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PHILIPPE DE BUCK, DIRECTOR GENERAL OF BUSINESSEUROPE LUNCH WITH 10 AMBASSADORS OF ASEAN BRUSSELS COMMITTEE (ABC)

Background

1) ASEAN

The Association of Southeast Asian Nations (ASEAN) was established on 8 August 1967 by the five founding member countries of Indonesia, Malaysia, Philippines, Singapore and Thailand. Today, ASEAN encompasses 10 South East Asian countries with the addition of: Brunei Darussalam (1984), Vietnam (1995), Laos (1997), Burma/Myanmar (1997) and Cambodia (1999).

The ASEAN countries comprise some 583 million people and collectively generate a GDP of some 1 503 billion USD. The ASEAN Economic Community (AEC) (launched in 2003) aims to create, by 2015, a stable, prosperous and competitive ASEAN region in which there is a free flow of goods, services, investment and a freer flow of capital. The main objectives (set in AEC Blueprint - 2006) are to strengthen the existing ASEAN Free Trade Area; to turn ASEAN into a competitive economic region; to ensure equitable economic development and to integrate ASEAN into the world economy.

To date, important steps have been taken to achieving the AEC. The average tariffs for trade in goods stand at 0.79% for the ASEAN 6 and 3.69% for remaining countries. In 2009 the ASEAN Trade in Goods Agreement was established which also covers non-tariff elements such as customs procedures, standards and conformance, rules of origin. The 2009 ASEAN Comprehensive Investment Agreement sets timeline to reduce or eliminate investments impediments and provisions that improve investors' confidence to invest in the region.

ASEAN has negotiated a number of FTAs (Australia, China, India, Japan, Korea and New Zealand), but are considered as rather light. In addition, individual ASEAN members have negotiated a significant number of bilateral free trade agreements with third countries, contributing to the "Noodle bowl".

ASEAN is led by its Secretary General, currently the former Thai Foreign Minister, Mr Surin Pitsuwan, who was appointed for a five year tenure until December 2012.

2) EU-ASEAN Trade relations

EU trade in goods with ASEAN countries in 2009 = Exports to ASEAN: € 50.2 billion; Imports from ASEAN: € 67.9 billion. In 2009, EU-ASEAN trade represented almost 1% of total world trade. EU is ASEAN's 2nd largest trading partner after China accounting for around 11.2 % of ASEAN trade; ASEAN as an entity represents the EU's 5th largest trading partner accounting to 118 billion EUR (exports and imports).



The EU main exports to ASEAN are chemical products, machinery and transport equipment. The main imports from ASEAN to the EU are machinery and transport equipments, agricultural products as well as textiles and clothing.

South East Asia's current economic strengths and its great longer-term potential continue to make it an attractive region for investment by EU economic operators. On average, EU companies have invested € 10.4 billion a year for the period 2006 to 2008. EU is by far the largest investor in ASEAN countries.

⇒ Free trade negotiations with ASEAN countries

EU Member States in December 2006 gave a mandate to the Commission to negotiate a regional trade agreement with the ASEAN. But very quickly the two blocks discovered that they did not share the same ambition for such an FTA and both parties mutually agreed in autumn 2008 to suspend the negotiations with the ASEAN.

Then, EU Member States in December 2009 gave the green light for the Commission to pursue FTA negotiations with individual ASEAN countries, beginning with **Singapore**, i.e. the EU's foremost trading partner among the ASEAN countries. The negotiations for this FTA might be concluded as soon as this summer 2011. The FTA negotiations with **Malaysia** have started in December 2010. The door for other ASEAN countries willing to negotiate a comprehensive FTA remains open. At the same time, the EU has not lost sight of its ultimate goal of achieving an agreement within a regional framework.

BUSINESSEUROPE Position:

BUSINESSEUROPE is in favour of opening up markets in the countries of the region, where many trade and investment barriers remain, notably equity caps and complex rules of origin and other non-tariffs barriers. BUSINESSEUROPE would favour a region to region FTA, but should this not be possible, we will encourage the conclusion of bilateral FTAs with the countries that are willing to do so.

BUSINESSEUROPE supports the European Union definition of a comprehensive FTA, covering not only tariffs cuts and removal of Non-tariffs barriers in manufacturing and agriculture goods, but also services, IPR, Investments and public procurement.