
EUROPEAN PARLIAMENT

Working Documents

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DOCUMENT 77/79

Report

drawn up on behalf of the Committee on External Economic Relations

~~on~~ **trade and economic relations between the EEC and ASEAN**

Rapporteur: Mr J. BAAS

12.2

On 9 March 1979 the Bureau of the European Parliament authorized the Committee on External Economic Relations to draw up a report on relations between the EEC and ASEAN.

By letter of 15 March 1979 the Committee on Development and Cooperation was asked for its opinion.

At its meeting of 20 March 1979 the committee appointed Mr Baas rapporteur.

The committee considered the motion for a resolution at its meeting of 3 April 1979 and adopted it unanimously.

Present: Mr Kaspercit, chairman; Mr Baas, rapporteur; Mr van Aerissen, Mr Bersani, Lord Castle, Mr De Clercq, Mr Didier, Mr Fitch, Mr L'Estrange, Mr Lüster, Lord Kennet, Mr McDonald, Mr Martinelli, Mr Müller-Hermann, Lord St. Oswald, Mr Sandri, Mr Schmidt and Mr Tolman.

The opinion of the Committee on Development and Cooperation is attached.

The explanatory statement will be presented orally.

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The Committee on External Economic Relations hereby submits to the European Parliament the following motion for a resolution:

MOTION FOR A RESOLUTION

on trade and economic relations between the EEC and ASEAN

The European Parliament,

- having regard to the outcome of the second EEC-ASEAN conference on industrial cooperation in Djakarta,
- having regard to the report of the Committee on External Economic Relations and the opinion of the Committee on Development and Cooperation (Doc. 77/79),
- 1. Confirms its satisfaction at the development of an outward-looking association between the nations of south-east Asia;
- 2. Stresses the need to strengthen relations between the European Community and ASEAN;
- 3. Draws attention to the increasing importance of the ASEAN countries, notably in helping to consolidate peace and political stability in this particularly sensitive region of the world, in which political and economic interests of vital importance to Europe are at stake;
- 4. Recommends that the Commission exploit every opportunity to improve economic and trade relations between the EEC and the ASEAN, especially through the scheme of generalized preferences and any other form of economic cooperation that might promote the liberalization and expansion of trade between them;
- 5. Welcomes the conclusions of the second EEC-ASEAN conference on industrial cooperation which ended in Djakarta on 29 March 1979;
- 6. Hopes that the decisions taken on that occasion will also be carefully considered and followed-up by private enterprise, and therefore calls on the Commission of the European Communities to initiate an appropriate campaign of information and assistance to facilitate action by private enterprise;
- 7. Confirms its agreement to the speediest possible conclusion of an overall EEC-ASEAN cooperation agreement that could serve as a framework for initiatives of all kinds;
- 8. Hopes that the Commission will establish suitable contacts between the EEC and the unions with a view to ensuring, inter alia, compliance with the ILO recommendations on wages;

9. Points out that the economic and social development of the ASEAN countries is of great economic and political importance to both parties, as their economic stability and social progress will bring peace and freedom to this region of south-east Asia;
10. Trusts that even closer consideration will be given to the fundamental problem of human rights, and that contacts between the two parties will be further developed;
11. Instructs its President to forward this resolution to the Commission of the European Communities and, for information, to the diplomatic representatives of the ASEAN countries accredited to the European Community.

OPINION

of the Committee on Development and Cooperation

Draftsman: Mr G. Cunningham

On 4 April 1979 the Committee on Development and Cooperation appointed Mr Cunningham draftsman of an opinion.

At its meeting of 5 April 1979 the committee considered the draft opinion and adopted it unanimously.

Present: Mr Lagorce, acting chairman; Mr Bersani and Mr Sandri, vice-chairmen; Mr Bertrand (deputizing for Mr Deschamps), Mr Broeks, Lord Castle, Mr Flämig, Mr Kaspereit and Mr Wawrzik.

1. Following a meeting at ministerial level on 21 November 1978, the European Communities and the Member States on the one hand and the Association of South East Asian Nations on the other agreed that 'it would be desirable to place the relations between the two groupings on a more formal footing and to this end, it was agreed that exploratory discussions on the content of a possible cooperation agreement should shortly be started between the two sides'¹.

2. Since then, exploratory talks have been held between a delegation from the European Commission and a delegation from ASEAN. It would seem from these initial talks that the future agreement might take in commercial cooperation and economic and industrial cooperation, which form the financial side of Community aid policy to non-associated developing countries.

3. The Committee on Development and Cooperation fully supports the conclusion of agreements between the Community and the developing countries or groups of developing countries. It feels that organized relations are, in fact, of far greater value in furthering the Community's aid policy than informal links, however close and satisfactory these may be. In addition, our committee has always emphasized the need for the Community to diversify its relations with developing countries and it is in this spirit that, on the initiative of the European Parliament, provision was made for loans to non-associated developing countries in the Community's budget.

4. In the particular case of ASEAN countries, we must remember the historic links between them and certain Member States of the Community and the resultant flow of trade from countries in South East Asia to certain European countries. In this context, Great Britain's membership of the Community was strongly resented by the ASEAN countries, especially since the Community was unable to offer anything to offset the loss of established markets.

5. For all these reasons, our committee can only hope for an early conclusion of the agreement between ASEAN and the Community.

6. In order to appreciate the scope of the future agreement, we must remember the current state of relations between ASEAN and the Community.

In the commercial field, the ASEAN countries come under the Community's system of generalized preferences, including the cumulative system in the matter of rules of origin which has the effect of promoting regional cooperation between the countries concerned.

¹ Joint Declaration (see PE 56.189)

7. Furthermore, the ASEAN countries receive food aid as well as emergency aid under the relevant Community policy. In this respect our committee welcomes the Community's recent decision on emergency aid to refugees from South East Asia.

8. Finally, a point we have already mentioned, the Community's financial and technical aid policy to non-associated developing countries takes in the ASEAN countries.

9. We have already pointed out that during the initial working meetings, the ASEAN and Community delegations discussed the problems of economic and industrial as well as commercial cooperation.

As far as economic and industrial cooperation is concerned, our committee welcomes the interest being shown by professional and financial circles on both sides, particularly during the 'conference on industrial cooperation' recently held in Jakarta. If such cooperation is to be a success, it is essential that both the Community and the ASEAN governments should actively pursue close cooperation between businessmen and industrialists, thus giving substance to the future agreement. This is why the Jakarta Conference was so important and augurs so well for the future, insofar as such matters as 'agreements on joint ventures' and 'financial agreements' were handled by the interested parties themselves.

The weak points identified during this conference need to be dealt with quickly. More specifically, European operators must realize that industrial cooperation does not simply mean opening up markets for finished or semi-finished European products, but rather setting up industrial operations, participating in investment, etc.

10. Establishing commercial cooperation between the Community and ASEAN will also give rise to certain difficulties.

The greatest difficulty will undoubtedly be caused by the time-lag between the Community's stated intention to promote the international division of labour within the framework of a development strategy and the application of this principle in practice.

The current question of Thai exports of manioc to the Community is, to a certain extent, a good illustration of this point. There is no doubt that these exports, which have risen spectacularly (from 100,000 tonnes in 1967 to 5.6 million tonnes in 1978), are causing disturbances on the common agricultural market and competing directly with Community produced feed grains (the average price of manioc imported into the Community is 90 u.a., compared with 154 u.a. per tonne for Community barley). But is it right

to throw the entire blame on a developing country for which such exports constitute a major source of export revenue? In requesting that Thailand should apply voluntary restraint, the Community has certainly chosen a middle way in solving its own problems but would it not be more appropriate to concentrate efforts on reorganizing agricultural production by acknowledging that certain developing countries are better placed to produce certain agricultural products?

11. Our committee hopes that through the cooperation agreement with ASEAN, the Community will be in a position to provide answers to this kind of problem which are more in line with its internationally stated positions of principle. By guaranteeing it access to ASEAN raw materials, by giving it the possibility to diversify its supplies of certain primary products (such as soya which could be more intensively farmed in ASEAN countries), the future agreement will offer considerable advantages for the Community.

But above all, the future agreement will serve as an illustration of the willingness of both sides to help establish relations based on equality and respect for mutual interests.