



EU-ASEAN Relations

Essay Series

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with the support






The European Union (EU) has a long-standing dialogue relationship with ASEAN. Over the past 44 years, the relationship between the EU and ASEAN has grown stronger on the foundation of shared values and principles to achieve peace and prosperity within a framework of rules-based international order, multilateralism, and free trade. ASEAN also enjoys complimentary and harmonious economic relations with the EU. The EU is consistently positioned as one of the major sources of investment and trading partners in ASEAN. In 2020, the EU was ASEAN's third largest trading partner after China and the US, with USD 226.2 billion of two-way trade, accounting for 8.5 per cent of ASEAN's total trade value. The total foreign direct investment (FDI) flows from the EU into ASEAN in 2020 amounted to USD 10.5 billion, which placed the EU as the second largest external source of FDI among ASEAN's Dialogue Partners.

It has been more than one year since the start of the pandemic and countries worldwide, including ASEAN and the EU, are still trying to recover. The COVID-19 pandemic is one of the greatest challenges that ASEAN has encountered since its founding, in terms of both scope and scale. In this extraordinary time, we believe cooperation and collective effort to recover together from the pandemic is crucial. In response to the pandemic, ASEAN has adopted the ASEAN Comprehensive Recovery Framework (ACRF) and its Implementation Plan, which serve as ASEAN's whole-of-community exit strategy from the pandemic. With most of the initiatives ongoing or partially completed, the effective implementation of the ACRF is crucial to ensure ASEAN's long-term resilience and sustainability.

Despite the COVID-19 pandemic, last year was a significant one for ASEAN and the EU as the dialogue relations was elevated to a strategic partnership at the 23rd ASEAN-EU Ministerial Meeting on 1 December 2020. Both regions made significant advances in enhancing cooperation across the three ASEAN Community pillars, in particular in addressing the pandemic, which has disrupted our economic, social and healthcare infrastructure. ASEAN held one of its early dialogues with the EU to discuss ways to take forward the partnership to contain the virus and help the economy recover through the convening of the ASEAN-EU Ministerial Video Conference on COVID-19 in March 2020 and other expert-level meetings. This engagement signifies the strong relations and cooperation between ASEAN and the EU.

I appreciate the support from the EU for ASEAN recovery through the EU's "Team Europe" package of over EUR 800 million and the EU Support Programme "South East Asia Health Pandemic Response and Preparedness" of EUR 20 million to combat the spread of COVID-19 and mitigate the social-economic impact of the pandemic to the region. I also welcome further cooperation with the EU to support the implementation of the ACRF and the recovery in the region.

Looking forward to a strong and resilient recovery, three trends will be important for ASEAN: keeping markets open, digital transformation, and a regional sustainability model. ASEAN remains committed to keeping its market open and making supply chains stronger and more resilient, which will be more important to accelerate the region's recovery. This commitment is especially evident in the conclusion of the negotiation of the ASEAN-EU Comprehensive Air Transport Agreement (AE CATA) at the Extraordinary ASEAN-EU Senior Transport Officials




Meeting held virtually on 2 June 2021. The AE CATA is the world's first bloc-to-bloc air transport agreement, and this will open greater opportunities for ASEAN and the EU's airlines to operate passenger and cargo services between and beyond both regions. This will bolster connectivity, particularly after the disruption caused by the pandemic, and this will positively impact the economic development of both ASEAN and EU. In addition, in November 2020, ASEAN successfully launched the ASEAN Customs Transit System (ACTS) with the support of the EU through the ASEAN Regional Integration Support Programme (ARISE Plus). The ACTS helps facilitate cross-border transit of goods over land, reducing time and costs of moving goods in the region.

Digital transformation plays an important role in our recovery as it keeps us connected, despite social-distancing requirements and work-from-home schemes, and helps maintain business continuity and social connectivity during the pandemic. As many industries recorded losses amidst overall global slowdown, the internet economy continues to grow, seizing the opportunity from the accelerated digital transformation. By one estimate¹, the number of internet users in most ASEAN countries increased by 40 million, to a total of 400 million, in 2020. The pandemic also increased the use of health and remote learning platforms. To further support this growth, ASEAN has put forward a strong ASEAN digital agenda with the aims of building the right digital infrastructure, developing digital skills, and formulating conducive digital policies and regulations in the region through the adoption of the ASEAN Digital Masterplan 2025 and the ASEAN Digital Integration Framework Action Plan 2019-2025. The ASEAN and the EU have also adopted the ASEAN-EU Statement on Cybersecurity Cooperation in 2019, in which we agreed to promote an open, secure, stable, accessible, and peaceful information and communication technology environment. Moving forward, I believe we can explore more potential areas of cooperation on this issue, such as digital data governance, green and sustainable digital policies, digital rights, digital trade, and deeper cooperation on cybersecurity.

Our recovery efforts will not be complete without factoring in the sustainability model. In this connection, we are currently developing the Framework for Circular Economy for the ASEAN Economic Community, further strengthening various circular economy-related initiatives carried out under the ASEAN Socio-Cultural Community pillar and ASEAN Taxonomy for Sustainable Finance. In addition, ASEAN is promoting a greener and more sustainable urbanisation in ASEAN cities through ASEAN Sustainable Urbanisation Strategy and ASEAN Smart Cities Network, as well as sustainable infrastructure efforts to build the region's resilience through the Initial Rolling Priority Pipeline of ASEAN Infrastructure Projects. I would like to thank the continuous support from the EU in this agenda, particularly for the EU's new programme "ASEAN Smart Green Cities" and our agreement to enhance the sharing of experiences and expertise in tackling the challenges of urbanization. In the near future, ASEAN welcomes the expansion of our cooperation in sustainability agenda, particularly on the issues of sustainable yet smart agricultural practices and green technology, aligned with our program

¹ Google, Temasek, Bain & Co, 2020. "e-Economy SEA 2020 – At full velocity: Resilient and racing ahead."



on circular economy and sustainable finance, biodiversity conservation, climate change and green growth.

Finally, there is still room to expand ASEAN-EU relations through an FTA between the two blocs. The challenge will be huge for both sides. However, such an FTA could build on existing FTAs, and those in negotiations, between the EU and some ASEAN Member States. In addition, the Regional Comprehensive Economic Partnership (RCEP) has shown that ASEAN could play a catalytical and central role in bridging the gap between developed and developing countries in coming to a common understanding on a broad-based trade agreement. In this context, ASEAN and the EU are working toward a framework on the parameters of issues for an FTA, which will serve as the foundation for future negotiations.

To conclude, I am pleased to see that the ASEAN-EU relations has grown stronger throughout the past 44 years. As the year 2022 will mark the 45th anniversary of the ASEAN-EU Dialogue Relations, I look forward to further strengthening our strategic relations through concrete and practical cooperation as well as a Commemorative Summit in Brussels to mark the occasion and to provide strategic guidance to further realise the potential of both regions.