide for clearly defined access for textile products from the ASEAN countries in return for a degree of voluntary restraint by their exporters. A unique feature of these agreements is the importance attached to Intra-ASEAN cooperation by a provision allowing ASEAN states to exchange export quantities among themselves to ensure their fullest utilization. The provisions of these agreements are being autonomously applied by all parties until the agreements are formally concluded. The five agreements were renegotiated and renewed in 1987 for a duration of 5 years.

## **Trade Relations**

Trade between the Community and ASEAN has shown remarkable growth since 1976. For the first five years of the Agreement, 1980-85, total trade between the Community and ASEAN went up by 62 %. It expanded fairly smoothly without a marked structural deficit on either side.

The structure of ASEAN's exports to the Community has changed considerably over the years since the share of manufactures in its exports is now 42 %, up from just 25% in 1973.

ASEAN's main exports to the Community are timber, electrical machinery, manioc, natural rubber, clothing, coffee, textiles. These seven products account for almost two thirds of ASEAN exports to the EEC. ASEAN is an important supplier of raw materials for the Community being a principal supplier of tropical hardwood, natural rubber, Manila hemp, palm oil and coconut oil. Community exports to ASEAN consist mainly of machinery, transport equipment and chemicals.

In 1986, trade was strongly influenced by the fall in the value of the dollar and by the drop in prices for most commodities which the ASEAN countries export. These factors make it difficult to draw comparisons with the situation in previous years. There was a 123.5 % drop in Community imports from ASEAN and a 15.8 % drop in exports to ASEAN.

EEC - ASEAN TRADE

(million ECU)

EC-IMPORTS

	1978	1980	1982	1983	1984	1985
Indonesia	846	1189	1190	1380	1537	1824
Malaysia	1296	1773	1765	2081	2741	2678
Singapore	631	1846	1381	1770	2124	2059
Philippines	569	813	998	1091	1311	1183
Thailand	890	1232	1740	1569	1915	2189
Brunel	1	3	26	46	32	40
ASEAN	4235	6857	7102	7919	9660	9972

EC-EXPORTS

	1978	1980	1982	1983	1984	1985
Indonesia	945	1251	2874	2270	2333	2150
Malaysia	729	1035	1297	1644	1951	1541
Singapore	1058	1712	2530	2762	3405	3744
Philippines	542	591	777	1103	648	615
Thailand	583	725	876	1267	1294	1598
Brunel	39	53	112	219	252	162
ASEAN	3898	5369	8469	9268	9885	9810

EC-BALANCE

	1978	1980	1982	1983	1984	1985
Indonesia	98	63	1684	890	796	327
Malaysia	-567	-738	-467	-417	-790	-1136
Singapore	426	-134	1148	992	1281	1685
Philippines	- 26	-222	-220	11	-633	-568
Thailand	-306	-506	-863	-301	-621	-591
Brunel	38	50	86	173	220	122
ASEAN	-337	- 456	1367	1349	225	-162

(\*) The exchange rate between the ECU and the dollar varies on a daily basis in the same way as the the various Community currencies which make up the ECU vary in relation to the dollar. One ECU was worth US\$ 1.2 in 1978 and US\$ 1.39 in 1980, US\$ 0.91 in 1982, US\$ 0.89 in 1983, US\$ 0.83 in 1984, US\$ 0.75 in 1985 and US\$ 0.98 in 1986.

