

## THE CANADA-ASEAN ECONOMIC COOPERATION AGREEMENT

On September 25, 1981, the Secretary of State for External Affairs of Canada and the foreign ministers of all five member countries of the Association of Southeast Asian Nations (ASEAN) signed the Canada-ASEAN Economic Cooperation Agreement<sup>1</sup> while they were gathered in New York for the 36th United Nations General Assembly. The Agreement, which came into force on June 1, 1982, provides a broad framework for consultations to expand cooperation between Canada and ASEAN and calls for cooperation in industrial, commercial and development spheres. This paper will first look at the development of ASEAN as an economic power and the growth in Canada-ASEAN relations and then look at the provisions of this Agreement.

### ASEAN — THE DEVELOPMENT OF A NEW ECONOMIC POWER

ASEAN has its antecedent in the Association of Southeast Asia (ASA) which was the first regional association in Southeast Asia. The ASA was established in 1961 among Malaysia, the Philippines and Thailand with the objective of furthering economic and cultural progress through mutual cooperation and assistance among its members.<sup>2</sup> Although it made progress in some areas,<sup>3</sup> its effectiveness was limited by the exclusion of Indonesia and the opposition which arose by Indonesia and the Philippines to the proposal to include Singapore, Sarawak and North Borneo as part of Malaysia. As an attempt at settlement of this confrontation, a proposal for a closer association among Malaysia, the Philippines and Indonesia was made to be known as MAPHILINDO.<sup>4</sup> Although MAPHILINDO was formally approved, it never became fully operational. In 1965 a new government was installed in Indonesia which was desirous of membership in a regional organisation. Discussions then led to the formation of ASEAN on August 8, 1967.<sup>5</sup>

The aims, principles and purposes of the Association are the acceleration of economic growth, social progress and cultural develop-

<sup>1</sup> "Agreement Between the Governments of the Member Countries of the Association of Southeast Asian Nations and the Government of Canada on Economic Cooperation," done at New York, September 25, 1981. See Appendix.

<sup>2</sup> Bangkok Declaration (Association of Southeast Asia), done at Bangkok, July 31, 1961. Reproduced in Haas, *Basic Documents of Asian Regional Organizations*, Oceana, N.Y., 1974, Vol. IV, p. 1259.

<sup>3</sup> *Inter alia*, visa requirements were modified; agreement was reached on the freer exchange of information on primary commodities; and a common fund was created to carry out joint projects.

<sup>4</sup> Manila Accord, 1963, adopted in Manila on June 11, 1963; Manila Declaration, 1963, adopted in Manila on August 4, 1963; Joint Statement, Summit Conference, 1963, adopted at Manila, August 5, 1963, Reproduced in Haas, *supra*, n. 2, at p. 1261, 1264 and 1265 respectively.

<sup>5</sup> The ASEAN Declaration, done at Bangkok, August 8, 1967. Reproduced at (1977) 19 Maj. L.R. 408.

ment in the region through joint endeavours; the promotion of regional peace and security; the promotion of active collaboration and mutual assistance on matters of common interest; the provision of assistance to each other in the form of training and research facilities; collaboration for the greater utilization of agriculture and industries, the expansion of trade, the improvement of transportation and communication facilities and the raising of living standards; the promotion of South-East Asian studies; and the maintenance of close and beneficial cooperation with existing international and regional organisations with similar aims and purposes.<sup>6</sup>

To carry out these objectives, formal institutions have been established and developed. The Meeting of Foreign Ministers takes place once a year and, in between, a Standing Committee carries on the work of the Association. A number of committees have been established to deal with specific areas, *e.g.*, shipping, commerce and industry, transport and telecommunications, finance, and tourism. In 1976 a Secretariat was established in Jakarta.

In the area of economic cooperation, the ASEAN states signed an Agreement on ASEAN Preferential Trading Arrangements on February 24, 1977.<sup>7</sup> The Agreement is to be applied to:

1. Basic commodities particularly rice and crude oil;
2. Products of ASEAN industrial projects;
3. Products for the expansion of intra-ASEAN trade; and
4. Other products of interest to the Contracting States.<sup>8</sup>

The Contracting States agree to adopt the following instruments for their preferential trading arrangements: long term quantity contracts; purchase finance support at preferential interest rates; preference in procurement by government entities; extension of tariff preferences;<sup>9</sup> liberalisation of non-tariff measures on a preferential basis; and other measures.<sup>10</sup> This Agreement may be seen as a first step towards the establishment of a free trade area and possibly a common market in the area.<sup>11</sup>

ASEAN has not confined its pursuits solely to internal relations but has also been active in developing its external relations; ASEAN has entered into dialogues with Australia, Canada, the EEC, Japan, New Zealand and the United States of America. The dialogue with the EEC was formalized by the signing of a "Cooperation Agreement between the European Community and the member countries of ASEAN" in Kuala Lumpur on March 7, 1980 and the dialogue with

<sup>6</sup> *Ibid.*, para. 2.

<sup>7</sup> Agreement on ASEAN Preferential Trading Arrangements, done at Manila, February 24, 1977. Reproduced at (1978) 20 Mal. L.R. 415.

<sup>8</sup> *Ibid.*, Art. 4.

<sup>9</sup> "Where tariff preferences have been negotiated on multilateral or bilateral basis, the concessions so agreed should be extended to all Contracting States on ASEAN most-favoured-nation basis, except where special treatment is accorded to products of ASEAN industrial projects": *Ibid.*, Art. 8, para. 2.

<sup>10</sup> *Ibid.*, Art. 3.

<sup>11</sup> "Our long-term ambition is to achieve a common market...": Professor Tommy Koh, "Need to intensify economic cooperation", *The Straits Times*, Saturday, October 2, 1982.

Canada was formalized by the signing of the Canada-ASEAN Economic Cooperation Agreement in New York on September 25, 1981.

#### THE GROWTH OF CANADA-ASEAN RELATIONS <sup>12</sup>

Recognising the growth of ASEAN as a powerful economic unit and its role as an important factor in the peace and stability of Southeast Asia, Canada began to study means of developing a closer relationship with the Association in 1974. In December 1974, Prime Minister Trudeau stated in an article in the *Far Eastern Economic Review* that: "Our [Canada's] support for the Association of Southeast Asian Nations (ASEAN) and relations with its member countries... are an important element in Canada's stated goal of seeking closer relations with the countries of the Pacific region."<sup>13</sup> The first step in developing these relations occurred in March 1975 when the then Canadian Secretary of State for External Affairs, Allan MacEachen, wrote to the Malaysian Prime Minister offering a programme of development assistance. This was followed later in 1975 by informal talks to discuss areas of cooperation and in 1976 by a visit to ASEAN countries of both the Minister of Industry Trade and Commerce (ITC) and the Secretary of State for External Affairs. At this time, the Secretary of State for External Affairs committed Canada to formalize relations with ASEAN through a "Dialogue" on development assistance and economic and cultural relations. The first Dialogue meeting was held in February 1977 in Manila and the second in October/November 1977 in Ottawa. These meetings agreed on principles for development cooperation and discussed priority areas for cooperation: (1) regional satellite communications, (2) regional air transport, (3) fisheries and (4) forestry. Agreement has been reached on projects in the latter two areas, namely, the Forest Tree and Seed Centre which is being established in Thailand to train ASEAN forestry technicians and to supply tropical tree seed stocks, and the Fisheries Post-Harvest Technology Project to provide technical assistance in each of the ASEAN countries to further develop post-harvest fisheries expertise.

Further, in the area of development cooperation, new instruments and mechanisms have been developed through which Canada has begun to broaden the range of cooperation with ASEAN and its member countries. Included in these are the Canadian International Development Agency's (CIDA's) Industrial Cooperation Program, Institutional Cooperation Joint Venture Program and the Management for Change Program.

The Industrial Cooperation Program provides assistance to Canadian companies to investigate industrial cooperation opportunities in developing countries, and to private and state owned companies in developing countries to help them become more attractive to the Canadian private sector and better able to absorb resource transfers. It is thus aimed at tapping the resources of expertise, knowledge and financing that reside in the private sector. This program has resulted

<sup>12</sup> A large part of the information in the following discussion is drawn from an internal background paper on the Canada/ASEAN relationship which was prepared by the Department of External Affairs, Ottawa, Canada,

<sup>13</sup> "Canada and Asia '74", *Far Eastern Economic Review Focus*, December 27, 1974, pp. 3-4.

in more projects in the ASEAN area than any other region in the world.<sup>14</sup>

The Institutional Cooperation Joint Venture Program was set up to assist with financing of joint ventures between institutions and organizations in Canada and their counterparts in the developing countries which are aimed at specified problems whose solution is regarded as high priority in terms of fostering economic and social progress. The financial assistance is available to non-profit, non-commercial institutions or organizations in fields such as agriculture, education, science, technology, socio-economics and culture.

The Management for Change Program was initiated by CIDA to develop innovative ways of strengthening the management capabilities of developing countries so that they can make more efficient and productive use of their resources. It is designed to tap Canada's management resources at the federal, provincial and local levels, both governmental and non-governmental. The types of activities which will be assisted include such things as provision of senior managers and executives for short term assignments to advise and assist governments, para-governmental bodies and other key agencies in developing countries, and workshops and seminars for senior and middle-level personnel from developing countries to work together on management problems with participants from Canada and other countries.

Canada has also been a participant at the ASEAN Foreign Ministers' Meeting with Dialogue Partners.<sup>15</sup> The first of these was held in 1979 in Bali. In 1980, for the first time, Dr. Mark MacGuigan, the then Secretary of State for External Affairs, attended the meeting in Kuala Lumpur. He also attended the meetings in Manila in 1981 and in Singapore in 1982. At the 1980 meeting Dr. MacGuigan proposed that relations between Canada and ASEAN should be further formalized by the signing of an Economic Cooperation Agreement (this led to the signing a year and a half later of the Canada-ASEAN Economic Cooperation Agreement). At the 1981 meeting, Dr. MacGuigan noted that although there had been a wide range of consultation and a significant number of visits between Canada and ASEAN, there had not been a formal dialogue session between Canadian and ASEAN officials since the meeting which took place in Ottawa in November 1977. This led to the holding of the third Canada-ASEAN Dialogue Session in Manila in May 1982. In commenting on this resumption of dialogue, at the 1982 ASEAN Foreign Ministers' Meeting with Dialogue Partners in Singapore, Dr. MacGuigan stated:

"The resumption of the ASEAN-Canada dialogue after an interval of almost five years signifies in my view the opening of a new phase in the relationship between Canada and ASEAN. In the early stages of the relationship it looked as though co-operation between Canada and ASEAN was being cast in the mould of a traditional donor-recipient aid relationship. While development assistance will continue to be an important element of our co-operative efforts we have been concerned that it should not be regarded as the main feature of the relationship. Thus, we wanted to be sure that when the dialogue resumed it would reflect

<sup>14</sup> *Supra*, n. 12, p. 2.

<sup>15</sup> Namely, Australia, Canada, the EEC, Japan, New Zealand, and the U.S.A., *supra*, p. 373.

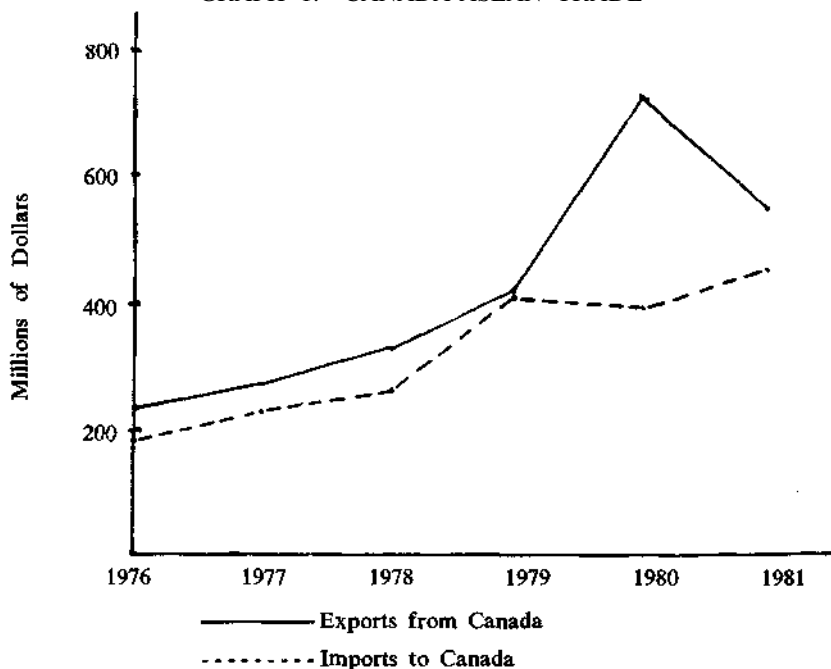
the fact that Canada and ASEAN are moving towards a new kind of mutually beneficial partnership."<sup>16</sup>

Along with the resumption of the dialogue, another sign of the new phase which Dr. MacGuigan noted in his address was the Canada-ASEAN Economic Cooperation Agreement. A review of its provisions will emphasize this move towards a new mutually beneficial relationship while at the same time retaining some development assistance. Before going on to look at this Agreement one other indicator of the growing relations between Canada and ASEAN must be considered, that is, the growth in Canada-ASEAN trade.

#### THE GROWTH IN CANADA-ASEAN TRADE

In the period 1975 to 1981 two-way trade between Canada and ASEAN tripled from CDN\$350 million to over CDN\$1 billion, and throughout the 1970s trade between Canada and ASEAN grew as much as three times faster than Canada's trade with the rest of the world.<sup>17</sup> (This growth in trade can be seen from Table 1 and Graph 1.) Also, in the area of trade relations, Dr. MacGuigan announced in his address to the Foreign Ministers of ASEAN in Singapore on June 17, 1982, that the Canadian government has agreed to extend the Generalised System of Preferences (GSP) for a further ten year period and that it will be introducing legislation to implement cumulative rules of origin.

GRAPH 1: CANADA-ASEAN TRADE\*



<sup>16</sup> Department of External Affairs, Statements and Speeches, No. 82/18. "New Forms of Co-operation for Canada and ASEAN", An address by the Honourable Mark MacGuigan, Secretary of State for External Affairs, to the Foreign Ministers of ASEAN, Singapore, June 17, 1982, p. 1.

<sup>17</sup> *Ibid.*, p. 2.

TABLE 1: CANADA-ASEAN MERCHANDISE TRADE (THOUSANDS OF CANADIAN DOLLARS)\*

	1976	1977	1978	1979	1980	1981
INDONESIA						
IMPORTS*	18,153	24,553	31,006	42,108	28,913	36,961
EXPORTS*	79,594	65,967	83,043	62,643	215,029	94,088
MALAYSIA						
IMPORTS	48,314	53,648	63,202	96,284	83,458	100,031
EXPORTS	30,713	40,204	46,491	65,329	93,121	125,706
PHILIPPINES						
IMPORTS	31,365	39,349	50,440	78,285	101,481	108,682
EXPORTS	55,616	76,274	72,567	84,870	83,079	83,096
SINGAPORE						
IMPORTS	77,626	93,509	100,542	164,086	149,684	174,629
EXPORTS	31,910	38,335	61,544	114,828	198,161	145,661
THAILAND						
IMPORTS	9,086	12,081	14,305	31,705	24,688	33,067
EXPORTS	38,382	54,036	66,215	87,248	141,602	108,682
TOTAL ASEAN						
IMPORTS	184,544	223,140	259,495	412,468	388,224	453,370
EXPORTS	236,215	274,816	329,860	414,918	730,992	564,556
TWO-WAY						
TRADE	420,759	497,956	589,355	827,386	1,119,216	1,017,926

TABLE 2: SAMPLE EXPORT FIGURES FOR SELECTED FABRICATED MATERIALS (THOUSANDS OF CANADIAN DOLLARS)\*

Item	Country	1979	1980	1981
Fuel Oil no. 1-3	Indonesia	—	70,801	—
stove furnace light	Singapore	19,133	57,366	—
Fuel Oil nes.	Indonesia	—	2,857	—
	Singapore	—	8,894	—
Aluminum	Indonesia	7,151	10,012	4,794
ingots, etc.	Singapore	448	1,253	1,341
	Thailand	21,519	42,187	29,641
Firebrick	Indonesia	1,015	2,293	1,389
Asbestos	Thailand	98	1,184	218
TOTAL		49,364	196,847	37,383

\* Notes to Graph 1 and Tables:

1. Source: Statistics Canada, Imports/Exports Merchandise Trade (figures for 1976 to 1978 are from the 1978 volume, those for 1979-1981 from the 1981 volume).
2. Figures are for imports to and exports from Canada.
3. Exports refers to total domestic exports excluding re-exportation.
4. The abnormally large increase in exports in 1980 was due primarily to surges in trade in a few fabricated materials in that year (see Table 2 for examples). The fact that these increases did not continue into 1981 does not affect the general trend towards increased trade.

## THE CANADA-ASEAN ECONOMIC COOPERATION AGREEMENT

This is the first ever cooperation agreement to be concluded by ASEAN with an individual dialogue partner. The Agreement is divided into four main substantive parts:

Part I—Industrial Cooperation (Arts I - IV)

Part II—Commercial Cooperation (Arts V - VII)

Part III—Development Cooperation (Arts IX-XIV)

Part IV—Related Agreements and Institutional Arrangements (Arts XV-XVII).

Part V deals with final clauses *i.e.* territorial applications, duration and amendment (Arts XVIII-XX).

*Part I—Industrial Cooperation*

The member countries of ASEAN and Canada agree to promote and enhance Canada-ASEAN industrial cooperation to the greatest possible extent in accordance with their respective economic and development policies and priorities<sup>18</sup> and, as appropriate, exchange views regarding their priorities at both the national and the regional levels.<sup>19</sup> This cooperation is to include: “the transfer adaptation and development of technology and related training including in-plant training; strengthening of research and development facilities in the member countries of ASEAN through various forms of technical co-operation; research, pre-investment and pre-feasibility studies and other forms of project preparation; greater participation and increased investment in the industrial development of the member countries of ASEAN; cooperation between the respective governmental and non-governmental agencies and industries as well as the development of contracts and promotion of activities between firms and organizations in both the member countries of ASEAN and Canada; and, related market development under the Canadian industrial development co-operation program.”<sup>20</sup>

It should be noted that in encouraging this greater cooperation, one of the methods envisaged is “by means of bilateral agreements and arrangements...”<sup>21</sup> This is in recognition of the fact that although the Agreement is to encourage cooperation on “mutually advantageous terms” it does not require multilateral agreements or arrangements for each project. The actual implementation of the cooperation is within the competence of each member state and may vary from state to state.

Canada further agrees<sup>22</sup> to support and to promote the industrial development of the member countries of ASEAN through the industrial cooperation program of the Canadian International Development Agency.<sup>23</sup> This is one area where Canada has been, and continues

<sup>18</sup> Art. I.

<sup>19</sup> Art. II.

<sup>20</sup> *Ibid.*

<sup>21</sup> Art. I.

<sup>22</sup> Art. III.

<sup>23</sup> *Supra*, p. 374.

to be, very active. One recent example of a successful project funded and organized by CIDA under its Industrial Cooperation program was CANEX '82 which was held in Singapore from June 22-24, 1982. The purpose of CANEX '82 was to promote the transfer of appropriate technology through mutually beneficial joint-venture or licensing agreements between small and medium size Canadian enterprises and their counterparts in ASEAN.<sup>24</sup>

Finally, in the area of industrial cooperation, the parties agree to encourage investment missions, seminars, briefings, etc. to draw attention to possibilities for industrial cooperation, and to maintain a mutually beneficial investment climate and recognize the importance of according fair and equitable treatment to individuals and enterprises, including treatment with respect to investments, taxation, repatriation of profits and capital.<sup>25</sup>

### *Part II—Commercial Cooperation*

The contracting parties agree<sup>26</sup> that, in their commercial relations, they will accord to the products originating in the territories of the other contracting parties most-favoured-nation treatment in accordance with the provisions of the GATT or, in the case of a member country which is not a party to the GATT,<sup>27</sup> in accordance with any bilateral agreement between Canada and that country. They further undertake to promote the development and diversification of their reciprocal commercial exchanges<sup>28</sup> and agree to encourage regular consultations between them to liberalize and expand their trade and commercial relations.<sup>29</sup>

The parties, recognizing that ASEAN is a developing region, also agree to exert their best endeavours to grant each other the widest facilities for commercial transactions. In this regard they agree to take into account their respective interests in improving market access for each other's manufactured, semi-manufactured and primary products, as well as the further processing of resources; to cooperate multilaterally and bilaterally in the solution of commercial problems of common interest including those related to commodities and trade related services; to study and recommend trade promotion measures to encourage ASEAN-Canada trade; and to encourage cooperation and participation of Canada in ASEAN regional projects.<sup>30</sup>

### *Part III—Development Cooperation*

The Agreement does not replace bilateral agreements and arrangements for intergovernmental cooperation in this field but rather

<sup>24</sup> "CANEX '82: Forum for Joint Ventures" Canada-ASEAN, July 1982, p. 3. Canada-ASEAN is published by the Canada High Commission in Singapore with the cooperation of all Canadian diplomatic missions in ASEAN.

<sup>25</sup> Art. IV.

<sup>26</sup> Art. V.

<sup>27</sup> At the time of signing the Agreement Thailand was not a party to the GATT although it has since become a party. On 21 October, 1982, Thailand signed its Protocol of Accession to the General Agreement and on November 20, 1982 became GATT's 88th member state.

<sup>28</sup> Art. VI.

<sup>29</sup> Art. VII.

<sup>30</sup> Art. VIII.



supplements these in the area of *regional* development. Canada agrees to cooperate with the member countries of ASEAN to realize *regional* projects and programmes of a developmental nature designed to promote ASEAN's *regional* development,<sup>31</sup> and to consider the provision of specific technical and financial support within its development assistance programmes for an agreed programme of *regional* projects among the member countries of ASEAN.<sup>32</sup>

As part of development cooperation the contracting parties agree to make every effort to encourage cooperation amongst institutions such as universities, professional associations, cooperatives and similar institutions including management development programmes, and to encourage the provisions of grants and other assistance for scholarship and fellowship in areas of mutual interest.<sup>33</sup> Part of this institutional cooperation is now financed through CIDA's Institutional Cooperation Joint Ventures.<sup>34</sup>

The contracting parties also agree to encourage and facilitate cooperation in the field of science and technology<sup>35</sup> and to explore methods for the transfer of technology such as programmes for technical cooperation, the provision of technical and consultancy services and the undertaking of training in related areas.<sup>36</sup>

Although Article XIII has been placed in Part III dealing with Development Cooperation, it seems to apply to the whole of the Agreement. It provides that the contracting parties will make every effort to facilitate the movement of experts, specialists, investors and businessmen and their dependants as well as material and equipment related to activities falling within the scope of the Agreement.

#### *Part IV — Related Agreements and Institutional Agreements*

The contracting parties agree to encourage the involvement of business and financial institutions and facilities which are appropriate to the objectives of the agreements and to explore alternative or additional mechanisms to further support its objectives.<sup>37</sup> They further agree to periodically review the development and cooperation between ASEAN and Canada and upon request to consult on individual matters. Also, they agree to review, as appropriate, matters relevant to the Agreement that arise in international organisations and agencies.<sup>38</sup>

In order to promote and review the various cooperation activities the parties agree to establish a Joint Cooperation Committee (J.C.C.).<sup>39</sup> The J.C.C. is to meet normally once a year, with special meetings being held at the request of either the member countries of ASEAN or Canada. Agreement on the rules of procedure for this committee were agreed to at the Third Dialogue Session between senior officials

<sup>31</sup> Art. IX.

<sup>32</sup> Art. X.

<sup>33</sup> Art. XI.

<sup>34</sup> See *supra*, p. 375.

<sup>35</sup> Art. XII.

<sup>36</sup> Art. XIV.

<sup>37</sup> Art. XV.

<sup>38</sup> Art. XVI.

<sup>39</sup> Art. XVII.

of Canada and ASEAN which was held in Manila from May 25-26, 1982 and the J.C.C. will subsume future official level dialogue sessions. The first meeting of the J.C.C. is expected to be held in Ottawa in the Spring of 1983.

#### CONCLUSION

As can be seen from the above review of the provisions of the Agreement, it does not purport to regulate in a precise and definite fashion the economic relations between ASEAN and Canada; rather, it seeks to establish a broad framework for cooperation in very general terms which can serve as a foundation for any type of economic cooperation between the member nations of ASEAN and Canada. With this framework agreement in place the details of cooperation can be worked out by the parties in individual cases and in the meetings of the Joint Cooperation Committee. The only limit on the possible cooperation is the wishes of the parties themselves. It is up to them to utilize the possibilities opened by the Agreement and to not let it evolve into an empty shell.

The parties so far have given every indication that they are desirous of taking up the opportunities opened by the Agreement. At the Manila Dialogue Meeting in May, 1982, in addition to reviewing current Canada-ASEAN projects such as the Forest Tree Seed Centre and the Fisheries Post-Harvest Technology Projects, officials identified specific areas for future cooperation in the industrial and commercial sectors (agriculture and forestry, energy, science and technology, transportation and communication, human resource development, and information and culture).<sup>40</sup> They also discussed the extended range of Canadian development programmes as well as the opportunities available through Canadian resources and expertise, especially in encouraging the transfer of technology.

The success of the Agreement is also going to depend to a large degree on close collaboration with the private sector to develop concrete examples of cooperation. Where free enterprise is the predominant philosophy, the success of such an Agreement as this one depends more on what the private entrepreneurs do than on what governments tell them they should be doing. As mentioned,<sup>41</sup> CIDA's Industrial Cooperation Program and Institutional Joint Venture Programs are aimed at involving the private sector. One example of collaboration between government and the private sector is CANEX '82 which was held in Singapore in June 1982. This exhibition which was funded by the Canadian government (CIDA) under the Industrial Cooperation Program brought together over 140 businessmen from ASEAN countries with the 21 participating Canadian companies and led to more than 80 opportunities for cooperation.<sup>42</sup>

In addition, private sector interest is indicated by the attendance at the second Pacific Rim Opportunities Conference held in Toronto in February 1982.

<sup>40</sup> "Areas of Co-operation Agreed by Dialogue", *Canada-ASEAN*, July, 1982, p. 4.

<sup>41</sup> *Supra*, pp. 374 & 375.

<sup>42</sup> "CANEX '82: Forum for Joint Ventures", *supra*, n. 23.

[I]t was apparent from the high attendance rate and the enthusiasm shown during the deliberations that PROC II was a great success. The message came out loud and clear for more Canadian economic presence in the region. As for ASEAN, it seemed that the positive economic elements common to all of us, especially our consistently high growth rate and favourable business conditions, were put across and well taken note of by Canadian participants. As clear proof of the interest in ASEAN thus aroused, many a business firm has since contacted my ASEAN colleagues in Ottawa and myself as a follow-up seeking detailed information on specific areas of development or even presenting concrete project proposals.

I need hardly emphasize the pivotal role of the private sector in the conduct of our over-all economic relation with Canada. On this, Thailand, ASEAN and Canada are in complete agreement and, now, with PROC II as a stimulus, we can look ahead together with confidence to an increasingly active and direct participation by the Canadian private sector in ASEAN's development efforts."<sup>43</sup>

The first step has been taken; a framework agreement for cooperation is in place. It only remains now to flesh out this skeleton by the implementation of specific projects. The success or failure of this Agreement will be measured by the latter steps.

PAUL J. DAVIDSON \*

<sup>43</sup> Mr. Vitthaya Vejajiva, Thailand's Ambassador to Canada, as reported in *Canada-ASEAN*, July, 1982, p. 12.

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## APPENDIX

AGREEMENT BETWEEN THE GOVERNMENT OF THE  
MEMBER COUNTRIES OF THE ASSOCIATION OF SOUTHEAST  
ASIAN NATIONS AND THE GOVERNMENT OF CANADA ON  
ECONOMIC COOPERATION

The Governments of the Republic of Indonesia, Malaysia, the Republic of the Philippines, the Republic of Singapore and the Kingdom of Thailand, member countries of the Association of Southeast Asian Nations (hereinafter referred to as “the member countries of ASEAN”) of the one part and the Government of Canada (hereinafter referred to as “Canada”) of the other part,

INSPIRED by the traditional links of friendship between the member countries of ASEAN and Canada as well as their own desire to develop and broaden their economic cooperation generally and contribute to the growth and prosperity of their respective economies;

NOTING the desire of the member countries of ASEAN to strengthen the process of their economic cooperation;

RECOGNIZING that the consolidation, deepening and diversifying of economic relations, namely, industrial, technical, financial, commercial and development cooperation generally on the basis of mutual benefit will be an important element of such cooperation;

RECOGNIZING also that closer, broader and diversified economic links including joint ventures between their respective entities are of mutual benefit to both the member countries of ASEAN and Canada; and

DESIRING to supplement their bilateral relations;

HAVING agreed as follows:

PART I

ARTICLE I

*Industrial Cooperation*

The Contracting Parties shall promote and enhance industrial cooperation between the member countries of ASEAN and Canada to the greatest possible extent in accordance with their respective economic and development policies and priorities. To this end, they shall make every effort to encourage greater cooperation on mutually advantageous terms between their respective governments, government agencies, companies and other entities in the industrial sector by means of bilateral agreements and arrangements, inter-agency agreements and arrangements, joint ventures as well as other forms of cooperation including transfer of technology through licensing arrangements and training and commercial exchanges. They also agree to encourage cooperation and participation of Canada, including its business and financial institutions, in ASEAN regional projects.

## ARTICLE II

The Contracting Parties shall, as appropriate, exchange views regarding their priorities at both the national and the regional levels for industrial cooperation between the member countries of ASEAN and Canada. Such cooperation shall, *inter alia*, include:

- (a) the transfer, adaptation and development of technology and related training including in-plant training;
- (b) strengthening of research and development facilities in the member countries of ASEAN through various forms of technical cooperation;
- (c) research, pre-investment and pre-feasibility studies and other forms of project preparation;
- (d) greater participation and increased investment in the industrial development of the member countries of ASEAN;
- (e) cooperation between the respective governmental and non-governmental agencies and industries as well as the development of contacts and promotion of activities between firms and organizations in both the member countries of ASEAN and Canada;
- (f) related market development under the Canadian industrial development cooperation programme.

## ARTICLE III

Canada, through the industrial cooperation programme of the Canadian International Development Agency and such other mechanisms that may be developed, will make every effort to support and to promote the industrial development of the member countries of ASEAN by identifying the opportunities for investment and for international linkages which will contribute to the fulfilment of the industrialization objectives of the member countries of ASEAN, including the following:

- (a) analysis of industrial information and presentation of opportunities for Canadian businesses and their counterparts in the member countries of ASEAN;
- (b) identification of industrial cooperation linkages between entities in the member countries of ASEAN and their counterparts in Canada and facilitation of collaboration through studies, missions and visits;
- (c) investigation of proposed collaborative ventures by financing starter studies and undertaking their assessment by viability studies;
- (d) enhancing the developmental impact of industrial ventures by providing assistance with such inputs as project preparation, training, market development and support for technological transfers.

## ARTICLE IV

1. The Contracting Parties recognize the importance of facilitating an exchange of information on industrial plans, projects and investment possibilities. The Contracting Parties, in particular, the member countries of ASEAN, agree to encourage investment missions, seminars, briefings and similar measures to draw attention to possibilities for industrial cooperation, bearing in mind those sectors of acknowledged Canadian specialization and excellence.
2. Subject to their respective laws, regulations and other related directives governing foreign investment and to international agreements and arrangements, the Contracting Parties undertake to maintain a mutually beneficial investment climate and recognize the importance of according fair and equitable treatment to individuals and enterprises of the member countries of ASEAN and Canada, including treatment with respect to investments, taxation, repatriation of profits and capital.

## PART II

## ARTICLE V

*Commercial Cooperation*

The Contracting Parties shall, in their commercial relations, accord to the products originating in the territories of the other Contracting Parties most-favoured-nation treatment in accordance with the provisions of the General Agreement on Tariffs and Trade, or, in the case of a member country of ASEAN which is not a contracting party to the General Agreement on Tariffs and Trade, in accordance with any bilateral agreement between Canada and that country concerned on the matter.

## ARTICLE VI

The Contracting Parties undertake to promote the development and diversification of their reciprocal commercial exchanges to the highest possible level.

## ARTICLE VII

The Contracting Parties agree to encourage regular consultations between them to liberalize and expand their trade and commercial relations without prejudice to the provisions of the General Agreement on Tariffs and Trade or to any other bilateral agreement and arrangement between the Contracting Parties on the matter.

## ARTICLE VIII

Recognizing that ASEAN is a developing region and that the member countries of ASEAN are seeking to attain economic resilience, the Contracting Parties, in accordance with their laws, regulations and other related directives, agree to exert their best endeavours to grant each other the widest facilities for commercial transactions and shall:

- (a) take into account, to the extent possible, their respective interests in improving market access for each others' manu-

factured, semi-manufactured and primary products, as well as the further processing of resources;

- (b) cooperate multilaterally and bilaterally in the solution of commercial problems of common interest including those related to commodities and trade related services;
- (c) study and recommend trade promotion measures that would encourage ASEAN-Canada trade. Such measures could include trade fairs and missions, seminars, export training programmes and the establishment of promotion centres on trade, investment and tourism;
- (d) encourage cooperation and participation of Canada in ASEAN regional projects.

### PART III

#### ARTICLE IX

##### *Development Cooperation*

In order to supplement bilateral agreements and arrangements for intergovernmental cooperation, and in addition to the development cooperation activities described in the other Articles of this Agreement, Canada will cooperate with the member countries of ASEAN to realize regional projects and programmes of a developmental nature designed to promote ASEAN's regional development as proposed by the member countries of ASEAN and as agreed to by Canada on the basis of mutually agreed priorities.

#### ARTICLE X

Canada undertakes to consider the provision of specific technical and financial support within its development assistance programmes for an agreed programme of regional projects among the member countries of ASEAN.

#### ARTICLE XI

The Contracting Parties will make every effort to encourage co-operation among institutions in their respective countries, such as universities, professional associations, co-operatives and similar institutions. Such cooperation could include management development programmes. The Contracting Parties shall also encourage the provision of grants and other assistance for scholarships and fellowships in areas of mutual interest.

#### ARTICLE XII

The Contracting Parties shall, as appropriate, encourage and facilitate cooperation in the field of science and technology.

#### ARTICLE XIII

The Contracting Parties, having regard to their respective laws and regulations, shall make every effort to facilitate the movement

of experts, specialists, investors and businessmen and their dependants as well as material and equipment related to activities falling within the scope of this Agreement.

#### ARTICLE XIV

The Contracting Parties agree to explore methods for the transfer of technology between the member countries of ASEAN and Canada such as programmes for technical cooperation, the provision of technical and consultancy services and the undertaking of training in related areas.

### PART IV

#### ARTICLE XV

##### *Related Agreements and Institutional Arrangements*

Subject to their respective laws, regulations and other related directives and to such obligations under multilateral agreements and arrangements as may be relevant, the Contracting Parties agree to strengthen the basis of their economic cooperation by encouraging the involvement of business and financial institutions and facilities which are appropriate to the objectives of this Agreement, and where mutually acceptable, the Parties agree to explore alternative or additional mechanisms to support further the objectives of this Agreement.

#### ARTICLE XVI

The Contracting Parties shall periodically review the development of cooperation between the member countries of ASEAN and Canada, and upon request shall consult on individual subjects. They shall also review, as appropriate, matters relevant to this Agreement arising in international organizations and agencies.

#### ARTICLE XVII

1. The Contracting Parties agree to establish a Joint Cooperation Committee to promote and review the various cooperation activities envisaged between the member countries of ASEAN and Canada under this Agreement. To this end, consultations shall be held in the Committee at an appropriate level in order to facilitate the implementation and to further the general aims of the present Agreement.
2. The Committee shall normally meet once a year. Special meetings of the Committee may be held at the request of either the member countries of ASEAN or Canada.
3. The Committee shall adopt its own rules of procedure and programme of work and, in order to discharge more effectively its functions, may establish such subsidiary bodies as may be necessary.



## PART V

## ARTICLE XVIII

*Territorial Applications*

The Agreement shall apply, on the one hand, to the territories of Indonesia, Malaysia, the Philippines, Singapore and Thailand, and, on the other hand, to the territory of Canada.

## ARTICLE XIX

*Duration*

1. This Agreement shall enter into force on the first day of the month following the date on which the Parties have notified each other of the completion of the procedures necessary for this purpose, and shall remain in force for an initial period of five years and thereafter for periods of two years subject to the right of either Party to terminate it by written notice given six months before the date of expiry of any period.
2. This Agreement does not supersede existing bilateral agreements, arrangements or memoranda of understanding.
3. At the termination of this Agreement, its provisions and the provisions of any separate arrangements or contracts made in that respect, shall continue to govern any unexpired and existing obligations or projects, assumed or commenced thereunder. Such obligations or projects shall be carried on to completion.

## ARTICLE XX

*Amendment*

This Agreement may be amended by mutual consent of the Contracting Parties.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto, have signed the present Agreement.

DONE at New York this 25th day of September, 1981, in six original copies, in the English and French languages, the two texts being equally authentic.