

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

2007/2265(INI) - 08/05/2008 - Text adopted by Parliament, single reading

The European Parliament adopted, by 523 votes to 53 with 59 abstentions, a resolution on trade and economic relations with the Association of South East Asian Nations (ASEAN). The own-initiative report was tabled for consideration in plenary by Glyn FORD (PES, UK), on behalf of the Committee on International Trade.

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" (please refer to summary dated 4 October 2006).

Parliament believes that an ambitious agreement will greatly benefit both sides, but is concerned about the slow pace of negotiations. It considers that a successful Doha Development Agenda remains the Union's trade priority and wishes negotiations with ASEAN to be complementary to it. In addition, the proposed FTA has to fully respect WTO rules. Parliament calls on both sides to give priority in the negotiations to the need to stabilise the price of commodities, in particular the price of food, and to approach the issue of agro-fuels with great caution. It regrets that, at the EU-ASEAN Summit held in Singapore in November 2007, certain provisions relating to business practices and conduct were not treated in depth, thus inhibiting EU investment in ASEAN countries.

Members urge the parties progressively to reduce or dismantle all barriers to trade in goods and services, while fully respecting the differing economic positions within the ASEAN region and the need to ensure universal, accessible and sustainable public services with affordable prices and high-quality standards for all.

In the EU-ASEAN 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. An agreement with ASEAN should ensure: (i) the improvement and simplification of rules of origin; (ii) the harmonisation of standards, including product safety, child protection and animal welfare standards; (iii) regulatory transparency and simplified bureaucratic procedures; (iv) the elimination of discriminatory taxes.

Sectoral issues: Parliament regards the issue of non-tariff barriers as of no less importance than tariff reductions and is particularly concerned about restrictions on business services, where a reduction in unjustified constraints could lead to ASEAN firms having access to lower cost, more efficient banking, insurance and legal services. It calls for the effective enforcement of IPRs to be given priority, particularly for design, sound recordings and other cultural goods as well as geographical indications and appellations of origin. The Commission is asked to tackle barriers notwithstanding the right of countries to regulate sectors - such as audiovisual - that play a key role in preserving cultural diversity.

Members attach particular importance to the fight against counterfeit pharmaceuticals which represent unfair competition and a danger to consumers. They point out that nothing in the agreement should create legal or practical obstacles to the maximum use of flexibilities set out in the Declaration amending the Trade-Related Aspects of Intellectual Property Rights Agreement (TRIPS agreement) and access to medicines.

Parliament considers that the agreement should seek to promote increased transparency and accountability with regard to investments made by sovereign wealth funds. It expresses concern about the consequences of higher rice prices, particularly for poorer households in rice-importing ASEAN countries. It also considers it necessary to focus in detail on the fishing industry, and in particular on the tuna sector, given the strong socio-economic impact that the immediate liberalisation of tariffs would have on this sensitive sector. It urges the adoption of international auditing and accounting standards and measures to combat corruption and money laundering. Parliament believes that aspects of the agreement affecting public procurement should recognise the varying levels of development of ASEAN members and respect the right of all participants to regulate public services, particularly those relating to basic needs.

Trade, investment and scientific and research agreements should address sector-specific issues, such as low energy light bulbs, certification of sustainably grown and legally harvested timber products, the prevention of and recovery following natural disasters, the tourism sector, the free movement of researchers, business people and tourists.

The resolution recommends that the Union's energy policy, with respect to ASEAN countries, concentrates, amongst others, on 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, mitigating climate change and reducing greenhouse gas emissions, including potential reciprocal emissions trading arrangements, so as to avoid damage to industries in the Union.

Country-specific issues: Parliament underlines that any schedule of tariff reductions should take full account of the differing economic positions of ASEAN members. Poorer non-LDC members of ASEAN should benefit from flexibilities that are broadly equivalent to those offered by the Economic Partnership Agreements to countries with comparable income levels. The Commission is asked to invite Cambodia and Laos to indicate whether they would wish to be included in the agreement and, were the reply to be positive, to seek a revised negotiating mandate from the Council that would make this possible. Parliament believes that the current situation in Burma makes it impossible for that country to be included in the agreement. It considers a resolution to the problem of banking secrecy in Singapore, which is blocking the conclusion of a PCA, to be essential if there is to be a real prospect of a region-to-region FTA.

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 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.

Political considerations: Parliament demands that human rights and democracy form an integral part of the negotiations with ASEAN, especially in the PCAs. It reiterates the importance that the Parliament attaches to political and civil rights reforms, and welcomes the establishment of the Human Rights Body

in the ASEAN 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. It welcomes elections in Thailand restoring democracy, and asks the Council to maintain the restrictive measures against the Government of Burma, to follow the situation closely and, if developments in the country so require, to review those measures. ASEAN members, as well as China and India, are asked to put pressure on Burma.

Lastly, Parliament 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.