

COOPERATION BETWEEN ASEAN AND THE *EU*

I. INTRODUCTION

Let me begin by thanking all of you for inviting me and giving me the privilege to address you today. I am happy, grateful, and extremely honoured to have this opportunity to discuss with you the relations of the ASEAN countries with the European Union.

Commemorating the fiftieth anniversary of the European Union and the fortieth anniversary of ASEAN, I shall start by giving you a concise overview of EU-Asia relations. It is crucial to understand relations between these two regions as a whole in order to understand and categorise EU relations with ASEAN alone.

II. EU-Asia Relations

1.1 The EU's Asia Strategy

The EU has recognised Asia as a focal-point region and developed an Asia concept in 2001. It aims at strengthening the political and economic presence of the EU in the entire Asiatic region. The strategy covers six priorities:

1. Development of the political dialogue in particular with regard to safety questions.
2. Extension of commercial and investment relationships in both directions.
3. Promotion of the development of less successful countries within the region by targeted efforts to fight poverty.
4. The support of democracy, rule of law and responsible government leading.
5. Construction of global partnerships with Asian countries to work on tasks related to globalisation in international advisory bodies
6. and finally an improvement of the perceptibility of the EU in Asia and of Asia in the EU.

1.2 EU-ASEAN relations

Let me now move on to the relations between ASEAN and the European Union. One joyful statement can already be made at the beginning: Never have relations been deeper between the two organisations than today.

As you all know, the Association of South East Asian Nations (ASEAN) encompasses today 10 South East Asian countries. (*Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam*) Its key position in the Asia-Pacific region, its dedication to peace, its stability in the region and its important economic weight have made ASEAN an essential partner for the European Union in Asia.

The key figures of the ASEAN countries speak for themselves:

The member countries that make up ASEAN have a combined Gross Domestic Product of over 656 billion €. With a population of some 503 million people, they make up one of the largest regional markets in the world.

Not surprisingly, the EU is therefore in longstanding dialogue with ASEAN.

Cooperation between the EU and ASEAN is based on a Co-operation Agreement established in 1980 between the EC and member countries of ASEAN. This agreement was meant to facilitate trade of textiles and commodities. A programme of common action in the field of economic cooperation was adopted. Cooperation in this field was further enhanced by the Organisation of conferences in a variety of industrial sectors as well as in the field of science, technology and energy.

With regard to development cooperation - an area I take great interest in as a member of the committee on development of the European Parliament - ASEAN submitted various projects concerning with agriculture, industry, transportation and communications.

1.2.1 The Trans-Regional EU-ASEAN Trade Initiative (TREATI)

Another big step towards closer cooperation was taken in September 2001, when the European Commission presented its Communication "Europe and Asia: A Strategic Framework for Enhanced Partnerships". It identified ASEAN as a key economic and political partner emphasising its importance in overall relations between Europe and Asia. This point was further reinforced by the

2003 Commission Communication 'A New Partnership with South East Asia' which launched, among other activities, the Trans-Regional EU-ASEAN Trade Initiative abbreviated as TREATI.

TREATI provides a framework for dialogue and regulatory co-operation to enhance EU trade relations with ASEAN. Work under TREATI is based upon gradual deepening of cooperation starting with the exchange of experience and moving on to the development of more substantial regulatory commitments between the two regions over time.

The priority areas for cooperation under TREATI are closely linked to ASEAN's own drive towards economic integration and comprise sanitary and phyto-sanitary standards in agro-food and fisheries products, industrial product standards, and technical barriers to trade, forestry and wood-based products. Trade facilitation and cooperation on investment will be tackled as cross-cutting issues.

The EC-ASEAN Joint Co-operation Committee (JCC) promotes and keeps under review the various co-operation activities envisaged in the Co-operation Agreement.

An official-level Committee usually meets every 18 months. Sub-committees have been established for Trade and Investment, Economic and Industrial Co-operation, Science and Technology, Forestry, Environment, and Narcotics.

2. Political Dialogue

What can be said about political partnership?

Political dialogue between the EU and ASEAN takes place initially at regular Ministerial Meetings: The foreign ministers of both the EU and ASEAN have met for political dialogue every second year since 1978.

From the EU's perspective, cooperation with ASEAN has a pivotal strategic role. On the one hand, Europe no longer looks exclusively to Japan, China and India when it turns its eyes towards Asia. The 10 ASEAN states alone are home to over 500 million people - more than in the EU itself - and ASEAN states are already an important hub in the Asia-Pacific region.

On the other hand, Europe is playing an increasingly prominent and significant role in this part of the world. The ASEAN states have basically taken

the same direction as the EU and are themselves therefore looking to the Old Continent with growing interest.

Most recently in March this year, the Foreign Ministers of both ASEAN and the European Union adopted the Nuremberg Declaration at their 16th ASEAN Foreign Ministers Meeting in Nuremberg, Germany.

It is another political signal for closer cooperation in all spheres. Core areas will include intensive political and security policy cooperation, the expansion of trade and economic relations and close interaction on fundamental global issues, such as energy and the environment.

The ASEAN states welcomed the European Union's planned accession to the ASEAN Treaty of Amity and Cooperation (TAC). The EU and the ASEAN states reiterated also their intention to further intensify economic exchange and to engage in talks on free trade agreements in addition to the ongoing global trade talks.

2.1. Institutional framework

Let me now outline the institutional framework between ASEAN and the European Union. As a member of the European Parliament, I would first like to describe the Parliament's role.

2.2. Role of the European Parliament

The first parliamentary contacts between the European Parliament (EP) and the countries of ASEAN took place in 1976 but it was not until 1979 that regular meetings between the EP and the ASEAN Inter-Parliamentary Organization were established. They now take place at annually alternating venues in the EC and in ASEAN. Since April 1996, the Asia-Europe Parliamentary Partnership (ASEP) has served as the parliamentary counterweight of the Asia - Europe Meeting (ASEM). Because ASEM is a broad forum in which both the EU and the main countries of Asia are represented, including ASEAN, ASEP is considered by MEPs and ASEAN delegates as the best placed assembly for giving parliamentary guidance to the ASEM process in which the ASEAN region plays an important role.

Before the third Asia-Europe Summit, the European Parliament adopted a resolution calling for the continuation of the ASEP process (Asia-Europe

parliamentary meetings) and the inclusion of a democratic clause in the agreement concluded with the participating countries of Asia.

2.3. Other meetings

The EU participates in ASEAN meetings held open to ASEAN dialogue partners. These are the Post-Ministerial meeting and the ASEAN Regional Forum. Both are held immediately after the annual ASEAN Ministerial Meeting. The first reviews the general and economic situation of ASEAN and of EU-ASEAN relations. The second is a forum to discuss security issues in the region, the only forum for questions of security in Asia.

EU-ASEAN contacts are assured on a daily basis through the ASEAN Brussels Committee, which groups all ASEAN missions to the EC and is chaired by the country which holds the ASEAN chairmanship. As a member of the ASEAN delegation I held talks recently with the ASEAN representatives about the planned free trade agreement between the two regions. I will talk about the free trade agreement shortly. But let me first talk about trade relations in general.

3. Trade relations

In 2005 EU-ASEAN trade represented 6% of total EU trade, and the enlarged EU is currently one of ASEAN's top trading partners, with bilateral trade totalling €116 billion in 2005. This figure is almost identical to the volume of bilateral trade flows between the EU and Japan. EU exports to ASEAN were estimated at 45 billion €, while EU imports from ASEAN were valued at 71 billion €. The main exports from ASEAN to the EU are machinery, agricultural products, chemical and textiles and clothing. 15% of ASEAN exports are destined for the EU, which makes it ASEAN's second largest export market after the US. The EU is the primary investor of the ASEAN region. However, foreign direct investment (FDI) flows to the region are uneven and Singapore attracts about as much FDI as all the other ASEAN countries together.

ASEAN is one of the most dynamically developing regions of the world economy with a significant future potential, despite the existence of very different economic and political structures and huge disparities within the ASEAN group. Laos and Cambodia qualify for the Everything But Arms (EBA)

trade schemes of the EU as least developed countries (LDCs), but Myanmar's EBA status is suspended due to its political and human rights situation. Other ASEAN nations are among the top beneficiaries of EU development schemes, while Singapore is excluded from the scheme. Its Gross Domestic Product per head is above EU average and it participates in ASEAN assistance programmes at its own cost.

Singapore alone accounts for about a third of EU-ASEAN trade. Vietnam's recent accession to the World Trade Organisation marks a crucial step towards further integration of the country and the whole region into the world economy.

Deepening economic and political integration was set out in 2003 when ASEAN leaders decided on the creation of an ASEAN Community by 2020 composed of three pillars: Economy, Security and a Socio-cultural pillar.

At the last ASEAN Summit held in Cebu on 13 January 2007, the leaders agreed to hasten the establishment of the ASEAN Economic Community by 2015 and to transform ASEAN into a region with free movement of goods, services, investment, skilled labour and freer flow of capital. The EU greatly supports this development, building on its own experience of regional integration.

I am now going to talk about the bilateral Free Trade Agreement (FTA) between the European Union and the ASEAN.

3.1. Towards a bilateral free trade agreement (FTA)

At Halong Bay (Vietnam) in 2005, Commissioner Mandelson proposed an EU-ASEAN Vision Group to explore ways of deepening trade relationship, including investigating the feasibility, scope and modalities for a potential Free Trade Agreement. The Vision Group's report suggested a range of ways to strengthen trade relations: improving protection of intellectual property rights to help attract investment, simplifying customs procedures and aligning some regulatory approaches to make it easier for business to trade. One of the report's most important conclusions was that there are benefits from reducing tariffs for trade in agriculture and industrial products and services. The Commission therefore outlined its new commercial strategy entitled "Global

Europe - Competing in the World". Although the Commission reiterates that the EU is fully committed to the WTO and the Doha Development Agenda, the single most important development of this new strategy is a programme of bilateral free trade agreements (FTAs) with a series of important partners, among them ASEAN. The document sets out that the Commission will ensure these agreements are a "stepping stone" for future multilateral liberalisation and integration into the world economy and not a "stumbling block". Bilateral FTAs often carry the risk of diverting rather than creating trade and thus, undermine efforts to pursue liberalisation in a multilateral context.

The Commission set out economic criteria to evaluate the potential gains from FTAs with various partners. These criteria include:

- the actual level of tariffs and non-tariff barriers on industrial goods and existing barriers to effective trade in services;
- the economic potential of future partners and market size;
- and the risk of EU companies being excluded from key markets by actual or potential FTAs between Europe's major trading partners.

These criteria provide a strong case for an EU-ASEAN FTA given that there are still considerable barriers to trade, the ASEAN region is rapidly growing and a number of bilateral trade agreements are under negotiation with the US and other Asian countries (e.g. US-Malaysia, US-Thailand, Japan-Thailand, China-ASEAN, South Korea-ASEAN).

Indeed bilateral agreements have the potential to tackle issues which are not on the agenda of multilateral discussions and may go beyond the market opening that can be achieved in the WTO. Negotiations may face potentially very complex and problematic issues, such as the very different political situation and level of development in the various ASEAN countries. Some ASEAN members, such as Laos and Cambodia, may choose to stay out for the time being or need longer transition periods, as well as additional flexibilities and guarantees, such as special and differential treatment. Myanmar's political situation means that the EU will object to its participation in the negotiations unless a credible democratisation process begins.

Preparations for a comprehensive partnership and cooperation agreement with Malaysia were made in the autumn of 2006 that could also serve as a platform for a free trade agreement.

The EU may have to negotiate with individual countries in parallel to the negotiations within ASEAN setting in order to make progress or to propose a more flexible arrangement to conclude an agreement with the ASEAN members that are ready for an FTA.

Civil society groups have already signalled their concern over the EU-ASEAN FTA referring mainly to its implications for development and services trade. They asked for more involvement of civil society groups and a comprehensive sustainability impact assessment before launching the talks.

At the moment, neither the contents nor the structure of the negotiations is known and bilateral talks may last very long. ASEAN and the EU are likely to launch negotiations this summer.

From the European Parliament's point of view I can say that I will fully support this free trade agreement, but I have to admit that the legal framework for participation of the House is very limited, as I am now going to explain.

4. Legal framework and implications for the European Parliament

According to the EU-Treaty, trade agreements do not require the involvement of the European Parliament. However, the inter-institutional agreement sets out that in connection with international agreements, including trade agreements, the Commission shall provide early and clear information to Parliament both during the phase of preparation of the agreements and during the process and conclusion of international negotiations. This information has to be provided to Parliament in sufficient time for it to be able to express its point of view and when appropriate, and for the Commission to be able to take Parliament's views as far as possible into account.

The EP has recently reacted to other similar negotiations (e.g. Andean Community, Central American countries, Mercosur) in order to contribute to the accountability and transparency of such negotiations. MEPs of the International Trade Committee have repeatedly called on Commissioner Mandelson to associate the EP in some way with trade agreements. I can assure you that I will do the same once the negotiations for the FTA are open.

Nonetheless: Parliaments and the European Parliament in particular, can play a constructive role through their open association in trade negotiations. Parliamentarians can make a meaningful contribution to the transparency of the process by channelling in views of stakeholders from their constituencies. Parliamentary diplomacy can also be a useful instrument to better understand various sensitivities linked to specific issues that have often created deadlocks in previous negotiations. Interparliamentary contacts or bodies may also play a very important role in monitoring the implementation of agreements.

III. CONCLUSIONS

I hope that my talk has provided you with a sound overview of my home continent's relations with the ASEAN states. There are many dimensions to this relationship; I have tried to limit myself to the key issues. The various agreements and treaties have each taken small sometimes large strides towards a strong and friendly partnership.

I have also mentioned our development cooperation because I have been personally involved in it for many years particularly in Cambodia and have realised how much both our regions can and have gained from it. My home-region's relations with Southeast Asia have never been as good as they are today, and the fact that I am standing here today is the best proof of this.

List of Used Abbreviations

1.) ASEAN

Association of South East Asian Nations encompasses today 10 South East Asian countries. (Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam)

2.) European Union (EU)

The European Union (EU) is a supranational and intergovernmental union of twenty-seven states. It was established in 1992 by the Treaty on European Union (The Maastricht Treaty), and is the de facto successor to the six-member European Economic Community founded in 1957. Since then new accessions have raised its number of member states, and competences have expanded. The EU is the current stage of a continuing open-ended process of European integration.

The EU is the largest economic and political entity in the world, with 494 million people and a combined nominal GDP of €11.6 (US\$14.5) trillion in 2006.

3.) The Trans-Regional EU-ASEAN Trade Initiative (TREATI)

- framework for dialogue and cooperation to enhance EU trade relations with ASEAN
- gradual deepening of cooperation
- endorses more regulatory commitments between ASEAN and EU
- trade facilitation and cooperation on investment

4.) The EC-ASEAN Joint Cooperation Committee (JCC)

- promotes and keeps under review the various cooperation activities envisaged in the cooperation Agreement between the EU and ASEAN
- an official-level Committee usually meets every 18 months.

- Sub-committees have been established for Trade and Investment, Economic and Industrial Co-operation, Science and Technology, Forestry, Environment, and Narcotics.

5.) ASEAN Treaty of Amity and Cooperation (TAC)

- aims at deeper integration and cooperation
- the European Union plans to sign the TAC
- France is the only European country that has signed TAC in spring 2006
- Besides France's new accession to the TAC, ASEAN has already signed the TAC with China, Japan, Republic of Korea, India, Australia, New Zealand and Russia

6.) European Parliament (EP)

The European Parliament is the directly elected parliamentary body of the European Union. Together with the Council of the European Union it forms the legislative branch of the Union. The Parliament is the largest trans-national body of its kind, with an electorate of nearly half a billion. It has been directly elected since 1979.

7.) Member of the European Parliament (MEP)

A Member of the European Parliament (English abbreviation MEP) is a member of the European Union's directly-elected legislative body, the European Parliament.

8.) Asia-Europe Parliamentary Partnership (ASEP)

- Regular meetings between EP representatives and ASEAN delegates since 1979
- counterweight to ASEM (explanation see below)
- parliamentary voice to the ASEM process

9.) Asia- Europe Meeting (ASEM)

- ASEM (the Asia-Europe Meeting) is an informal dialogue process initiated in 1996.

-the twenty seven EU Member States, the European Commission and thirteen Asian countries (Brunei, Burma/Myanmar, China, Cambodia, Indonesia, Japan, South Korea, Malaysia, Laos, Philippines, Singapore, Thailand and Vietnam) participate in the process.

-the ASEM process aims to strengthen the relationship and increase mutual understanding between the two regions.

Key characteristics of the ASEM process include:

It is informal. It provides an open forum for policy makers and officials to discuss any political, economic and social issues of common interest.

It is multidimensional, covering the full spectrum of relations between the two regions, and devoting equal weight to political, economic and cultural issues.

It emphasises equal partnership, through a process of dialogue and cooperation based on mutual respect and mutual benefit.

It provides a platform for meetings at a high level (heads of state or government, ministers and senior officials), and with an increasing focus on fostering people-to-people contacts in all sectors of society.

10.) Everything But Arms (EBA)

In February 2001, the Council adopted the so-called "EBA (Everything But Arms) Regulation" (Regulation (EC) 416/2001), granting duty-free access to imports of all products from least developed countries without any quantitative restrictions, except to arms and munitions. At present, 49 developing countries belong to the category of Least Developed Countries.