



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 17.01.1997
COM(97) 2 final

97/0017 (CNS)

Proposal for a

COUNCIL DECISION

concerning the conclusion of the Protocol on the extension of the Cooperation Agreement between the European Community and Brunei-Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand, member countries of the Association of South-East Asian Nations, to Vietnam

(presented by the Commission)

COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

Subject : Protocol extending the Cooperation Agreement between the European Community and the Member Countries of the Association of South-East Asian Nations (ASEAN) to the Socialist Republic of Vietnam.

Approval of a proposal for a Council decision to conclude the Protocol

The attached proposal concerns a Council Decision to conclude the Protocol extending the existing Cooperation Agreement between the European Community and the member countries of ASEAN to the Socialist Republic of Vietnam.

1. It takes the form of a protocol and does not include any financial protocol.
2. The negotiations and the initialisation of the Protocol between the European Community and the ASEAN took place in Brussels on 29 November 1996. The text is in conformity with the negotiation directive adopted on July 8, 1996.
3. In accordance with Articles 113 and 130Y, in conjunction with the first sentence of Article 228 (2) and the first paragraph of Article 228 (3) of the Treaty establishing the European Community, the opinion of the European Parliament is required.
4. Subsequently, the Council is requested to adopt the Proposal for a Council Decision to conclude the Protocol to the existing Cooperation Agreement between the European Community and the member countries of the ASEAN.

EXPLANATORY MEMORANDUM

1. Background

On 28 July 1995, the Association of South East Asian Nations was enlarged to include the Socialist Republic of Vietnam as its seventh member. The European Community and the five member countries of ASEAN on 7 March 1980 in Kuala Lumpur signed a cooperation agreement covering the commercial, economic and development sectors. The agreement was extended to Brunei on 21 March 1985.

As a result of the accession of Vietnam to ASEAN in July 1995, the member countries of the Association have requested the European Community to extend the cooperation agreement to their seventh member.

2. Vietnam

The Socialist Republic of Vietnam is ASEAN's poorest member. Its per capita GNP presently stands at US\$ 220 for a population of 73 million people. The recent evolution is one of a country in transition to the market economy model, following the collapse of the Eastern Block as a political and economic force. Vietnam's economic performance has been surprisingly good in the past five years with all macroeconomic aggregates pointing in the right direction. In turn, this has qualified Vietnam the support from leading financial institutions.

The prospects for 1996-2000 show all signs of a sound and effective economic management. Vietnam will face major challenges in trade in the next upcoming half decade: accession to WTO and integration into AFTA (ASEAN Free Trade Association) will dominate Vietnam's economic agenda.

3. European Community relations with Vietnam

Diplomatic relations between the EC and Vietnam were normalised in November 1990. A textile agreement was signed in December 1992 (later revised in 1995). A Cooperation Framework Agreement was signed on July 17, 1995. The agreement covers trade, investment and intellectual property issues as well as more general economic and development cooperation issues. Cooperation assistance with Vietnam started in 1991 and has increased steadily since totalling approximately 160 million Ecus in five years.

Initially focused on humanitarian issues, the European Community assistance has been recently more focused on support to economic and administrative reforms and protection of natural resources.

The holding of the Joint Commission in Hanoi on 26-27 September 1996 reshaped the EC-Vietnam cooperation perspectives.

Total trade between the EC and Vietnam has increased steadily over recent years to top ECU 1 billion in 1995. The country's export to the EC includes rice, coffee and textiles.

4. Parallel application of the EC-ASEAN Agreement and of the bilateral agreement

The two agreements provide for cooperation in similar fields of activities even if the Vietnam Agreement is more modern and complete and, as a major difference, includes Human Rights as an essential element which permits the suspension of the Agreement in accordance with the Vienna Convention on the Law and Treaties. The EC-ASEAN Agreement covers cooperation between the European Community and the ASEAN countries at both bilateral and regional level.

Therefore it has been necessary to include in the accession protocol a provision which specifies that the bilateral agreement, as a more modern and comprehensive agreement, takes precedence, in case of conflict, over the provisions of the EC-ASEAN Agreement.

5. Recommendations by the Commission

Considering the importance of maintaining and developing also the dialogue at regional level, the Commission considers it desirable to conclude the Protocol extending the existing the EC-ASEAN Cooperation Agreement to take account of the enlargement of the Association to include Vietnam.

The Commission therefore proposes that the Council adopt the annexed decision to approve this Protocol.

Proposal for a

COUNCIL DECISION

concerning the conclusion of the Protocol on the extension of the Cooperation Agreement between the European Community and Brunei-Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand, member countries of the Association of South-East Asian Nations, to Vietnam

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 113 and 130Y, in conjunction with the first sentence of Article 228 (2) and the first paragraph of Article 228 (3) thereof,

Having regard to the proposal from the Commission ⁽¹⁾,

Having regard to the opinion of the European Parliament ⁽²⁾,

Whereas, in order to attain its objectives in the sphere of external economic relations, the European Community should approve the Protocol on the extension to Vietnam of the Cooperation Agreement between the European Community and the member countries of Asean,

HAS ADOPTED THIS DECISION :

Article 1

The Protocol on the extension to Vietnam of the Cooperation Agreement between the European Community and the member countries of Asean is hereby approved on behalf of the European Community.

The text of the Protocol is attached to this Decision.

Article 2

The President of the Council shall give notification that the procedures necessary for the entry into force of the Protocol have been completed in respect of the European Community ⁽³⁾.

Article 3

This Decision shall be published in the *Official Journal of the European Communities*.

Done at Brussels,

For the Council

The President

⁽¹⁾ O.J.N° C

⁽²⁾ OJ N° C

⁽³⁾ The date of entry into force of the Protocol will be published in the *Official Journal of the European Communities* by the General Secretariat of the Council.

**PROTOCOL ON THE EXTENSION OF
THE COOPERATION AGREEMENT BETWEEN THE MEMBER COUNTRIES
OF ASEAN AND THE EUROPEAN COMMUNITY TO THE SOCIALIST
REPUBLIC OF VIETNAM**

The Government of Brunei Darussalam,
The Government of the Republic of Indonesia,
The Government of Malaysia,
The Government of the Republic of the Philippines,
The Government of the Republic of Singapore,
The Government of the Kingdom of Thailand,
and
The Government of the Socialist Republic of Vietnam of the one part,
The Council of the European Union, of the other part,

HAVING REGARD to the Cooperation Agreement between the European Economic Community and Indonesia, Malaysia, the Philippines, Singapore and Thailand - member countries of the Association of Southeast Asian Nations signed on 7 March 1980 in Kuala Lumpur, and later extended to Brunei on 16 November 1984, hereinafter referred to as "Agreement",

WHEREAS Vietnam as a new member of the Association of South East Asian Nations has applied to accede to the Agreement,

HAVE DECIDED to extend the Agreement to Vietnam and to this end have designated as their Plenipotentiaries ;

The Government of Brunei Darussalam :

The Government of the Republic of Indonesia :

The Government of Malaysia :

The Government of the Republic of the Philippines :

The Government of the Republic of Singapore :

The Government of the Kingdom of Thailand :

The Government of the Socialist Republic of Vietnam :

The Council of the European Union :

Minister for Foreign Affairs of the Netherlands,
President-in-Office of the Council of the European Union

Manuel Marin,
Vice President of the Commission of the European Communities

WHO, having exchanged their full powers, found in good and due form,

HAVE AGREED AS FOLLOWS :

ARTICLE 1

Vietnam accedes to the Agreement by virtue of this Protocol.

ARTICLE 2

The provisions of the Agreement together with the Protocol concerning Article 1 of the Agreement shall apply to Vietnam.

ARTICLE 3

The application of the Agreement to Vietnam shall not affect the application of the Cooperation Agreement between the EC and Vietnam signed on 17 July 1995 and which entered into force on 1 June 1996 ⁽⁴⁾.

ARTICLE 4

This Protocol is drawn up in eleven originals in the Danish, Dutch, English, Finnish, French, German, Greek, Italian, Portuguese, Spanish and Swedish languages, each of these texts being equally authentic.

Done at _____, this _____ day of _____ in the year one thousand nine hundred ninety-seven.

For the Government of Brunei Darussalam

(signature)

For the Government of the Republic of Indonesia

(signature)

For the Government of Malaysia

⁽⁴⁾.OJ N° L136, 7/6/1996 P. 28-37

(signature)
For the Government of the Republic of the Philippines

(signature)

For the Government of the Republic of Singapore

(signature)

For the Government of the Kingdom of Thailand

(signature)

For the Government of the Socialist Republic of Vietnam

(signature)

For the European Community

(signature)

FINANCIAL STATEMENT

PART I : FINANCIAL IMPLICATIONS

1. Title of Operation :

Concerning the extension of the existing Cooperation Agreement between the European Community and the Association of South-East Asia Nations (ASEAN) to the Socialist Republic of Vietnam.

2. Budget Headings Involved :

- Part A (see Point 10)
- Part B (see Annex II)

3. Legal Basis :

Articles 113 and 130Y, in conjunction with the first sentence of Article 228 (2) and the first paragraph of Article 228 (3) of the Treaty establishing the European Community.

4. Description of Operation :

4.1 General objective

Extension of the existing EC-ASEAN Cooperation Agreement to Vietnam.

4.2 Period cover and arrangements for renewal

Renewable in line with EC-ASEAN Cooperation Agreement.

5. Classification of Expenditure or Revenue :

5.1 Non compulsory expenditure.

5.2 Differentiated appropriations.

5.3 The projects launched under the protocol will not engender any specific revenue.

6. Type of Expenditure :

6.1 Grant up to 100% : Yes.

7. Financial Impact :

7.1 Method of calculating total cost of operation (relation between individual and total cost)

The cost of individual action for most of the credit lines possibly concerned will be decided and calculated on a case by case basis.

7.2 Itemised breakdown of cost: not applicable.

7.3 Schedule of commitment and payment appropriations

On request, following approval of the project by the Commission departments and up to an amount not exceeding the appropriations to be entered under the relevant budget headings, in each annual budgetary procedure.

8. Fraud prevention measures

The member countries of ASEAN and the Commission will apply the normal control measures in the implementation of the agreement, as foreseen by each Financing Agreement and contracts.

9. Elements of cost-effectiveness analysis

9.1. Specific and quantified objectives; target population

To be defined on a case by case basis.

9.2. Grounds for the operation

To be defined on a case by case basis.

9.3. Monitoring and evaluation of the operation

To be defined on a case by case basis and included in each financing agreement and contract.

10. Administrative expenditure (Section III, Part A of the Budget)

Actual mobilisation of the necessary administrative resources will depend on the Commission's annual decision on the allocation of resources, taking into account the number of staff and additional resources authorised by the budgetary authority. The allocation of supplementary resources is to be considered in the context of priorities to be decided by the Commission within the limits of budgetary means available in the annual budget.

10.1 Effect of the number of posts

Type of Post	Staff to be assigned to managing the operation		Source		Duration
	Permanent posts	Temporary posts	Existing resources in the DG or department concerned	Additional resources	
	3				
Officials or temporary staff	A B C	1 1 1	- - -	1A 1B 1C	- - -
TOTAL	3	-	3	-	-

10.2 Overall financial impact of additional human resources

	Amounts	Method of calculation (Ecu)
Officials		
Temporary staff		
Other resources (indicate budget heading)		
TOTAL		

The costs of the human resources required will be covered by existing resources.
The estimated annual cost for titles A1, A2, A4 and A5 is 300,000 Ecus/year.

10.3 Increase in other administrative expenditure as a result of the operation

Budget heading	Amounts in Ecu	Method of calculation
A 1300 (missions)	10.000	2 missions/year
A 2510 (Joint Commission)	p.m.	1 meeting/year (alternatively in an ASEAN member country and in Brussels) 8 participants
TOTAL	10.000	

The costs for the managing and monitoring of the Agreement will be through missions covered by existing resources.

FINANCIAL STATEMENT

1. Title of Operation

Extension of the existing Cooperation Agreement between the European Community and the ASEAN to the Socialist Republic of Vietnam.

2. Budget Headings Involved

a) Budget headings whose application is conditional on the existence of a Cooperation Agreement :

- B7-870 Commercial and economic cooperation agreements with third countries.

b) Other budget headings for which the application is not conditional on the existence of a cooperation agreement :

- B6-7211 Cooperation with Third Countries and International organisations

- B7-210 Aid to help the population and emergency food aid for developing countries and others, hit by disasters or serious crisis

- B7-212 Aid towards self-sufficiency for refugees and displaced persons in Asia and Latin America

- B7-217 Operations to help refugees and displaced persons

- B7-300 Financial and technical cooperation with Asian developing countries (1)

- B7-301 Economic cooperation with Asian developing countries (1)

- B7-6000 European Community contribution towards schemes concerning developing countries carried out by non-governmental organisations

- B7-6200 Environment in developing countries

- B7-6201 Tropical Forests

(1) In the framework of the Asia strategy to be adopted by the budgetary authority

- B7-6210 North-South cooperation schemes in the context of the campaign against drug abuses
- B7-6211 Health programmes and the fight against HIV/AIDS in developing countries
- B7-631 Aid for population policies and programmes in developing countries and follow-up to the conference on population and development
- B7-641 Rehabilitation and reconstruction measures for the developing countries
- B7-643 Decentralised cooperation in the developing countries
- B7-702 Human rights and democracy in the developing countries
- B7-872 Promotion of European Community investment in developing countries by economic cooperation and trade agreements of Asia, Latin America, the Mediterranean and in South Africa

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