

How should ASEAN engage the EU? Reflections on ASEAN's external relations



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ABSTRACT

The Association of Southeast Asian Nations (ASEAN), founded in 1967, has from its onset been an outward oriented organisation. It has to be outward looking and followed events in the region and world carefully because domestic dynamics and developments are sensitive to such externalities. The member states of ASEAN are also firmly aware of the need to be embedded in the broader regional, if not global context, particularly in the economic arena. One channel that ASEAN used to achieve this was through the dialogue partnerships that it established throughout the years with the major powers and other key countries.

The EU is one of ASEAN's oldest dialogue partners. Trade and investments ties between the two regions have grown tremendously. The EU is now ASEAN's second largest trading partner and biggest source of FDI in ASEAN, and the partnership now extends also to a whole range of political and security dialogue. Yet despite all these, ASEAN still perceived the partnership as below potential. This paper examines the current EU-ASEAN relations and reflects on how ASEAN can step up its engagement with the EU at a time when the East Asian region has become the core region of global politics and economics, and ASEAN has to become more united and cohesive if it is to manage the increasing tensions and rising rivalry amongst the big powers in the region, in particular between the US and China.

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1.1 INTRODUCTION

The Association of Southeast Asian Nations (ASEAN) was founded on 8th August 1967 at the height of Cold War tensions and regional instabilities in the face of the Vietnam War, the Cultural Revolution in China, etc. The need to band together to present a “united” front in the face of communist threats, and to ward off “external interference” so as to allow individual governments to establish effective control over its own domestic territory and focus on building up “national resilience” – a euphemism for ensuring regime survival and state security. “A largely unstated but important underlying objective was clearly to establish a framework for peaceful intra-regional relationships between member states” – in short, the need for confidence building amongst neighbours after years of confrontation (1962-66) between Indonesia and Malaysia, the ejection of Singapore from Federal Malaysia in 1965, and other border disputes that takes attention away from developing the economies and state and nation-building.

ASEAN's growth as a regional organisation proceeded at a slow pace in the initial years. There were very little real integrative efforts as sovereignty was jealously guarded. In any case, ASEAN was never intended to be like the EU with supranational characteristics. It was an instrument for managing and containing intra-regional conflicts, and in so doing maintain and strengthen national sovereignty.

ASEAN from its onset has been an outward oriented organisation. It has to be outward looking and followed events in the region and world carefully because domestic dynamics and developments are sensitive to such externalities. So while ASEAN purported to be a neutral organisation with the promulgation of the idea of the Zone of Peace, Freedom and Neutrality (ZOPFAN), many member states have strong political relations with states outside the region and some have defence arrangements with external powers. Member states are also firmly aware of the need to be embedded in

the broader regional, if not global context, particularly in the economic arena. One channel that ASEAN used to achieve this was through the dialogue partnerships that it established throughout the years with the major powers and other key countries.

Many of ASEAN's dialogue partnerships with the developed world focused on issues of market access for ASEAN's products, development assistance and other economic issues (Severino, 2006). This series of dialogue partnerships were developed from the 1970s, and the European Economic Community (the predecessor of the EU) was one of ASEAN's first dialogue partners. Besides the EU, ASEAN's dialogue partners now include the US, China, Japan, South Korea, Canada, Australia, New Zealand, Russia and India.

Informal dialogue between ASEAN and the EU took place in 1972, and after a series of informal meetings, the first official dialogue took place in 1977. This dialogue was further “institutionalised” with the signing of the ASEAN-EC Cooperation Agreement during the second ministerial meeting in Kuala Lumpur in 1980. Since then, ASEAN relations with the EU have expanded in scope and depth. “From a narrow focus on issues of market access and development cooperation, EU-ASEAN partnership now extends to a whole range of political and security dialogue and the participation of the EU in the ASEAN Regional Forum since 1994. Trade and investments ties between the two regions have also grown tremendously. The EU is now ASEAN's second largest trading partner and biggest source of FDI in ASEAN. Southeast Asian companies are now also making forays into Europe. Investments from ASEAN into the EU have increased from €27.7 billion in 2006 to €71.9 billion in 2010, and ASEAN is the EU's 6th largest external trade partner.ⁱ

Yet despite all these, ASEAN still perceived the partnership as below potential. This paper is an attempt to analyse the current EU-ASEAN relations and reflect on how ASEAN can step up its engagement with the EU at a time when the East Asian region has become the core region of global politics and economics, and ASEAN has to become more united and cohesive if it is to manage the increasing tensions and rising rivalry amongst the big

powers in the region, in particular between the US and China.

1.2 AN OVERVIEW OF ASEAN-EU RELATIONS

The long-standing EU-ASEAN partnership has its trials and tribulations and has never really blossomed despite the fact that the EU is now ASEAN's second largest trading partner and one of the biggest sources of FDI into ASEAN.

One can divide this long-standing partnership into three different phases. In the first decade or so (1978-1989) of ASEAN-EU relations, the focus was on economic cooperation and development. The 1980 ASEAN-EC Cooperation Agreement extended the MFN treatment to the contracting parties and opened up an exclusive channel for the exchange of information and requests that paved the way for EU assistance in several development projects in ASEAN. In the area of political cooperation, the 1980s was dominated by two issues – Vietnamese invasion of Cambodia and Soviet's invasion of Afghanistan. ASEAN and EC worked to coordinate their positions and to support each other's position on these two issues in international forums such as the UN. Relations between EU and ASEAN were low key but cordial and in many aspects still perceived as an unequal "donor-donee" partnership.

However, in the immediate post-Cold War period (from 1990), relations were tense because following the wave of democratization in Central and Eastern Europe, and the collapse of the Soviet Union, there was a certain Western triumphalism about the End of History that was not quite well received in Southeast Asia. ASEAN had also emerged out of the 1980s a much more confident organization, after its collective diplomatic efforts for a decade to bring about some solution to the Cambodian crisis. The EU efforts to put human rights issues at the centre of the dialogue and cooperation led to a push-back from the Southeast Asian countries. For a brief period (1994-1996) during the second decade of EU-ASEAN relations, a more neoliberal economic agenda emerged, and there was expressed desire to focus on the mutual benefits of increased trade and investments between an economically vibrant Southeast Asia with a rejuvenated Single Market of the European Union. However, this was short-lived as ASEAN expanded to include Myanmar, which had

been branded by the EU as a "rogue" state with terrible human rights record, bringing new strains and tensions to the inter-regional dialogue.

The events of 9/11, the dramatic rise of China and the "re-invention" of ASEAN in the aftermath of the Asian Financial Crisis, led the EU to adopt a more pragmatic and differentiated approach towards ASEAN and its member states as spelt out in the 2003 Communication from the Commission "A new partnership with South East Asia".

Faced with the loss of its economic competitiveness, and the challenges from the big Chinese and Indian markets, ASEAN also embarked on an ambitious project to build an ASEAN Community comprising an economic community, a political and security community and a socio-cultural community. The need to deepen economic integration brought with it the narrative of greater institutionalisation and moving towards a more rule-based ASEAN. The European Union and its single market was often invoked during this period as a reference point for ASEAN to move toward a degree of economic integration that would make the ASEAN market of more than 600 million consumers an attractive option for investors and economic partners.

Engagement between ASEAN and the EU increased in particular with regards to EU support for ASEAN integration, and ASEAN's close studies of the EU model. In the meantime, the return to growth of the ASEAN economies and the increasing market-driven integration of the greater East Asian region present the EU with ample reasons to step up economic engagement with ASEAN. In 2007, the EU decided to launch FTA negotiations with ASEAN, but this has to be suspended in 2009 for various reasons, the key being the great diversities within ASEAN itself despite all the talk about economic community building. On ASEAN side, despite the EU attempts to deepen engagement, it did not get rid of the perception amongst some Southeast Asian countries that a decade was lost because of the EU's obsession with human rights issues in Myanmar (from 1998 – 2008). ASEAN also felt that the EU was more focused on China, and did not fully appreciate the role played by ASEAN in the various emerging regional architectures.

We are now seeing a new attempt by the EU to "court" ASEAN as power shifts towards the East, and

Southeast Asia moved from being a subordinate security region to become what Muthiah Alagappa calls a core world region (Alagappa, 2008).

1.3 POWER SHIFTS, GLOBAL RE-BALANCING AND THE CENTRALITY OF ASEAN?

The global order is at the crux of a transition from a clearly western-dominated system to one that has yet to be defined. What will rise to replace the western-defined and dominated system is not clear. While the US remains dominant in the global order, its leadership is increasingly being challenged, and it can no longer act alone to achieve its goals. China is an important emerging power and particularly in the Asia Pacific region, Sino-US relationship will be the core consideration for any regional order. The Sino-US axis will loom larger and larger and whether ASEAN can contribute to the institutionalisation of this central relationship is uncertain.

ASEAN has no doubt helped to create “a minimalist normative bargain among the great powers in the region” through various ASEAN-led regional frameworks from ASEAN Regional Forum (ARF) to ASEAN Plus Three (APT) to the East Asia Summit (EAS) (Goh, 2011:373). ASEAN’s comparative advantage is that it is universally acceptable as the driver of regionalism in a situation in which the great powers are suspicious of each other. ASEAN currently occupies a central role in the Asia-Pacific, particularly in East Asia because of “the unique qualities of the East Asian environment in which ASEAN operates” (Narine, 2009:370). The major powers in East Asia, Japan and China do not trust each other because of historical reasons and on-going tensions over the Senkaku or Diaoyu islands in the East China Sea. The Asia-Pacific also constitutes a “unique security environment” with major powers (the US, China, Japan, and to some extent Russia and India) competing with one another for influence. These rivalries created “a political space within which ASEAN may exercise significant regional influence” and enhance its own strategic importance. However, whether ASEAN can “exploit this advantage is partly contingent on the organisation’s internal unity” (Narine, 2009:370).

So far, ASEAN has been able to maintain a central role in the various regional architectures by default because the major powers in the region have

abstained from leadership for fear of arousing suspicion from their rivals. However, as the US and China step up their competition in the region more openly, ASEAN, as an official from the ASEAN Secretariat put it, has to move from “centrality of goodwill” to “centrality of substance”. This means that ASEAN has to increase its political and economic weight by building a successful ASEAN Community, and at the same time enhance its external relations with all major powers to show its ability to continue to drive the various regional architectures that are increasingly being contested.

ASEAN has stepped up its rhetoric on integration. The dominant narrative now is the need for ASEAN to deepen its integration if it is to have any role in managing the regional relations of the major powers and contribute to a more peaceful transition to the new global order. ASEAN must retain its cohesiveness while maintaining an outward-looking and inclusive model of region-building. To drive and navigate all the emerging regional frameworks and architecture in the Asia-Pacific region and use these various frameworks to engage the US and China, and not be pulled apart by powerful external forces, ASEAN integration is therefore paramount. The Chairman statement coming out from the 19th ASEAN Summit chaired by the Indonesians made it clear that the priorities of ASEAN are “to ensure significant progress in achieving the ASEAN Community; to ensure that the regional architecture and regional environment remain conducive to development; and to enhance ASEAN’s role in the global community”.

However, unless and until ASEAN truly succeeded in deepening its integration and demonstrated “organisational coherence and clarity of leadership” (Ba, 2009), one can foresee the centrality of ASEAN to be continuously tested, by the impatience of activist middle powers such as Australia or Korea, and more dangerously by the intensification of big-power rivalries, as reflected in the acrimonious meetings held in Phnom Penh in July and November 2012. China has used its influence over Cambodia in a bid to thwart any “unified ASEAN position” on the South China Sea disputes, or any attempt to internationalise the issue maintaining that the disputes are bilateral issues between China and the claimant states. Such aggressive measure by China towards ASEAN is seen in part as a response to the US “pivot” to Asia. The US pivot to Asia is being

perceived by China as “aimed” at “containing” the rise of China, and has led to “emboldened” measures by some ASEAN states to take on China directly on the issue of sovereignty over some of the islands in the South China Sea.

ASEAN’s unity and hence centrality has been tested when in July 2012, ASEAN failed to issue, for the first time in its history, a joint communique at the conclusion of its 45th Foreign Ministers Meeting. This was seen as a major setback for ASEAN and a severe dent to ASEAN’s credibility. It was severe enough for the Indonesian Foreign Minister to go on a shuttle diplomacy to launch an immediate damage control measure by getting all its ASEAN counterparts to agree on a six-point proposal on the South China Sea and get the Cambodian Foreign Minister acting in his capacity as chair to release this brief statement on 20th July, a few days after the foreign ministers meeting.

However, the challenge to ASEAN’s unity has been called, and Cambodia, the chair of ASEAN in 2012 was to stumble again at the 20th ASEAN Summit in November when it “tried to publish a declaration saying that ASEAN leaders agreed not to internationalise the South China Sea and maritime disputes” (Bower, 2012) to the ire of several ASEAN members, especially the claimant states in the South China Sea disputes.

This is of course not the first time that ASEAN’s unity and centrality has been challenged. What was different this time was how China who has pragmatically supported ASEAN in the driving seat of various regional architectures is now openly undermining ASEAN’s unity, viewed by many analysts as a very unwise strategy. China’s anxiety about the US intention and the hardening of its sovereignty claims in East and South China Seas would lead to increased tensions with the US, and such intensified Sino-US rivalry would be a real test to ASEAN’s diplomatic dexterity.

The events in 2012 have proved to be a wake-up call for ASEAN not to take its centrality for granted. As 2012 drew to a close and the chairmanship of ASEAN passed from Cambodia to Brunei, efforts are made by older ASEAN member states – and Indonesia and Singapore in particular appeared to be active in it – to actively support Brunei’s chairmanship to restore

ASEAN’s credibility. Indonesian and Singaporean leaders have also been quick to remind China that it is not in China’s interest to have a divided ASEAN.

ASEAN’s external relations are now focused on managing the new geopolitics of increasing rivalry between China and the US in Southeast Asia. Where should ASEAN position itself between the two major powers in the region? How to strike a fine balance between its increasing economic interdependence, or dependence as some analysts would put it, with China, while at the same time increasing its dependence on the American security commitments in the region? The tension between economic regionalism and security regionalism is sharpening and how will the different regional architectures in which ASEAN claimed a “driving seat” managed these tensions?

How is ASEAN to position its relations with the EU as its “hands are full” with the regional Sino-US rivalry, and the increasing temperature over sovereign claims in the South China Sea and also the Sino-Japanese tensions over Senkaku / Diaoyu islands? The latter tensions have led to Japan making a flurry of visits to several Southeast Asian region to shore up support from ASEAN, and also to step up engagement with some of the ASEAN claimant states in the South China Sea, implicitly pitching them against China. With ASEAN now being “courted” by the various major powers, what should then be the focus of ASEAN’s relations with the EU?

1.4 ENGAGING THE EU TO SHORE UP ASEAN’S CENTRALITY?

As the overview of ASEAN-EU relations in the earlier section showed, ASEAN has long felt that the Southeast Asia has been a region neglected by the EU, and that the EU-ASEAN dialogue had not always been easy because of the acrimonious debates on human rights issues, first in East Timor and then over Myanmar. ASEAN also noted that since the entry into force of the Lisbon Treaty and the appointment of Baroness Catherine Ashton as the High Representative for Foreign Affairs and Security Policy in 2009, the latter had skipped the ARF meetings in 2010 and 2011.

2012 could however be a turning point as the EU “announced” its own “pivot” to Asia with a series of high level visits by European leaders to Asia, and the holding of a number of bilateral and multilateral meetings. Of significance to ASEAN was that Ashton made two visits to Southeast Asia this year, co-chairing the 19th ASEAN-EU Ministerial Meeting in Brunei in April, and attended the ARF in Phnom Penh in July. More importantly, the EU acceded to the ASEAN’s Treaty of Amity and Cooperation, and is asking to be invited to the East Asia Summit (EAS), a meeting launched in 2006 originally comprising of ASEAN + 6 (China, Japan, Korea, India, Australia and New Zealand) that has in 2011 been expanded to include the US and Russia.

There is reason for ASEAN to be cautious and not “rush” to invite the EU into EAS, wary that EU’s participation in EAS may be further misconstrued by China as part of the containment strategy. This is particularly sensitive in view of the ARF meeting in 2012 in which Hilary Clinton and Catherine Ashton issued a Joint US-EU Statement on the Asia-Pacific Region. In this joint statement, the US and EU agreed to closer consultation on Asia-Pacific issues, signalling a potential joining up of “Western” interests in the region and increased cooperation on “political, economic, security and human rights issues in the Asia-pacific region”. Yet, at the same time, there is value for ASEAN also to step up its engagement with the EU in concrete areas that would help ASEAN build on its integration and cohesion.

Since 2003, the EU has been supporting a number of technical cooperation projects to help build capacity in the ASEAN Secretariat, from the ASEAN-EU Programme for Regional Integration Support (APRIS I & II - 2003-2010) to the current ASEAN Regional Integration Support from the EU (ARISE 2012-2016), and funding for several functional cooperation projects ranging from broad Economic Integration Support projects to more specific Border Management, building statistical capacity and protection of intellectual property rights. More however could be done to foster concrete cooperation in different areas.

There is a need for a long-term sustained strategy and not the current rather piece meal and ad hoc approach from the EU to support ASEAN’s

integration – and one area that offers great potential is the newly launch ASEAN Institute for Peace and Reconciliation. The European integration story is one about reconciliation and peace-building. The EU has a whole set of conflict prevention, crisis management and peace building tools and experiences that can be comprehensively shared with ASEAN. Several ASEAN states remained plagued by various ethnic and religious tensions – from the long standing tensions in South Thailand, to the recent outbreak of violence in the Rakhine State in Myanmar, there is need for ASEAN to be equipped with a full set of tools (from quiet diplomacy to facts-finding missions, to mediation) for building sustainable peace.

ASEAN’s economic integration, while not necessarily to the level of integration achieved by the EU, is still an integral part of maximising ASEAN’s economic potential and bringing about greater prosperity. A richer, integrated ASEAN would be better able to hold on to its centrality and can play a more proactive role in shaping its regional environment. ASEAN member states must capitalise on the current series of bilateral FTA negotiations with the EU to step up economic engagement with the EU, and also use these negotiations as catalysts for further domestic reforms in their economies. On the part of the EU, it also has to keep pace with the proliferation of the FTAs in the region or risk ceding its position as a key economic player in the region to China or even Japan.

There is also much that ASEAN can learn from the EU on building connectivity, particularly in the area of connecting institutions and peoples to create a more people-centred ASEAN. The EU’s experiences in particular in substantive investments of people-to-people exchanges from the Erasmus programme to the various Framework Programmes to encourage collaboration amongst experts, scholars and scientists should be seriously looked into by ASEAN to cement its community building efforts.

ASEAN in welcoming the renewed interest of the EU on ASEAN should also guard against any hubris that just because it is in the midst of a dynamic region, it should be at the centre of attention. The status that ASEAN enjoyed now because of solid economic growth, political reforms of some of its member states and an increasingly confident Indonesia, coupled with many years of careful and relatively

successful management of big power relations in the region cannot be taken for granted. ASEAN's internal cohesion has to be further strengthened if it is to maintain centrality in the Asia-Pacific, and be able to manage the different power dynamics that come with both competition and collaboration of an increasing number of powers and players in the region. Building on the long-standing partnership, ASEAN must effectively engage the EU where the latter's strengths are – in working toward greater integration through trade and investments, and leveraging on the EU's expertise in addressing non-traditional security issues

1.5 CONCLUSION

EU-ASEAN cooperation established in 1977 has expanded in scope and depth over the last 30 years despite various trials and tribulations. From a narrow focus on issues of market access and development, EU-ASEAN partnership now extends to political and security dialogue and the participation of the EU in the ASEAN Regional Forum (ARF).

In the security arena, cooperation between the EU and ASEAN has been stepped up on non-traditional security issues, particularly on the environment and climate change and counter-terrorism and piracy. However, EU is not regarded as a strategic player in

Southeast Asia in traditional security issues, and this was reflected in the relative absence of the EU's voice and perspective on the rising tension in the South China Sea because of conflicting claims between China and various Southeast Asian states.

Increasingly such strategic issues are at the core of how ASEAN would manage its external relations with the major powers in the region. ASEAN's external environment is becoming more dynamic and complex at the same time. Domestic challenges and political transformation within ASEAN add another layer of complexity on ASEAN's external relations. Whether ASEAN can maintain its centrality and play an active role in shaping its external environment by acting as a convenor to bring the major powers, in particular China and the US to a grand bargain is up for debate. However, in trying to manage its external relations and environment, ASEAN must not lose sight of the intricate links of its own community building and cohesion to its external role and relevance to the big powers. Hence, it should leverage on the other more distant dialogue partners such as the EU to shore up its capacity as a coherent regional community able to withstand the various centrifugal forces and remain at the core of the various regional architectures in the region.

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