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Brussels, 10 October 1986

EEC-ASEAN MINISTERIAL MEETING IN JAKARTA

EUROPEAN INVESTMENT IN SOUTH-EAST ASIA

1. Europe's economic weight in the ASEAN region is undoubtedly dwindling compared with that of the United States and Japan; European business is losing ground on one of the most dynamic markets in the world.

At the fifth EEC-ASEAN ministerial meeting in Dublin in November 1984, representatives of the two groups agreed on the need to reverse this trend. At the extraordinary meeting of EEC and ASEAN economic affairs ministers held in Bangkok in October last year a decision was taken to set up a high-level working party to study the problem of European investment and draw up precise recommendations to remedy the situation.

The working party, made up of nine European representatives, most of them from the private sector, and eleven ASEAN representatives with special responsibility for promoting investment in their respective countries, has now presented its report. It will be examined by the political authorities of the Community and ASEAN, and its analysis and recommendations will be at the focus of economic debate at the sixth EEC-ASEAN ministerial meeting to be held in Jakarta on 20 and 21 October.

2. The Commission agrees with the factual analysis of the factors which have been holding back European industry involvement in the region. For a number of historical reasons, European firms as a whole have taken less interest in this region than others. Their efforts do not bear comparison with those of their Japanese and American competitors. It is important that European efforts be spread evenly between research, training, production and services.

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The fact that ASEAN member countries do not have a common market is cited as a main factor in discouraging investment. Progress on this front would have a beneficial effect on investment decisions. Other factors noted are the complexity and discretionary application of rules governing the installation of European firms, and inadequate protection of intellectual property.

3. The recommendation in the report, adopted unanimously by the European and Asian members of the working party, have the merit of offering practical answers to the concerns of potential investors, particularly small businesses.

A recurring point is the need for services that would offer European businesses information on trade and business advice, so helping them take on their American and Japanese competitors on an equal footing. The solution proposed involves stepping up action taken by the various countries to promote trade and investment (chambers of commerce in the ASEAN countries can play a special role here) and coordinating such action better. In this way, better use could be made of the existing resources in the region, while increasing the effectiveness and quality of services available to potential investors at this "pre-competition" stage. The work of the European chamber of commerce in Manila and the close cooperation between the chambers of commerce of a number of Member States in Bangkok are encouraging examples of what can be done. In this context, the report's recommendation that the "Eurochambers" designate a high-level investment adviser is worth examining.

The Commission is also greatly interested in the setting up of "joint investment committees". The idea is to establish bodies in each of the ASEAN capitals that, on the European side, would group together chamber of commerce representatives, economic/trade counsellors of the Member States, businessmen, representatives of banks, etc., while on the ASEAN side the participants would be officials from ministries and investment bodies. Such a committee would be a good framework to follow up the high-level working party's recommendations and would help promote European investment in the region.

The working party notes in the report the proposals made by the Commission in the 1987 preliminary draft budget to make more funds available to finance feasibility studies prior to mobilizing risk capital. The advisability, indeed necessary, of the Community promoting operations to foster investment will be at the centre of discussions at the Jakarta ministerial meeting.

Lastly, the importance attached in the report to training -exchanges of students, young managers, researchers, etc. - shows that the Commission's efforts in this sphere, which have been fairly successful, are worthwhile and should be stepped up.