

Trade and economic relations with the countries of South East Asia (ASEAN)

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The Committee on International Trade adopted an own-initiative report by Glyn **FORD** (PES, UK) on trade and economic relations with the Association of South East Asian Nations (ASEAN). The proposed agreement with ASEAN forms part of a wider strategy of bilateral and inter-regional negotiations with trading partners, set out in the Commission's Communication "Global Europe: Competing in the World" (refer to summary dated 4 October 2006).

This report insists that an EU-ASEAN agreement could produce substantial economic advantages for both parties but that additional measures may be required to promote an equitable division of such gains. MEPs are nonetheless concerned about the slow pace of negotiations. In any case, a Partnership and Cooperation Agreement (PCA), reinforcing enforceable human rights clauses, is a prerequisite for the Union to conclude an FTA with any country. The proposed FTA must also fully respect WTO rules.

MEPs believe that inter-regional agreements can usefully supplement the multilateral system, provided they are wide-ranging and ambitious, going well beyond tariff reductions in order to open markets, together with the implementation of technical, social and environmental standards. They urge the parties to reduce progressively or dismantle all barriers to trade in goods and services, while fully respecting the differing economic positions within the ASEAN region.

In the context of the EU-ASEAN framework agreement, the Commission is urged to ensure transparency and effective rules for public procurement, competition and investment, Intellectual Property Rights (IPRs), state aid and other subsidies.

A trade and investment agreement with ASEAN should ensure: the improvement and simplification of rules of origin; the harmonisation of standards, including product safety, child protection and animal welfare standards; regulatory transparency and simplified bureaucratic procedures; and the elimination of discriminatory taxes.

Sectoral issues: stressing the importance of dismantling non-tariff barriers, MEPs are particularly concerned about restrictions on business services (particularly for banking, insurance and legal services). They also ask that priority be given to the effective enforcement of IPRs, particularly for design, sound recordings and other cultural goods as well as geographical indications and appellations of origin. The Commission is called upon to tackle barriers, notwithstanding the right of countries to regulate sectors - such as audiovisual - that play a key role in preserving cultural diversity.

MEPs attach particular importance to the fight against counterfeit pharmaceuticals, which represent unfair competition and a danger to consumers. They also consider it necessary to focus in detail on the fishing industry, and in particular on the tuna sector, and on compliance with hygiene and health rules in the fishing industry. Furthermore, they call for the adoption of international auditing and accounting standards as well as measures to combat corruption and money laundering. The section of the agreement dealing with public procurement must take account of the varying level of development of the ASEAN members and must respect the right of each participant to regulate its public services, particularly those linked to basic needs.

Trade, investment, research and scientific agreements should address sector-specific issues, such as: low energy light bulbs, the prevention of natural disasters, the tourism sector, the free movement of researchers, business people and tourists.

The Committee recommends that the Union's energy policy, with respect to ASEAN countries, concentrate on, amongst others, non-discriminatory licensing and trade conditions relating to energy products, the diversification of energy sources, the elimination of border taxes on energy products, and **mutual agreements on energy saving**.

Country specific issues: the report draws attention to the position of Least Developed Countries (LDCs) of the region: Cambodia, Laos and Burma. In the event of these countries wishing to be included in the free-trade agreement with the EU, the Council should revise the mandate that it gave to the European Commission. The current situation in Burma makes it impossible for that country to be included in the agreement. For the other poorer countries who are members of ASEAN but do not belong to the LDC group, MEPs urge flexible arrangements - more or less equivalent to those envisaged in economic partnership agreements (EPAs) - to enable these countries to cope with the loss of customs revenue. A resolution to the problem of banking secrecy in Singapore is also essential if there is to be a real prospect of a region-to-region free-trade agreement.

Sustainable development: MEPs consider an ambitious sustainable development chapter to be an essential part of any agreement and call for any agreement to incorporate binding social and environmental clauses, committing the parties to ratifying the core International Labour Organisation (ILO) conventions and ensuring their effective implementation, particularly as regards child and forced labour.

In this context, a Trade and Sustainable Development Forum, made up of workers' and employers' organisations and civil society representatives, could play a valuable role in ensuring that greater market opening is accompanied by rising environmental and social standards. The establishment of a mechanism that could result in ongoing follow-up and review provisions, in order to maintain pressure against violations of workers' rights, is also proposed.

Measures that aim to combat deforestation and to protect and enhance tropical forests are considered to be of great importance. Therefore, MEPs consider that a PCA should only encourage trade in environmentally sustainable biofuels and that ASEAN countries should be assisted in their efforts to tackle illegal logging. In addition, environmentally friendly products and fair trade goods should have their tariffs reduced more quickly than other goods and be given early access to the EU market.

Lastly, MEPs demand that human rights and democracy form an integral part of the negotiations with ASEAN, especially in the PCAs. In this respect, they reiterate the importance that the Parliament attaches to political and civil rights reforms, and welcome the establishment of the Human Rights Body in ASEAN's Charter and its explicit commitment to the strengthening of democracy, the enhancement of good governance and the rule of law, as well as the promotion and protection of human rights and fundamental freedoms.

The Committee expects that the Lisbon Treaty will enter into force before the conclusion of the negotiations, and this will remove any doubt about the need for Parliamentary assent for this type of agreement. MEPs call on the Commission to make the negotiating mandate more widely available to Parliament and to consult Parliament regularly during the course of the negotiations to ensure that the outcome commands broad support.