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# EU-ASEAN RELATIONS

## THE NEXT FORTY YEARS

REPORT





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## EU-ASEAN COOPERATION IS EXPANDING BUT MORE NEEDS TO BE DONE

Just over 40 years after establishing official diplomatic relations, the Association of Southeast Asian Nations (ASEAN) and the European Union are looking for concrete ways to expand their cooperation in areas ranging from security and cyberspace norms to trade and education. Such improved cooperation could help both regions to cope with changing geopolitical trends. But there are still questions on the future shape and content of the relationship and ways of making it more beneficial to both parties.

Held as part of the EU-ASEAN Strategic Thinkers and Young Leaders Forums, the conference ‘EU-ASEAN relations: the next forty years’ on 27 February gave both sets of participants an opportunity to attend and take part in discussions, and focussed on how to enhance relations between these two groupings that share many common values – such as a belief in a rules-based international order – but are very different in structure: The EU is based on law, while ASEAN is an intergovernmental organisation. Both, however, emerged in reaction to conflicts and are largely peace projects, with the EU’s formation following the Second World War and ASEAN being established during the Cold War. The end of the Cold War was the cue for expansion in both cases – the EU enlarged to the east, while ASEAN grew from 6 to 10 members, including communist Vietnam.

“When ASEAN was established 51 years ago, global cold war tensions were raging,” said [Le Luong Minh](#), who was Secretary-General of ASEAN from 2013 to 2017. “ASEAN reflected the aspiration of the people of Southeast Asia for regional peace and prosperity, which has been the determining factor of its success. It is based on the principles of peaceful coexistence and peaceful settlement of disputes. Bringing together all the countries into ASEAN in this diverse region constituted a historic achievement for the organisation.”

On a formal level, ASEAN and the EU became official partners in 1977. In 2007, the Nuremberg Declaration set out a long-term vision for working together in areas including security, economic cooperation, development and energy as well as climate change. Cooperation between the EU and ASEAN has increased over the years and now includes areas such as medicine, cybercrime and disaster relief. Trade and investment relations have also strengthened; today the EU is the greatest source of foreign direct investment into ASEAN. Though past attempts to form a free trade area have not been successful, negotiations are expected to resume soon. “We are convinced of the importance of collective resilience through local integration and consensus on developments,” said Minh. The second ASEAN-EU Plan of Action for 2018 to 2022 takes the relationship further, going into areas such as counter-terrorism, innovation, transport, trade facilitation, gender equality, environmental protection and sustainable development. “It is more ambitious in a much more challenging environment,” he said.

**“We are convinced of the importance of collective resilience through local integration and consensus”**

**Le Luong Minh**  
Secretary-General  
of ASEAN (2013-2017)

## “Peace is now being challenged”

### Shada Islam

Director of Europe & Geopolitics  
at Friends of Europe

## RESPONDING TO A FAST-CHANGING WORLD BY FORGING A STRATEGIC PARTNERSHIP

However, the geopolitical landscape has become more volatile over the past decade. The financial crisis and its aftermath in particular have led to a populist backlash in some countries. “With their different tools, different mechanisms and different processes, both the EU and ASEAN have successfully managed to keep the peace in their regions,” said moderator [Shada Islam](#), Director of Europe & Geopolitics at Friends of Europe. “But that peace is now being challenged. I sometimes call it the ABC of the new political order – or disorder. A is for America first – America’s retreat from the global stage and from its commitment to the multilateral order. B for Brexit and the confusion it has created among many of our Asian friends. And C is for China – a more assertive, more self-confident China.”

International relations and business links have an impact on societies and politics because the boom in world trade affects countries’ economic structures. “Globalisation has come to a tipping point, and there is increasing backlash to its precepts,” said [Peter Potman](#), Director of the Asia and Oceania Department at the Dutch Ministry of Foreign Affairs. “There is an inequality that is coming to haunt us both in Asia and Europe. The resilience of our societies and the international global order is in question more than it used to be, and it is something we have to address very, very urgently. The rules-based international system that serves all of us well is under threat.”

At the same time, international solutions are required to fight problems such as global warming. “The global commons, which were under threat before, are now under threat even more,” said Potman. “The impact of climate change and topics covered by the sustainable development goals are becoming more painful.”

Despite common challenges, the organisations often find it hard to work together as effectively as they would like. “Sometimes it feels like a bad rom-com – lovers who time and again fail to meet up,” said Potman. One problem is post-colonial hiccups: “ASEAN feels as if the EU is always preaching – and the EU is always preaching – and it’s very hard to get rid of that. And there is a different appreciation of security assets: ASEAN says, ‘Where is your hard security?’ And there is not much in the ASEAN region from Europe. But there is a lot of soft power in the form of cooperative security.”

The solutions are to foster dialogue and understanding, Potman said: “We have to keep talking in order not to lose sight of one another.” Efforts towards a free trade area and cooperative security arrangements should form part of a strategic partnership, he said. “It would be an important recognition of the fact that we are strategic partners. We can cope without this: we have the plan of action. But symbols are important. A strategic partnership would be something to show and explain to people.”

One advantage of a strategic partnership agreement would be the greater possibility for cooperation on non-traditional security issues founded in a shared commitment to a rules-based order. “It provides a legal framework for cooperation in a region that still emphasises non-interference,” said [Bart Gaens](#), Senior Research Fellow at the Finnish Institute of International Affairs’ Global Security Research Programme. “A security-related strategic partnership agreement is key, as we live in a changed world amid a return of great power politics.”

## NATIONAL AND REGIONAL INTERESTS

The members of the EU and ASEAN are not great military powers –nor are the blocs themselves. That means they have to stay unified and engage intelligently with others, something ASEAN does through the ASEAN Regional Forum. “ASEAN centrality means ASEAN providing a platform for major powers to engage,” said [Jose Tavares](#), Director General for ASEAN at the Indonesian Ministry of Foreign Affairs. “This has been taking place for several decades. All of the major powers annually go to the region and discuss strategic interests and issues of common concern.”

At the same time, ASEAN can set the agenda for engagement in Southeast Asia and must do so in a coordinated way. “ASEAN consists of small countries that do not have the strength that the major powers have,” said Tavares. “Since the major powers very often cancel one another out, they trust ASEAN to set the future direction for the region. ASEAN member countries will not have the same national interests vis-à-vis these major powers. But we constantly remind ourselves that in the pursuit of those national interests we cannot compromise the regional collective interest: the maintenance of peace, security and stability, which has allowed a conducive environment for economic development and social progress. This is a national interest as well. If you ignore these regional collective interests, eventually they will come back and hit you.”

Some of the seas around Southeast Asia are currently disputed by ASEAN members and China. The Philippines brought an arbitration case against China under the United Nations Convention on the Law of the Sea (UNCLOS) concerning China’s claim to sovereignty over most of the South China Sea. An international tribunal in The Hague found in 2016 that China’s claim had no legal basis. One way to deal with these problems is to put them to one side and use the disputed areas for joint projects, said [Clarita Carlos](#), Professor of Political Science at the University of the Philippines. She suggested that islands constructed by China on reefs in the area become scientific centres. “Let us follow the Antarctica model and convert them into research stations,” she said. “We can conduct experiments and study sea plants and fish. Solutions to these conflicts will not depend on politicians. They will depend on scientists like us.”

**“Globalisation has come to a tipping point, and there is increasing backlash to its precepts”**

**Peter Potman**

Director of the Asia and Oceania Department  
at the Dutch Ministry of Foreign Affairs

## “The EU remains a great economic power in Asia and Southeast Asia, while its security role remains quite limited”

### **Bart Gaens**

Senior Research Fellow  
at the Finnish Institute of International Affairs’  
Global Security Research Programme

### **A BIGGER SECURITY ROLE FOR THE EU**

For the EU, the waning of US interest in Europe has led to efforts to increase its own security activities. The Permanent Structured Cooperation (PESCO), a structural integration of some EU national armed forces, was initiated in 2017, with a number of projects planned for launch in 2018. “The EU has had a long-standing ambition to have a large political and security role in Asia,” said Gaens. “One of the key goals of ASEM (the Asia–Europe Meeting) was to facilitate political and security dimensions in an informal way. For 20 years, there has been a limited security-related dialogue on human rights. But still the EU remains a great economic power in Asia and Southeast Asia, while its security role remains quite limited. The EU lacks the capability to display hard power even though modest progress in setting up the permanent structure in PESCO. Also, the EU tends to link trade, security and development aid with human rights, which interferes with the ASEAN view on non-interference and what counts as internal affairs.”

Moreover, said Gaens, ASEAN tends to see the EU not as a supranational entity or collective actor, but as a group of member states. “That is also an obstacle,” he said. “ASEAN often sees the EU as a dialogue partner and donor rather than an actual partner in security affairs. The EU does have a useful role to play in Asian security.” One model for future cooperation could be the Aceh Monitoring Mission established in 2005 after a peace agreement between the Indonesian government and the separatist Free Aceh Movement. The EU provided monitors for the implementation of various aspects of the peace process. “What was important was that the EU did not take the lead, but only facilitated the operation by providing staff and funding,” said Gaens. “That was a very good model whose use the EU could sell Southeast Asians to convince them that the EU does have an important role to play in ASEAN and Southeast Asian security.”

### **CONCRETE ACTION NEEDED**

The relationship should avoid too much focus on institutional concerns, said [Reinhard Bütikofer](#), Member of the European Parliament and Rapporteur on EU-ASEAN relations. “We have shared interests and values even though we may have quarrels,” he said. “More than these, there are shared challenges, which neither of us can deal with without positive cooperation.” He pointed to the rise of China as such a joint challenge. “One of the things that I would advocate avoiding would be stale institutional concerns like: is Europe invested as a full member to the East Asia Summit?” he said, referring to the annual forum of 18 countries. “At some point that will happen over the next 40 years, and I couldn’t care less which year. The core content of this relationship is whether we can be useful for each other. If that happens everything else follows.”

The nature of the EU-ASEAN relationship in 40 years' time will depend on the state of the world then, said [Lay Hwee Yeo](#), Director of the European Union Centre in Singapore— for example, the importance of nation states. “What the world is going to be like in 40 years depends on what we do today,” she said. “The future is for us to shape. You have to write the future yourself.”

She recommended three broad themes on which to work. “We should reject binary choices put to us, particularly by the Americans when they say, ‘You are either with us or against us,’ or, ‘You have to choose between us and China.’ There are many more choices.” Secondly, we should stop thinking about the world order in hegemonic terms. “We need to move away from the idea of hegemony to harmony – from a hierarchical order to a truly multilateral order. And we must look into what we mean by a truly multilateral world order.” Thirdly, she said, “We need to move towards dialogue and communication. We like to listen and then act quickly on what people have said, but then we don’t actually have a true dialogue. When someone challenges us, the first thing we want to do is react and challenge him back. But what are the learning experiences from the challenge?”

## NEW FORA FOR COOPERATION

A greater number of fora through which to foster joint cooperation would boost relations between the EU and ASEAN. “Economic cooperation is not just about negotiating FTA (free trade area) agreements or business-to-business investment,” said [Annika Siirak](#), a PhD Candidate at the University of Tartu and an EU-ASEAN Young Leader. “It is about building a truly integrated ASEAN economic community. In doing that, there is no dialogue partner better than the EU for learning from its mistakes, experiences and know-how. The EU has experience in building a single market, in internationalising higher education and in harmonising legal frameworks across nation states. So, EU support is highly appreciated in ASEAN.” However, these efforts often go unnoticed, especially in the EU. “This is very often forgotten or simply not acknowledged in Europe, because the majority of the public diplomacy efforts in communicating what the EU and ASEAN are doing together are targeted at the ASEAN region. We also need better communication in Europe. Many of my young friends do not know what ASEAN is, let alone what the EU is doing with it.”

That could be remedied by new formats. “Young people wish to be engaged,” said Siirak. “They wish to understand better and be engaged in policymaking. They wish to be heard. If such fora [as the EU-ASEAN Young Leaders Forum] were institutionalised and made into regular formats where the leaders of tomorrow could provide recommendations for the policymakers of today, it would be a great step forward. That does not apply just to youth, but to making regional organisations more people-centred.”

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**Lay Hwee Yeo**  
Director of the European Union  
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## “Young people wish to be engaged. They wish to be heard ”

### **Annika Siirak**

PhD Candidate at the University of Tartu  
and EU-ASEAN Young Leader

One example of such a forum could be the proposed ASEAN Smart Cities Network, said Bütikofer. “They could more publicly and more visibly create fora for exchanging best practices between different cities in different regions dealing with similar issues,” he said. “Everything that can be defined as a national policy has to be implemented as a local policy.” Another example could be the mobilisation of expat communities. “In Silicon Valley, the Indian expat community organises an India day every year, when they fly major players from the civic and private sectors from India to San Francisco to talk with the smart young Indian kids there. That is extremely useful in helping both sides. Something like that using expat communities could make more of our shared experiences.”

More generally, connectivity should be open and balanced and give everyone the same kind of opportunity, said Bütikofer– “a connectivity that is not one-sided, that is not created according to the hub-and-spokes paradigm, but that is multilaterally governed. It doesn’t make sense to define connectivity narrowly in a technical sense. Connectivity is connecting people, not just investment or roads or economic factors. In that sense, all our ideas and ambitions and visions come into play.”

## THE DIGITAL IMPACT

Digital technologies have been one of the enablers of globalisation, and their role is likely to continue in coming decades, with corresponding impact on EU-ASEAN relations. “The digital revolution is central to the changes we are going to see in the geo-economic areas,” said Potman. “Modes of production are going to be profoundly changed, and the EU and ASEAN should recognise this. They should include it in their cooperation because we have to come to grips with this. I think it is going to have a tremendous effect in the next 30 years on the whole globalisation debate. The Globalisation 1.0 over the last 30 years was basically: you cut up the production chain and you produced in the places parts where you can do it the cheapest. That is the model that has made China great, and that was true of Europe-Asia cooperation in general. The question is: Will this remain the model? Or is digitalisation going to cut up the whole globalisation debate? If we can produce things more cheaply here than making them in an ASEAN country and shipping them here, you get a completely different set of relationships commercially. That has an effect on everything else.”

Technology has a particularly big impact on the young, who have grown up with digital tools. “Young people in ASEAN are really aware of the digital revolution we are in right now,” said Tavares. “In this context, ASEAN is in the process of coming together to identify how we can address this issue. How can we train our young people to respond to the digital revolution that we are in now? We know that the future lies in e-commerce, and the leaders of ASEAN are aware of what the future challenges are. Young people consist of 60% of the population, so we have a demographic dividend.”



## NEW ARRANGEMENTS FOR CHANGING GEOGRAPHY

Trade and industry are being transformed in other ways too, pointed out [Suthad Setboonsarng](#), a Member of the Board of the Bank of Thailand. “The world is undergoing three other major changes at the same time: in the energy, bio-tech and agriculture sectors. If you look back in time, any of these changes has caused a major transformation in the global economy. We must not only follow this new technology but focus on what we want to do with this new technology, where we want to go with it. In the digital era we will require a new mindset. We are still analysing issues in terms of geographical locations that may not be all that relevant in 5 or 10 years’ time.”

Another transition will be geo-economic, said Setboonsarng. “Over the next five years, 37% of the economic growth in the world will come from Asia: 25% from northeast Asia, meaning Japan, South Korea, China, Hong Kong and Taiwan; 16% from the EU; and 17% from the US. Asia is integrating quickly, and China is looking to the Belt and Road initiative to connect themselves to the West. India is looking east too. So ASEAN is right at the centre of this engine of growth going forward.”

Along with this growth in Asia, a lot of physical integration is taking place, such as the Kunming–Singapore railway, a planned network of railways to connect China, Singapore and the countries of mainland Southeast Asia. “This integration is unavoidable, and it is taking place anyway. We have to take this as given. We are talking about a huge number of people that will benefit from this.”

Making the most of this kind of project needs active participation from the private sector. “Governments cannot really keep up with all these changes going forward,” said Setboonsarng. “For example, now there are many border points, which increase journey times enormously. When you bring goods from one territory to another, you have to declare them both as exports and imports, which doubles these activities. Imagine taking a train from China to Singapore. If the train takes two hours to get from Kunming to Laos and it takes two hours at the border to clear 200 passengers, what is the benefit of the train?”

Private-sector involvement might help. “One idea is for both governments to commission a private company to run the operation: legally it’s two operations but physically only one,” he said. “However, the first problem is that the law in most countries will not allow this. So current laws and regulations are supporting a model of business that is no longer relevant. The old things don’t work.”

**“Connectivity is connecting people, not just investment or roads or economic factors”**

**Reinhard Bütikofer**

Member of the European Parliament  
and Rapporteur on EU-ASEAN relations

## “ASEAN is right at the centre of this engine of growth going forward ”

**Suthad Setboonsarng**  
Member of the Board  
of the Bank of Thailand

### CONCLUSION

It is clear that the EU and ASEAN aspire to achieve a deeper and wider degree of cooperation. In order to achieve that, there are several steps that the two blocs should take.

Concluding a strategic partnership would allow increased cooperation on non-traditional security issues; it would also act as a symbol of cooperation and commitment for the people of both regions.

Broadening inter- and intra-regional dialogue to include civil society representatives would make the relationship more relevant to people; youth engagement should be a priority in order to identify new and innovative ways of working together.

With the EU already the greatest source of foreign direct investment into ASEAN and ASEAN the EU's third largest trading partner, finalising an EU-ASEAN FTA would allow for increased cooperation between the two and would secure greater market access for both.


And finally, by engaging in more and better conversations on security, cyberspace and other areas of mutual interest, the EU and ASEAN would be able to secure their regions and people against the world's changing geopolitical landscape.

The EU and ASEAN have come a long way since they forged diplomatic ties forty years ago. It is now time to set their relationship down a path to even more fruitful and constructive cooperation.

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