



# ***EU-ASEAN Relations***

## ***Essay Series***

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## EU and ASEAN – economic partners in a dynamic world

Relations between the EU and ASEAN have never been closer. This reflects the fact that the ASEAN region has grown spectacularly in recent decades. It is a fulcrum of global growth: a dynamic, vibrant and increasingly prosperous region.

The EU-ASEAN Business Council has been right at the heart of this deepening of relations. By fostering links between our two regions, and facilitating trade and investment, your work is driving growth and job creation on both sides.

A significant leap forward was taken at the Ministerial Meeting on 1 December 2020, when our trade and investment relationship was elevated to a Strategic Partnership.

Furthermore, the EU's financial solidarity and profile as a reliable, multilateral actor in the midst of the pandemic has been well received in the ASEAN region. The "Team Europe" pandemic support measures, delivered through EU institutions and Member States working closely together, has mobilised over EUR 800 million to support ASEAN's fight against the coronavirus.

When it comes to trade, investment and economic relations, we remain major partners, despite a slight dip in trade flows during the COVID-19 crisis. In terms of ranking, the EU is now the third investor and third trading partner for ASEAN. The fundamentals are solid: trade between the EU and ASEAN is largely complementary, and there is good potential to develop our relationship even further. Indeed, this is a priority for the EU.


The EU's new strategy for trade, "An Open, Sustainable and Assertive Trade Policy", will provide a strong foundation for our relationship to grow, and flourish.

It reaffirms the EU's commitment to open, fair and rules-based trade. It aims to support our recovery, while contributing to the green and digital transformations of our economy and society. Accordingly, we will place a renewed focus on strengthening multilateralism, and reforming global trade rules to ensure that they are fair and sustainable.

This trade strategy places engagement with partners, on the basis of joint commitments to sustainable development, at the heart of our approach for the next decade.

The new strategic direction of EU trade policy focuses on openness, sustainability, and assertiveness. The aim is to respond to new global challenges and lessons learned from the COVID-19 crisis. Bilateral trade relations will naturally remain at the core of EU trade policy.

Reforming the WTO will be a top EU trade priority in the coming years, with the aim of restoring the Organization's relevance and credibility. This process should start at the upcoming twelfth Ministerial Conference (MC 12) in November, in coordination with all WTO members. The EU and ASEAN are likeminded partners who believe in the rules-based international system, recognising the centrality of a functioning WTO. I therefore very much look forward to working with ASEAN to take our efforts on WTO reform to the next level.



Looking at bilateral and regional trade relations with ASEAN, we all hope that the COVID-19 pandemic will represent only a temporary blip in an overall upward trajectory. We see the conclusion of the Regional Comprehensive Economic Partnership (RCEP) as a signal of ASEAN's dynamism. We view RCEP - and indeed any agreement that supports rules-based trade - as something positive, while recalling that the EU will always seek a more comprehensive and ambitious approach in our own trade relations.

For example, the EU has concluded ambitious bilateral agreements with Singapore and Vietnam, which entered into force in November 2019 and August 2020, respectively.

We are negotiating with Indonesia and we are looking forward to resuming negotiations with more ASEAN member states, for instance the Philippines, Thailand and Malaysia, once they share a similar level of ambition and conditions are right.

Such agreements would also contribute to an increased engagement with the ASEAN region as a whole: we very much view these negotiations as building blocks for a region-to-region agreement.

The EU also continues to support least-developed ASEAN member States, such as Laos, Cambodia and Myanmar, who benefit from duty-free, quota-free tariff preferences under the Everything But Arms arrangement of the Generalized Scheme of Preferences, while Indonesia and the Philippines respectively enjoy standard GSP and special incentive arrangements for sustainable development and good governance (GSP+).

Beyond regular trade agreements, there is also scope for regulatory cooperation between the EU and ASEAN.

One key area is the digital economy, where new rules are already being developed through plurilateral discussions on e-commerce in Geneva. While we would prefer multilateral rules, we have seen in the last decade that bilateral or plurilateral agreements are increasingly important, due to the complexity of global challenges and the diversity of views in the WTO membership.

We will be exploring options for further regulatory cooperation with ASEAN members. I hope that this path can over time evolve into another example of successful EU-ASEAN cooperation.

I commend the work of the EU-ASEAN Business Council in fostering further links between our two regions. We may be far apart in terms of geography, but we are closer than ever in terms of dynamism, ambition and commitment to open trade as a catalyst for sustainable development.