

# EU to make stronger presence in South-East Asia

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BY PAUL GABRIEL

THE European Union (EU) is well on its way to strengthening its "presence" in Malaysia, and in the South-East Asian region.

The EU is showing stronger common interests — economic, political and security — with the region, with a recent major study on long-term developments in international trade predicting that by 2050, Asean would emerge as the world's largest exporter.

Over the last two years, the EU has stepped up its co-operation agenda with Asean and countries of South-East Asia, proposing a variety of measures aimed at enhancing economic developments.

The latest of these is a EU-Asean Economic Partnership divided into two components — a Free Trade Agreement (FTA); and an Economic Co-operation/Capacity Building agenda.

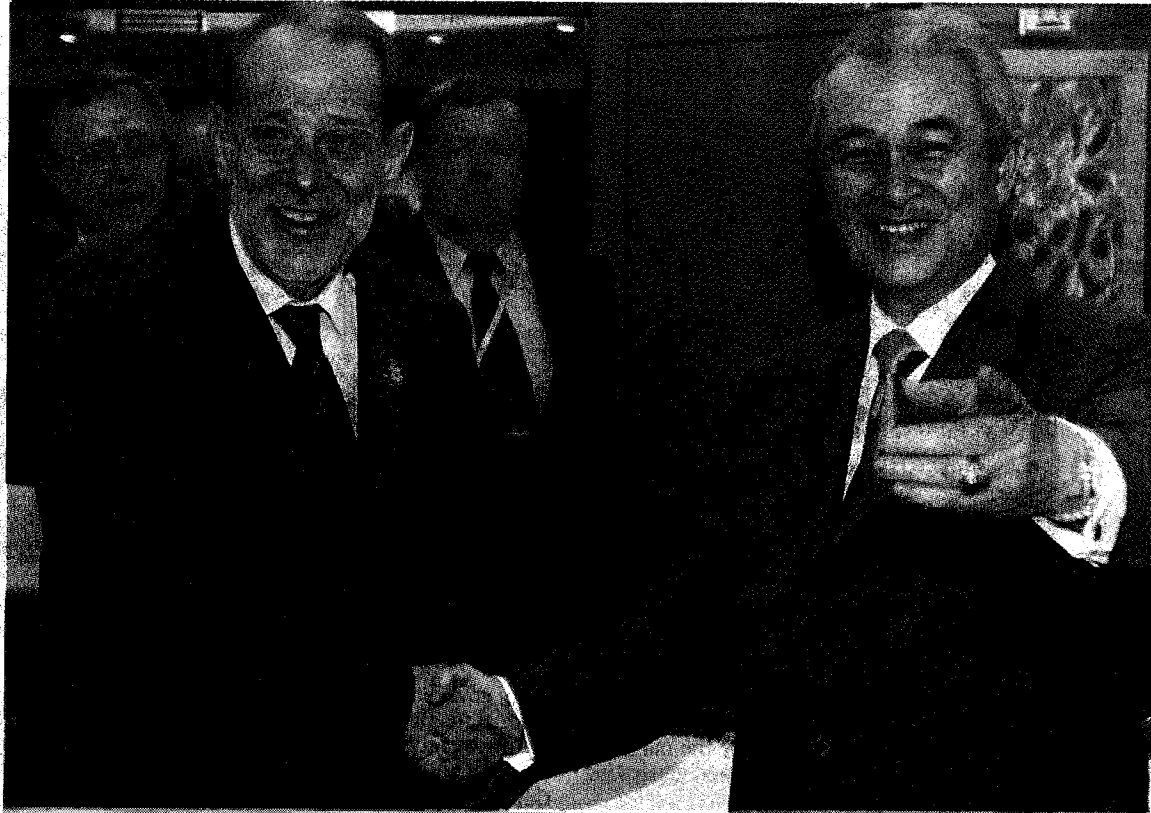
Head of the European Commission's (EC) Delegation in Malaysia, Thierry Rommel, said besides an FTA, other flanking measures were also necessary to help developing economies within Asean, especially the weaker countries.

"These include capacity building, technology transfer and regulatory cooperation, and providing safeguards for a fair competition policy. Hopefully, by next year, negotiations on a EU-Asean FTA can commence.

"The EC will negotiate for the EU, while Asean member nations will seek a mandate from the respective governments. The EU-Asean Economic Partnership, mooted by the EU, will provide our relations with Asean with a new dynamics after 30 years of relations between both groupings," Rommel said in an interview.

The EC is the executive body, the "public service" arm, of the 25-nation EU, and the EC's Delegations of External Service serves EU interests in over 150 countries around the world.

The EC opened its delegation



FRUITFUL MEETING: Solana meeting Abdullah where the two leaders discussed a range of issues including the EU's efforts to resolve the conflict in Lebanon. — Bernamapic

office in Malaysia in 2003, and Rommel, an economist by training, is in charge here of matters involving external trade policy, trade regimes and EC co-operation policy.

The EU's Group of Ambassadors chairman Lauri Korpinen, who is the Finnish Ambassador, handles issues of a political nature with Finland currently holding the six-month rotational presidency of the EU.

Rommel said the EU-Asean Economic Partnership was adopted at the EU-Asean Economic Ministers Retreat held in Manila on May 17.

He also explained that the EU preferred to engage with Asean on a whole rather than deal directly with its individual members.

"This will complement Asean's objective of building itself into a community of nations. We want to implement matters on a region-to-

region basis. The EU wants to fully support Asean's integration process," he said.

The proposed EU-Asean Economic Partnership, Rommel said, was comparable in its approach to the Malaysia-Japan Economic Partnership Agreement signed on Dec 13, 2005, as besides the FTA with Japan, various co-operation projects would be implemented under the agreement to benefit Malaysia.

More than 6,600 Malaysian products to Japan, which is Malaysia's third-largest trading partner, will enjoy duty-free treatment under the landmark FTA that took effect on July 13.

Malaysian exports to the EU have totalled more than 15 billion euros annually, with EU imports at 8.7 billion euros.

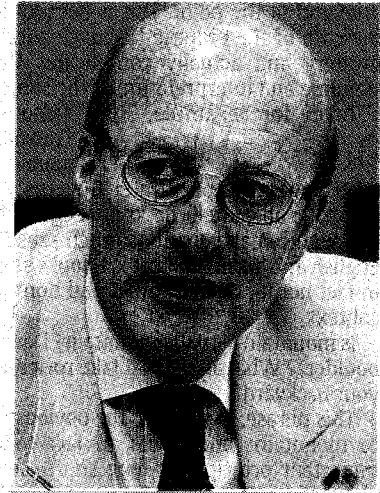
Germany, Holland, Britain and France are among the EU's main

trading partners for Malaysia, with Malaysia recording a trade surplus with 19 of the 25 EU member nations.

Rommel said EU Trade Commissioner Peter Mandelson had discussed the EU-Asean Economic Partnership proposal with International Trade and Industry Minister Datuk Seri Rafidah Aziz during his visit to Kuala Lumpur on May 18.

EU Foreign Policy chief Javier Solana reaffirmed the EU's commitment to work with Asean when he attended the Asean Regional Forum here last week.

"Mr Solana had a very useful meeting with Prime Minister Datuk Seri Abdullah Ahmad Badawi. Both leaders discussed a wide range of issues, including the EU's efforts to help resolve the conflict in Lebanon and the Middle East," added



Rommel: Hopes negotiations on the EU-Asean FTA can commence by next year

Rommel, a former economist with the International Monetary Fund.

Solana had announced that the EU had agreed to sign the Asean Treaty of Amity and Co-operation (TAC), which require signatories to renounce the use or threat of force against any Asean member.

The pact also allows for arbitration by a tribunal for disputes between signatory countries.

Rommel said the EU would proceed to start legal procedures for the signing of the TAC.

"The TAC, as it now stands, will need to be amended to allow the EU as a group to sign the treaty. Now, only individual countries can sign," he said.

The EU is currently Asean's third largest trading partner, accounting for 14% of Asean trade. Significantly, 16% of Asean exports are destined for the EU, which makes it Asean's second largest export market after the United States.

Rommel said the EC office here was preparing for the EC-Malaysia senior officials level meeting in Kuala Lumpur next month.

"The EC office here has already held two preparatory meetings, one focusing on various co-operation and the other on trade and investment," he added.