

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(75) 123 final

Brussels, 26 March 1975

Recommendation for a
DECISION (EEC) OF THE COUNCIL

concerning the negotiation with the People's
Republic of Bangladesh with a view to the
conclusion of a commercial cooperation agreement

(submitted to the Council by the Commission)

EXPLANATORY MEMORANDUM

In the Council Directives for the negotiation of a Commercial Cooperation Agreement (CCA) between the Community and Bangladesh (1), the Commission was requested to explore the terms on which the Community could obtain an undertaking from Bangladesh with regard to non-discriminatory access to its natural resources.

A series of preliminary meetings have been held between representatives of the Commission and representatives of Bangladesh to shed light on the approach of both sides to this problem.

The Government of Bangladesh is not willing to enter into a general commitment which would give the Community non-discriminatory access to all its natural resources. It would however, readily consider co-operation within specified sectors on terms that would give the Community access to the natural resources related to such sectors, provided that this offer would lead to investments by Community enterprises which, in turn, would contribute significantly to the economic development of their country. Further, Bangladesh is prepared to guarantee such investments.

The natural forum ^{for} defining in the long term specific areas for the type of co-operation envisaged is obviously the Joint Commission to be set up under the Agreement.

The present legislation of Bangladesh guarantees foreign investors against nationalisation for a period of ten years after the date of acquisition of an interest in a particular venture. The Bangladesh representatives indicated, however, that their Government are prepared to increase the guarantees in favour of investors who would engage in projects which had been selected after consultation within the framework of the CCA.

(1) Doc. S/1021/75 (COMER 196) of 30 September 1974 and Corr. 1 of 8 October.

Bangladesh ranks to-day as one of the poorest among the developing countries. Yet, even though prospecting has been so far on a limited scale, it is known that the country possesses certain potential resources which could contribute significantly to its development and, concurrently, supply overseas partners with needed requirements. In particular, it was reported (1) in 1973 that Bangladesh disposes, in the Bay of Bengal, of deposits of natural gas of a unique degree of purity and in quantities estimated at some 8-9 trillion cubic feet. There are also indications of oil reserves.

It is the opinion of the Commission that the terms on which Bangladesh is prepared to offer access to its natural resources could be of advantage for the trading interests of the Community and, simultaneously, could favour a novel form of co-operation which would bring genuine social and economic progress to a non-associated developing country.

For the Commission to engage in negotiation on these lines, however, would seem to call for a modification on the negotiation directives to include Community access on a non-reciprocal basis to the natural resources of Bangladesh in specified sectors, on the understanding that the Community will promote investments in these sectors by Community enterprises and that Bangladesh will offer satisfactory guarantees for such investments.

To this end, the Commission recommends that the Council modify in the manner suggested its negotiation directives in the matter of access to natural resources and, to that effect, adopt the "Recommendation for a Decision (EEC) of the Council" appended herewith.

(1) International Bank for Reconstruction and Development, Report No. 455a-BD

Recommendation for a DECISION (EEC) OF THE COUNCIL
concerning the negotiation with the People's Republic of Bangladesh
with a view to the conclusion of a commercial cooperation agreement

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,
and in particular Article 113 thereof,

Having regard to the recommendation of the Commission,

Whereas the Council, by its Decision of 15 October 1974, authorized the
Commission to open negotiations with a view to the conclusion of a
commercial cooperation agreement between European Economic Community and
the People's Republic of Bangladesh;

Whereas, in view of the outcome of exploratory talks with the
representatives of Bangladesh, it appears necessary, in regard to the
conditions of access by the Community to the natural resources of that
country, to modify the directives appended to the above-mentioned
Decision,

HAS DECIDED:

SOLE ARTICLE

Chapter B.IV, entitled "Access to natural resources", of the
negotiation directives appended to the Council's Decision (EEC) of
15 October 1974 authorizing the Commission to open negotiations with
the People's Republic of Bangladesh with a view to the conclusions of
a commercial cooperation agreement, is replaced by the text given in the
Annexe hereto.

Done at Brussels,

For the Council

The President,

ANNEXE

B. IV. Access to natural resources in Bangladesh

The Commission shall endeavour to obtain the inclusion in the Agreement of provisions securing for the Community non-discriminatory access to the natural resources of Bangladesh in such sectors as might be recommended by the Joint Commission. These provisions would also relate, on the one hand, to special state guarantees which might be extended by Bangladesh to Community enterprises investing in these sectors and, on the other hand, to the measures which the Community might take to promote such investments.