

ASEAN's Relations with the European Union: Obstacles and Opportunities

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The European Union (EU) and ASEAN have over the years have come to appreciate each other as important and reliable partners sharing the same basic outlook on global politics and economics. Gradually a mechanism for consultation has been built up and it seems to work well despite some problems. Nevertheless it is puzzling why the relationship has not moved from a consultative one to a more substantive one. One reason may be that trade and investment flow smoothly without a formalized framework. This is, however, not a convincing reason. It is more likely that the EU and ASEAN have never really fully understood each other, what their respective objectives are and how they work. In 2006 the EU finally opened the door to negotiations for a free trade agreement with ASEAN, something, which had been on the ASEAN wish list for a number for years. Hopefully this will pave the way for a relationship not only rich in declarations and good intentions, but also of substantial character..

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Introduction

Over the years diplomacy has gradually taken on a more multi-lateral character and few nation-states handle their relations with other countries and/or groups of countries outside a multilateral

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framework. This augurs a new ball game not only for diplomacy, but also for defining, pursuing and safeguarding national interests. For European countries as for countries in Southeast Asia, the regional organization of the European Union (EU) and the Association of Southeast Asian Nations (ASEAN) fulfills the role of a vehicle for participation in global politics and economics. A multi-tiered system spanning global, multilateral, regional and bilateral ties has developed as explained by Rüländ (1996, 1999a, 1999b). The relationship between the EU and ASEAN is thus not only an academic issue, but is also of vital interest for the two regions. In a wider context, this relationship is an interesting case study of how two regions, each having built an institutional framework to suit their purposes, approach and tries to understand each other. It illustrates how much effort is needed to gauge what exactly the other party thinks — especially when operating outside the well known national box and looking across the table at a number of nation-states choosing to act in common instead of individually. The EU and ASEAN are well placed for an analysis focusing on how difficult it actually is to bring about mutual understanding because history, experience and traditions open the door for easy reciprocal understanding and yet it has proved difficult to move from talk to substance.

Despite the fact that, broadly speaking, the EU and ASEAN share a common outlook on global politics and economics, tangible and visible cooperation has been lacking. This article offers the thesis that this is due to a lack of understanding of each other's position arising from the EU's inability to comprehend the three dimensional stability and security sought by ASEAN, a certain degree of disunity among EU countries, and the establishment of the Asia-Europe Meeting (ASEM) in 1996 that has had the effect of taking some of the wind out of the EU-ASEAN sail.

Endeavours to Shape Genuine Cooperation

ASEAN and the EU have had ministerial consultations since 1978. Informal relations between the two organizations go back to 1972, and 1977 is generally regarded as the year when relations really started. The first EU-ASEAN agreement was concluded in 1980 with a cooperation agreement.¹ The agreement was useful as a political signal to highlight the interest both parties had in deepening economic cooperation and trade relations. It limited itself, however, to a declaration of principles and a statement of good and positive

intentions, without putting much flesh on the skeleton. During the 1980s, the agreement gradually led to a political dialogue, which until the Myanmar issue arose, actually produced some tangible results, among other things concerning the plight of Indochinese refugees (Rüland 2001).

However, the political will on both sides was not strong enough to bridge the gap in perceptions. During the 1980s and 1990s, the dialogue was kept going, but it did not lead either side to prioritize closer and deeper relations. The EU was satisfied with the agreement and did not see any need to upgrade relations with Southeast Asian countries. The latter may have wanted to do so, but strong and vibrant economic development made them less dependent upon the EU. Both parties were caught in a kind of "steady as she goes" mentality, pronouncing themselves in favour of doing more without really putting in the effort to achieve it. This gave rise to a fundamental question: why do we need each other and what are the common objectives, ideas, and goals, which should be pursued. No appropriate answer was found, and as long as that was the case the 1980 agreement continued to function. And so it did without much dissatisfaction from either party.

In the mid-1990s, however, a strange kind of vacuum emerged making both parties feel that the relationship needed a boost. A group of eminent persons was asked to table a report mapping out how cooperation could be strengthened and deepened.² The following rationale was cited for the group's work: first, that the end of East-West confrontation had brought radical changes to political and economic relations; second, there had been a decade of unprecedented economic and political development in the ASEAN countries; and third, the on going changes in the EU. The main recommendations included, *inter alia*:

- Pursue the liberalization of their own markets and support the World Trade Organization (WTO);
- Alert business and industry to the potential of trade and investment;
- Deepen the substance of discussion in various existing forums about political and security matters;
- Encourage greater contact and exchange concerning the cultural dimension.

These recommendations sounded very much in line with existing arrangements and while useful, they were certainly not path breaking. In any case it all came to nothing for two reasons: the 1997–98 Asian

Financial Crisis and, simultaneously, the emergence of the Myanmar issue on the EU-ASEAN agenda, called for a new approach.

The next attempt to kick start the relationship came at the turn of the new century, when the most severe effects of the financial crisis had subsided. In 2001 and 2003 the European Commission (EC) published a policy document³ classifying ASEAN⁴ as key economic and political partner for the EU. The EU mapped out six strategic priorities for its relations with Southeast Asia:

- Supporting regional stability and the fight against terrorism;
- Promote human rights, democratic principles and good governance in all aspects of EC policy dialogue and development cooperation;
- Dialogue incorporating issues such as migration, trafficking in humans, money laundering, piracy, organized crime and drugs;
- Invest dynamism by launching a trade action plan called Trans-regional EU-ASEAN Trade Initiative (TREATI);
- Support the development of less prosperous countries;
- Intensify dialogue in specific policy areas.

All of these points are useful and gives the EU a platform in Southeast Asia. At the same time it reveals one of the weaknesses of the EU in its relations with the outside world: the lack of a strategic vision of the long-term relations between EU and its partners. This cooperation conveys the impression either of a piecemeal approach or an attempt to do everything without prioritizing — none of which would encounter opposition from negotiating partners, but none of which conveys the impression that the EU knows what it wants to achieve.

A deeper problem is, however, the lack of an EU policy platform and doubts about whether it wants to nurture a long-term presence in Southeast Asia. This is most clearly seen with regard to trade and economics. During the Asian Financial Crisis, European countries actually contributed a larger share of financial assistance through the International Monetary Fund to the countries in need than the United States, but the EU and/or its member states were simply not capable or willing to capitalize on this aid politically. The United States has negotiated free trade agreements with several countries in the region, while the EU has offered closer trade arrangements, but stopped short of offering a free trade agreement until April 2005 when the Commission floated the prospect of an EU-ASEAN free trade agreement.⁵

This proposal opened the door for deliberations by an EU-ASEAN vision group established in 2005. The group reported in

May 2006.⁶ The key sentence concerning an EU-ASEAN Free Trade Agreement reads as follows: "A strong case for such an agreement, suggesting that it would boost trade in goods and services and help attract new EU investment to ASEAN, as well as encouraging ASEAN's increasing investment in the EU."⁷ Two years before that conclusion, Willem van der Geest (2004) pointed out, convincingly, that the first best solution (global trade liberalization) might not be available. Under these circumstances, the absence of the EU from the network of ASEAN's FTAs with the United States, Japan, China and others would be detrimental to the interests of EU business as competitors would enjoy better market conditions helping to build a stronger long-term position.

Van der Geest makes the interesting and pertinent observation that benefits negotiated in an EU-ASEAN FTA could gradually be extended to other trading partners thus contributing to a successful global liberalization and not as some skeptics feared reduce the incentive for global liberalization. The main problem seems to be reluctance on the EU's part to move the EU-ASEAN relationship into the category of a strategic partnership. In the 2003 EU policy document, the word "strategic" and "partnership" appear 26 times each, but never in the same phrase. The concept of turning EU-ASEAN relations into a strategic partnership is never floated. The vocabulary that comes closest is "Strategic Framework for Enhanced Partnership".

One should always be careful not to put too much into words. In an EU context vocabulary and the precise wording, however, frequently reveals substance and is far from coincidental or irrelevant. This is underlined by the observation that the EU is operating strategic partnerships with such diverse groupings as the North Atlantic Treaty Organization (NATO), the Mediterranean, and the Middle East, and Latin America plus countries such as China, India, Russia, Brazil, Ukraine, Japan and the United States.⁸

The Commission is currently considering the proposal for a "strategic partnership". The main problem seems to be that there is no agreed definition of the term, nor is it always used consistently. In most cases a "strategic partner" is a country (sometimes a region) with which the EU has regular summits. The EU-ASEAN relationship does not satisfy this criterion as relations are at a ministerial level. It is, however, odd that the term is being linked to the label and/or the institutional set up instead of the importance and/or the depth of the cooperation. As a partner, ASEAN may rank at the same level, or maybe even higher in importance for the EU,

than several of the countries or regions enjoying this coveted and prestigious label.

Institutional Set Up

Institutionally the main vehicle for consultation and cooperation has been the ASEAN-EU Ministerial Meeting (AEMM), which is scheduled to meet at least every two years with the foreign ministers of ASEAN and the EU in attendance. This schedule has been respected except for interruptions caused by the Myanmar issue.⁹ In recent years regular consultations between Ministers for Economic Affairs from both groups and between ASEAN Ministers for Economic Affairs and the EU Trade Commissioner have commenced.¹⁰ The EU also takes part in the ASEAN Regional Forum (ARF) process, which discusses security issues and encompasses not only the ASEAN countries, but also 26 other countries including the United States, China, Japan and South Korea.

The institutional set up cannot be characterized as an unequivocal success, and both parties have voiced disappointment. In particular the ASEAN side has criticized EU ministers for their low attendance rate, leaving it to junior ministers or civil servants to represent their country. According to ASEAN, this diminishes the importance of the meetings. The ASEAN side looked forward not only to mutual briefings, but also discussions, which have been less fruitful because the EU was not fully represented at ministerial level. The EU side often pointed to the common position being mapped out at earlier meetings among the EU ministers, which could not be deviated from.

Irrespective of how the matter is approached, a low turn out of ministers reflects the lack of priority given to these meetings by the EU, and that again reflects the difficulty the EU faces in thinking strategically. It is confining itself to a rather narrow outlook in the framework of the agreements instead of perceiving EU-ASEAN relations from the long-term perspective of building up political ties with Southeast Asia.

The point has been made by Abbott and Snidal (2000) that the channels for communication look impressive but are in fact rather shallow and rarely if ever lead to binding obligations. Part of the problem is that the two organizations perceive these institutions through their own prisms. The EU sees them as a vehicle for decision-making more or less in the EU mould, while ASEAN perceives them as a forum for consultation and getting to know each other, possibly leading to actual decision-making in the future.

The Vital Role of Stability

ASEAN was born at the height of the Cold War, and it was fear of communism that had brought the five founding members together. As an American withdrawal from Vietnam became more and more likely, the angst of being the next “domino” to fall reverberated in the ASEAN capitals. The key to understanding ASEAN’s attitude towards the EU is the concept of stability, bringing into play a three dimensional perception of what that means judged from the prevailing circumstances of ASEAN’s birth.

The first dimension of stability is to protect the region from outside interference by major powers: the Soviet Union during the Cold War, and now the United States, China and maybe also Japan. Instruments such as the ARF, the Treaty of Amity and Cooperation in Southeast Asia (TAC) and the Treaty on Southeast Asia Nuclear Weapon-Free Zone (SEANFWZ) have been adopted and implemented to this effect. They are not aimed primarily at strengthening and deepening cooperation among the Southeast Asian nations; their purpose is to hold outside partners at arms length and define limits for their potential and possible operation in Southeast Asia.

The second dimension of stability is to promote economic growth, offering ASEAN citizens an increase in living standards and thus cementing the existing social fabric, reducing the risk of insurgency, but also other potentially destabilizing influences in Southeast Asia. In the early phases the risk was almost exclusively seen in the form of communist insurgencies, which afflicted several ASEAN countries. Political events in Singapore in the 1950s, the insurgency in Malaya/Malaysia during the 1950s and even 1960s, and in the Philippines during the same period offered further proof that ASEAN nations faced a threat that had to be taken seriously. In recent years, the threat emanates from Muslim extremists in Indonesia, the Philippines, Malaysia, Thailand and Singapore. The terrorist attacks in the United States on September 11, 2001 and its perpetrator Al Qaeda found some resonance in the region with organizations such as Jemaah Islamiyah (JI), Abu Sayyaf and the Moro Islamic Liberation Front (MILF). Even Singapore was threatened by terrorist groups leading to the arrest in 2001 of a JI cell which had planned to attack Western interests in the city-state including multinational companies and visiting US naval ships. This kind of terrorism might not have threatened nations in the traditional sense of losing territory or being defeated, but they constituted two threats: the nation-states’ effective control over its territory and the well functioning of their societies. In both cases had

the terrorists succeeded, it would have undermined the legitimacy of the political system's vis-à-vis its own citizens starting a destabilization process. Insurgency and terrorism might have destabilized Southeast Asian countries thereby jeopardizing the conditions for sustained economic growth. If so political stability would have been endangered. Stability has been a cornerstone in attracting foreign direct investment so vital for making the export oriented economic policies adopted by the ASEAN states a success. High economic growth has been instrumental in cementing stability. It is sometimes overlooked that for most of the second half of the twentieth century one of the ASEAN countries' assets was political stability, which was not, far from it, common among developing nations.

The third dimension of stability is that each Southeast Asian nation had the right to forge its own political system without outside interference — a kind of pledge among the member states not to interfere in each other's internal affairs. At least two explanations spring to mind. Most of the member states had recently achieved independence, which not surprisingly made them vigilant towards outside interference. In addition, almost all of the ASEAN states were multiethnic, with a variety of religions posing the risk of a spill over from groups in one member state to minority groups in another with obvious risks for destabilization. This is why ASEAN in its relations with the EU focused upon non-political issues such as the economic and trade sector combined with consultations and exchange of views on global political questions, but did not really want to enter into a dialogue about topics related to political systems and/or human rights.

From the ASEAN countries' perspective the question was how relations with the EU fitted into the necessity of stability. From the EU point of view, the question was how much common ground could be built on these premises.

The EU response to the first dimension of stability was that it had no grand strategy to intervene or interfere in Southeast Asia and so on the surface the EU attitude fitted nicely into the picture. But in reality this was not really the case. The Southeast Asian countries' interpretation of non-interference went beyond strict interpretation of that word and included some kind of counter balancing between the major powers. In a stability context non-interference meant that no outside power was sufficiently strong to dominate the region and exercise unwarranted influence. As the region itself was militarily weak — and still is — stability rested upon the assumption that other major powers would react if an outside power went too far.

The EU was neither capable nor willing to play such a role. After the British withdrew “East of Suez” in the early 1970s, Europe no longer had a significant military presence in Southeast Asia except for a small UK military presence in Brunei, which continues until today. The near absence of a European military presence as a potential force to intervene is of course welcomed by the Southeast Asian countries, but the fact that the EU is not among the players to maintain some kind of balance of power among the Great Powers makes the EU much less interesting as a partner, with negative spill over effects on economics and trade.

There is no better illustration of the lack of an EU security role in the region than the ongoing debate on how to reduce piracy and sea robbery in the Straits of Malacca (SOM) and secure Southeast Asia's shipping lanes against a potential terrorist attack which might have devastating effects on the global economy. The United States, Japan, India and even China have all offered to help the littoral states (Indonesia, Malaysia and Singapore) with capacity building efforts — but the EU, and major European powers, have done very little except express concern at the situation despite the SOM being of vital importance to Europe's trade with Asia. The EU could, as is the case for other powers have offered support for capacity building as a symbol of the interest and engagement, but it has not done so. This underlined the limitations of what the EU can or will do in Southeast Asia.¹¹

With regard to the second dimension of stability, the European Union is a “super power” in Southeast Asia with regard to trade and investment. The EU is ASEAN's largest overall trade partner, with bilateral trade in 2005 amounting to 116 billion Euro¹² (the figure for the US was US\$148 billion). The problem is that the EU does not behave as one unit. For many policymakers in Southeast Asia, Europe is still synonymous with one of the three major European powers — Germany, France and Britain — plus a couple of minor countries that have managed to carve out a name for themselves. The EU thus does not have the prominence it deserves in terms of its economic profile in Southeast Asia. One of the reasons for this is the sceptical and reluctant attitude towards jumping on the bandwagon of free trade agreements (FTA) with individual ASEAN members or the organization as a whole. For several years the EU perspective was that FTAs did not offer anything more than what was expected to follow from the Doha Round organized by the WTO. That may be right or wrong and European industry certainly did not exercise any kind of pressure to get one, but the point is political. Southeast Asian

countries were interested in FTAs as a symbol of Europe's interest in the region, and has negatively contrasted the absence of an FTA with the EU with other countries and regions that have willingly entered into numerous agreements. ASEAN has concluded that the EU lacks interest in Southeast Asia. The EU is simply not capable of thinking strategically, unlike the United States or China, and pursuing the organization's long-term interests. This has resulted in the perception in Southeast Asia that the EU is an unreliable partner. During the 1997 financial crisis, the EU offered substantial assistance through the international lending agencies, but this support was never registered in the region.

The EU fared better when the threat of terrorism emerged. Consultations aimed at strengthening cooperation between the EU and ASEAN to combat terrorism led to increased information exchanges. At a ministerial meeting in January 2003 the EU and ASEAN adopted a Joint Declaration on Terrorism affirming their commitment to work together and to contribute to international efforts to fight terrorism.¹³ Most of the declaration refers to both parties' commitment to support and strengthen international efforts under the auspices of the UN, but one paragraph recommends "Exchange of information on measures in the fight against terrorism, including on the development of more effective policies and legal, regulatory and administrative frameworks".¹⁴ This agreement marked a substantial step forward in turning consultations and declarations into substantive cooperative efforts. For the EU it was an eye opener that Southeast Asia was of strategic importance outside the realm of economics and trade. For ASEAN it signifies that the EU was finally coming to realize the importance of Southeast Asia in the context of global security.

Regarding the EU's response to the third element of stability, in 1995 it decided that "all association agreements as well as partnership and cooperation agreements with third countries should contain a clause stipulating human rights as an essential element in the relations between the parties".¹⁵ More than 120 agreements entered into by the EU contain such a clause. In case those human rights principles are breached the EU may take appropriate measures, including suspension of the agreement. EU policy, therefore, went in the opposite direction to ASEAN's principle of non-interference. The EU felt that it had an obligation — for some a moral obligation — to promote human rights, including the obligation to interfere in the domestic politics of other countries.

The ASEAN attitude was that interference could destabilize political systems, and as stabilization was among its most cherished political goals, it had to be rejected (Palmujoki 1997). It is difficult to escape the observation of mutually incompatible political goals, but it is also fair to say that the EU and ASEAN and their respective members have done their best to maintain cooperation despite this framework.

Myanmar became the contentious issue.¹⁶ In March 1997 the EU suspended Myanmar from receiving any benefits under the General System of Preferences (GSP) scheme,¹⁷ strengthened sanctions against the regime in October, and, at the end of the year, refused to participate in the EU-ASEAN ministerial meeting if Myanmar was present on an equal footing.¹⁸ The cancellation/postponement of a ministerial meeting — repeated several times — has cast a shadow over EU-ASEAN relations. In 1999 Germany refused to issue a visa to Myanmar's foreign minister to attend a meeting scheduled in Berlin, as it would violate the EU's sanctions against that country.¹⁹ For some time it looked as if the Myanmar issue would impede further development in EU-ASEAN relations. This did not happen, however, as ASEAN began voicing its anxiety over the political situation in Myanmar,²⁰ and while the EU rated Myanmar as an important issue, it did not consider it so important as to prevent the two organizations from pursuing mutual cooperation. As a result, the Myanmar issue did not lead to a crisis in EU-ASEAN relations. While perhaps the EU may never have really grasped how important non-interference in domestic politics was for the ASEAN countries, it gradually realized that Myanmar could jeopardize links between the two organizations and criticism of Myanmar had to find other outlets. ASEAN helped the EU by starting to voice concern at developments within the country, thus moving cautiously away from the principle of non-interference. The ASEAN realization that there was a problem also for ASEAN and the image of ASEAN²¹ came to the forefront when Myanmar announced at the ministerial meeting in Vientiane in July 2005 that it would relinquish its turn to be the Chair of ASEAN in 2006.²²

So much has been written on the issue of Myanmar in EU-ASEAN relations, the most recent summary by Magnus Petersson (2006). In this context, the point is the initial difficulties in reconciling opposing views gave way to mutual understanding and a desire to overcome this obstacle and not let it block what both parties wanted: stronger cooperation.

The Asia-Europe Meeting (ASEM) Process

ASEM was initiated in 1996 by Singapore's then Prime Minister Goh Chok Tong. Since then there have been six summits (Bangkok 1996, London 1998, Seoul 2000, Copenhagen 2002, Hanoi 2004 and Helsinki 2006). In some ways, EU-ASEAN relations provided a model on which ASEM was based, and yet transcend it, as ASEM achieved what EU-ASEAN relations never did: summits with the participation of political leaders. In a way, one could say that the much sought after strategic partnership between the EU and ASEAN has materialized in the larger institutional framework of ASEM. Even if the Europeans have committed the sin so often seen in EU-ASEAN meetings of not always being present at the highest political level, this has been less of a problem in the ASEM context than in EU-ASEAN relations. The role ASEAN played in crafting ASEM reflected the pragmatism that ASEAN leaders exercised in seeking engagement of different players to attain regional stability. With the establishment of ASEM, participating countries shifted their attention from EU-ASEAN dialogue to ASEM.

Yeo Lay Hwee (2003) notes that a variety of interlocking factors provided the backdrop leading to ASEM. She mentions the wish of ASEAN to find another forum for cooperation with the EU as EU-ASEAN suffered from the Myanmar issue and for the EU a broader contact with Asia that it had laid out in its New Asia Strategy.²³ Julie Gilson (2005) emphasizes the EU's use of inter-regionalism and the opportunity for East Asia to appear on its way towards a regional political and economic entity. She notes that ASEM enshrines the notion of "equal partnership" that the EU-ASEAN cannot deliver.

It is still too early to say whether ASEM will overshadow EU-ASEAN cooperation. Over time both dialogues may find a role to play, interacting and supplementing each other. For the ASEAN countries it is a crucial point that their own integration to a large extent is driven by their role and ASEAN's role in Asia. European interests and engagement in ASEAN may depend on whether ASEAN manages to carve out a role for itself inside and not outside a broad Asian integration.

The Future

The future of EU-ASEAN relations seems to revolve around three crucial questions none of which have found an answer. First, how far and how fast will ASEAN move towards closer integration? Second,

will a EU-ASEAN FTA be concluded and if so how substantive will it be? Third, will the EU move closer to understand the background for ASEAN's integration combined with willingness from the ASEAN side to be more active in shaping the rules of globalization in view of the obvious advantages for the Southeast Asian countries of an open and market orientated international economic system (be one of the stakeholders of the system).

ASEAN's adoption of a blue print for closer integration — the ASEAN Community 2015 — is an important step forward for the organization, but seen from the EU perspective, ASEAN is still in the very early stages of integration. This is especially the case for institutions and the decision-making process. This disparity makes the two organizations unequal partners. When they meet at the negotiation table the EU speaks with one voice as member states have mandated the Commission to negotiate on their behalf while the ASEAN countries may have agreed to ad hoc common positions, but in principle are still in control of their economic, industrial and trade policies.²⁴ If and when the EU negotiates with individual countries in Southeast Asia this may not make much difference, but it does when the EU and ASEAN enter into negotiations as two organizations.

The ASEAN countries do not need to pool sovereignty to exercise it in common as the EU does, but the organization and its member states need to go a significant step further to empower ASEAN or its Secretariat. This requires a considerable amount of homework and preparation, and a new form of negotiating skill based upon trust. A stronger ASEAN may not only further economic integration in Southeast Asia, but also make ASEAN a more important player enhancing the possibilities for safeguarding the interests of the region in a global context.

In a way negotiations between the EU as an integrated organization and ASEAN moving towards integration may turn out to be a litmus test whether ASEAN and its members can mobilize the political will to overcome obstacles for their own integration. An FTA may prove decisive. This negotiation takes place at a time when the future of the world trade system around the WTO is in doubt. That poses two major problems for the EU and ASEAN. First, how far can and will they go with regard to issues such as the service sector, intellectual property rights, competition, and investment etc, which should have been dealt with under the Doha Round, but was left in suspense? Second, how will the EU and ASEAN strike a balance between regional, or rather region to region, FTAs and continued

support for the global trade system? These are fundamental issues and even if they are not tackled head on the negotiations will reveal the attitude of the two parties.

The economic challenge for the EU and ASEAN is to do their homework and steer the negotiations towards sectors that will ensure both groups will benefit from liberalization. Negotiators must resolve to ensure that liberalization is achieved in sectors fulfilling criteria from international trade theory to increase welfare for both parties.²⁵ This does not happen by itself and some resistance can be expected on both sides especially from domestic producers enjoying some degree of protectionism. However, unless negotiators and their political masters muster the will to achieve such an outcome, an FTA may not offer much scope for increased welfare; disappointment over lack of tangible economic benefits may erase possible political achievements.

If the circumstances are right, an FTA between the EU and ASEAN may benefit ASEAN strategically. Negotiating with a much stronger economically integrated entity may expose its weaknesses, forcing the member states to realize the necessity of deeper and faster integration. That may open the door for ASEAN as a player in global economics. There are many indications that the United States is turning into a tired chorus leader of the global economy. Fresh blood and vigour is needed. Some of it may come from regional organizations such as the EU and ASEAN.

Even if an FTA has nothing to do with monetary integration, it may actually guide ASEAN countries towards some kind of currency cooperation without at this stage defining the end goal. An economic and monetary union is a goal that cannot be attained in the foreseeable future and maybe it is not the right thing for ASEAN, but currency cooperation to stabilize currency markets is certainly a commendable objective and within reach. For ASEAN an FTA with the EU might provide a glimpse into how the latter tackles and solves many problems connected with non-discrimination for trade in goods and services. As the EU has discovered, the easy part of non-discrimination is trade in goods while trade in services is much trickier.

There are two long term and far-reaching benefits for EU-ASEAN relations flowing from an FTA. The first one is the interest of both in Asian integration as argued by Paul Vandoren (2005). The second is an increased ability to tackle non-conventional and common threats to stability and security. Technically these two benefits may be attainable without an FTA, but politically an FTA is indispensable.

The fact that ASEAN has concluded or is negotiating FTAs with so many other partners makes it difficult to see EU-ASEAN relations deepen and strengthen without such an agreement. For ASEAN an FTA with the EU may provide a platform for adjusting the competitive position of member states, making them more capable of carving out a platform for competing with Asia's two giants: China and India. Most ASEAN countries face fundamentally the same problems as the Europeans and Americans: namely that they can no longer compete on costs, but need to switch the competitive parameters to other issues such as corporate governance, legal system, protection of intellectual property rights, design, quality, performance. Many of these issues are not adequately dealt with in the present international set of rules under the World Trade Organization (WTO), which is why they find their way into FTAs. If ASEAN and the EU manage to include such items in an FTA, ASEAN's members will be much better placed to enhance their competitiveness vis-à-vis China and India in areas where they already enjoy a competitive edge instead of being forced to catch up with the two giants in areas where they are very unlikely to match them. ASEAN may be turned into a stronger organization, thus improving its credentials for pushing Asian integration. The three big Asian countries — China, India and Japan — may all have their own agenda, but for ASEAN it is of vital importance in the long run to appear united negotiating with these giants. A EU-ASEAN FTA will be an acknowledgement that the two organizations trust each other and would like to extend their cooperation into other areas. One such area will be addressing transnational security issues. But if the EU and ASEAN cannot achieve enhanced cooperation in trade and economics, dealing with more complex issues such as security issues will be impossible.

Conclusion

The EU-ASEAN relationship illustrates what the two organizations can do, and what they cannot or will not do. The EU is a good dialogue partner, and in many specific areas useful common projects can be launched and implemented. The scope for mapping out where the EU and ASEAN can support and help each other based upon common views and interests is quite large. The EU often finds it difficult, however, to address sensitive questions and make hard decisions. The EU system is geared towards consensus and has not yet reached the stage where interests are weighed against

each other to decide which issues to delete from the agenda and which ones to pursue.

ASEAN is a useful and effective organization within the limits it has set for itself of which the most important is its character as an intergovernmental organization as opposed to the EU which is a supranational institution. ASEAN can use the relationship with the EU as a stepping-stone to deepen its own integration and enhance its role in the East Asian integration process. Besides that comes access to lessons from the EU's experiences with regard to principles, mechanisms and tools in the process of integration, which ASEAN may embark upon after formulating a Charter at the end of 2007.

The opportunity exists itself to turn the EU-ASEAN relationship from a consultation mechanism into a platform for pursuing common and analogous interests as genuine partners in global politics and economics. The flywheel could be a Free Trade Agreement and better acknowledgement of threats posed by security problems such as terrorism, energy and environment as demonstrated by global warming, piracy and lack good governance.

NOTES

- 1 Official Journal L 144, 10 June 1980.
- 2 Report of The Eminent Persons Group, "ASEAN-European Union: A Strategy for a New Partnership", June 1996.
- 3 The latest one from 2003 is Commission Communication, "A new partnership with South East Asia", Com (2003) 399/4 available at <http://ec.europa.eu/comm/external_relations/asia/doc/com03_sea.pdf>.
- 4 For the ASEAN presentation of its relationship with the EU, see <<http://www.aseansec.org/5612.htm>>.
- 5 In a speech by Commissioner Peter Mandelson, 29 April 2005, at a WEF Asia Forum meeting in Singapore available at <<http://72.14.235.104/search?q=cacheGUVt7tRHeHEJ:europa.eu/rapid/pressReleasesAction.do%3Freference%3DIP/05/511%26format%3DPDF%26aged%3D1%26language%3DEN%26guiLanguage%3Den+eu+asean+free+trade+agreement+mandelson&hl=en&ct=clnk&cd=7&gl=sg>>.
- 6 The full report is available at the European Commission's website at <http://trade.ec.europa.eu/doclib/docs/2006/may/tradoc_128860.pdf>.
- 7 Press release IP/06/624 of 16 May 2006 available at <<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/06/624&format=HTML&aged=1&language=EN&guiLanguage=en>>.
- 8 The list is not exhaustive.
- 9 The 16th and most recent one was held in Nürnberg, Germany, 14–15 March 2007. The Joint Co-Chairmen's Statement is available at <http://www.eu2007.de/en/News/download_docs/Maerz/0314-RAA2/0315ASEANCoChair.pdf>.

- 10 The sixth and most recent one was held in Ha Long, Vietnam, 27 April 2005. The Joint statement is available at <<http://www.aseansec.org/17440.htm>>.
- 11 It is interesting to note that in 2007 the Standing NATO Maritime Group 1 (SNMG-1), a navy flotilla built around warships from Canada, Denmark, Germany, the Netherlands, Portugal and the United States, made a foray into the Indian Ocean. *Sahara Time*, 6 October 2007.
- 12 <http://ec.europa.eu/external_relations/asean/intro/index.htm>
- 13 <<http://www.aseansec.org/14034.htm> and <http://www.aseansec.org/14030.htm>>
- 14 Paragraph six enumerating a whole string of measures.
- 15 <http://ec.europa.eu/external_relations/human_rights/intro/index.htm>
- 16 For a while East Timor (now Timor-Leste) was also on the agenda.
- 17 The decision was accompanied by the following policy statement “The Regulation ... will remain in effect until practices impeding human rights and democracy have been brought to an end”. See <<http://www.iie.com/research/topics/sanctions/myanmar2.cfm>>.
- 18 <<http://www.iie.com/research/topics/sanctions/myanmar.cfm>>
- 19 For an ASEAN view, see paper presented to the Asia-Pacific Roundtable held in Kuala Lumpur on 1 June 1999 by Dr Termsak Chalermphanupap Assistant Director for Programme Coordination and External Relations ASEAN Secretariat. Available at <<http://www.aseansec.org/2833.htm>>. The EU was more laconic. At its meeting 21–22 March 1999 the conclusions read “The Council was informed about the Presidency’s efforts to organize an informal meeting with ASEAN in place of the cancelled Ministerial meeting. It looked forward to continuing to work with ASEAN”. Available at <http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/gena/06776.EN9.htm>.
- 20 The Joint Communiqué of the 39th ASEAN Ministerial Meeting (AMM) Kuala Lumpur, 25 July 2006 states, “We expressed concern on the pace of the national reconciliation process and hope to see tangible progress that would lead to peaceful transition to democracy in the near future. We reiterated our calls for the early release of those placed under detention and for effective dialogue with all parties concerned”. See <<http://www.aseansec.org/18561.htm>>.
- 21 The feeling of the other member states are expressed by the following sentence in the communiqué, “We also express our sincere appreciation to the Government of Myanmar for not allowing its national preoccupation to affect ASEAN’s solidarity and cohesiveness”. See <<http://www.aseansec.org/17592.htm>>
- 22 <<http://www.aseansec.org/17592.htm>>
- 23 <http://ec.europa.eu/external_relations/asean/asean_process/com94.htm>
- 24 The EU can only negotiate if there is a common position. EU member states cannot negotiate economic, industrial and trade matters on their own as they have pooled sovereignty in these sectors.
- 25 This happens if the agreement allows the most efficient producers to flourish on the expense of less efficient producers. An agreement for market access in sectors where the economies are complementary will normally fulfill that criterion, as competition among enterprises will crowd out less efficient producers. If the agreement opens up for market access in sectors where the economies are supplementary, no competition will take place and a less

efficient producer from one of the member countries will take the whole market.

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