



EUROPE INFORMATION

1

1 / 91

THE EUROPEAN COMMUNITY'S RELATIONS WITH ASEAN

April 1991

127/X/91

EN

WHAT IS ASEAN ?

The Association of South-East Asian Nations - ASEAN - was founded in 1967 by Indonesia, Malaysia, the Philippines, Singapore and Thailand, and ever since has provided them with a formal structure for regional cooperation. The Sultanate of Brunei joined ASEAN in 1984, on achieving full independence from Britain.

ASEAN has a total land area of 3 mn. sq. km, a population of 314 mn. and a per capita income (GNP) of US \$ 842 (1989 figures). But the six countries have very different characteristics, as the following table shows:

	<u>Land area</u> 000 sq km	<u>1989</u> <u>Population</u> millions	<u>1989</u> <u>Per capita GNP</u> US \$
ASEAN	3,179	314	842
Brunei	6	0.25	17,000
Indonesia	2,027	178	490
Malaysia	330	17	2,130
Philippines	300	61	700
Singapore	1	2.7	10,450
Thailand	515	55	1,170

Sources: The World Bank for all countries except Brunei,
for which OECD - Paris

The six ASEAN countries are at different levels of economic development, as is clear from the differences in their per capita incomes. Even so, most of them have enjoyed high growth rates during the last 20 years and all of them see trade as the engine of development, in the framework of market economies.

THE EUROPEAN COMMUNITY AND ASEAN

	Page
I. INTRODUCTION	1
II. TRADE RELATIONS	2
(i) Overall Trade	2
(ii) ASEAN's Exports of Textiles & Clothing	3
III. THE GENERALIZED SYSTEM OF PREFERENCES (GSP)	4-6
IV. TRADE PROMOTION	6
V. ECONOMIC COOPERATION	7
(i) Investment and Industrial Cooperation	7-8
(ii) Industrial Cooperation	9
VI. HUMAN RESOURCE DEVELOPMENT	9-10
VII. SCIENTIFIC & TECHNICAL COOPERATION	11
VIII. ENERGY	11
IX. REGIONAL DEVELOPMENT COOPERATION	12
X. COOPERATION IN ENVIRONMENTAL PROTECTION	13
XI. REFUGEE RELIEF	13
XII. DRUGS	14
(i) Regional Projects	14
XIII. EC/ASEAN INSTITUTIONAL LINKS	14-15

ANNEXES:

TABLE I
FOREIGN DIRECT INVESTMENT IN ASEAN BY EEC COUNTRY OF ORIGIN

COMMISSION DELEGATIONS IN ASEAN COUNTRIES

THE EUROPEAN COMMUNITY AND ASEAN

I. INTRODUCTION

This information note describes the ongoing relationship between the 12 nation European Community (EC) and the 6 nation Association of South-East Asian Nations (ASEAN), from the conclusion of their Cooperation Agreement in 1980 to the present time. These relations are very wide-ranging: the EC, after all, is ASEAN's third biggest trading partner, an important source of private investments and, together with its 12 Member States, the second most important source of official development assistance to the ASEAN countries.

Since 1980, EC-ASEAN relations cover not only trade but also economic cooperation, including investment promotion, industrial cooperation and training; cooperation in science and technology, energy and rural development; refugee relief and drug prevention, treatment and rehabilitation. With the growing threat to the global environment, environmental protection has recently emerged as a major priority area for cooperation.

The ten years that have passed since the signature of the EC-ASEAN Cooperation Agreement have witnessed important changes in both Europe and the ASEAN region. In Europe they have included the disappearance of the Berlin Wall, the unification of Germany, the strengthening of ties between the European Community and the countries of Central Europe, and the first steps towards the normalization of relations between the EC and the Soviet Union.

For the 12 nation European Community itself, the most important development has been the decision to establish a single European market. From 1 January 1993 the 12 EC countries should form a single, frontier-free economic area, within which there will be complete freedom of movement for not only goods and services but also people. The completion of this single - or common - market is expected to stimulate the Community's economic growth and, consequently, the demand for imports. Much of the EC's economic cooperation with ASEAN is aimed in fact at making its exporters more competitive on Community and world markets.

Growth in the ASEAN region during the 1980s has been so dramatic as to lift the region as a whole to a new level of economic achievement. The fact is that, broadly speaking, the ASEAN countries are no longer struggling with problems of rural development, but nearly all have graduated to the status of advanced developed countries. Their external trade has risen sharply in recent years, as have foreign investments in the region, thanks to their growing commitment to free market policies. The newly industrializing Asian countries, including Singapore, have emerged as major investors in the ASEAN region, collectively overtaking Japan, the United States and the EC.

Asian regional developments inevitably have effected EC-ASEAN relations. They have shown the need for a greater European economic presence in the region and closer economic ties. The EC therefore recently introduced a number of policy changes in its relationship with ASEAN. At the same time the European Commission strengthened its presence in the region: in addition to its delegation office in Bangkok, it now has offices in Jakarta and Manila.

The main policy change is to be found in the greater emphasis now being placed on economic cooperation. Rural development assistance to individual ASEAN countries, and more particularly to Indonesia, the Philippines and Thailand, needs to be supplemented by a more focused and better coordinated programme of economic cooperation, not only at the regional level within ASEAN itself, but also at the bilateral level. These changes are in line with the Community's new guidelines for cooperation with Asia and Latin America.

But there is also a political dimension to the relations between the EC and ASEAN, which complements the relationship in trade and investment, in development cooperation and technology transfer. This political dimension is represented by regular meetings between the foreign ministers of the two regional groupings as well as between the European Parliament and the ASEAN Inter-Parliamentary Organization.

II. TRADE RELATIONS

(i) Overall Trade

The 1980s witnessed a significant increase in the two way trade between the EC and ASEAN, as the following table shows:

EC TRADE WITH ASEAN*
(in million ECU)

	1980	1983	1984	1985	1986	1987	1988	1989
EC exports	5,369	9,269	9,886	9,810	8,495	8,906	10,688	14,109
EC imports	6,857	7,919	9,662	9,972	9,212	10,036	12,203	15,173
Trade balance	-1,488	1,350	224	-162	-717	-1,130	-1,516	-1,064

* Includes Brunei since 1983

In the seven year period from 1983 to 1989 the EC's exports to ASEAN rose by 52%, while its imports from ASEAN went up by 92%. But the substantial trade surplus with ASEAN had turned into a small deficit by 1985 - and a much larger one by 1989. Over the period from 1983 to 1988 ASEAN's share of the EC's growing imports from non-Community countries rose steadily, from 2.4% of the total to 3.1% in 1988.

The 12 nation EC ranks third among ASEAN's trading partners, if trade between the ASEAN member countries is excluded. The EC took 15.4% of ASEAN exports in 1988, as compared to the United States' 22.6% and Japan's 20.6%. It accounted for 15.2% of ASEAN's imports, as against 19.9% for Japan and 16.8% for the United States.

The EC is more than a major market for ASEAN's exports; it has emerged as an important market for its exports of manufactured products in recent years. They account for more than half of ASEAN's exports to the EC since 1987, as can be seen from the following table:

The breakdown of ASEAN exports to the EC, 1980 and 1985-88
(percentage shares)

	1980	1985	1987	1988
Total exports of which:	100	100	100	100
Foodstuffs	20	22	22	18
Raw materials	34	27	20	18
Manufactures	46	53	58	64

While wood, manioc, rubber and palm oil remain major items of export to the EC, they have been dramatically overtaken by electrical machinery, textiles and clothing. ASEAN exports of electrical machinery rose from ECU 644 mn. in 1980 to ECU 1,846 mn. in 1988, an increase of 187%, as compared to a 50% rise in manioc exports and a 115% rise in exports of palm oil over the same period.

(ii) ASEAN's Exports of Textiles and Clothing

But it is in textiles and clothing that the ASEAN countries have recorded the most striking gains. Their textile exports to the EC soared from ECU 148 mn. in 1980 to ECU 1,486 mn. in 1988, an increase of 900%. The rise was less dramatic in the case of clothing: exports went from ECU 388 mn. to ECU 1,276 mn. over the same period, an increase of 230%. Even so, ASEAN's share of the Community's textile and clothing imports from non-EC countries went up from 4.5% in 1985 to 7.6% in 1988.

ASEAN's textile and clothing exports to the EC (and, indeed, to all industrialized countries) are governed by bilateral agreements, negotiated under the GATT-sponsored Multifibres Arrangement (MFA). Under these agreements, which the ASEAN countries have concluded individually with the 12 nation Community, exports of a very small number of textile and clothing items are restricted by means of quotas. These quotas are fixed in terms of quantity rather than value, to encourage exporters to move up-market and thus earn more foreign exchange for the country.

As ASEAN textile and clothing exporters are highly competitive, they would be among the first to benefit from the elimination of the MFA, currently under negotiation in the GATT-sponsored Uruguay Round. If these negotiations are successful, transitional measures would replace the MFA, paving the way for the full application of GATT rules to world trade in textiles and clothing.

The following table shows the changes in the EEC's imports of textiles and clothing from the ASEAN countries between 1987 and 1989:

EEC: Textile and clothing imports from ASEAN, 1987-89
(in million ECUs)

	All MFA products				of which, clothing			
	1987	1988	1989	Percentage change 1989/87	1987	1988	1989	Percentage change 1989/87
Indonesia	224	346	517	131	114	202	317	178
Malaysia	151	185	257	70	113	139	204	80
Philippines	208	246	275	32	201	233	257	28
Singapore	148	182	184	24	142	174	176	24
Thailand	481	597	660	37	337	428	450	34

Source: EUROSTAT

III. THE GENERALIZED SYSTEM OF PREFERENCES (GSP)

The ASEAN countries are among the major beneficiaries of the Generalized System of Preferences (GSP) operated by the EC since 1971. The GSP has undoubtedly helped them increase both their total exports to the EC and the proportion of manufactured products in the total. Thus between 1988 and 1989 total ASEAN exports which benefited from the GSP increased by 42%, while the increase in manufactured products, including textiles and clothing, was 53%. The GSP, in other words has been an important factor in ASEAN's progress towards industrialization.

This is partly because the Community's GSP scheme has a broader product coverage than other schemes (it includes textiles, clothing and footwear, for example) and is more generous in its treatment of the more competitive developing countries. Thus GSP exports of 146 product groups considered sensitive by the EC are currently subject to quotas in the case of the most competitive countries, but ASEAN countries are affected by only 12 of them. (The full list is given below. The EC also introduced the cumulative rule of origin in order to make it easier for the ASEAN countries to work as a team in the manufacture of finished products for the Community market.

The following table shows GSP utilization by ASEAN in 1988 and 1989:

ASEAN exports to the EC under GSP, 1988 and 1989
(in million ECUs and percentages)

	1988	1989	Percentage change 1989/88
Total exports:	12,203	15,173	24
Entitled to zero duty*	2,382	2,827	18
Eligible for GSP treatment	8,348	10,897	30
Received GSP treatment	3,225	4,572	42
All semi-manufactured and manufactured products	1,749	2,789	59
Textiles	479	620	29
Agricultural products	998	1,143	15

* The import duty on products in this group is zero, regardless of origin.

The GSP exports of the individual ASEAN countries for 1989 are shown in the following table:

GSP Exports to the EC, 1989
(in million ECU and percentages)

	Imports		Manufactured Products	Textile/ Clothing	Agricultural Products
	TOTAL	GSP			
INDONESIA	2,553				
Eligible GSP		1,715	603	521	591
Received GSP		930	303	254	373
Utilization %		54	50	49	63
MALAYSIA	3,507				
Eligible GSP		2,042	1,388	259	394
Received GSP		822	518	64	240
Utilization %		40	37	25	61
THAILAND	3,362				
Eligible GSP		2,324	1,191	700	432
Received GSP		1,213	628	263	323
Utilization %		52	53	38	75
PHILIPPINES	1,325				
Eligible GSP		1,010	454	281	275
Received GSP		440	204	47	189
Utilization %		44	45	17	69
SINGAPORE	4,023				
Eligible GSP		3,536	3,309	187	39
Received GSP		883	853	12	18
Utilization %		25	26	6	46
BRUNEI					
Eligible GSP		269	269	neg*	neg
Received GSP		0.3	0.3	-	-
Utilization %		0.10	0.10	-	-

*neg = negligible

The difference between total exports and exports eligible for GSP benefits represents exports which (1) enter the EC duty-free because the MFN rate of duty is zero; (2) are subject to the MFN rate of duty because they either are not covered by the GSP scheme (e.g., many agricultural products) or (3) fail to meet the GSP rules of origin. The fact that GSP benefits are never fully utilized is due to a number of reasons. An important reason is that many of the Community's MFN rates are low, so that the trade prefers to forego GSP benefits in view of the formalities involved.

The main effect of the quotas and ceilings introduced by the EC to limit GSP imports of sensitive products has been on Singapore, as can be seen from the following table:

ASEAN exports subject to quotas for sensitive products in 1991

Product	Country
Methanol (methyl alcohol)	Malaysia
Glutamic Acid	Indonesia/Thailand
Urea	Malaysia
Sacks of polymers of ethylene	Singapore
Plywood, veneered panels, wood marquetry	Indonesia/Malaysia/ Philippines/Singapore
Glazed ceramic flags, wall tiles	Thailand
Pumps, compressors	Singapore
Ball bearings	Singapore
TV receivers	Singapore
Radio, telegraphic receivers	Singapore
Electrical capacitors	Singapore
Thermionic, cathode valves/tubes; diode transistors	Singapore

Two further points need to be made here. (1) Under the Community's GSP scheme, all products not subject to quotas are subject to ceilings. These are much larger than quotas and much more flexible than quotas. In fact import duties were re-imposed on 29 products only from ASEAN in 1990. (2) Exports can continue even after quotas and ceilings have been exhausted but are subject to import duties at MFN rates.

The EC will be extending its GSP scheme for a further ten year period, although the exact terms of this extension were still under discussion at the beginning of 1991. The new scheme, to come into force in 1992, was expected to be simpler, so as to ensure higher utilization rates. But the EC was also expected to continue the process of "differentiation". This involves reducing the benefits enjoyed by the more competitive developing countries but stopping short of excluding the country in question from GSP benefits, the path followed by some donor countries.

IV. TRADE PROMOTION

It is not easy for the nascent industries of the developing countries to compete successfully on the markets of the industrialized countries. The EC in fact has been helping the ASEAN countries develop their exports to not only the Community but also other export markets, including the U.S., under the commercial cooperation provisions of the 1980 EC-ASEAN cooperation agreement. At their 8th EC-ASEAN ministerial meeting in 1990 the ASEAN ministers expressed their appreciation to the EC for its help with trade promotion. It was agreed that in future fewer, but more in-depth, pluriannual programmes would be launched.

In recent years trade promotion activities have been extended to include trade in services. Today the development of tourism is an important element of trade promotion. A tourist training programme (ECU 1.6 mn.) is to be conducted through the ASEAN Tourism Information Centre in Kuala Lumpur. A tourist marketing programme (ECU 2.3 mn.) has also been launched.

The EC is also helping with an integrated port management programme (ECU 1.5 mn.) to be conducted through the ASEAN Port Authorities Association. The overall aim is to increase the efficiency with which ports in the ASEAN countries are operated.

V. ECONOMIC COOPERATION

The 1980 EC-cooperation agreement was the Community's first agreement with Asian and Latin American countries to make provision for economic cooperation. From the first the aim has been to promote contacts between private economic operators in the EC and ASEAN, in order both to strengthen the Community's presence in the South-East Asian region and allow the ASEAN countries to diversify their economic links.

In recent years both the EC and ASEAN have laid even greater emphasis on securing the full and active participation of the private sector. The 8th EC-ASEAN Ministerial Meeting in 1990 agreed that the private sector should play a greater role in expanding economic cooperation between their two regions.

(i) Investment and industrial cooperation

Trade and investment go hand-in-hand, and the 1980 cooperation agreement was the first with an Asian country to contain specific provisions for promoting EC investments in ASEAN industrial production. Some ten years later the 8th EC-ASEAN Ministerial Meeting in 1990 reconfirmed that the ASEAN region offers many opportunities to EC investors, who should take advantage of the privileges granted under the ASEAN industrial programmes.

Individual EC countries have always been major investors in the ASEAN region. Statistics on foreign direct investment in fact underestimate the scale of European investment, much of which is through retained profits. Similarly, a good deal of investment by Singapore and Hong Kong is by subsidiaries of European firms based in these countries. These factors must be kept in mind when looking at the following table, as well as the fact that each ASEAN country has its own method of keeping track of foreign investments:

Foreign direct investment in ASEAN* by the EC and other selected countries
Applications approved in 1989 - in million US \$ (approximate figures)

	Indonesia	Malaysia	Philippines	Singapore	Thailand
Total EC	409	470	70	263	1,451
Japan	769	996	171	270	3,623
United States	348	119	143	260	565
Hong Kong	407	130	118	n.a.	577
Singapore	166	339	21	-	418

* The five founding members only. n.a. = not available

Sources: BKPM, Indonesia; MIDA, Malaysia; BOI, Philippines; BOI, Thailand; EOB, Singapore.

Details of investments by individual European Community countries are given in the annex (table 1).

Since the 6th EC-ASEAN Ministerial Meeting, held in 1986, the EC has stepped up its activities aimed at promoting European investments in the ASEAN region. Joint Investment Committees (JICs) were set up in each ASEAN capital in 1987 and 1988, following an agreement between the EC and ASEAN. Both public and private sectors are represented on the JICs, whose twin aims are to stimulate investments and provide a forum for a discussion on how best to improve the conditions for investment.

Projects launched by the JICs include the creation of a comprehensive data bank containing all available studies of industrial sectors in each ASEAN country. This "survey of surveys" is now available to EC and ASEAN companies, and should encourage them to take part in ASEAN's industrial development. Another JIC project, the "mini ambassador" programmes, encourages European businessmen to devote part of their home leave to giving talks on investment conditions in ASEAN.

The EC's financial facility to promote joint ventures in developing countries, the EC International Investment Partners, is proving a stimulant to European investments in ASEAN. This pilot facility is particularly aimed at promoting joint ventures, especially between small and medium-sized companies. It offers financial support for a range of activities, from the identification of potential partners and projects to the financing of capital requirements and provision of management expertise.

The scheme is operated through financial institutions, including development and commercial banks in ASEAN countries. To this end EC-IIP has already signed contracts with the Asian Development Bank, the ASEAN Finance Corporation and the Investment Finance Corporation of Thailand and others. Some 15 projects involving companies in ASEAN are already in the pipeline.

(ii) Industrial Cooperation

EC-ASEAN industrial cooperation was important even before the 1980 cooperation agreement gave it formal recognition: the first EC-ASEAN industrial conference was held in Brussels in 1977. It was followed up by a second conference in Jakarta in 1979 and by a series of sectoral conferences covering such areas as agricultural equipment, machine tools and food processing.

The third ASEAN Summit in 1987 made the ASEAN Industrial Joint Venture scheme more flexible and attractive to investors. A joint EC-ASEAN exercise sought to identify product groups which could benefit from this scheme, and seven groups were identified by September, 1988. They included rubber-based products; metal and wood-working machines; rubber and plastics processing machines; food processing and packaging machines and, if required, toys.

The Joint Memorandum on EC-ASEAN Industrial Cooperation, adopted on 1 December 1988, called for workshops in ASEAN countries for EC and ASEAN companies based on the above-mentioned product groups. Four such workshops, involving joint ventures and private sector participation, were held in the first quarter of 1990. They covered rubber and plastic processing machinery (Malaysia); rubber-based products (Indonesia); food processing (Brunei) and food processing and packaging machines (Thailand).

The EC and ASEAN are also collaborating on an industrial training programme (with Malaysia as the project coordinator) and an industrial standards and quality assurance programme (for which the lead agency is Thailand's Industrial Standards Institute). The aim of both programmes is to help manufacturers in the ASEAN countries become more competitive, both at home and on export markets, by producing to accepted industrial standards. An additional aim is to help ASEAN export industries prepare for the changes taking place in the EC in the run up to the completion of the single market in 1993.

The 1990 EC-ASEAN Ministerial Meeting took note of the growing number of initiatives to strengthen business and investment contacts between the EC and ASEAN through seminars, exchange programmes and industry-specific workshops. It asked the next Joint Cooperation Committee (to be held in Malaysia, in February, 1991) to look at ways of integrating the various projects into a coherent industrial cooperation programme.

VI. HUMAN RESOURCE DEVELOPMENT

Rapid, sustained economic growth requires large numbers of trained people. The 1985 EC-ASEAN meeting of ministers of economic affairs put the emphasis on industrial cooperation and human resource development (HRD). The 1990 EC-ASEAN Ministerial Meeting stated that HRD should continue to receive priority and called for an early review of EC-ASEAN HRD programmes.

The fact is that the EC runs over 30 HRD programmes each year for the ASEAN countries, many of them on practical subjects, in order to complement the courses offered by the Community's institutions of higher learning. The review called for by the ministers was carried out in 1990 itself, and resulted in a decision to limit the number of new activities in the future but to make each of them larger and relate them more closely to the sectoral priorities agreed to by both sides.

Some of the most important of the new and existing HRD programmes are briefly described below:

EC-ASEAN scholarship programme: Announced by the Commissioner for North-South Relations, Abel Matutes, at the July, 1990 Post-Ministerial conference in Jakarta, this three year programme will award some 150 scholarships over the next three years to candidates from ASEAN for study in any of the 12 European Community countries. Each year emphasis will be laid on a specific area and announced in advance. The emphasis in the start-up year (1991) is on the environment. Closely linked to the scholarship programme is a databank on training opportunities in the EC, mentioned below.

Databank on training opportunities in the EC: Based on a network of national data collection centres, the databank contains details on several hundred courses in such fields as informatics, engineering, management, agriculture and health. This information is available in both printed form and on floppy disks, both of which have been widely distributed.

Business graduate placement programme: Under this programme, now in its seventh year, 25 newly-qualified business graduates complete their training by spending two months with companies in the ASEAN countries.

Business familiarization programme: The aim is to help young ASEAN executives familiarize themselves with economic and business realities and opportunities in the EC. Organized by Eurochambers, this 5-week programme for 18 executives includes visits to five EC countries.

Business management: Since the early 1980s seminars on technology transfer, aimed at professors of management, have been organized annually by the Euro-Asia Centre, which is a part of the European business school, INSEAD, in France.

EC-ASEAN Management Centre: The Centre, to be set up in Brunei, is still at the planning stage. It would act as a regional focal point for research and training in public and business management in ASEAN. The Centre would facilitate links between institutions in the two regions through a network of national institutions.

EC-ASEAN Cooperation for public executive development: Under this programme the European Institute of Public Administration, based in the Netherlands, has organized a number of seminars for ASEAN officials, in both the region and at its headquarters in Maastricht. Themes in recent years have included the possible effects of the European single market on ASEAN.

EC-ASEAN programme in development administration: Following the signature of the financial agreement in May, 1990, three meetings of experts in human resource development were organized by the end of the year.

ASEAN maritime training projects: In order to improve the efficiency of ASEAN ports the ASEAN Port Authorities Association is launching in 1991, with the EC's financial and technical help, a programme in port management. It will provide training in container terminal operations and maintenance, information technology and port marketing as well as general management training for senior managers. Seminars in developments in container shipping and container terminal management will also be held.

Civil aviation: A programme to strengthen air traffic safety in the ASEAN region is being launched in 1991. An integrated training programme in air traffic control will be conducted in ASEAN as well as in the EC; it will be carried out by a specialized European civil aviation agency. It is the second such programme to be financed by the EC, which also financed seminars on airport management in previous years.

VII. SCIENTIFIC AND TECHNICAL COOPERATION

The 1980 EC-ASEAN cooperation agreement broke fresh ground with its provision for scientific and technical cooperation between the two regional groupings. Since 1982 the EC has helped the ASEAN countries upgrade their scientific and technological capacity and strengthen their national industrial research institutions. To this end it has helped organize 45 technical assistance programmes and a dozen technical seminars and provided some 120 scholarships for ASEAN nationals to attend post-graduate courses in the EC.

There has been large-scale ASEAN participation in the EC programme of research in agriculture and tropical medicine, "Science and Technology for Development" (STD), which is aimed specifically at developing countries. Scientists from ASEAN countries took part in 39 research projects launched under the first STD programme. They are also participating in another 26 research projects selected under the second STD programme (1987-91).

Some 20 new activities were planned for 1989-90, many of them in the priority areas of the environment and biotechnology. The EC's financial contribution to date for cooperation with ASEAN in science and technology has totalled some \$15 mn.

VIII. ENERGY

The ASEAN-EC Energy Management Training and Research Centre (AEEMTRC), which opened in November, 1988, in Jakarta, is the focal point for cooperation between the two regional groupings in energy. Its objectives are to strengthen cooperation among the ASEAN countries and contribute to the EC-ASEAN dialogue on energy issues of mutual interest. The Centre in fact has already emerged as a permanent analytical and reference body for senior ASEAN energy officials.

The Centre both commissions research and acts as a channel for joint research and industrial cooperation activities. It organizes regular training workshops on topics related to its research programme. A major project is to prepare a regularly updated, long-term supply and demand study of the region's energy needs, known as ASEAN 2010. Another major project relates to electricity demand analysis and, in particular, the role of prices.

The Centre also collaborates with non-ASEAN bodies. It is working with the Asian Institute of Technology on a project for the dissemination of energy conservation technology. It is also working with the consortium of European companies preparing the feasibility study for a natural gas pipeline linking the ASEAN countries.

IX. REGIONAL DEVELOPMENT COOPERATION

Development cooperation is an important feature of the EC-ASEAN cooperation agreement. Since it was signed in 1980, the EC has provided ASEAN and its Member States a total of ECU 317 mn. in financial and technical assistance, all of it in grant form. However, less than 10% of this has been devoted to regional projects, although there are moves to increase this percentage.

These regional projects are in economic cooperation and focus on the transfer of technology; human resource development and environmental protection. Even so, given the economic differences among the ASEAN countries, the lion's share of EC aid will continue to finance bilateral projects, specifically designed to meet the needs of each country.

Some important recent and on-going regional development projects are briefly described below:

Grains post-harvest technology programme: The aim is to help ASEAN countries implement national programmes aimed at reducing grain losses through poor handling, processing and storage. Malaysia is the project co-ordinator. The programme was extended until June, 1990, to allow all its component parts to be fully implemented.

ASEAN timber technology centre: The centre, located in Kuala Lumpur (Malaysia) is fully operational since 1989. It carries out research and training with a view to raising productivity through the effective exploitation of less well-known species of timber.

Aquaculture development: This five year programme seeks to improve the socio-economic situation of the rural poor through aquaculture development. It involves reinforcing the research, development and training programmes of selected aquaculture institutes in the ASEAN region. Thailand is the project co-ordinator.

Marine fisheries resources assessment and training programme: The aim is to help fisheries authorities in the ASEAN region improve the management of fisheries at national and regional levels, by developing suitable stock assessment and data analysis methods for policy making. The project is being co-ordinated by Thailand, with equipment eventually financed by Brunei.

X. COOPERATION IN ENVIRONMENTAL PROTECTION

At their meeting in Malaysia in 1990 the EC and ASEAN ministers voiced their concern over the threat to the global environment. Both sides accepted the need to ensure a more integrated approach to environmental and developmental problems; at the same time they agreed that environmental protection should be seen in a balanced perspective, and due emphasis accorded to promoting economic growth and sustainable development. The EC in fact also agreed to consider helping ASEAN upgrade its facilities, capabilities and expertise in the fields of management of natural resources and environment monitoring.

An ASEAN tropical forest mission, led by Indonesia's Forestry Minister, met European Commission officials in Brussels in October, 1990. The discussion focused on sustainable forest management in the ASEAN countries. The issues covered included trade in tropical timber products, which some in the EC want banned. The meeting agreed that ASEAN and the EC have a common interest and common responsibility in conserving and regenerating tropical forests. The Commission in fact expressed its readiness to launch significant pilot projects in the ASEAN region and carry out a first identification mission, which it did in January, 1991.

XI. REFUGEE RELIEF

The EC is a major contributor to the work of the U.N. High Commissioner for Refugees (UNHCR), the U.N. Border Relief Operation (UNBRO, which helps Cambodian displaced persons at the Thai border) and non-governmental organizations (NGOs) in resettling and repatriating refugees in the ASEAN region. Its basic aim is to help refugees become self-sufficient once they are no longer entitled to emergency aid (i.e., roughly six months after becoming refugees) until repatriation or resettlement.

The following is the list of projects financed during 1990 in the ASEAN region itself:

<u>Country</u>	<u>Agency/activity</u>	<u>ECU</u>
Thailand	ESF	500,000
Malaysia	UNHCR/resettlement	410,000
Thailand	UNHCR/education	1,800,000
Philippines	UNHCR/repatriation	110,000
Thailand	UNHCR/camps	1,100,000
Thailand	MSF-F	750,000

The EC also helped repatriate ASEAN refugees at the start of the Gulf crisis in August, 1990.

In December, 1990, the EC Commissioner for North-South Relations, Abel Matutes, proposed to Member States and other donor countries a plan to repatriate and reintegrate some 80,000 Vietnamese "boat people". To ensure the plan is effectively launched, the Commission agreed in January, 1991, to contribute ECU 10 mn. to help finance a six month pilot phase.

The plan, which has the agreement of the Vietnamese authorities, was drafted in concert with the UNHCR, following a proposal by Mr Matutes, at the ASEAN Post-Ministerial Conference, held in Jakarta in July, 1990. The Commission has estimated the total cost of implementing the plan at ECU 122 mn., and is submitting it to other donors for financing.

The plan's two goals are (1) to promote the phased repatriation of Vietnamese asylum seekers at present living in the refugee camps in ASEAN countries and Hong Kong and (2) contribute to their socio-economic reintegration by providing direct financial aid. The plan is fully compatible with the Comprehensive Plan of Action agreed to at the 1989 International Conference on Indochinese refugees.

XII. DRUGS

The 1990 EC-Ministerial Meeting in Kuching expressed concern over the growing problem of drug abuse, and the escalation in drug trafficking. While recognizing that an effective solution had to be sought at international level, the Ministers expressed satisfaction over the continued cooperation between the EC and ASEAN on drug matters.

During 1988-90 the EC financed ten drug-related projects in the ASEAN region for a total of ECU 3 mn. They included regional projects (ECU 1.2 mn.) as well as projects in Thailand (ECU 1.5 mn.) and the Philippines (ECU 341,000).

(i) Regional Projects

- Prevention and assistance programme for workers with alcohol and drug problems.
- Extension of the research and training programme for the detection of drug abuse in body fluids.
- ASEAN-EC seminars on prevention, treatment and rehabilitation.
- Development of evaluation instruments for programmes of prevention of drug addiction.

XIII. EC/ASEAN INSTITUTIONAL LINKS

The ASEAN countries have perhaps the most extensive institutional links with the EC of any regional grouping of developing countries. They range from the regular meetings of EC/ASEAN foreign ministers (the first of which was held in 1978) to the annual meetings of the Joint Cooperation Committee (JCC), attended by senior officials.

The two day meetings of foreign ministers, at which the European Commission is represented by the Commissioner for North-South relations, take place every 18 months or so; the next - the ninth - is set for May, 1991, in Luxembourg. They are in two parts, of roughly equal importance. The first is devoted to political issues, the second to economic. At their 8th meeting (in Kuching, Malaysia) ministers exchanged views on Cambodia, Indochinese asylum seekers, Afghanistan, the Middle East and South Africa. While the discussions on economic issues focused on EC-ASEAN relations, such regional issues as the 1992 single European market and international issues, including the Uruguay Round, were also covered.

ANNEX

TABLE I

FOREIGN DIRECT INVESTMENT IN ASEAN BY EEC COUNTRY OF ORIGIN
 APPLICATIONS APPROVED - 1985 - 1986 - 1987 - 1988 - 1989
 in Million US \$ (figures are approximate)

COUNTRY OF ORIGIN	INDONESIA					MALAYSIA					PHILIPPINES					SINGAPORE					THAILAND				
	1985	1986	1987	1988	1989	1985	1986	1987	1988	1989	1985	1986	1987	1988	1989	1985	1986	1987	1988	1989	1985	1986	1987	1988	1989
TOTAL EEC	185.8	161.5	502.6	1324.9	409.0		82.8	78.4	336.2	470.4	22.8	7.4	23.8	32.2	69.7	90.5	102.4	120.5	172.5	262.2*	17.0	20.3	41.5	89.7	90.5
BELG	1.7	63.0	6.4	-	43.0		1.14	4.5	2.3	26.4	0.013	0.65	0.04	0.12	0.02	N.A.	N.A.	N.A.	N.A.	N.A.	0.2	1.6	0.6	4.0	4.2
DEN	-	-	3.9	0.3	9.1		-	5.7	3.5	0.09	0.82	0.04	1.1	0.23	0.6	N.A.	N.A.	N.A.	N.A.	N.A.	0.2	2.4	1.2	0.5	-
GER	56.5	17.3	322.4	955.7	6.6		0.51	10.5	43.2	114.6	0.75	0.4	0.7	4.6	16.5	10.05	8.4	45.1	23.3	13.2	6.6	6.4	17.9	24.8	36.5
FRANCE	39.5	24.7	16.3	8.5	18.7		3.14	24.7	194.3	1.8	0.07	0.013	2.3	0.74	13.3	7.5	14.0	7.5	43.2	53.0	5.7	3.6	5.3	11.3	17.9
GREECE	-	-	-	-	-		-	-	0.5	-	-	0.05	0.001	0.01	0.01	N.A.	N.A.	N.A.	N.A.	N.A.	-	-	-	-	-
IREL	-	-	-	-	-		-	-	-	-	0.06	0.3	-	0.38	1.2	N.A.	N.A.	N.A.	N.A.	N.A.	-	-	-	-	-
ITALY	-	-	15.0	-	1.6		1.9	4.6	17.6	16.2	0.014	0.03	0.1	0.09	0.24	-	2.5	11.0	34.0	16.4	0.4	3.2	0.3	1.1	3.4
LUX	-	-	-	-	4.6		2.3	-	-	-	0.23	-	0.2	0.07	0.006	N.A.	N.A.	N.A.	N.A.	N.A.	0.04	0.2	0.2	1.1	-
NETH	16.0	10.5	123.0	271.0	282.0		66.7	-	2.0	22.5	5.0	0.1	8.2	1.4	22.2	37.6	28.5	35.4	41.4	87.0	1.6	2.2	2.9	11.5	11.2
PORT	-	-	-	-	-		-	-	-	-	0.001	0.012	0.6	0.24	0.12	N.A.	N.A.	N.A.	N.A.	N.A.	-	-	-	-	-
SPAIN	-	-	-	-	-		-	-	-	-	0.52	0.09	0.08	0.03	0.1	N.A.	N.A.	N.A.	N.A.	N.A.	0.5	-	0.06	0.008	-
U K	72.1	46.1	15.6	89.4	43.4		7.1	28.4	72.7	288.9	15.4	5.8	10.5	24.3	15.4	34.7	46.7	21.2	28.3	87.3	4.8	10.0	13.1	35.4	17.3
JAPAN	106.8	324.6	512.1	224.7	768.6		21.5	264.8	452.5	996.4	21.1	19.7	29.5	100.7	171.4	122.0	246.4	300.2	345.2	270.1	61.3	121.9	130.7	583.6	367.3
USA	310.4	128.4	62.0	534.1	348.0		6.33	60.2	198.2	118.7	47.3	19.8	36.9	161.4	142.6	213.7	221.7	271.2	293.3	260.1	95.5	51.7	72.6	127.1	201.8

N.A. - not available

* - the EEC total for Singapore includes total investment from EEC countries for which figures are not available.

Sources : BKPM, MIDA, BOI Philippines, BOI Thailand, EDB, Singapore

DELEGATIONS OF THE COMMISSION OF THE EUROPEAN COMMUNITIES
IN ASEAN COUNTRIES

INDONESIA

Address: Wisma Dharmala Sakti Building, 16th Floor
Jl. Jendral Sudirman, 32
PO Box 55 JKPDS
Jakarta 10220

Tel.: (62-21) 570 60 76/570 60 68
Telex: (073) 62043 COMEUR IA
Fax: (62-21) 570 60 75

THAILAND

Address: Kian Gwan House II
19th Floor
140/1 Wireless Road
Bangkok 10330

Tel.: (66) 255 91 00
Telex: (086) 82764 COMEUBK TH
Fax: (66) 255 91 14

PHILIPPINES (opening 1991) provisional address:

Address: c/o Executive Power Centre Inc.
12th Floor
Hong Kong Shanghai Building
6780 Ayala
Av. Makati Metro
Manilla

Tel.: (63) 2 810 44 76
Telex: 14915 EPC PS
Fax: (63) 2 818 2756

EUROPE INFORMATION "EXTERNAL RELATIONS"

Copies of "Europe Information" are still available and may be obtained from:

Directorate General for Audiovisual,
Information, Communication and Culture
Documentation Service
Commission of the European Communities
rue de la Loi, 200
1049 Brussels
Belgium (tel. 235 25 92)

ISSN: EN 1020
Catalogue No. : CC-AN-91-001-EN-C