Basic information

2007/2265(INI) INI - Own-initiative procedure	Procedure completed
Trade and economic relations with the countries of South East Asia (ASEAN) **Subject** 6.20.03 Bilateral economic and trade agreements and relations	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
INTA International Trade	FORD Glyn (PSE)	26/09/2006

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	MILLÁN MON Francisco José (PPE-DE)	27/11/2007
ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
EMPL Employment and Social Affairs	The committee decided not to give an opinion.	
ITRE Industry, Research and Energy	PURVIS John (PPE-DE)	30/01/2008
IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.	
JURI Legal Affairs	The committee decided not to give an opinion.	

European Commission

Commission DG	Commissioner
Trade and Economic Security	MANDELSON Peter

Key events

Date	Event	Reference	Summary

04/10/2006	Non-legislative basic document published	COM(2006)0567	Summary
29/11/2007	Committee referral announced in Parliament		
08/04/2008	Vote in committee		Summary
14/04/2008	Committee report tabled for plenary	A6-0151/2008	
07/05/2008	Debate in Parliament		
08/05/2008	Decision by Parliament	T6-0195/2008	Summary
08/05/2008	Results of vote in Parliament		
08/05/2008	End of procedure in Parliament		

Technical information

Procedure reference	2007/2265(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Strategic initiative
Legal basis	Rules of Procedure EP 55
Stage reached in procedure	Procedure completed
Committee dossier	INTA/6/55235

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE398.447	31/01/2008	
Committee opinion	AFET	PE398.642	03/03/2008	
Amendments tabled in committee		PE402.686	06/03/2008	
Committee opinion	ITRE	PE402.534	28/03/2008	
Committee report tabled for plenary, single reading		A6-0151/2008	14/04/2008	
Text adopted by Parliament, single reading		T6-0195/2008	08/05/2008	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2006)0567	04/10/2006	Summary

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.

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

2007/2265(INI) - 04/10/2006 - Non-legislative basic document

PURPOSE: to propose a new strategy to integrate trade policy into the European Union’s competitiveness and economic reform agenda.

CONTENT: the purpose of this Communication is to set out the contribution of trade policy to stimulating growth and creating jobs in Europe (see INI /2006/2292). It sets out how, in a rapidly changing global economy, the can build a more comprehensive, integrated and forward-looking external trade policy that makes a stronger contribution to Europe's competitiveness. It stresses the need to adapt the tools of EU trade policy to new challenges, to engage new partners, to ensure Europe remains open to the world and other markets open to European businesses.

There are two critical and linked requirements for European competitiveness. First, having the right internal policies, which reflect the external competitive challenge and maintain openness to trade and investment. Second, **ensuring greater openness and fair rules in other markets, in particular our future major trading partners**. Both must be underpinned by transparent and effective rules – domestic, bilateral and multilateral.

Based on this analysis, the European Commission proposes to build an agenda for action in the months and years ahead. From autumn 2006 and through 2007, the Commission will set out the competitiveness agenda for EU trade policy with a series of linked initiatives:

In the months ahead, the Commission proposes:

Internally, to :

- make sure that internal policy proposals, while furthering European standards, fit with global competitiveness challenges;
- make sure the benefits of trade opening are passed on to citizens by monitoring developments in import and consumer prices;
- equip people for change through the new generation of cohesion policy programmes and the European Globalisation Adjustment Fund.

Externally, to:

- maintain the EU’s commitment to the Doha Trade Round and the WTO as the best way of opening and managing world trade;
- make proposals on priorities in trade and investment relations with China as part of a broad strategy to build a beneficial and equal partnership;
- launch a second phase of the EU Intellectual Property Rights (IPR) enforcement strategy;
- make proposals for a new generation of carefully selected and prioritised Free Trade Areas (FTAs);
- make proposals for a renewed and reinforced market access strategy;
- propose measures to open procurement markets abroad;
- conduct a review of the effectiveness of our trade-defence instruments.

The Commission also intends to propose **a new generation of FTAs**, if approached with care, can build on WTO and other international rules by going further and faster in promoting openness and integration, by tackling issues which are not ready for multilateral discussion and by preparing the ground for the next level of multilateral liberalisation. The key economic criteria for new FTA partners should be market potential (economic size and growth) and the level of protection against EU export interests (tariffs and non tariff barriers).

With a GDP of EUR 714 billion in 2005 and trade with the EU at 115.1 billion, **ASEAN** (with whom negotiations are on-going) appears to be a priority for the EU. According to World Bank calculations, the annual average growth rate for ASEAN from 2005-2025 should be around 4.9% representing **a market potential of EUR 57 billion** for the same period. ASEAN combines high levels of protection with large market potential and they are active in concluding FTAs with EU competitors.

In terms of content, new competitiveness-driven FTAs would need to be comprehensive and ambitious in coverage, aiming at the highest possible degree of trade liberalisation including far-reaching liberalisation of services and investment. A new, ambitious model EU investment agreement should

be developed in close coordination with Member States. Where partners have signed FTAs with other countries that are competitors to the EU, full parity at least should be sought. Quantitative import restrictions and all forms of duties, taxes, charges and restrictions on exports should be eliminated.

FTAs should also tackle non tariff barriers through regulatory convergence wherever possible and contain strong trade facilitation provisions. They should include stronger provisions for IPR and competition, including for example provisions on enforcement of Intellectual Property rights along the lines of the EC Enforcement Directive. The EU will seek to include provisions on good governance in financial, tax and judicial areas where appropriate. It should also ensure Rules of Origin in FTAs are simpler and more modern and reflect the realities of globalisation.

In considering new FTAs, the EU will need to work to strengthen sustainable development through its bilateral trade relations. It will also take into account the development needs of its partners and the potential impact of any agreement on other developing countries, in particular the potential effects on poor countries' preferential access to EU markets. In line with its position in the WTO, the EU will encourage our FTA partners to facilitate access by least-developed countries to their market, if possible by granting duty and quota free access. Lastly, FTA provisions should be an integral part of the overall relations with the country or region concerned.