

EUROPEAN COMMISSION

REGIONAL PROGRAMMING FOR ASIA^(*)

STRATEGY DOCUMENT

2007-2013

Revision 1, 31 May 2007

^(*) Eligible countries in Asia are: Afghanistan, Bangladesh, Bhutan, Cambodia, China, India, Indonesia, Democratic People's Republic of Korea, Laos, Malaysia, Maldives, Mongolia, Myanmar/Burma, Nepal, Pakistan, Philippines, Sri Lanka, Thailand, Vietnam (There is currently no official development cooperation with DPRK; the launch of any such cooperation would be subject to DPRK's proven commitment with regard to respecting its international obligations).

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EXECUTIVE SUMMARY

The strategic framework for the Commission's action in Asia is based on the Commission's Communication 'Europe and Asia' of 2001. The legal basis of the Regional Programming Document and the Regional Indicative Programme for Asia is the financing Instrument for the Development Cooperation (DCI), of which the overarching objective is the eradication of poverty.

Regional Cooperation during 2007-2013 will focus on three priority areas:

- 1) Support to Regional Integration, the key dialogue partners for the EU being Asia-Europe Meeting (ASEM), Association of South-East Asia Nations (ASEAN), ASEAN regional forum (ARF) and South Asian Association for Regional Co-operation (SAARC).
- 2) Policy and Know-How based Cooperation in:
 - (i) Environment, Energy and Climate Change, through Sustainable Consumption and Production (SCP-Asia) and the Forest Law Enforcement, Governance and Trade (FLEGT) programme;
 - (ii) Higher Education and Support to Research Institutes;
 - (iii) Cross-border Cooperation in Animal and Human Health;
- 3) Support to Uprooted People.

Further to the three priority areas, cross-cutting issues (such as the promotion of human rights and democracy, gender equality, good governance, the rights of the child and indigenous peoples' rights, environmental sustainability and combating HIV/AIDS) will, in addition to being addressed in thematic programmes and instruments, be streamlined in each component of the Regional Programme, when relevant.

A global allocation of €5.187 billion has been dedicated by the Community to Asia for the 2007-2013 period. Out of this amount, the programmable funding is allocated as follows: 81% to development assistance for individual countries, 16% to regional assistance, and 3% as reserve. Under the Development Cooperation Instrument (DCI), an indicative allocation of €775 million is earmarked for regional assistance.

This will be divided as follows:

- Multi-Annual Indicative Programme I, covering 2007-2010: €400 million;
- Multi-Annual Indicative Programme II, covering 2011-2013: €375 million.

CHAPTER 1– GENERAL OBJECTIVES OF RELATIONS BETWEEN THE EU AND ASIA

The strategic framework for the Commission's actions in Asia is based on the Commission's Communication "Europe and Asia" of 2001, which identifies six objectives for EU-Asia co-operation: (1) contribute to peace and security in the region and globally, through a broadening of EU engagement with Asia; (2) strengthen mutual trade and investment flows with the region; (3) promote the development of the less prosperous countries of Asia, addressing the root causes of poverty; (4) contribute to the protection of human rights, the spread of democracy, good governance and the rule of law; (5) build global partnerships and alliances with Asian countries to help address both the challenges and the opportunities offered by globalisation and to strengthen joint efforts on global environmental and security issues; and (6) help to strengthen the awareness of Europe in Asia and vice versa. Cooperation and policy approaches with Asian sub-regions and countries have been developed through a series of new Communications on South-East Asia, India and China.

Objective three has further evolved with the signature of the Joint Statement of the Council, the European Parliament and the Commission on The European Union Development Policy on 20 December 2005. The European Consensus enshrines poverty eradication as the overarching goal of European Development Policy. It emphasises the commitment of the Commission and Member States to the principles of aid effectiveness, as agreed in the Paris Declaration of March 2005, and alignment with nationally owned poverty reduction strategies and reform policies, as well as donor harmonization.

The dialogue with Asia is complex and involves sub-regional partners such as SAARC and ASEAN; and policy fora, such as ASEM and ARF. A presentation of these sub-regional organisations and their past/ongoing cooperation with the EU is given in Annex 3. Dialogues with other regional and sub-regional groupings will also be sought (see Annex 4).

CHAPTER 2 – ANALYSIS OF THE POLITICAL, ECONOMIC, SOCIAL AND ENVIRONMENTAL SITUATION IN ASIA

Asia is diverse in population, languages, races, religions, traditions and cultures. It is also a crucial partner for the EU, politically, economically, and culturally. The region accounts for more than half of the world's population, a quarter of the economic wealth created every year, and is home to four of the ten largest economies in the world (Japan, China, India and Korea).

While Japan and Singapore are among the richest economies in the world with a per capita income in the range of USD 29,000 in Purchasing Power Parity (PPP), countries such as Bangladesh, Cambodia, Laos, Mongolia, Burma/Myanmar remain among the poorest with less than USD 2,000 in PPP per year (World Bank, 2006). Poverty remains a significant challenge, as the region is still home to two thirds of the world's poor.

Major threats like terrorism, a revived drug production and the risk of nuclear proliferation are also prevalent in Asia. Many parts of the region are prone to natural disasters.

Ongoing conflicts or tensions in several countries, coupled with generally weak civil societies, add to vulnerability and contribute to human rights abuses, including discrimination of minorities. Counterfeit goods are also an issue of growing concern.

Current trends show the following picture by 2015:

- 250 million will still live in absolute poverty, in particular in South Asia,
- Unless corrective action is taken, inequality within and between countries will rise,
- Environmental degradation and difficult cross-border issues are likely to worsen,
- Participation by civil society will increase, but discrimination against women and marginalised groups is likely to continue,
- The region will undergo a process of demographic change.

In brief, the future holds great potential, but there are also many challenges, which pose potentially serious implications at the country, regional and global level. In view of the region's importance, the EU is thus building a strategic partnership based on stronger political dialogue, enhanced trade and a sustained level of development cooperation.

Political Analysis

Asia is characterised by differences in forms of governance (ranging from monarchies to communist regimes), but there is a general trend towards political democratisation, with some exceptions. China continues to loom large in partners' policies towards Asia. However, India, the world's biggest democracy, is attracting greater attention, as is ASEAN. The latter's success is not matched by progress towards the establishment of a pan-Asian regional integration organisation, and profound divergences remain within the region.

The region is also characterised by: the emergence of two dominant powers (China and India) in an unstable region; security challenges and the fragile situation in Afghanistan, Pakistan, Sri Lanka and Nepal; large refugee and migratory flows; the risk of nuclear proliferation; problems with democratisation and respect for human rights; lack of adherence to labour standards; unemployment, against the background of significant demographic challenges; the potential scale of natural disasters, as well as health threats (Avian Influenza, HIV/AIDS); and the extent of environmental degradation and related global threats. Each country's progress towards the MDGs is given in Annex 15.

Economic Analysis and Trade (see Annex 5)

Asia's economic growth in the past two decades has been remarkable. Most Asian countries are now members of the World Trade Organisation (WTO). Many countries achieved growth rates of 5% on average in the last 20 years, partly due to increased openness, especially in East Asia and China, and the undertaking of major economic reforms. This development enabled significant progress in reducing absolute poverty across the continent: while 32% of the Asian population was living in poverty in 1990, this decreased by 10%-points in one decade. As detailed in Annex 5, socio-economic indicators continued to improve Asia-wide during 2000-2004. However, these achievements have taken place in a context of growing income disparities within and between countries and increasing disconnectivity between output growth and employment creation, as well as strong pressure on the environment. Despite sustained economic growth rates, in many countries, employment creation has recently been declining and has remained concentrated on low productivity jobs, partly in the informal sector.

Social protection is poor throughout the region: child labour and the situation of women remain worrying everywhere. In addition, the nature of poverty is changing: a growing

number of the poor are urban-dwellers or migrants in transit, though most poor still live in rural areas. The benefits of economic growth are distributed unevenly.

Substantial variations exist between countries, which are reflected in the assessment of progress towards the MDGs by country. Despite a still low level of inter-regional trade, growth has allowed the integration of sub-regions and countries. The level of economic interdependence between the EU and Asia has reached significant proportions. Asia offers rapidly expanding market opportunities for EU enterprise and EU FDI, and is now the EU's biggest trading partner, with a share of 31% of total trade (21% when excluding Japan and South Korea).

Most of the economies of emerging East Asian countries are expected to continue to grow at a high pace. While the East Asian economies benefit from their openness, South Asia is characterised by low levels of economic integration. Intra-regional trade and the level of openness of SAARC countries is only 12% (exports/GDP). Intra-regional trade accounts for 2% to 5% of total trade among the members of SAARC. This stands out against other regional groupings in the world, in which intra-regional trade accounts for a much larger share (over 20% in ASEAN).

South Asia is one of the fastest growing regions in the world (real GDP grew by nearly 7% in 2005), with a fast-growing middle class, increasing investments in high-technologies, and skilled human resources. The emergence of a dynamic business class and a sophisticated civil society throughout the region is an encouraging factor, also for increased cross-border co-operation. While institutional weakness, natural disasters and infrastructure bottlenecks continue to hamper development, further reduction of poverty and greater progress towards achieving the MDGs will require more than sustained growth and further integration into the world economy. The adoption of appropriate socio-economic policies will also be necessary.

Social Analysis

Poverty remains a significant challenge in Asia. Furthermore, countries that have made progress in basic human development are facing significant second-generation problems of quality and equity and are seeing a rapid increase in rich-country health problems. Basically this situation stems from a systematic failure in the delivery of services, especially to poor people, within a context of poor accountability.

In terms of progress in achieving the MDGs (see Annex 15), South Asia has had encouraging success in some areas, such as infant mortality and school enrolment. Challenges remain however in other areas, such as maternal mortality, child malnutrition, and gender balance. Religious, ethnic, social and other types of discrimination also remain widespread. East Asia has developed even more rapidly, but progress has been uneven. Progress has been significant in education (where five countries have already achieved the goal), but slower in health. In some countries, serious human rights violations persist, including in respect to core labour standards, social protection, and rule of law issues (weak judicial systems, leading to poor application of justice). Communicable diseases, such as HIV/AIDS, malaria, and tuberculosis are spreading. Furthermore, the region is prone to new health threats and communicable diseases, such as SARS and Avian Influenza.

Environmental Analysis

Asia is environmentally very diverse; it is home to the world's highest mountains and the most populated lowlands, to deserts, rain forest and paddy fields. Some parts of Asia are at serious threat due to rising sea levels (Bangladesh, Maldives).

Demographic pressures, rapid economic growth, inadequate environmental investments and legislation, and poorly enforced environmental protection measures, have all contributed to the increasing stress on the environment and led to unsustainable use of natural resources.

The high geological and climatic instability that characterise the continent brings a high risk of disasters such as earthquakes, tsunamis, hurricanes, cyclones, floods, droughts and associated forest fires. Climate change is likely to compound such problems.

Meanwhile, human-induced disasters linked to industrialisation have also affected the local environment. Details as well as an All Asia Environmental Profile are provided in Annex 6.

CHAPTER 3 – OVERVIEW OF PAST AND ONGOING EC COOPERATION

During the 1999-2004 financial perspective, numerous Asia-wide regional programmes were launched (see Annex 3). Three programmes are currently under implementation, covering the areas of higher education, trade and investment, and environment, while programmes on information and communication (Asia-IT&C), and networking of regions and cities (Asia-Urbs), recently came to a close. For the ASEM countries, the ASEM Trust Fund, the Trans-Eurasia Information Network (TEIN) and the ASEF Programme are being implemented. Other regional programmes include a civil aviation programme and the Asia Initiative for Reproductive Health Programme (RHIYA). A regional programme to respond to the Avian Flu crisis was launched in 2005.

During 2001-2006, some €270 million were spent on assisting uprooted people in Afghanistan, Burma/Myanmar, Indonesia, Sri Lanka and in four other countries. The relevance of these actions was confirmed during an evaluation of Regulation EC 2130/2001 in 2004. The programme was praised for its flexibility in adjusting to the changing phases of crises and to the diversity of needs encountered.

The first Regional Programming Document for Asia was prepared in 2004, covering the period 2005-2006. The 2005-2006 Programming Document included three All-Asia programmes (on trade and investment, higher education and environment), two sub-regional programmes (SAARC and ASEAN), and a small budget for reserve. EC-SAARC co-operation was initiated in 1996. The development of concrete intervention has been slow. However, the recent designation of the EC as an observer (April 2007) may offer opportunities for enhanced EC assistance.

A large number of programmes for ASEAN are currently under implementation or have recently ended (see Annex 3). Dialogue under the ASEM framework has enhanced mutual understanding, promoted experience-sharing and built consensus among Asian and EU partners. This has contributed to the adoption by partner countries of improved social, cultural and economic policies in relation to the eradication of poverty and the pursuit of MDGs. Phase 2 of the Trans-Eurasian Information Network (TEIN2) was successful in providing a network for Asia-Pacific research and educational communities to engage in inter-regional and intra-regional projects. Also worthy of continued support is the ongoing Asia-Europe Foundation (ASEF) Programme that fosters links between Asian and European civil society.

Best practices of programmes, such as Asia Link and Asia Invest, will guide the design of national programmes or the follow-up of regional programmes in 2007-2013. Other useful findings may be drawn from the Mid-Term Review (2003) of the individual country strategies 2002-2006 and from the preparatory work carried out for this strategy in 2006 and 2007. For more lessons learned, best practices and evaluations of past actions and programmes see Annex 8. Information on commitments and disbursements is available in Annex 9.

CHAPTER 4 - THE EC RESPONSE

The DCI as the Backbone of the EC Regional Cooperation

The financing Instrument for Development Cooperation (DCI) is the backbone of EC regional cooperation with the overarching objective of poverty eradication. Consistent with this objective, EC regional cooperation consolidates democracy, fosters sustainable development, encourages the smooth integration of Asia into the world economy, improves the environment and the management of natural resources, and strengthens the relationship between the Community and Asia. In this context, statistical cooperation between the EC and the region will also be promoted. The regional strategy reflects the specific situation in Asia by encouraging regional integration and cooperation, and by contributing to the control of epidemics and zoonosis, as well as to disaster risk reduction.

Given the specific needs in the region, addressing the vulnerable situation of uprooted people in post crisis situations and fragile states will be a core element of the strategy.

The regional programme will be complemented by the thematic programmes of the DCI: Investing in People; Environment and Sustainable Management of Natural Resources, including Energy; Food Security; Non-State Actors and Local Authorities in Development; and Migration and Asylum.

All foreseen activities fulfil the criteria for ODA eligibility established by the OECD/DAC.

Other EC Instruments

Given Asia's diversity, in particular with regard to the level of development among countries and sub-regions, the EC response strategy will encompass several instruments and policies. The situation in several parts of the region in terms of governance, human rights, democracy and the rule of law is of concern, and will be addressed through the Instrument for the Promotion of Democracy and Human Rights. Humanitarian aid may also be necessary in this disaster-prone region. In response to emerging crises, and to ensure stable conditions for cooperation, the Instrument for Stability may also be necessary. The EC will also cooperate with Macao, Brunei, Singapore, Hong Kong and Chinese Taipei to strengthen EU relations with these countries and territories under the Instrument for Cooperation with Industrialised Countries (ICI), including by fostering trilateral cooperation.

Complementarity Issues

The Regional Programme is driven by the principles of complementarity and concentration. It is complementary to individual Country Strategy Papers for Asia. Additionally two preparatory actions for China and India (both for €7 million) were made available by the EC for 2007.

The document concentrates on three strategic priorities for EC regional cooperation in Asia for the period 2007-2013:

- Support to Regional Integration; through ASEM, ASEAN, and SAARC.
- Policy and Know-How based Cooperation: (i) Environment, Energy and Climate Change; (ii) Higher Education and support to research institutes; and (iii) Cross-Border Cooperation in Animal and Human Health.
- Support to Uprooted People, aimed at rehabilitating persons and populations displaced by crises.

Regional cooperation has an inherent comparative advantage vis-à-vis intervention on the country and global level. The added value for each area of concentration is as follows:

- Environment, Energy and Climate Change: these issues require a cross border approach;
- Higher Education and Support to Research Institutes: the regional approach will help avoid the high costs linked to management of national windows for higher education, with the exception of China and India for which specific higher education windows are established in Country Strategy Papers.
- Cross-Border Cooperation in Animal and Human Health: the fight against highly pathogenic and emerging diseases, including avian influenza, requires a regional approach.
- As for the support to uprooted people, most of the areas of intervention are cross-border regions which involve a regional approach.

In addition, complementarity and synergies will be sought with EC assistance to Central Asia, as well as with other regional or sub-regional groupings in Asia and Central Asia.

Coherence of the Policy Mix

The coherence of the policy mix is ensured between development policy and other areas of external action, including trade policy. Coherence is also ensured with other EC policies which are likely to affect partner countries and regions, including environment (and climate change), transport and energy, economic and financial policies, and research. (Annex 11). In addition, the sectoral dialogues that will take place with Asian regional groupings will contribute to ensuring coherence during identification and implementation.

Donor Coordination

The coordination process with donors is more complicated at the regional level than at the national level. Given the added value of EU coordination, an exchange of views with member states has been organised to discuss the proposed orientations and their complementarity and added value to bilateral programmes. Discussions have also taken place with the Asian Development Bank, the World Bank, the European Investment Bank, and other donors to dovetail interventions. To this end, the possibility of increased operational cooperation with financial institutions, in particular with the ADB, will be further explored. During implementation, donor coordination will take place in situ, emphasising the added value of EU coordination and the division of labour among donors. Special attention will be paid to the Commission Communication 'EU Code of Conduct on Division of labour in Development Policy (COM 2007/0072).

Ownership and Consultation Process

The components were discussed bilaterally between the main Asian partners concerned and the geographical/thematic services of DG External Relations of the Commission, and the general programme was discussed during ad hoc exchanges of views with ASEAN and SAARC. A comprehensive consultation process with civil society at the regional level is even more complex and was in fact thus limited to specific actors. (see Annexes 12 and 13 for details).

EU Visibility

Appropriate measures will be taken to ensure visibility of the activities implemented under this strategy, including the dissemination of the present document and ad hoc events organised by EC Delegations in Asia and by implementing partners.

Indicative Allocation

Under the Development Cooperation Instrument (DCI), an indicative allocation for the period 2007-2013 of €775 million is earmarked for regional assistance, as follows:

- Multi-Annual Indicative Programme I, covering 2007-2010: €400 million;
- Multi-Annual Indicative Programme II, covering 2011-2013: €375 million.

Further details on the indicative budget and annual allocations are provided in Annex 25.

4.1 Support to Regional Integration

The objective is to encourage greater regional integration and cooperation by supporting regional integration efforts and dialogue with ASEM, SAARC and ASEAN.

Asia-Europe Meeting (ASEM)

ASEM, Europe's main multilateral channel for communication with Asia was established in 1996 as an informal instrument for dialogue and co-operation between the two regions. A strengthened ASEM will allow its member countries to promote sustainable development in the context of efficient multilateralism, aiming at stimulating their development and integration as a region for the benefit of the population.

Three actions are proposed: (i) the ASEM Dialogue Facility, (ii) the Asia-Europe Foundation (ASEF) programme and (iii) Phase 3 of the Trans-Eurasia Information Network (TEIN). For details see MIP and Annex (24).

I) ASEM Dialogue Facility

The ASEM Dialogue Facility will support ASEM dialogues in areas selected at the request of Asian countries. Topics for dialogue include economic and financial matters, employment, and social policy, environment and the promotion of cultural diversity and intercultural dialogues, where the Commission wishes to promote enhanced Asia-Europe interaction in line with the issue-based leadership principle endorsed at the ASEM 6 Summit. Other specific issues in the field of business such as Corporate and Social Responsibility (CSR), decent work condition and social protection, Small and Medium-sized enterprises (SMEs), Intellectual Property Rights (IPR), may also be included. These dialogues will contribute to developing a global partnership for development (MDG N°8, target 12).

II) ASEF Programme

The support to the work of the Asia-Europe Foundation (ASEF) is aimed at enhancing ASEF's role as an effective institution promoting intellectual, cultural and people-to-people exchanges between Asia and Europe. This will allow the ASEF to build on its current programme to promote exchanges between the civil societies in Asia and Europe, foster links between governments and civil society groups, contribute to policy dialogues and academic debates on themes of inter-regional importance, and complement and support the official ASEM dialogues and events.

III) Phase 3 of TEIN (TEIN3)

The Trans-Eurasia Information Network (TEIN) was one of the new initiatives endorsed by ASEM III (October 2000, Seoul, Korea) to connect research networks in Asia and Europe by linking EU's GEANT, the pan-European gigabit research network, with Asia's research networks in order to promote information exchanges in research and development and education. This initiative aims thus to enhance exchanges and cooperation between Asia and Europe. This will contribute to reducing the digital divide in Asia, in particular benefiting Least Developed Countries (MDG N°8, target 18).

South Asian Association for Regional Co-operation, (SAARC)

The EC will concentrate its assistance to the SAARC countries on regional capacity-building with a particular focus on three areas.

I) SAFTA Trade Development

The envisaged EU-SAARC cooperation will strengthen institutional capacity and mechanisms for implementation of the SAFTA agreement and apply relevant EU experience to help demonstrate the potential benefits of progress under SAFTA (MDG 8, target 12).

II) Sectoral Dialogue Facility

The EC support to SAARC sector dialogues will focus on themes selected under the leadership of concerned countries and of primary interest to them.

Selected themes are: 1) benefits of regional integration, 2) energy and environment, 3) disaster and diseases risk reduction (including disaster preparedness and prevention against Highly Pathogenic and Emerging diseases like Avian Influenza), and 4) transport (including civil aviation). Environment will also be addressed as a cross-cutting issue. Policy dialogue on research, (in particular topics under the scope of the 7th Research Framework Programme) will also be encouraged.

III) Civil Aviation

The overall aim of assistance in this sector is to contribute to policy reform at the regional level, thus complementing national aviation policies. Aviation contributes to sustainable development by generating growth, creating employment, facilitating tourism, trade, and integration into the world market. The new programme will thus provide assistance in implementing safety procedures, and assist the South Asian countries in adapting their national systems to a regional one.

Association of South-East Asian Nations (ASEAN)

The EU encourages ASEAN's continued integration and its efforts to involve other countries in the region in dialogue and co-operation. ASEAN's integration will accelerate growth and economic dynamism to the benefit of itself and its trading partners alike. In addition, the EU intends to seek accession to ASEAN's Treaty of Amity and Co-operation, and to support the emphasis on human rights in the draft ASEAN Charter.

Community support will concentrate on three focal areas: (i) regional capacity building and support to region-to-region dialogues in a non-exhaustive list of areas and sectors that includes trade facilitation, transport and logistics, environment, security and justice, energy, customs, taxation, investment, services liberalisation, statistics, technical standards and regulations, sanitary and phyto-sanitary standards, research (including topics within the 7th

Research Framework Programme), mutual recognition of qualifications, civil aviation and intellectual property rights (IPR); which include aspects of capacity building for ASEAN-EU FTA negotiations as well as activities to support ASEAN integration; (ii) statistical cooperation and (iii) cooperation and policy reform in the field of security.

I) Regional capacity building and region-to-region dialogue

Regional capacity building is a prerequisite for pursuing the goals of deeper regional integration. This implies support to the ASEAN Secretariat, which remains a priority due to their determining role in successful integration. The purpose is to improve the capacity of the ASEAN institutions in preparing effective policies and initiatives for closer integration. Good and reliable statistics at the regional level will provide ASEAN with a key instrument to support its regional integration policies, such as ASEAN Free Trade Area (AFTA), to promote sustainable development. To this end, the Commission performs Trade Sustainability Impact Assessments (Trade SIAs) in relation to each major trade negotiation in order to ensure that trade negotiations achieve the overarching goal of sustainable development, including socio-economic and environmental impact assessments. In addition, complementary policy measures may be proposed to enhance the positive impacts and mitigate the negative ones. While some assistance may be carried out at the national level, the FTA will have a strong regional dimension and it is vital for the success of future trade-related assistance that the learning and experience is shared amongst the countries concerned.

The region-to-region dialogue will play a central role in EC cooperation with ASEAN. The dialogues are not only designed to identify areas where there is scope for regulatory or policy cooperation and convergence, but also serve to determine the shape and substance of EC-ASEAN cooperation. The detailed areas of cooperation will be decided upon in accordance with progress in the dialogues themselves, results of the current regional programmes, the pace of the implementation of the Vientiane Action Plan (VAP) and its successor programme, and priorities emanating from possible FTA negotiations and implementation. The enhanced political dialogue should also be supported by specialist group meetings and other actions. The acceleration of integration efforts results in the need to analyse the impact of the necessary reforms. Involvement of civil society at an early stage of policy formulation improves both effectiveness and efficiency of government intervention.

II) Statistical Cooperation

Support will be provided to ASEAN to strengthen its and its member countries' capabilities and produce more accurate and reliable figures in selected areas and facilitate ASEAN regional integration through better coordination of activities within ASEAN and between ASEAN and the EU.

III) Cooperation and Policy Reform in the Field of Security

This activity aims at supporting cooperation and reform in the security field through the improvement of the national border management systems already in place as well as improving the capacity for regional cooperation in the area of border management. The aim is to support an Integrated Border Management System, by improving capacities of the responsible national and regional authorities, including border guards, migration and custom officers, in order to ensure a more efficient and effective border management. This will facilitate legal movements across borders, while improving the capabilities to prevent illegal movements.

4.2 Policy and Know-How based Cooperation

I) Environment, Energy and Climate Change

Protection of the environment is one of the major political commitments of the EU and of its external relations actions. Activities undertaken under this theme over the period 2007-2013 will focus mainly on promoting Sustainable Consumption and Production (SCP), particularly in SMEs, which are a major source of pollution and unsustainable resource consumption in Asia, and on supporting Forest Law Enforcement, Governance and Trade (FLEGT). Assistance provided for FLEGT will be based on a new approach to tackling illegal logging, which links the push for good governance in developing countries with the legal instruments and leverage offered by the EU's own internal market.

SCP-Asia's objective is to promote trade in environmental goods and services. Three types of environmental goods are aimed at: (1) Environmental technology and know-how; (2) environmentally friendly produced goods and services; and (3) Goods and services that are environmentally friendly in their use. The Programme will promote "green growth" in the region by financing projects that encourage SCP in Asian industries (including the service sector). The programme will assist Asian manufacturers in responding to higher environmental quality standards to produce environmental friendly products and services both in the production process and in the use of goods. The programme will also promote trade-induced growth beneficial to the environment through export of environmental technology and management systems from the EU to Asia and within Asia, and will also be linked to the ASEAN capacity building and region-to-region dialogue.

The regional environmental programme will also support the implementation of the EU Action Plan for Forest Law Enforcement, Governance and Trade (FLEGT). This programme supports an innovative approach to tackling illegal logging, which deals with both supply side measures in the Asian forest-producing countries and demand-side measures in consumer countries, including those in the EU.

II) Higher Education and Support to Research Institutes

Higher education is a strategic sector for sustainable development in Asia which will strengthen the EU-Asia relationship and support the development of concerned countries. This is not at the expense of the priority given to basic education and its contribution to the achievement of the MDGs. The programme will actively respond to the needs of Asian countries for higher education, in accordance with their level of development. Attention will be given to the promotion of equal opportunities and the values of democracy, the rule of law, respect for human rights and fundamental freedoms.

With regard to support to research institutes, the EC regional assistance will focus on supporting the work of specialised institutes focusing on topics related to sustainable development and EU-Asia relations. Activities will focus on strengthening research related capacities, promoting public debate on EU-Asia relations and twinning of Asian and European institutes, think tanks and similar circles, aiming at enhancing mutual understanding.

III) Cross-border Cooperation in Animal and Human Health

The Commission has regularly indicated since 2005 that its support to address the Avian Influenza (AI) crisis included a mid- and long-term vision: to link crisis response and development, to invest in institutional building and regional/global networking, to contribute in a sustainable way to epidemics and zoonosis control and to rehabilitate of affected sectors.

Hence the Commission will pursue its co-operation with Asian and Central Asian countries on Highly Pathogenic and Emerging Diseases (HPED). Assistance will continue in the area of Avian Influenza control through sectoral dialogue, the reinforcement of veterinary and human health services at regional level, and the improvements needed at national level to facilitate regional integration. Other HPED may be included in the programme, according to needs and epidemiological developments. The focus of the EC assistance will be on the least developed countries in the region, by providing financial support and expertise and by strengthening the capacities of regional and national institutions.

4.3 Support to Uprooted People in Asia

Cooperation in this area is intended to assist refugees, internally displaced persons, and returnees as well as demobilised former soldiers and other combatants, including child soldiers, to return to and settle in their country of origin or in a third country. The objective is to reintegrate them into the socio-economic fabric of the relevant country and to provide support to local communities and resettlement areas that are hosts to such integration.

A regional approach is justified because, in many cases, crises involve several countries (e.g. the Burmese crisis covers Burma/Myanmar, Thailand and Bangladesh, and the Afghan crisis affects Afghanistan, Pakistan and Iran). As crises can change very quickly, it may be necessary to shift the focus of the activities and re-allocate funding between countries.

Aid to uprooted people links Relief, Rehabilitation and Development aiming at filling the gap between emergency relief for refugees and longer term development operations. Activities will therefore be closely coordinated with operations carried out by the Humanitarian Aid department of the European Commission, ECHO, and with those carried out in the context of country programmes.

As crises involving uprooted people are often highly political, it will be necessary to ensure strong links with the activities carried out at bilateral level. In implementing the uprooted people programme, the EC will thus try, whenever possible, to work with local partners, in order to progressively build up local partnership and development capacity. See Annex 23 for a more detailed description of the crises and justification for intervention.

4.4. Cross-Cutting Issues

The promotion of human rights and democracy, gender equality, good governance, the rights of the child and indigenous peoples' rights, environmental sustainability and combating HIV/AIDS are the relevant main cross-cutting issues. They will be addressed at regional level and streamlined throughout the programme, as appropriate, in particular with regard to support to uprooted people and cross-border cooperation on animal and human health during the implementation phase, by carrying out specific assessments, when relevant.

Details of cross-cutting issues, that will also be addressed in the thematic programming, are given in Annex 15.