

MARCH 2018

# EU-ASEAN RELATIONS

## SEPARATING FACT FROM FICTION

REPORT



The European Commission support for the production of this publication does not constitute an endorsement of the contents which reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.



Co-funded by the  
Europe for Citizens Programme  
of the European Union

## THE CONVINCING CASE FOR STRONGER EU-ASEAN TIES

Faced with the twin challenges of an increasingly isolationist US and a more globalist China, participants at the 26 February Friends of Europe dinner debate “EU-ASEAN relations: separating fact from fiction” agreed on the need to step up EU-ASEAN trade and investment, and, more importantly, to join forces to defend the rules-based global order and institutions, including the World Trade Organization and the United Nations.

But first, participants agreed, the two regional organisations will need to be honest and frank in acknowledging their fundamental differences, recognising misperceptions of each other – and then seeking to overcome them .

The debate, held under Chatham House rules, shed light on an organisational contrast, with the European Union often overestimating the level of integration among Southeast Asian nations, and ASEAN sometimes underestimating the more unified way in which the EU operates.

Both ASEAN and the EU are faced with myriad of domestic and regional challenges. The challenging human rights situation in several ASEAN countries is complicating relations with the EU, while in Europe, a multitude of crises, including Brexit, populism and migration, remains a source of deep concern.

Despite these challenges, both sides agreed that there is room to collaborate, not just on trade, but on security, climate change, science and technology, and to launch policy dialogues in sectors including fisheries, water management, social policy and public transport.

## OVERCOMING SHARED CHALLENGES

While a world apart both geographically and culturally, the EU and ASEAN face a number of common challenges – internally, with the outside world and in their relationship with each other.

The shifting geopolitical scene is having a deep and far-reaching impact on both regions. Competition between an increasingly isolationist US and a more globalist China - not to mention the threat posed by a revanchist Russia - is rewriting the multilateral global order. Trade wars, nuclear wars and conventional wars are now ever-present threats, giving the EU and ASEAN a mutual interest in engaging with and managing relations with (and between) the two superpowers. This mutual interest begs the question of whether more work should be done to give China a stronger voice in multilateral institutions such as the World Bank, International Monetary Fund and World Trade Organization, as well as who should fill the leadership vacuum left by the US as it gradually withdraws from the international stage.

**The EU comes from a particularly strong civilisational and historical basis, ASEAN does not. ASEAN comes from a very, very differentiated and fragmented basis. So we are trying to create - in fact, trying to imagine - a future together because we don't have an imagined past**

**The rules-based system and the multilateral system: let's not fool ourselves, there is a big crisis there. The challenge to dispute settlement, this is a clear and present danger. This system may collapse very soon. We absolutely need to work together on this**

Before acting on areas of mutual interest or boosting their own ties, however, the EU and ASEAN will need to recognise that the two regional organisations are very different. ASEAN remains a loose collection of very different nations, while the EU is a highly integrated single market and political bloc with its own currency. Such differences are clear in the trade sector. ASEAN trades mostly with the outside world, with only 20% of its trade taking place internally, while the EU engages in double the amount of internal trade. Such differences mean that both regions should “manage expectations” about what the other can do.

Despite such differences, one thing that is common to both Europe and Southeast Asia is the slew of internal threats which both face, with each region becoming increasingly “self-absorbed”. ASEAN faces the challenge of responding to human rights violations against the Rohingya minority in Myanmar, the violent war on drugs by Philippine leader Rodrigo Duterte, political instability in Thailand as well as the need for major infrastructural upgrades in the region to cope with a population boom. Europe, meanwhile, is dealing with Brexit and grappling with a populist onslaught in Italy, Hungary, Poland, and beyond, all while still dealing with the continuation of the migrant influx that began in earnest in 2015 and the tail end of the global financial crisis. With such issues on the agenda, there is a question of just how much of a priority the EU-ASEAN relationship is for governments in the two regions.

There is also the over-arching question of regional leadership. “Who do I call if I want to call Europe?” is a phrase commonly attributed to former US Secretary of State Henry Kissinger. While the EU has made major strides in identifying a single “phone number”, there are some leaders inside the bloc who would like to unravel that hard-won unity. However, the lack of regional leadership is more pronounced in ASEAN, which is being driven by strongman leaders and by some countries’ perceived closeness to China. Singapore’s brand of silent and pragmatic diplomacy has attracted European attention, but it still begs the question: Who do you call if you want to call ASEAN?

## TOP 10 FOCUS AREAS FOR STRONGER EU-ASEAN TIES

### 1. Trade and investment

For the last decade the EU has concentrated on negotiating free trade agreements bilaterally (with Vietnam, Singapore and Indonesia) rather than with ASEAN as a whole. But there is a desire within the European Commission to bring ASEAN trade relations to a “new level” and to use the Singapore and Vietnam deals - as well as a recently signed deal with non-ASEAN member Japan - as “building blocks for re-engagement with the region”. ASEAN, meanwhile, is trying to attract more foreign investors, and, despite different levels of development and ambition within the region, has managed to conclude FTAs with all its major partners except the EU - including China, India and the US (until the latter withdrew from the Trans-Pacific Partnership).

### 2. Security and soft power

Across Asia as a whole, according to one participant, there is a “widespread perception that the EU is just a purely economic bloc” and should therefore engage only on trade. Importantly for ASEAN, security and trade are inextricably linked, with one participant admitting that “TPP was conceived as a security relationship, not as an economic relationship, to give the US an anchor in the region”. And while the US remains the main security actor in the region alongside China, EU diplomats are keen to boost the bloc’s soft power there, especially by sharing expertise in non-traditional security issues including maritime security, conflict prevention, counter-terrorism and nuclear non-proliferation.

### 3. Rule of law and multilateral institutions

Keeping China and the US engaged in multilateral institutions – including the United Nations, World Trade Organization, and NATO (for the US) - is a major challenge for both the EU and ASEAN, who share similar values on the need to maintain the rule of law. In this sphere there is much the EU could learn from its ASEAN partners, as dealing with China and the US is part of ASEAN’s “strategic DNA”, as one participant put it. According to another, ASEAN is better at managing its relationship with China than the EU is at managing its relationship with its big neighbour, Russia. Given this, ASEAN may advise that the EU engage with – instead of fearing – China, as well as to make sure that the EU-ASEAN relationship is not defined only by its links with the two superpowers.

### 4. Climate change

In 2017 the EU and ASEAN signed a joint statement in the wake of the Paris climate agreement, on “Reaffirming Commitment to Cooperation to Address the Shared Challenge of Climate Change”. Southeast Asia is particularly vulnerable to climate change, with a large proportion of the population concentrated on the coast, heavily reliant on agriculture, natural resources and forestry and with a high level of extreme poverty. With temperatures and sea levels predicted to rise in Indonesia, the Philippines, Thailand and Vietnam over

**It’s more a long-term process, and we will see where we will be in one year [...] We hope to create new momentum in creating the necessary framework to relaunch the FTA negotiations with ASEAN**

**The EU, when talking about wanting to develop certain strategic partnerships, sometimes tends to think that strategic partnerships must be about security, but the strength of the EU is in the economic arena**

the next century, and climate integrated across most of the EU's policies and budget, working together would be, in the words of one participant, an "easy thing to do – (it is) the low hanging fruit".

#### **5. UN 2030 Sustainable Development Goals**

The 17 UN sustainable development goals - which include targets on climate change - are increasingly being seen as a "new global compass for cooperation", particularly between the public and private sectors, one participant said. Both the EU and ASEAN have expressed their commitment to achieving these goals, which, with their focus on people-centred approaches, are vital to the two blocs' continued regional integration.

#### **6. Research, science and technology**

The EU's technological prowess has tended to lag behind its Asian and other partners, with research and development spending (as a percentage of GDP) lower than Japan, South Korea and the United States (though the EU has recently surpassed China). Aside from cyber security, participants also pointed to the need to cooperate more on robotics to combat rapidly ageing societies, with important expertise to be gained from Japan and Singapore. The EU and ASEAN could also discuss data ownership and protection, one participant suggested.

#### **7. Fisheries**

One of the central tenets in the 2018-22 EU-ASEAN action plan is to strengthen fisheries cooperation, including efforts to combat illegal fishing and stamp out exploitative labour standards in the fishing industry (particularly in Thailand, where the International Labour Organization has said that trafficking and forced labour are still rampant, despite a legal overhaul). The EU is also offering its expertise on a possible ASEAN Common Fisheries Policy.

#### **8. Human rights**

ASEAN's tradition of non-interference in each other's domestic policies has made tackling human rights violations more difficult, despite the creation of the ASEAN Intergovernmental Commission on Human Rights (AICHR) in 2009. While the EU must "be careful to stick to its principles" in this arena, there is still room for collaboration with the AICHR. One participant suggested the EU and ASEAN work together at the United Nations to combat human trafficking, for example, by drafting a common single resolution to prevent the smuggling of women and girls. The EU is also looking to the recently inaugurated ASEAN Institute for Peace and Reconciliation to see how it develops.

### 9. Sectoral policy dialogue

ASEAN governments are no longer looking for money from Europe but are eager for European knowledge, experience and expertise. With interest rates at historic lows, borrowing is no longer a problem for ASEAN governments, and may indeed lead to a redefinition of the traditional donor-recipient relationship. Indeed, EU loans to several Southeast Asian countries are now conditional (according to one participant) on the sharing of European expertise in areas including water management, biodiversity, social protection, urban development and public transport.

### 10. Development

For now, however, the donor-recipient relationship between EU and ASEAN is still very much alive, with one participant describing the 2018 action plan as “a shopping list of activities which ASEAN wants the EU to fund”. The EU doubled its funding for ASEAN integration in the 2014-20 budget to more than €170 million, funding trade and transport integration across the region, the harmonisation of standards, higher education and disaster management. It also pledged an additional €3 billion to reduce poverty in low-income ASEAN countries.

## CONCLUSION

In order to move their relationship forward, the EU and ASEAN must be frank in addressing their differences but also ambitious in looking at the future. There is no doubt that the EU is frustrated at not being asked to become a participant of the annual East Asia Summit (especially since the US and Russia are now included). Both sides have also still not agreed to become “strategic partners” which would allow the relationship to move forward on both traditional and non-traditional security questions.

As they look at each other in the context of an increasingly volatile and unpredictable world, the EU and ASEAN must try harder to separate fact from fiction. If not, the relationship will not be able to achieve its full potential.

**Today money looks for value - not only money value, but values also in terms of Sustainable Development Goals, and this is something, an offer we can make. Trump offers tax rebates, we can offer values, we can offer more, and the ASEAN countries can also offer more**



 SHARE THE PHOTOS





## Friends of Europe

Connect. Debate. Change.



Tel: +32 2 893 98 11

Fax: +32 2 893 98 28

Email: [info@friendsofeurope.org](mailto:info@friendsofeurope.org)

[friendsofeurope.org](http://friendsofeurope.org)

---

Friends of Europe is a leading think-tank that connects people, stimulates debate and triggers change to create a more inclusive, sustainable and forward-looking Europe.