

INFORMATION

EXTERNAL RELATIONS

THE EUROPEAN COMMUNITY AND ASEAN

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INTRODUCTION

The Association of South-East Asian Nations (ASEAN) was established by Indonesia, Singapore, Malaysia, Thailand and The Philippines on 8 August 1967. Its purpose is "economic development, social progress and cultural evolution of the region".

The group took a major step forward in February 1976 when the heads of state or government of the five countries met at Bali (Indonesia) to conclude a Treaty of Amity and Co-operation and to sign a Declaration of ASEAN Concord. These agreements commit the signatories to establishing a zone of political neutrality open to other countries which might wish to join them. The agreement also foresees arrangements for the peaceful settlement of any differences which might arise between the parties as well as a joint economic action programme featuring a number of large-scale industrial projects.

The Bali summit also agreed on the establishment of an Association Secretariat with its headquarters at Jakarta and the official nomination of its secretary-general, General Darsono.

Bali was followed by a meeting of the Ministers of Economic Affairs at Kuala Lumpur, on 8-9 March 1976, to decide on measures to implement decisions taken at Bali. A number of decisions were taken in the field of economic co-operation, notably on a joint industrial programme. Five joint ASEAN projects have already been launched, two for the production of urea, phosphates, super-phosphates and diesel engines. The ministers also discussed the establishment of a joint approach to the problems of raw materials and the stabilisation of export receipts in international negotiations and conferences.

THE EEC AND ASEAN

ASEAN/EEC LINKS

While individual EEC countries have had historical links with some of the ASEAN countries (the Netherlands with Indonesia and the UK

with its Commonwealth partners, Malaysia and Singapore) appropriate new links are being developed between the European Community as a single entity with these countries. Like all other developing countries the ASEAN countries have since July 1971 been beneficiaries of the EEC's Generalized Scheme of Preferences providing free entry or reduced tariffs for exports to the Community of finished and semi-finished industrial goods and for a widening range of processed agricultural products.

The main impulse leading to the institution of closer relations between the EEC and the ASEAN countries, along with other independent developing Asian Commonwealth countries, arose from British accession to the Community. Until the end of 1972 Malaysia and Singapore (along with India, Pakistan, Bangla Desh and Sri Lanka) were enjoying tariff preferences on the British market under the Commonwealth Preference System. This system is being wound up progressively following on British accession to the Community. Although the value of these preferences had fallen over the years owing to successive tariff reductions negotiated in the GATT, these countries held that they stood to lose from a combination of new disadvantages from the elimination of the remaining preferences and the progressive alignment of British tariffs on the Community's tariff system.

Agreement was duly reached by the parties to the negotiations for British membership that should problems arise for the countries concerned these could be met under bilateral negotiations foreseen in the "Joint Declaration of Intent" (JDI) annexed to the Accession Treaty. Although only the two Commonwealth countries, Malaysia and Singapore, are mentioned, the EEC has always considered the Declaration to apply equally to these countries' ASEAN partners. Its text reads in part:

"Inspired by the will to extend and strengthen the trade relations with the developing independent Commonwealth countries in Asia (Ceylon, India, Malaysia, Pakistan and Singapore), the European Economic Community is ready, from the date of accession, to examine with these countries such problems as may arise in the field of trade with a view to seeking appropriate solutions, taking into account the effect of the generalized tariff preference scheme and the situation of the other developing countries in the same geographical area."

The first stage in the implementation of the JDI took effect on 1st January 1974 and was designed to overcome problems recognised as likely to follow from the process of aligning the two tariff systems which began on that date. Most of the measures taken were within the Generalized Scheme of Preferences (GSP). The Community is, however, aware that it is not always possible for developing countries, relying entirely on their existing economic structures and administrative resources, to utilize the GSP to the full extent theoretically open to them. In this context outside assistance can be helpful in providing at least some of the market information and contacts with importers that are lacking, and even in furnishing some stimulus towards internal economic adjustments likely to lead to better export performance.

The difficulties facing most developing countries in making full use of the GSP became evident to the Community before the Scheme had been long in operation. It was natural, therefore, having regard to its commitments under the JDI, that the Community would seek to work out ways of assisting actively these countries to overcome these difficulties in order to extend and strengthen mutual trade relations.

THE JOINT STUDY GROUP

In addition, therefore, to organizing seminars in all five ASEAN countries on the utilization of the GSP system, the Community is pursuing other formulae for commercial and other co-operation with the JDI countries. Commercial co-operation agreements have been concluded or have been negotiated with India, Pakistan, Bangla Desh and Sri Lanka. The members of ASEAN were also sounded out by the Commission during 1974 on their interest in concluding similar agreements with the Community, but preferring to act together as a regional grouping, the commercial co-operation agreement formula was rejected. A different form of relationship was preferred. Following the visit to S.E. Asia of a Community delegation in September 1974 the Community and the ASEAN countries agreed to set up a Joint ASEAN/EC Commission Study Group "to further the development and intensification of the continuing dialogue between ASEAN and the Commission". The JSG would also "serve as the mechanism through which to explore together all possible areas where co-operation could be broadened, intensified and diversified, giving special consideration to the development needs of the ASEAN countries and bearing

in mind the situation in the EEC".

The Group held its first meeting at Brussels on 26-27 June, 1975, and a second meeting at Manilla is scheduled for later in the year. ASEAN has put forward a number of possible fields for co-operation; they included industrial co-operation, including joint ventures, price stabilisation arrangements for basic raw materials, development co-operation, the transfer of technology and tariff adjustments. The proposals are under study by experts from the two sides.

EC/ASEAN TRADE

Overall trade between the Community and the ASEAN countries fell in 1975 from the level of the previous year: imports from ASEAN by 6.4% and exports to ASEAN by 7.4%. These falls were in fact greater owing to the incidence of inflation. The overall EC surplus with ASEAN was EUR 353 mn. The Community took in 1975 12% of ASEAN exports (Japan 30% and the USA 15%), but under 2% of EC exports go to the group.

SOME EC/ASEAN PROBLEMS

At the time of the first official meeting between the EEC and ASEAN at Brussels in June 1972, the two delegations agreed on a list of questions to be examined at expert level. Those on which there have been discussions and action are the improvement of the GSP system to meet specific ASEAN trading needs, the application of cumulative rules of origin, the incidence of the enlargement of the EEC on the ASEAN countries, technical aid on statistical and tariff matters, and trade promotion.

As regards GSP, in June 1973 the ABC (ASEAN Brussels Committee) proposed to the Commission certain improvements. The system subsequently adopted for 1974 went part of the way to meeting the ASEAN preoccupations, notably through the enlargement of the list of manufactured agricultural products (e.g. shrimps and prawns, coconut oil, preserved pineapples, palm oil, pepper, Virginia flue-cured tobacco), an improvement of the basis for the calculation of ceilings and special measures for certain

textile products . Further improvements benefitting ASEAN countries were incorporated in the schemes for 1975 and 1976.

As to cumulative rules of origin, a matter of particular importance to Singapore in view of its entrepot role, a special regime has been applied from 1 January 1974 for eight products imported into the EEC from Singapore under which they enjoy GSP treatment provided that they are covered by certificate of origin issued by another ASEAN country. Subsequently the Commission has decided to incorporate into the Community GSP system the principle of cumulative origin to be applied to imports from regional groupings such as ASEAN. For its part ASEAN has accepted the principle of setting up its own organism to control the operation of cumulative origin.

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The remainder of this note will be devoted to a brief survey of each of the ASEAN countries (with particular emphasis on the evolution of trade patterns) and such problems as are arising in regard to each country's trading relations with the Community.

EEC / INDONESIA

Indonesia has an area of 2,030,000 sq.km. and a population of 131 million (1975), the great majority of the people residing in the densely populated island of Java. The population is increasing at an annual rate of some 3%. The country became an independent republic in 1949.

Indonesia's GNP was \$11.8 billion in 1975, namely \$ 90 per capita. The gold, SDR and foreign exchange reserves stood at \$ 866 mn in February 1976. Although the country is at an early stage of industrialization, Indonesia disposes of extensive resources of raw materials, including oil, tin, manganese, gold, silver, coal and bauxite.

Some indicators of production (1972)

<u>Agriculture</u>		<u>Livestock</u>	
Rice	18.031 million tons	Cattle	7.5 million
Corn	2.3 " "	Pigs	2.6 "
Cassava	10.4 " "	Goats	7 "
Copra	740.000 tons	Chickens	67 "
Peanuts	455.000 "		
Rubber	819.000 "		

Industry

Crude Oil	63,339,000 tons
Oil refining capacity	20.8 million tons
Bauxite	1,283,000 tons
Tin Concentrates	21,766 tons
Nickel Ore	22,400 tons

Source: UN Statistical Yearbook.

T R A D E

Total World Trade (\$ million)

	1970	1973	1974
Exports	1160	3211	7450
Imports	992	2730	3754
Balance	+168	+481	+3696

Source: IMF Direction of Trade Statistics.

Exports rose by some 56% in 1973 over the previous year, then more than doubled in 1974. Oil sales accounted for a large part of this dramatic improvement in exports, but increases in the price and volume of timber sales and increased earnings from rubber, vegetable oil and tin made their contribution.

Japan was Indonesia's main trading partner in 1974; over half of Indonesian exports and nearly one third of her imports. The USA came second (19% and 15%) and the Community of the Nine (5% and 18%) a poor third for exports. The four ASEAN partners accounted for 9% of exports and 12% of imports.

Trade with the EEC (EUR million)

	1971	1972	1973	1974	1975
Imports from the Nine	242	251	383	611	718
Exports to the Nine	252	261	354	436	390
Balance	+10	+10	-29	-175	-328

Source: ECGO.

In 1973 EC exports to Indonesia comprised: 58% machinery and transport equipment, 16% chemicals, 14% manufactured goods and 4% food.

Imports from Indonesia were 89% primary products, of which 31% foodstuffs, 16% rubber, 9% coffee, 7% tin, 11% cattlefood (Ireland is excluded from these last four figures). The remaining 11% included few finished products.

Indonesia - EEC Relations

Indonesia opened diplomatic relations with the Community on 10 July 1967.

Few major problems arise in Indonesia's trade relations with the Community: the main exports (rubber, log timber and tin) enter duty free, commodity prices have been high in recent years, and heavy sales of mineral oil to the USA and Japan have reduced Indonesia's dependence on the Community market. However the Community, in implementation of the Joint Declaration of Intent, has broadened the scope of the GSP to include certain items of either actual or potential interest to Indonesia: in 1974 Virginia flue-cured unmanufactured tobacco, canned pineapples, shrimps and prawns, in 1975 (as from 1 July) palm and palm kernel oil, coconut oil and unground pepper, and in 1976 orchids.

The EEC and Indonesia have concluded an agreement on handicrafts. Under it Indonesia enjoys duty-free entry to the Community market for a number of handmade products. The EEC handicrafts quota was increased on 1 January 1974 from UA 5 mn to UA 10 mn and Indonesia and other Asian countries are beneficiaries. The quota covers Indonesian "batik" hand-printed textiles.

EEC / MALAYSIA

Malaysia is a federation of thirteen states, member of the Commonwealth of Nations. Malaysia gained independence in August, 1957. The Federation of Malaysia (Malaya, Singapore, Sabah and Sarawak) was formed in September, 1963 but Singapore seceded two years later. The Malaysian peninsula has an area of 132,095 sq.km.; Sabah and Sarawak (island of Borneo) have a further 198,926 sq.km., the total being 331,021 sq.km. The estimated population in 1975 was 11.93 million, 53% Malay, 35% Chinese and 10% Indian.

Malaysia's GNP in 1975 was \$ 7.9 billion, that is \$ 660 per capita. The economy was expanding at an annual rate of 2.5%, but has increased to about 7% in the first half of 1976. Gold, SDR and foreign exchange reserves stood at \$ 1,452 mn in November 1975.

Although Malaysia is industrialising fast, manufacturing industry employed only 11% of the workforce in 1973, contributing 17% to the GNP. The local assembly of cars and lorries is a leading industrial activity, while a large shipyard is planned. Malaysia is already self-sufficient in oil and there have recently been a number of offshore oil and natural gas strikes.

Some indicators of production (1973)

Agriculture

Rubber	1,566,100 tons
Timber	22,732,700 tons
Palm Oil	810,000 tons
Palm Kernels	168,400 tons
Coconut Oil	100,700 tons
Copra	170,000 tons
Rice	1,986,100 tons
Bananas	355,000 tons (1972)
Pineapples	353,000 tons (1970)

Livestock

Cattle	354,000 (1971-72)
Pigs	989,000 (1970)
Goats	360,000 (1972)

Industry

Tin-in-concentrates	72,300 tons
Crude Oil	33,049,900 tons
Iron Ore	517,200 tons
Bauxite	1,142,800 tons

Total World Trade (\$ million)

	1970	1973	1974
Exports	1687	3046	4236
Imports	1401	2503	4156
Balance	+286	+543	+80

Source: IMF Direction of Trade Statistics.

External trade represents about 50% of Malaysia's GNP, a proportion that has been rising over recent years.

About 20% of Malaysian exports go to Singapore (most to be re-exported). The EEC has displaced Japan as the main destination for direct exports, the other members of the ASEAN group are now the leading market. The USA comes fourth. Japan however was well ahead of the EEC as a source of imports, the other ASEAN countries, the USA, Australia and China following behind.

Rubber (34% of the total), timber (21%), tin (12%), manufactured products (15%) and palm oil (15%) were the main exports (about 80% consist of commodities) in 1973. Machinery/transport equipment (30%), manufactured goods (21%), food (18%), chemicals (9%) were the main imports.

Malaysia has been running a substantial trade surplus over recent years and this continued with the commodity boom into 1975. Recession in the developed countries has had some adverse effect on exports of rubber, timber, tin and other products since mid-1974 while import prices have undergone large increases. Malaysia is on the verge of an oil boom and likely to become a major exporter by 1980.

Trade with the EEC (EUR million)

	1971	1972	1973	1974	1975
Exports	112	380	628	845	683
Imports	173	256	337	527	425
Balance	-61	+124	+291	+318	+258

Source: ECSO.

About one third of Malaysian exports to the Community go to the U.K. and one sixth to Germany. In 1973 one half (and in previous years even more) of her imports came from the U.K., Germany again being in second place.

Five items have consistently made up 90% of Malaysian exports to the Community: rubber, timber, palm oil, plywood and tin. However, a modest volume of manufactured items such as textiles, clothing and sports shoes has started to go to Europe. EEC exports to Malaysia are predominantly machinery, transport equipment, chemicals and fertilizers.

Malaysia - EEC Relations

Malaysia opened diplomatic relations with the Community on 20 May 1968.

In application of the JDI, tariff concessions were included in the 1974 GSP on plywood and canned pineapples, two products for which Malaysia had built up an important market in the United Kingdom. In the 1975 GSP the concession on pineapples was maintained unchanged, but the basis of calculation

for the plywood quota was altered from value to volume, following representation by the Malaysian mission. Concessions were also introduced on pepper, palm oil, palm kernel oil and coconut oil for non-industrial use. As an ASEAN member Malaysia is also benefitting, although perhaps initially less than for instance Singapore, from the Community's introduction of a system of cumulative origin for products originating in ASEAN as from 1975. In the textile field the October 1975 agreement on quantitative limits on exports to the Community has resulted, despite the recession, in an increase in exports of textiles.

EEC / SINGAPORE

Singapore is a republic within the Commonwealth of Nations. It is an island with an area of a mere 584 sq.km., but it has a population of over 2 million, of whom 76% are Chinese and 15% Malays. Singapore achieved independence as a member of the British Commonwealth in 1959, joined the Federation of Malayan States in 1963 but seceded in 1965 to form an independent republic.

Singapore has a GNP of \$ 2,838 million (1974) (\$ 1,446 per capita); having doubled between 1967 and 1972 it slowed down in 1974. This expansion rate is due largely to rapid industrialisation, in particular the development of an export-orientated manufacturing centre. Industrialisation has resulted in the economy being directed away from its traditional base as the entrepot trade in tropical products. Singapore's role as an entrepot and communications centre is nevertheless important: it has the largest airport and seaport in S.E. Asia, the seaport being one of the ten largest in the world.

Petroleum refining was the great growth industry of the 1960's, and is now the largest individual industry in terms of value of production, namely 25.6% of the total in 1973 (annual capacity being 8.7 million tons). Recently the electronics industry has shown a dynamic rate of growth while others expanding fast have been electrical machinery and appliances, and shipbuilding/repairing. Precision industries such as photographic equipment, specialized tools, dies and machine parts are considered to have an outstanding growth potential.

Total World Trade (\$ million).

	1970	1973	1974
Exports	1554	3664	5815
Imports	2461	5146	8368
Balance	-907	-1482	-2553

Source: IMF International Financial Statistics and Direction of Trade.

Singapore's commercial policy is one of the most liberal in the world: import duties are levied only for revenue purposes and there are no export duties.

Petroleum products are the main export item, but exports of machinery, electronic equipment and textiles, clothing and wood products are rising rapidly. In the entrepot trade crude rubber imported from Malaysia remains the leading commodity, but other important items are lumber, and spices and vegetable oils, much of the latter two products being supplied by Malaysia and Indonesia. Price increases for such items as petroleum, rubber and timber account in great measure for the large increase in the value of exports in 1973. Capital goods, in particular machinery and transport equipment, formed the main import item apart from crude oil re-exported after refining.

Singapore's four main trading partners both for exports and imports are Malaysia, the USA, the Community and Japan. Malaysia, however, is declining in relative importance as a trading partner; exports of relative importance of the USA is rising, while Japan continues to be much the most important source of imports.

Trade with the EEC (EUR million)

	1971	1972	1973	1974	1975
Singapore exports	138	176	353	337	348
Singapore imports	391	408	501	728	643
Balance	-253	-232	-148	-391	-295

Source: ECSSO

Singapore has for long run a persistently unfavourable trade deficit with the Community, though the composition of the Community's imports has completely changed in recent years: in 1968 over 80% of

imports consisted of primary products such as rubber, timber, canned fruit etc. Since 1970 however there has been a massive rise in imports of manufactured goods, particularly electrical and electronic equipment which now account for more than half the Community's imports. The pattern of imports however has remained rather stable, consisting mainly of finished products such as industrial processing machinery, transport equipment, etc. About half the EEC's imports from Singapore goes to the U.K., which supplies about 40% of the Community's exports.

Singapore - EEC Relations

Singapore became accredited to the Community on 19 May 1972.

The Community GSP system applies to Singapore. Singapore however claimed that the system was of limited value to Singapore owing to the rules of origin which usually require a minimum of 50% local materials cost and of 60% in local content for the exporter to enjoy GSP benefits; this, it was claimed, amounted to being a built, in disincentive to cost reductions by Singapore's manufacturers. In 1974 the Community went part of the way to alleviating the situation by exempting 8 products exported through Singapore from the normal rules of origin. From 1975 the principle of a cumulative rules of origin system was adopted to apply to such regional groupings as ASEAN. As regards textiles, while Singapore was not a party to the Long Term Agreement, she acceded to the Multifibre Agreement in July 1974 and becomes eligible for GSP benefits.

Singapore has in recent years allocated substantial investment from Community countries, thus counter-balancing the high degree of dependence on the USA and Japan. Singapore remains keen to attract European investment, and particularly companies specializing in such fields as precision machinery or petrochemicals, as well as the transfer of technology from Europe.

EEC / PHILIPPINES

The Philippines, consisting of an archipelago of over 7,000 islands, have an area of 300,000 sq.km. and a population (1972) of 42.5 million. The country became an independent republic in July 1946. The GNP in 1972 was \$ 8.016 billion, i.e. \$ 205 per capita. The average rate of increase over 1968-74 was 5.8% per year. The gold, SDR and foreign exchange reserves stood at \$ 1081 mn in 1975.

The Philippines economy is still heavily based on agriculture, though the proportion of the labour force on the land is now below 50%, producing about 32% of the GNP. Industry (manufacturing and construction) employs 16% of the work-force to contribute something over one quarter of the GNP. The country has considerable resources of raw materials. It is not however rich in known sources of energy, though it is believed that large quantities of oil exist in off-shore areas.

Some indicators of production (1972)

Agriculture

Rice	4.9 million tons
Maize	2.2 " "
Raw Sugar	1.9 " "
Bananas	900,000 tons
Timber	33.3 million tons (1971)

Livestock

Cattle	1.9 million
Buffaloes	4.6 "
Pigs	7 "
Chickens	60 "

Industry

Iron Ore	2.2 million tons
Chrome Ore	150,000 tons
Copper Concentrates (55.50% metal content)	189,000 tons
Gold	637 troy ozs (1971)
Silver	1,897 " " "
Oil refining capacity	8.69 millions tons
Electricity	8,666 mn kwh.

Total World Trade (\$ million)

	1970	1973	1974
Imports	1206	1790	3444
Exports	1043	1886	2673
Balance	-163	+96	-771

Source: IMF International Financial Statistics and Direction of Trade.

Export earnings come mainly from primary products; over 1970-72 forest products and timber, coconut products, sugar products and copper accounted for 76% of exports. The boom in world commodity prices in 1973 led to a 60% increase in export earnings, but higher prices for oil and fertilizers have vastly increased the size of the import bill.

In the five years 1970-74 imports from the USA (with which the Philippines enjoyed a reciprocal preferential trade agreement which expired in July 1974) fell from 34 to 19% of the total; Japan on the other hand went in 1972 into first place, and supplied well over a quarter of Philippines imports in 1974. The EEC countries share in this year was only 12%. The USA's position as the main export market has been rising, reaching about 45% of the total in 1974 while Japan has been running closely behind. Exports to the EEC have risen considerably over 1970-74, from 7% to 12%.

Trade with the EEC (EUR million)

	1971	1972	1973	1974	1975
Philippines Imports	218	157	177	249	310
Philippines Exports	151	162	202	319	330
Balance	-67	+5	+25	+70	+20

Source: ECSO

The EEC's main imports are copra, oil cakes, coconut / copra oils, manila hemp, canned or preserved fruit, minerals and plywood. The EEC's exports are headed by machinery and transport equipment and chemicals.

Philippines - EEC Relations

The Philippines opened diplomatic relations with the EEC on 12 May 1964.

The main export to the Community, copra, enters the EEC duty-free, though since February, 1974 it has been subject to an export tax. Consumers in the Community have made representations to the Commission on this but it has not yet been possible to persuade the Philippines government to modify this tax.

In implementation of the JDI the Community reduced its duty on coconut oil from 5 to 2.1/2% in 1974, but in an effort reduced the duty still further in 1975 by substituting a specific for the ad valorem duty.

EEEC / THAILAND

Thailand is an independent kingdom with an area of 514,000 sq.km. and a population of 42 million, rising at an annual rate of about 3%. Buddhism is the state religion and 94% of the population are Buddhists. The GNP in 1973 was about \$ 8,950 million, namely about \$ 215 per capita, having risen by 8.6% real terms over 1972 (and by 3.9% and 5.8% in the two preceding years). Gold, SDR and foreign exchange reserves stood at \$ 1,260 million in June 1973.

Thailand has a rather small industrial sector, accounting for 17% of GNP, but it is expanding fast, output rising by 10% in 1973. There are deposits of many minerals including coal, iron, copper, tin, gold, silver, rubies and sapphires. There are small oil reserves but there are extensive areas of oil-bearing shales; the three refineries practically meet domestic needs. Agriculture accounted in 1973 for 21% of the GNP but employed no less than 75% of the work-force.

Rice is the main crop, but maize, sugar, soya beans, tapioca and cotton are other important sectors. Total production of the main crops rose 25% in 1973 following a disastrous year.

Some indicators of production (1972)

Agriculture

Rice	13.7 million tons (1973)
Corn	2.35 " " (1973)
Cassava	1.9 " " (1969)
Bananas	1.2 " "
Sugar	900,000 tons (1973)
Soya Beans	140,000 " (1973)
Tapioca	4.9 million tons (1973)

Livestock

Cattle	5.35 million
Buffaloes	8 "
Pigs	5.5 "
Chickens	45 "

Raw Materials

Tin	22.3 million tons
Timber	19 " "
Rubber	336,000 tons.

Industry

Cement	3.4 million tons
Woven Cotton Fabrics	376,000 tons
Woven Silk Fabrics	264,000 tons
Oil refining capacity	8.3 million tons
Electricity production	4,543 Mwh.

Total World Trade (\$ million)

	1971	1972	1973	1974
Exports	831	1081	1563	2465
Imports	1287	1484	2032	3144
Balance	-456	-403	-469	-679

Source: IMF, Direction of Trade Statistics.

Thailand is running a regular trade deficit with the world, but part of this deficit is offset by invisible earnings, notably from tourism; an estimated \$ 2 billion was spent by tourists in 1973. While Thailand export textiles, and some cement to her neighbours, the bulk of export earnings derive from raw materials (tin, precious stones) and agricultural products (rubber, jute, maize, tapioca, shrimps).

In 1974 Japan followed by the EEC was Thailand's leading trade partner both for imports and exports.

EEC / Thailand Trade (EUR million)

	1971	1972	1973	1974	1975
Thailand Exports	149	158	213	342	317
Thailand Imports	217	222	261	429	325
Balance	-68	-64	-48	-87	-8

Source: ECSO

Thailand has remained in a deficit with the EEC since 1969. The main exports to the EEC are manioc (over 40% of total exports in 1973), tin (15%), precious stones, lumber and wood manufactures, and woven jute. Nearly half Thailand's imports from the EEC were machinery and transport equipment, with chemicals nearly one quarter of the total.

Thailand - EEC Relations

Thailand opened diplomatic relations with the Community on 28 August 1962.

The main benefits to Thailand of the Community's GSP have arisen in the field of textiles. Since 1972 the country has been a beneficiary from EEC tariff quotas for handwoven silk and cotton fabrics. Although Thailand was not a party to the Long Term Cotton Textiles Agreement it was able, under a special arrangement, to benefit from the GSP for cotton textiles. The customs duty on jute manufactures was partially suspended in 1975. In addition, orchids have been included in the Community's GSP offer.

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