SOUTHEAST ASIA

The EU is forging closer ties with Southeast Asian countries and promoting regional integration with the Association of Southeast Asian Nations (ASEAN). The EU is a strong economic player in Southeast Asia and an important development aid donor, working to foster institution-building, democracy, good governance and human rights.

This fact sheet describes the Southeast Asia region. See also the fact sheets on South Asia (5.6.7) and East Asia (5.6.8).

LEGAL BASIS

— Title V (EU external action) of the Treaty on European Union (TEU);
— Articles 206-207 (trade) and 216-219 (international agreements) of the Treaty on the Functioning of the European Union (TFEU);
— Partnership and Cooperation Agreements (PCAs) (bilateral relations).

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A. Association of Southeast Asian Nations (ASEAN)

The first ASEAN summit, held in Bali in February 1976, brought together Indonesia, Malaysia, the Philippines, Singapore and Thailand, plus Brunei Darussalam, Vietnam, Laos, Cambodia and Myanmar. ASEAN follows a strict policy of non-interference in its members’ domestic affairs. The 33rd ASEAN Summit took place in Singapore from 13-15 November 2018.

The EU has a strategic interest in developing Asia’s regional integration, and pursues partnership and cooperation agreements (PCAs) with individual ASEAN member countries. The EU is ASEAN’s second largest partner, with a 13% share of ASEAN’s total trade with the world. ASEAN is the EU’s third largest partner outside Europe (after the US and China). EU-ASEAN two-way trade stood at EUR 237 billion in 2018 and the EU remained the largest external source of foreign direct investment (FDI) flows into ASEAN in 2017, when they amounted to EUR 27 billion. The EU’s ambition is to conclude a region-to-region EU-ASEAN Free Trade Agreement (FTA).
B. Asia-Europe Meeting (ASEM) and Asia-Europe Parliamentary Partnership Meeting (ASEP)

The summit for the 12th Asia-Europe Meeting (ASEM) took place in Brussels in October 2018, and was aimed at strengthening economic cooperation, political dialogue and the promotion of people-to-people links between the EU and Asia.

Meanwhile, the 10th Asia-Europe Parliamentary Partnership Meeting (ASEP) took place in Brussels in September 2018, with partners highlighting the need for effective and swift action on climate change, security cooperation, trade relations and human rights. The US withdrawal from the Paris Agreement highlights the importance of Asia-Europe relations and multilateralism for a rules-based global order, which requires further transparency of working methods.

C. Indonesia

Indonesia, a member of the G20, the world’s third largest democracy and the largest Muslim-majority country, is becoming an increasingly key partner for the EU.

Presidential and parliamentary elections were held simultaneously for the first time on 17 April 2019. President Joko Widodo was re-elected.

The Indonesian economy is supported by a strong private sector. Indonesia’s GDP is expected to grow at around 5% per year over the entire 2018-2022 period. EU-Indonesia cooperation is based on the 2014 Partnership and Cooperation Agreement. The sixth round of negotiations on a comprehensive EU-Indonesia Free Trade Agreement, in October 2018, continued across a board range of areas, particularly trade in goods, services, investment and rules of origin.

The EU is Indonesia’s fourth biggest trading partner, with total trade worth more than EUR 27 billion in 2018. EU investments in Indonesia amounted to EUR 33.1 billion in 2017.

The seventh EU-Indonesia Human Rights Dialogue took place on 1 February 2018. For its part, the European Parliament has highlighted the strategic nature of EU-Indonesia relations, and its Committee on Foreign Affairs visited the country in May 2018, when it underscored the importance of strengthening dialogue on developing the sustainability of palm oil production and addressing human rights issues.

D. Myanmar

The EU has been an active partner in Myanmar’s democratic transition and at the forefront of the international community’s re-engagement with the country since it began to re-establish democracy and open up to the world. There is no formal framework agreement in place because of decades of international isolation and sanctions. The Council endorsed a strategy for relations with Myanmar in 2016.

Since the 2015 elections, observed by the EU with the participation of the European Parliament, democratic reforms have been progressing. Aung San Suu Kyi assumed the posts of state counsellor, foreign minister and minister of the Office of the Presidency, giving her real executive powers. The Myanmar Constitution, written by the military government in 2008, restricts the new government’s actions. Myanmar is still
engaged in a civil war that began in 1948. A ceasefire was agreed in October 2015, but a number of ethnic insurgent groups have not signed it.

The EU is a strong economic partner and development aid donor, fostering democracy and institution-building and allocating EUR 688 million for the 2014-2020 period. Total trade in goods between the EU and Myanmar amounted to EUR 2.9 billion in 2018.

There are major human rights issues, foremost among which the persecution of the Rohingya people in Rakhine. Since August 2017, over 700,000 Rohingya refugees have fled to Bangladesh to escape persecution in Myanmar. Myanmar is also having to contend with a rise in Buddhist nationalism and an escalation of inter-communal tensions.

On 27 August 2018, United Nations investigators accused the military of genocide and crimes against humanity.

E. The Philippines

In May 2016, Rodrigo Duterte won the presidential election with 39% of the vote. He adopted controversial measures against drug trafficking with ‘shoot to kill’ orders that led to flagrant human rights violations. President Duterte has changed the Philippines’ foreign policy, building a new alliance with Russia and China, despite the controversy over the South China Sea. On 23 May 2017, he declared martial law in Mindanao until the end of 2019, mainly because of the presence of so-called Islamic State militants in the Muslim-majority city of Marawi and other cities. The European Parliament has become increasingly concerned about the human rights violations.

The EU and the Philippines signed a Partnership Cooperation Agreement (PCA) in 2011, which entered into force in March 2018. The EU is a significant donor to the Philippines, providing EUR 325 million for the period 2014-2020. Focus areas are the rule of law and inclusive growth. EU-Philippines bilateral trade in goods amounted to EUR 15.6 billion in 2018 and the EU ranks as the Philippines’ fourth largest trading partner. The European Parliament resolution on the Philippines of 19 April 2018[1] recalls its obligations under international law, the GSP+ scheme and the PCA, while recognising the progress made in the implementation of the GSP+ conventions.

F. Vietnam

EU-Vietnam relations are at a decisive stage, following the entry into force of the Partnership and Cooperation Agreement in 2016. A total of EUR 400 million was allocated for the 2014-2020 period, with a focus on good governance, energy and climate change.

On 17 October 2018, the European Commission presented the EU trade and investment agreements that are expected to come into force in 2020.

Vietnam continues to be a one-party communist state with no political freedom, despite being one of the most successful examples of a country that has transitioned from a failed communist economic system to an open and market-oriented economy. Vietnam is one of the fastest growing countries in ASEAN, having recorded average GDP

growth of 6.88% between 2010 and 2018. EU-Vietnam trade in goods reached around EUR 50 billion in 2018. EU FDI stocks in Vietnam reached EUR 8.5 billion in 2017. The EU and Vietnam held the eighth round of their Human Rights Dialogue in Brussels on 4 March 2019. Areas such as freedom of expression, the death penalty and cybersecurity were discussed.

G. Thailand

The EU-Thailand partnership is based on the 1980 framework agreement. The parties completed negotiations for a Partnership Cooperation Agreement in March 2013, but it was halted following the military coup in 2014. On 11 December 2017, the Council adopted conclusions with a view to pursuing gradual political re-engagement. Negotiations on the EU-Thailand FTA may be resumed once a democratically elected civilian government is in place. The EU is Thailand’s third largest export market and Thailand is one of the EU’s main trade partners in ASEAN. In 2018, bilateral trade amounted to EUR 38 billion.

Thailand is a constitutional monarchy, but a military Junta has ruled the country since 22 May 2014. The military has suppressed opposition by imposing martial law, and human rights abuses have been reported. King Bhumibol Adulyadej died in late 2016. The formal coronation of his son, King Maha Vajiralongkorn, took place in April 2018.

The pro-military party won the general election on 24 March 2019, amid claims of manipulation, bad information and inconsistencies in voter turnout.

In February 2017, the Junta initiated peace talks with the insurgency in the southern Muslim-majority provinces. The European Parliament has passed resolutions on human rights, migrant workers and labour rights.

H. Cambodia

The EU’s relations with Cambodia date back to the 1977 Cooperation Agreement. The EU is the country’s biggest donor, allocating EUR 410 million for the 2014-2020 period for improving governance and the rule of law and for the Khmer Rouge Tribunal. Years of civil war rendered Cambodia one of the poorest states in Southeast Asia. After the 1991 Paris Peace Agreements, Cambodia adopted a Constitution in 1993, laying the foundations for a liberal, multi-party democratic state with regular elections.

On 26 February 2018, the Council adopted conclusions on Cambodia in the light of political developments and the continuing deterioration of democracy, respect for human rights and the rule of law[2].

Prime Minister Hun Sen and his ruling Cambodian People’s Party (CPP) won the general election on 29 July 2018, but the opposition claimed that the electoral process had been neither free nor fair.

The opposition leader, Kem Sokha, was arrested in September 2017. That same month, the European Parliament passed a resolution[3] calling on the Cambodian Government

to end its politically motivated prosecution of Mr Sokha. He was eventually released from prison in September 2018, and has since been detained under house arrest.

Although the annual economic growth rate reached 7% in 2018, Cambodia’s economy is dependent on international aid and garment exports and is heavily susceptible to labour costs. As a Least Developed Country, Cambodia benefits from the Everything But Arms scheme under the EU’s Generalised Scheme of Preferences (GSP).

I. Singapore

On 13 February 2019, the EU and Singapore ratified three ‘new generation’ agreements: the EU-Singapore Partnership and Cooperation Agreement (EUSPCA), the EU-Singapore Free Trade Agreement (EUSFTA) and the EU-Singapore Investment Protection Agreement (EUSIPA). In addition to establishing a clear legal framework for relations and regulating the liberalisation of FDI in both the EU and Singapore, the agreements are designed to boost political, economic and trade ties between the two parties. The EU-Singapore Partnership and Cooperation Agreement is awaiting fulfilment of the domestic procedures by the individual Member States in order to fully enter into force.

The EU is Singapore’s third most important trading partner. EU-Singapore two-way trade in goods reached EUR 58 billion in 2018. Singapore is a major destination for European investment in Asia, with FDI stocks having amounted to EUR 227 billion in 2017.

The two sides cooperate very closely in business, science and technology. While supporting the work of civil society in Singapore through the European Instrument for Democracy and Human Rights (EIDHR), the EU has been unequivocal in calling for the abolition of the death penalty.

The People’s Action Party is leading the transition ahead of the next parliamentary elections, which are scheduled for 2021.

J. Brunei Darussalam

The Sultan of Brunei, Hassanal Bolkiah, rules the state, while Prince Billah Bolkiah is taking on more and more responsibilities. Political liberalisation is non-existent. The penal code was reformed in 2014 to incorporate a new Sharia-based approach. In April 2019, a new penal code was enacted to impose new forms of punishment that include death by stoning for gay sex and adultery and the amputation of limbs for theft. Following an international outcry, Brunei extended a moratorium on the death penalty.

The economy is bound up with the oil and gas sectors. Brunei’s main diplomatic activity is in the regional multilateral sphere, especially within ASEAN.

The EU is actively enhancing its relations with Brunei, but there is not yet a framework agreement. Relations are mainly handled through ASEAN. The EU was Brunei’s eighth largest trading partner in 2017 (with total trade in goods of EUR 362 million), and trade between the EU and Brunei is mainly in machinery, motor vehicles and chemicals.

K. Laos (the Lao People’s Democratic Republic) (Lao PDR)

EU-Laos relations are based on the 1997 Cooperation Agreement. The EU is providing over EUR 500 million for the 2016-2020 period, supporting the Lao Eighth National
Socio-Economic Development Plan, which focuses on achieving high economic growth with an overall target of graduating from Least Developed Country status by 2020.

Laos is a one-party state. The Lao People’s Revolutionary Party (LPRP), in power since the end of the civil war in 1975, rules the country with an iron grip and with no opposition to challenge it. Laos is deepening its relations with China and ASEAN, seeking to attract greater investment. Economic reforms have led to sustained economic growth (over 7% since 2014, with 7.3% for 2018). Despite economic reforms, the country is still poor and dependent on international aid. As a Least Developed Country, it benefits from the EU’s Everything But Arms scheme.

The ninth annual EU-Lao PDR Human Rights and Governance Dialogue took place in Vientiane on 7 March 2019. The EU devoted particular importance to the human rights situation.

L. Malaysia

The EU and Malaysia concluded negotiations on a Partnership and Cooperation Agreement in 2015. After seven rounds of negotiation on the EU-Malaysia Free Trade Agreement, the negotiations were put on hold at Malaysia’s request in April 2012. The EU is Malaysia's third largest trading partner and one of its biggest foreign investors: investment stocks in the country reached EUR 24.5 billion in 2017. EU-Malaysia overall trade in goods reached EUR 39.9 billion in 2018.

In late March 2019, the European Commission announced that the use of palm oil in transport fuel should be phased out on the basis of the Renewable Energy Directive, which sets a sustainable bioenergy target of 32%. Both Indonesia and Malaysia protested and lodged complaints with the World Trade Organisation (WTO).

Malaysia’s Barisan Nasional coalition, which includes the United Malays National Organisation (UNMO), was defeated for the first time ever in the May 2018 general election. Mahathir Mohamad led the opposition Alliance of Hope to victory and replaced Najib Razak as prime minister. Malaysian GDP is expected to grow by 4.7% in 2019.

The European Parliament has condemned the death penalty and the silencing of public discontent, as well as the lack of peaceful expression, including public debate.

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