IN-DEPTH ANALYSIS

EU – ASEAN: Challenges ahead

Author: Laurence VANDEWALLE

Abstract

The EU and ASEAN are both regional organisations created to manage countries’ interdependence and answer regional security challenges. While the two have different histories and integration processes, they correlate as natural partners, with cooperation on integration the core of their relationship. The EU supports ASEAN not only financially but also through exchanges and projects aimed at sharing experiences and expertise. In light of the global shift towards Asia, relations with ASEAN are particularly important for the EU. The Union is seeking to increase dialogue and cooperation with ASEAN, as well as to pursue closer coordination on regional and international issues. The European Parliament can play a role in this by deepening the inter-parliamentary aspect of the relationship and scrutinising EU agreements negotiated with countries in the region.
This paper is an initiative of the Policy Department, DG EXPO

AUTHORS:
Laurence VANDEWALLE with contributions from Chiara DE SANTIS (intern)
This paper contains extracts from Marika ARMANOVICA, ‘The ASEAN Inter-parliamentary assembly’, Policy Department, DG EXPO, November 2013.
Directorate-General for External Policies of the Union
Policy Department
SQM 03 Y 064
Rue Wiertz 60
BE-1047 Brussels

Editorial Assistant: Aysegul UNAL

CONTACT:
Feedback of all kinds is welcome. Please write to:
Laurence.vandewalle@europarl.europa.eu.
To obtain paper copies, please send a request by e-mail to:
poldep-expo@europarl.europa.eu.

PUBLICATION:
English-language manuscript completed on 8 December 2014.
© European Union, 2014
Printed in Belgium.
This paper is available on the intranet site of the Directorate-General for External Policies, in the Regions and countries or Policy Areas section.

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1 An EU model for ASEAN?

Important similarities in terms of scope and ambition have provided the foundation for relations between the EU and ASEAN.

The European Union (EU) and the Association of Southeast Asian Nations (ASEAN) have much in common. Both are regional organisations born from the need to manage interdependence and answer regional security challenges. They share a commitment to regional integration as a means of fostering regional stability, building prosperity and addressing global challenges. Although they are the result of very different historical backgrounds and integration processes, they are natural partners.

Notwithstanding the lower levels of political and cultural proximity among Southeast Asian countries, as compared with those among European countries, important similarities in terms of scope and ambition have provided the foundation for relations between the EU and ASEAN. Being the most advanced example of regional integration in the world, the construction of the EU has been a source of inspiration for ASEAN. Cooperation on integration has been the core of the ties between the two partners. The EU has supported ASEAN not only financially but also through exchanges and projects aimed at sharing experiences, know-how and best practices in the field of regional integration. As a result, ASEAN today is considered by some the second most developed regional organisation after the EU.

The valued example of the EU notwithstanding, ASEAN remains committed to the principles of national sovereignty and non-interference in the internal affairs of its members. This has characterised the ASEAN integration process since its inception. It has resulted in the choice of consensual decision-making methods, agreements that often are merely political in nature, meaning that they are not legally binding, and the absence of a sanction mechanism. This remains one of the main differences with the type of regional integration achieved within the EU, based on the transfer of sovereignty.

The signing of the ASEAN Charter in 2007 marks a major evolution in terms of the creation and institutionalisation of a rule-based organisation. However, the Charter has not been the major game-changer it could have been, mainly because of the persistence of consensus-based decision making. Several other structural factors need also be considered when analysing EU-ASEAN relation, such as the growing and divisive influence of China, the affirmation of Indonesia as a regional power, and India’s renewed interest in Southeast Asia.

As Parliament embarks on a new legislature, its powers in external relations considerably enlarged by the Lisbon Treaty, this note looks at the challenges now facing EU-ASEAN relations.

The aim is to evaluate not only where we stand, but what will be at stake in

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the years to come and where Parliament can make a difference.

2 ASEAN

2.1 Evolution of the organisation

The Association of the Southeast Asian Nations (ASEAN) was established in August 1967 by Indonesia, Malaysia, the Philippines, Singapore and Thailand. As stated in the Bangkok Declaration of 1967, ASEAN’s objectives are to accelerate economic growth, social progress and cultural development in the region, and to promote regional peace and stability through respect for justice and the rule of law in the relations among countries in the region and through adherence to the principles of the United Nations Charter.

Since then, five more countries have joined the association. Brunei Darussalam became a member in 1984, followed, after the end of the cold war, by Vietnam in 1995, Laos and Myanmar/Burma in 1997, and Cambodia in 1999. A working group is currently reviewing Timor Leste’s application for full membership.

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<tr>
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<th>EU</th>
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<tr>
<td>Population</td>
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<td>625 million</td>
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The idea of ASEAN emerged in the context of the Vietnam War and was primarily driven by political and security reasons. Regional integration was not the aim. The fundamental principles of the organisation are mutual respect for the independence and sovereignty, and non-interference in the internal affairs, of each member country, the non-use of force, and non-confrontation.

Over the years, ASEAN has entered into several formal and legally binding instruments, such as the Treaty on the Southeast Asia Nuclear Weapon-Free Zone. However, it is in trade integration that it has been most successful: economic rather than political integration has been, and remains, the engine driving the association forward. In 1992, ASEAN took an important step forward by creating the ASEAN Free Trade Area (AFTA), a common external preferential tariff scheme to promote the flow of goods within ASEAN countries. The elimination of tariff and non-tariff barriers was expected to promote greater economic efficiency, productivity, and competitiveness. As a group, ASEAN has also negotiated a number of free trade agreements (FTAs) that give its member countries preferential access to Australia, China, India, Japan, Korea and New Zealand. However, the EU and the USA have not signed FTAs with ASEAN.
2.2 Deepening integration process

In 1992, ASEAN took an important step forward by creating the ASEAN Free Trade Area (AFTA).

As a group, ASEAN has negotiated free trade agreements (FTAs) with major partners in the Asia-Pacific region, but not with the EU or the US.

In 2003, ASEAN leaders decided to create a three-pillared community.

The ASEAN Economic Community (AEC) should come into being in 2015.

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In the 1970s, ASEAN members began to look at ways to broaden the spectrum of their integration process through development of a community. Following the 1997 financial crisis, ASEAN leaders decided, during the 2003 Bali summit, to build a three-pillared community: the ASEAN Political-Security Community, the ASEAN Economic Community and the ASEAN Socio-Cultural Community.

- The ASEAN Political-Security Community, the aim of which is to ensure that countries in the region live at peace with one another and with the world in a democratic environment, has the following components: political development; the shaping and sharing of norms; conflict prevention; conflict resolution; post-conflict peace building; and implementing mechanisms.

- The ASEAN Economic Community envisages the creation of a stable and competitive economic region in which there is a free flow of goods, services, investment and capital, as well as equitable economic development and reduced poverty and socio-economic disparities. The four pillars of the Economic Community are: a single market and production base; a competitive economic region; equitable economic development; and integration into the global economy.

- The ASEAN Socio-Cultural Community aims to bond the countries together in partnership as a community of caring societies, founded on a common regional identity, to foster cooperation in social development, to raise the standard of living of disadvantaged groups and the rural population, and to seek the active involvement of all sectors of society, in particular women, youth and local communities.

Since then, the ASEAN Charter has incorporated the idea of the creation of a three-pillared community. The Charter has also codified the establishment of four organs associated with the pillar structure: the ASEAN Coordinating Council (ACC) and the three ASEAN Community Councils, each tasked with steering the work of the relevant Sectorial Ministerial Bodies.

In 2007, it was agreed that the ASEAN Economic Community (AEC) would come into being in 2015. A scorecard was developed to track the implementation of the AEC. According to the latest scoreboard, published in April 2012, 68.2% of the measures in the AEC blueprint have been implemented successfully. What remains could be the hardest part, however.

The 46th ASEAN Economic Ministers’ Meeting, held in September 2014, reviewed the progress of the implementation of the AEC. It found that 82.1% of the 229 prioritised key deliverables targeted for completion by 2013 had

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been accomplished. Despite these results, however, analysts and researchers have reservations regarding the feasibility of full and effective regional economic integration. It could take several more years to have the AEC fully in place, one of the reasons being the development gap among the member countries, some of which lack the capacity to implement measures needed to complete the AEC.

### 2.3 Institutional mechanisms

The Summit is ASEAN’s supreme policy-making body. Instituted in 1976, it is composed of the heads of state and government of the ten member countries. The Summit sets the direction for ASEAN policies and objectives, and is the final decision-making body in matters referred to it by the ministerial bodies or by the Secretary-General. Myanmar/Burma chairs ASEAN until 31 December 2014, when Malaysia will take over. The 25th ASEAN Summit was held in Nay Pyi Taw, Myanmar/Burma, on 11-13 November 2014. The agenda included talks on the South China Sea and on the AEC.

Summits take place twice a year, in the country that is holding the rotating chairmanship of the organisation. The summits are prepared by the ACC, in which the foreign ministers of the member countries meet at least twice a year.

The ASEAN Charter, adopted in 2007 and in force since December 2008, is the binding agreement governing relations among the member countries. It incorporates the key existing institutions and codifies the creation of new structures. The main institutional changes brought about through the Charter are the establishment of four new ministerial bodies to support the Summit, the creation of a human rights body, and the establishment of ASEAN as an international legal entity. The Charter stipulates adherence to the rule of law, good governance, democracy and respect for fundamental freedoms. The Charter is a positive statement, but the lack of mechanisms for dispute settlements, and the absence of a sanction mechanism, raises questions about its implementation and enforcement, factors which, historically, have been among the main challenges to integration in the region. Despite its shortcomings, however, the Charter is without doubt an important development, binding as it does the ASEAN countries together into a rule-based group. It is the cornerstone of the organisation’s institutional framework.

For the working-level coordination of ASEAN activities, a Committee of Permanent Representatives (CPR), based in Jakarta and with ambassador-level representatives from the member countries, has been established in accordance with the Charter. The CPR supports the work of the Community Councils and Sectoral Ministerial Bodies, coordinates with ASEAN National

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1 The ASEAN Charter, Article 7.
The Charter created the ASEAN Intergovernmental Human Rights Body (AIHRB).

A small secretariat coordinates the organs of ASEAN and helps to implement projects and activities.

Members contribute equally to the budget, called the Fund for ASEAN.

Secretariats and other Sectoral Ministerial Bodies, liaises with the Secretary-General and the ASEAN Secretariat, and facilitates ASEAN cooperation with external partners.

The Charter includes a provision to create an ASEAN Intergovernmental Human Rights Body (AIHRB) with the objective of promoting and protecting basic human rights and fundamental freedoms. The terms of reference for the ASEAN Intergovernmental Commission on Human Rights (AICHR) were adopted at a Foreign Ministers Meeting in July 2009. The AICHR was inaugurated in October of the same year. It consists of one representative from each member country, each of which remains accountable to his or her government. While of great symbolic value, this new body has not been given power to investigate human rights violations, which means that its mandate is limited. Its guiding principles places emphasis on the sovereignty of the member countries, as ASEAN remains reluctant to hold them accountable, wherefore the mandate of the AICHR remains in line with the principle of non-interference in members’ internal affairs.

The ASEAN Secretariat, originally set up to serve a loosely coordinated organisation, was made more effective in 1992. It has been given a more extended role, set out in the Charter, but has received very little additional financing. Today, with the organisation growing in importance, many observers believe that the Secretariat should be strengthened further. Its basic function is to coordinate the organs of ASEAN and help implement projects and activities. The Secretariat, located in Jakarta, initiates, facilitates and coordinates stakeholder collaboration. It is headed by the Secretary-General, who is assisted by four Deputy Secretaries-General (DSGs). The Secretary-General and the four DSGs must come from different member countries. The Secretariat, with a staff of only 99, appears to be very small given the size and the ambitions of ASEAN.

Activities are funded through the Fund for ASEAN, established by the member countries in 1969, and through equal contributions by the members. The Charter also introduced some general principles regarding the budget and finances, which are subject to internal and external audits. The Secretary-General prepares the annual operational budget of the Secretariat for approval by the Coordinating Council on recommendation of the Committee of Permanent Representatives.

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2.4  The role of ASEAN in a rapidly evolving regional context

In its 40 years of existence, ASEAN has contributed to peace in the region. It has set up the framework for a single market and developed an infant regional security architecture. Despite these important steps, however, ASEAN’s current level of regional integration remains limited. While the early stages of integration looked promising, it is often described as a ‘talk shop’. In particular, it needs to build stronger regional institutional frameworks to tackle the main challenges of the 21st century, such as security, energy, financial issues and growing inequality.

In a context of the growing importance of Asia on the global stage, ASEAN has become a key feature of the continent’s geopolitics and a successful example of the creation of connective links, and of conflict prevention, among neighbouring states. Its ability to maintain ever-amicable relations, and to develop fruitful cooperation, among its members through an approach based on peaceful diplomacy – ‘the ASEAN way’ – has put the organisation in a favourable position to act as a major geopolitical actor in Asia. In fact, it is today the leading player in the creation of a number of regional platforms, all ASEAN-based. The first was the Treaty of Amity and Cooperation in South East Asia (TAC), signed in 1976.

The ASEAN Regional Forum (ARF) is the main dialogue mechanism in the region for addressing peace and security issues. It comprises not only Asian countries but also a number of global powers, including the EU. Its objectives are to foster constructive dialogue and consultation, and to contribute to confidence-building and preventive diplomacy, in the Asia-Pacific region. Annual meetings are held to discuss key regional security issues such as relationships between major powers, non-proliferation, counter-terrorism and transnational crime. In recent years, the ARF has placed increasing focus on non-traditional security challenges such as disaster relief, counter-terrorism, maritime security, non-proliferation, transnational crime, climate change, cyber security, pandemics and bio-safety.

ASEAN+3 (in which the association’s members are joined by China, Japan and South Korea) is a forum aimed at coordinating cooperation among the ten ASEAN members and the three East Asian countries. It began meeting in 1996, gaining particular importance during the 1997 financial crisis. Since then, the spectrum of subjects of cooperation has expanded widely. ASEAN+3 also serves as a ‘laboratory’ for the creation of larger forums of dialogue in the region. The concept of an ASEAN+6 (with China, Japan, South Korea, India, Australia and New Zealand) took form during the ASEAN+3 meetings and was later developed in the East Asia Summit (EAS) format.

Being at the centre of a hotspot of international relations, where tensions are

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7Gauri Khandekar, FRIDE, Mapping EU-ASEAN relations, 2014
quickly evolving, poses a number of challenges to the organisation, both internal and external. For instance, the South China Sea dispute\(^a\) has important implications for ASEAN: the growing power of China, working to expand and strengthen its influence beyond its Asiatic backyard, has the potential to become a major dividing factor among the members and to slow down progress on the regional cooperation effort.

Within the association, the large differences between the member countries in terms of political and economic development represent a constant challenge. The emergence of Indonesia as a regional power could induce the country to try and act more autonomously, to avoid being blocked or slowed down by other countries. At the same time, however, newly elected Indonesian President Joko Widodo, sworn in on 20 October 2014, seems intent on orienting his country’s foreign policy towards preserving and strengthening Jakarta’s leadership within ASEAN. India is also indicating its intends to conduct a more proactive foreign policy towards ASEAN countries, as stressed by Indian Prime Minister Narendra Modi at the last ASEAN summit in Myanmar on 11-13 November 2014.

2.5 The ASEAN Inter-Parliamentary Assembly

The first ASEAN Parliamentary Meeting was held in Jakarta in January 1975. The ASEAN Inter-Parliamentary Organisation (AIPO) was created in 1977.

In the early 1970s, encouraged by the progress made by ASEAN, the Indonesian House of Representatives suggested that an organisation be set up consisting of the parliaments of the then five ASEAN member countries (Indonesia, Malaysia, the Philippines, Singapore and Thailand). The first ASEAN Parliamentary Meeting was held in Jakarta in January 1975, and the ASEAN Inter-Parliamentary Organisation (AIPO) was created in 1977. The statutes of AIPO define the main aims and objectives as follows:

- to promote closer cooperation among parliaments of the ASEAN member countries;
- to promote cooperation between AIPO and other parliaments or

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Plans to establish a parliament resurfaced in 2003, whereupon AIPO’s name was changed to the ASEAN Inter-Parliamentary Assembly (AIPA).

The membership of AIPA was progressively enlarged as ASEAN’s membership expanded, although the role played by national parliaments differs greatly from country to country. During the 32nd AIPA (see below) General Assembly in September 2011, Myanmar/Burma, which had been a Special Observer for 14 years, became a fully fledged member as a consequence of reforms undertaken in that country. Brunei Darussalam remains the only ASEAN member country that has no elected legislative body.

With progress being made towards the AEC, the aspiration of establishing a parliament, first proposed by the Philippines in 1980, resurfaced in 2003. The name of the organisation was changed from AIPO to the ASEAN Inter-Parliamentary Assembly (AIPA), and the statutes were amended to include an additional aim: to promote the principles of human rights, democracy, peace, security and prosperity in ASEAN.10

Like ASEAN, AIPA11 functions on the principle of ‘non-interference’ in internal affairs. For historical and cultural reasons, the Asian approach is based on a network model, encouraging dialogue and consultation, rather than on formal institutions. The AIPA plays a crucial role in promoting regional networks, not least as it provides a forum where members of ASEAN national parliaments can engage with parliamentarians that have observer status.

The European Parliament is an observer in AIPA and is invited to take part in its general assemblies. The 33th General Assembly was held in Indonesia in September 2012. The European Parliament was represented by MEP Robert Goebbels. AIPA had previously announced its intention to discuss possible ‘solutions to the South China Sea problem’, but, to avoid further tensions, the issue was not deliberated. The 34th General Assembly was held in Brunei in September 2013 under the theme ‘The Role of AIPA in realising the ASEAN community’, while the 35th General Assembly was held in Laos in September 2014, titled ‘Parliamentary Cooperation in the ASEAN Community Building’. The European Parliament could not send a representative to the last AIPA general assembly. As the parliament of the

regional and international parliamentary organisations;

• to facilitate the attainment of the objectives of ASEAN;

• to keep members of the AIPO informed of the actions carried out by each member parliament in the carrying out of the aims of the AIPO.

The European Parliament is an observer in AIPA and is invited to take part in the general assemblies.


12 The EP has the observer’s status to AIPA, as well as the parliaments from Australia, Belarus, Canada, China, India, Japan, Korea, New Zealand, Papua New Guinea, Russian Federation, and Timor-Leste.
EU – ASEAN: Challenges ahead

AIPA is not a part of ASEAN’s institutional structure.

The creation and evolution of AIPO/AIPA is closely linked to ASEAN, but AIPA is not a part of ASEAN’s institutional structure. The main link between the ASEAN and AIPA is an exchange of views held during each summit between the speakers and presidents of the national parliaments and the heads of state and government of the ASEAN countries. As this exchange of views, known as the ‘AIPA-ASEAN Interface’, has no formal status, AIPA has expressed the wish to formalise the meetings, to ensure appropriate participation of AIPA in relevant important ASEAN meetings and to enhance collaboration between member states’ governments and parliaments, and between the secretariats of AIPA and ASEAN.13

3 EU-ASEAN relations

EU-ASEAN relations were institutionalised with the signing of the 1980 ASEAN-EEC Cooperation Agreement.

The EU and ASEAN share a long history of cooperation. In 1972, the European Economic Community (EEC) was the first regional organisation to establish contacts with ASEAN. The relations were institutionalised with the signing of the ASEAN-EEC Cooperation Agreement in March 1980. Since 1978, political dialogue between the two partners takes place every second year during regularly held ministerial meetings. One of the most important meetings was the 16th Ministerial Meeting in 2007, which marked a step change in the EU-ASEAN relations. The Nuremberg Declaration on an EU-ASEAN Enhanced Partnership was adopted, setting out a shared aspiration to boost cooperation on political, security, economic, socio-cultural and development issues, as well as in the field of energy security and climate change/environment. There was a shared perception that the EU and ASEAN have great potential to work together to address global challenges. It was agreed that EU-ASEAN cooperation in the Aceh Monitoring Mission had given the relationship a new political vigour.

The 20th EU-ASEAN Ministerial Meeting, with the theme ‘Towards Strategic Partnership for Peace, Stability and Prosperity’, was held on 23 July 2014. The Ministers agreed to step up cooperation to enhance connectivity between the two regions and to support the implementation of a Master Plan on ASEAN Connectivity. They welcomed the commitment by the EU to increase financial support for ASEAN’s institution building, and agreed to enhance cooperation in the field of maritime security and safety. They also expressed their will to upgrade the partnership to a strategic one, and tasked senior officials on both sides to develop a roadmap for this goal. Finally, it was decided that the 21st ASEAN-EU Ministerial Meeting would be held in an ASEAN country in 2016.

The EU fully supports ASEAN’s role in the Asian regional architecture. It

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In September 2014, the European External Action Service (EEAS) announced it would appoint an EU Ambassador dedicated to ASEAN.

While the EU has served as a model for ASEAN, a major difference between the two partners relates to sovereignty.

ASEAN provides opportunities for the EU to participate in several dialogues in the field of security.

supports, through financial and technical assistance, ASEAN’s efforts to build a closer relationship amongst its member countries. The EU is seeking to increase dialogue and cooperation with ASEAN, as well as to pursue closer coordination on regional and international issues. The ASEAN-EU Ministerial Meeting, held in Brunei Darussalam in April 2012, agreed on a Plan of Action for closer cooperation on political, security, economic and socio-cultural issues (the Bandar Seri Begawan Plan of Action). Its main aim is to strengthen collaboration on issues that go beyond trade, focusing on a number of political matters. In September 2014, the EEAS announced the EU’s intention to appoint an EU Ambassador dedicated to ASEAN14, as requested by the European Parliament in its resolution on the future of EU-ASEAN relations, adopted in January 201415.

In recent years, there has been a significant increase in high-level visits, with the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy, Baroness Catherine Ashton, travelling to the region three times in 2013 alone, including an official visit to the ASEAN Secretariat. The VP/HR was in the region again in August 2014 for the ARF, held in Myanmar, and continued her visit by traveling to Vietnam. The President of the Commission, José Manuel Barroso, was also in Vietnam in August 2014.

While the EU has certainly served as a model16, the ASEAN approach is neither an adaptation nor a copy of the European method. One of the major differences between the two partners relates to sovereignty: while the EU is based on the concept of shared sovereignty, ASEAN is more concerned about reinforcing national sovereignty, and remains an intergovernmental organisation.

Security is an increasingly important aspect of the relations between the two partners. ASEAN provides opportunities for the EU to participate in several dialogues in the field of security. In July 2012, the EU joined the Treaty of Amity and Cooperation (TAC, see above). By signing this treaty, the EU sought to boost its political engagement with the region and, in particular, to be able to partake in the East Asia Summits, which is not yet the case.

The EU has been a partner of the ARF since the forum was established. In August 2014, the VP/HR attended the 21st ARF meeting, which was held in Myanmar. This gave her an occasion to meet with Myanmar/Burma President U Thein Sein to review the progress made in EU-Myanmar relations, and to meet with opposition leader Aung San Suu Kyi. During the ARF meeting, the parties stressed the need to cooperate on a regional level to face increasingly challenging issues relevant to the Asia-Pacific area. They

15 Test adopted, P7_TA(2014)0022.
16 For example, the Eminent Persons Group (EPG), the panel of prominent figures that elaborated the text of the ASEAN Charter, had meetings with representatives of the EU institutions during its visit to Brussels in 2006.
also discussed maritime security; in the final statement, China is mentioned as a partner with which cooperation on this issue needs to be intensified. The ARF also stressed the need to act to promote peace on the Korean Peninsula through denuclearisation.

An important acknowledgment of the shift in the global power balance towards Asia, and of the fundamental role that ASEAN has the potential to play in this context, was the joint EU-US declaration issued by High Representative Ashton and US Secretary of State Hillary Clinton on the occasion of the ARF meeting in Cambodia in 2012. The declaration clearly expressed the common interest that the EU and the USA have in the region, and welcomed ASEAN centrality in the promotion of wider regional instruments of dialogue. It also stated the main points of agreement between the two parties with regard to peace and security, sustainable development, and trade and economic relations in the region.

3.1 Partnership and Cooperation Agreements with ASEAN countries

The EU is conducting negotiations for Political and Cooperation Agreements (PCAs) with several ASEAN member countries. The only PCA currently in force is the one signed with Indonesia, which entered into force on 1 May 2014. PCAs have been initialled with the Philippines, Vietnam, Singapore and Thailand. However, following the coup in Thailand in May 2014, the European Council decided on 23 June 2014 to suspend the signing of a PCA with that country, declaring that ‘other agreements will, as appropriate, be affected’. The remaining three PCAs are being ratified by EU Member State parliaments, a process that could take several years, after which they will be submitted to the European Parliament for consent.

The EU supports the efforts of ASEAN member countries to foster democracy and respect the rule of law. As democracy and human rights are enshrined in the ASEAN Charter, the association could progressively develop itself as an appropriate framework to strengthen democracy in the region. In recognition of the fact that the AICHR is the first regional human rights mechanism in Asia, EU Special Representative for Human Rights Stavros Lambrinidis visited Indonesia in 2013 to start a dialogue with the AICHR.

The fact that democracy and human rights remain issues of concern in Southeast Asia will be taken into consideration by the European Parliament when it examines the PCAs. Indeed, according to Freedom House, a US-based non-governmental organisation, six out of ten ASEAN members states are ‘not free’\(^1\), while Indonesia, Malaysia and the Philippines are considered ‘partly free’\(^2\). European Parliament resolutions have addressed issues of human rights and freedom of expression in the region, in particular in


\(^2\) Note that Singapore is not included in Freedom House’s report.
Cambodia, Laos and Vietnam, as well as instances of impunity in the Philippines, corporal punishment practices in Malaysia and the political crisis in Thailand. Human rights issues are also raised in Parliament’s aforementioned resolution on the future of EU-ASEAN relations.

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<td>2014</td>
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<tr>
<td>Vietnam</td>
<td>Signed on 27 June 2012,</td>
<td>On-going negotiations</td>
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<td></td>
<td>ratification pending</td>
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### 3.2 Trade relations and free trade agreements

The EU is ASEAN’s third largest trading partner, after China and Japan. In 2006 the Council authorised region-to-region trade negotiations with ASEAN...

ASEAN as a group represents the EU’s third largest trading partner outside of Europe (after the US and China), with more than EUR 178 billion worth of trade in goods in 2013. The EU is ASEAN’s third largest trading partner after China and Japan, accounting for around 13% of all ASEAN trade. The EU is by far the largest investor in ASEAN countries. Between 2005 and 2012, EU companies invested an average of EUR 13.6 billion annually in the region. The EU’s main exports to ASEAN are chemical products, and machinery and transport equipment. The main imports from ASEAN to the EU are machinery and transport equipment, agricultural products, and textiles and clothing.

In April 2005, the EU and ASEAN set-up a ‘Vision Group’ to investigate the feasibility of new initiatives to improve economic ties, including an FTA. In the framework of the 2006 Commission document ‘Global Europe, Competing in the World’ the Council authorised the launch of negotiations for a wide-ranging FTA with ASEAN. This FTA was also to cover the qualitative conditions associated with trade, including provisions on human rights and

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on social and environmental standards (the ‘sustainable development clause’).

The negotiating process was based on a region-to-region approach. It was felt that it would be more difficult to negotiate an agreement with ten independent countries (that work on the principle of consensus) than separate agreements with single countries, particularly when there is wide variation in the level of development between those countries. Laos and Cambodia had little interest in a FTA as they already benefitted from the most favourable EU system, the Everything But Arms (EBA) trade privileges. Additionally, the EU objected to Myanmar/Burma’s participation in the negotiations until democratic reforms were launched.

ASEAN, for its part, had a much lower ambitions than the EU, both in terms of content and timeframe. Some countries have found it difficult to include topics such as public procurement, intellectual property rights (IPR) and competitiveness in the agreement. In addition, civil society groups have signalled their concern over a possible FTA with the EU, pointing mainly to the implications that such an agreement would have for development, services and trade-related issues. They have asked for a greater involvement of civil society groups, and for the conclusion of a comprehensive sustainability impact assessment (SIA), before the talks are launched.20

After several rounds of discussions that saw no real progress, both sides decided in 2009 to ‘take a pause’ in the regional negotiations, in effect putting them on the shelf for an indefinite period. Since then, the EU has pursued a different strategy, opening negotiations of bilateral FTAs with a number of ASEAN countries (see figure 2). This approach has been criticised by some experts and scholars as detrimental to the process of economic integration in Southeast Asia. However, the EU considers the bilateral FTAs as steps towards the possibility to reach a FTA with ASEAN as a unity, especially when the AEC will be in place. In this regard, the EU provides specific support to the AEC within the ASEAN Regional Integration Support programme by the EU (ASRISE).

3.3 Financial support to ASEAN and its member countries

The EU is the biggest donor to the ASEAN secretariat. It also provides bilateral aid to several countries in the region.

The EU is a development partner of ASEAN and the biggest donor to its secretariat. The EU has supported integration effort directly, with allocations totalling around EUR 65.9 million in the period 2007-2013, i.e. close to EUR 10 million per year.21 For the current budget cycle (2014-2020), the EU has doubled the amount. The new programme is focussing on connectivity and trade, disaster management, climate change and the promotion of

dialogue. In addition, the EU provides bilateral assistance to support the development of several lower-income countries in Southeast Asia.

Environment is an important part of cooperation. The EU is promoting methods of production that protect the environment and biodiversity. The EU is helping ASEAN countries to adapt to, and to mitigate, the effects of climate change. Special focus has been given to the Mekong river, whose riparian countries – Cambodia, Laos and Myanmar – are ASEAN’s least developed member countries. The EU has decided to increase its financial support to these countries, from EUR 607 million for the 2007-2013 programming period to EUR 1705 million for the current programming period (2014-2020), to help close the development gap among ASEAN members.

4 Challenges ahead and policy recommendations for the EP

The EU recognises that ASEAN is the only institution for regional integration in Asia and that – as nationalism and military spending are rising in the region – ASEAN could become a well-needed mediator.

The EU is eager to join the East Asia Summits.

The EP supports upgrading the partnership between the EU and ASEAN to a Strategic Partnership.

The EU values the fact that ASEAN is the only effective institution for regional integration in Asia. Given the intensification of the links between Europe and Asia, relations between the EU and ASEAN are likely to continue to grow, provided that the following main challenges are overcome:

- Asia is a part of the globe where both nationalism and military spending is on the rise. ASEAN has the potential to become a mediator among the various powers attempting to affirm their different visions for the region, and already provides an appropriate framework for dialogue and cooperation. In this context, the EU is eager to accede to the East Asia Summit, a forum which seems destined to become the centre of discussion for the main world powers in the Asia-Pacific region. So far, the EU’s bid remains open.

- ASEAN wishes to upgrade its engagement with the EU through the establishment of a Strategic Partnership, which is seen as a natural development of the layered partnership between the two organisations. During the 20th EU-ASEAN Ministerial Meeting, the parties agreed to work to upgrade the partnership to a strategic one, giving senior officials the task to develop a roadmap for this goal. The European Parliament, which has expressed its support for this, could monitor the evolution of this process.

- The EU hopes that it will be able to resume talks with ASEAN on a region-wide FTA, as expressed in the statement of the 2014 EU-ASEAN Ministerial Meeting.

- The European Parliament, its legislative powers in the field of external policies extended by the Lisbon Treaty, now scrutinises negotiations on all international agreements. Parliament’s Committee for International Trade (INTA) is therefore monitoring the on-going FTA negotiations with Southeast Asian countries. Ad-hoc monitoring groups have been established to enable MEPs to exercise parliamentary scrutiny by questioning the Commission and stating their priorities. After completion of the negotiations, these
Several PCAs and FTAs are currently being negotiated with ASEAN member countries. These may appear on Parliament’s agenda during the current legislature.

An EP resolution adopted on 15 January 2014 expressed support for deepening relations with ASEAN, including its parliamentary offshoot.

Ultimately, the establishment of a Euro-ASEAN parliamentary assembly would provide a forum for multilateral exchanges between Asian and European parliamentarians.

agreements will be submitted to Parliament. The same goes for the negotiations for Partnership and Cooperation Agreements.

- Parliament has expressed its desire to see a deepening of relations between the EU and ASEAN, accompanied by a strengthening of the latter’s parliamentary branch. This is particularly evident in the resolution of 15 January 2014 on the future of EU-ASEAN relations, cited above, which calls for AIPA’s role to be reinforced and integrated into ASEAN itself in order to strengthen the parliamentary dimension. Parliament has also suggested that direct links be established between its Subcommittee on Human Rights (DROI) and the ASEAN Intergovernmental Commission on Human Rights (AICHR). In this regard, the ASEAN Parliamentarians for Human Rights (APHR) – a group of lawmakers working to improve human rights in the region – could serve informally as a useful contact point for individual MEPs.

- MEPs could decide to adopt a resolution ahead of the 21th EU-ASEAN Ministerial Meeting, expected to be held in 2016, so as to provide a parliamentary input to these meetings.

- The above-mentioned January 2014 resolution underlines Parliament’s role in supporting democracy through the Democracy Support and Election Coordination Group (DEG), suggesting that it could provide capacity-building assistance to AIPA. Through its delegation for relation with Southeast Asian countries and ASEAN, it will maintain close relations with the national parliaments of the region and with AIPA. Members of this delegation represent Parliament at the AIPA annual meetings, in which it has observer status.

- This could also contribute to the establishment of a Euro-ASEAN inter-parliamentary assembly, which would provide a forum for multilateral exchanges between Asian and European parliamentarians to address global issues.
5 MAP of ASEAN

Source: United Nations