

### RELATIONS BETWEEN THE COMMUNITY AND ASEAN

In June 1972 ASEAN set up a Special Coordinating Committee of ASEAN Nations - SCCAN (consisting of Ministers of Trade) - to negotiate better trade terms with the EEC and to conduct an institutionalized dialogue between ASEAN and the Community. Sir Christopher Soames participated in meetings of the Committee in September 1973 in Bangkok and in September 1974 in Jakarta. In its day-to-day relations to the Community SCCAN is represented by the ABC - the ASEAN Brussels Committee of ambassadors accredited to the EEC.

The Community has welcomed the development of ASEAN and moves on its part to bring about a closer relationship between the two organisations and this has been expressed by an increase in the Community's official contacts with the ASEAN countries. It has also manifested itself in the assistance in trade promotion and regional integration which the Community has extended to the ASEAN countries with reference to the Council Resolutions of 30 April 1974.

The trade promotion assistance has covered an extensive programme of ASEAN participation in trade fairs and trade missions to Europe over the last two years. The assistance towards regional integration has involved the arrangement of fact-finding missions to Europe for senior officials from each of the ASEAN countries. With the same objective the Community introduced on 1 January 1975 the system of cumulative origin into the Scheme of Generalized Preferences.

The main tool for improvement of the commercial relationship between the ASEAN countries and the Community has so far been the GSP. The Joint Declaration of Intent attached to the Treaty of Accession refers explicitly to Singapore and Malaysia but contains the phrase "... taking account ... of the situation in the other developing countries in the same geographical area", and the Community has in its implementation of the Joint Declaration clearly assumed that it is applicable to the whole of the ASEAN group. The concessions given by the Community under the GSP since the first implementation of the Joint Declaration have related to such important products to the ASEAN economies as pepper, plywood, canned pineapple, vegetable oils and certain marine products.

Seminars for GSP users have been held in ASEAN at least once a year in the last few years the most recent taking place in Jakarta in July 1977.

When the Community concluded the Commercial Cooperation Agreement with India and offered similar arrangements to the other countries of the sub-continent the question was put to the ASEAN countries whether they were interested in similar agreements. Their uniform answers were, that they did not favour individual agreements but would prefer an ASEAN/EEC arrangement; and since the ASEAN organization was and is still not sufficiently institutionalized to negotiate and conclude any arrangement on behalf of its member countries such a solution must be deferred.

The visit of Sir Christopher Soames to the SCCAN-meeting in Jakarta in September 1974 brought forward, however, the idea of establishing a Joint Study Group between the ASEAN countries on the one side and the Commission on the other, with the purposes of examining and discussing way of improving the relationship between our two country groupings. The idea materialized within the following months and led to a formal exchange of letters (7 May 1975) establishing the Study Group.

THE ASEAN/EC COMMISSION JOINT STUDY GROUP

The first meeting of the Joint Study Group took place in Brussels on 26 and 27 June 1975. It was formally inaugurated on behalf of the Commission by Sir Christopher Soames, who said in his speech that he believed that an institution like the new Joint Study Group would prove to be a very useful forum in which to discuss questions such as trade liberalization and the changing of patterns of trade between the two regions and ideas for cooperation. The Study Group "will enable us to consider a wide range of subjects calmly and reflectively, without the fear of being forced into premature commitments and without the pressure to adopt rigid negotiating positions such as is so often felt in wider international discussions. It can play some part in building up that new consensus between developing and developed countries to which we in the Community are firmly committed".

Two further meetings of the Joint Study Group have since taken place, one in Manila in December 1976 and the most recent in Brussels in October of this year (see Annex for report of that meeting).

The scope of the work of the JSG has increased considerably in that period. Problems which have been discussed include areas of complementary economic development, tariff problems, regional integration projects, various economic studies, problems in international fora, trade promotion, industrial cooperation etc. If this is compared to what has been done in relation to the Latin American countries and even to what has been done with those Asian countries with which the Community has a Commercial Cooperation Agreement the results are extremely favourable.

The 1978 programme for ASEAN-EEC activities envisages the following :

- study by independent consultants (EIU, Europa S.A.) of areas of long term economic complementarity between the two regions (to be concluded by September 1978);
- ASEAN-EEC Industrial Cooperation Conference, Jakarta in the autumn of 1978;
- substantial programme of trade promotion activities;
- discussion meetings between ASEAN and EEC industrialists in specific economic sectors;
- possible cooperation between the Commission's Business Cooperation Centre and the ASEAN Investment Boards;

- > seminar on the Transfer of Technology;
- > training programme to upgrade technical skills of ASEAN technicians;
- > assistance within the framework of the Community's aid for rural development in non-associated developing countries;
- > cooperation in agricultural and fishery projects;
- > cooperation in the field of tourism.

There is no doubt that the work of the Joint Study Group has been beneficial to both sides measured both in direct results and indirect i.e. in concrete projects and in each side's appreciation of the others points of view on various international problems. Relations between the two regions have intensified and Europe is now more aware of ASEAN's potential. What is now needed is a political will from both sides to further develop and intensify this relationship.

One step in this direction has been the creation of a "Dialogue" between on the one hand the ASEAN ambassadors in Brussels and on the other the nine permanent representatives of the Member States of the Community and the Commission. This is due to meet for the first time on 29 November and will discuss items complementary to those discussed in the Joint Study Group.

EXTERNAL TRADEASEAN's Trading Patterns 1976

(in US\$)

	<u>Exports</u>	<u>%</u>	<u>Imports</u>	<u>%</u>
World	25.961		26.163	
of which USA	5.453	21	4.024	15.4
Japan	6.742	26	6.003	23
EEC	3.773	14.5	3.804	14.5
USSR	310	1.2	59	0.2
China	189	0.7	647	2.5
Australia	561	2.2	908	3.5
ASEAN	3.779	14.6	3.306	12.6
of which Indonesia	220	0.9	164	0.6

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	<u>Exports</u>	<u>%</u>	<u>Imports</u>	<u>%</u>
Malaysia	1.165	4.5	1.439	5.5
Philippines	252	1.-	75	0.3
Singapore	1.868	7.2	1.024	4.-
Thailand	274	1.-	604	2.3

In 1976 nearly 23% of ASEAN's imports came from, and over 26% of its exports went to Japan. The USA took 15% of exports and provided 21% of imports. The Community also took 14.5% of exports and 14.5% of imports. These three alone thus accounted for 60% of ASEAN's exports and 52% of its imports.

Intra-ASEAN trade accounted for 15% of its exports and 10.7% of its imports. There is thus a great deal of scope for an increase in trading within the Association and this has led to the various tariff cutting ideas which are now being put into effect. These will be limited in their scope at first as it will take some considerable time before an appreciable effect is noticed. Malaysia and Singapore are the two ASEAN members making the greatest use of their intra-ASEAN possibilities.

ASEAN produces 80% of the world's natural rubber, 40% of its tin, 50% of its coconut supply, 80% of its abaca fibres, 60% of its palm oil and 12% of its rice. Herein lies ASEAN's major trading problem. 4 of them are commodity producers and there is little scope for intra-ASEAN trading in these products. The aim of the Association is therefore to concentrate on building up indigenous manufacture and processing with a view to import substitution and increased intra-ASEAN trade.

