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POLSKI INSTYTUT SPRAW MIĘDZYNARODOWYCH
THE POLISH INSTITUTE OF INTERNATIONAL AFFAIRS

POLICY PAPER

NO. 18 (204), JULY 2021 © PISM

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Prospects for the Development of the EU-ASEAN Strategic Partnership

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On 1 December 2020, the foreign ministers of the Member States of the European Union and the Association of Southeast Asian Nations (ASEAN) decided to upgrade the relations of both organisations to the level of a strategic partnership. Both sides indicate that they share, among others, a commitment to multilateralism, peaceful settlement of disputes based on international rules, climate protection, and free and fair trade. The partnership may contribute to the strengthening of multilateral cooperation weakened by the U.S.-China rivalry, a stronger position of both organisations in relation to China, and their economic recovery after the COVID-19 pandemic. One challenge for closer cooperation will be the respect of human rights in ASEAN states and economic integration of its members with the countries of Asia and the Pacific region.

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Establishing a strategic partnership between the EU and [ASEAN](#) (which includes Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam), the most advanced integration project in the world, is part of the implementation of the [action plan of both organisations for 2018–2022](#). The goal is closer and comprehensive cooperation, including in the political field, sustainable development, climate protection, public health, infrastructure development, and digitalisation (the parties, however, did not present a detailed partnership programme). Among the countries of Asia, only China, India, Japan, and South Korea have had the status of an EU strategic partner. The Union was, in turn, one of the last main partners of ASEAN with whom the association did not have a relationship of this rank. Previously, it had been granted to the U.S., China, Russia, India, South Korea, Australia, and New Zealand.

The decision was announced amid the ongoing COVID-19 pandemic, which has severely affected both the EU and ASEAN, and has made them aware of the importance of international cooperation in countering global threats. Expression of this included the EU's announcement to allocate more than €800 million to ASEAN to fight the pandemic (at the December meeting, the EU also pledged to support the ASEAN preparation programme for health crises with €20 million). The partnership is also a response to the agreement signed in November last year by 15 countries in Asia and the Pacific, including ASEAN members and China—the Regional Comprehensive Economic Partnership Agreement ([RCEP](#)). After ratification, it will create the largest free trade zone in the world, which may weaken the EU's position in the region. In addition, the elevation of EU-ASEAN relations shortly after the election of U.S. President Joe Biden, who emphasises the importance of multilateralism, can be interpreted as a sign of both organisations' readiness to support international cooperation.

Political Importance

The implementation of the partnership means enhanced EU-ASEAN political cooperation. This is mainly related to the organisation of regular summits of EU and ASEAN leaders. Until now, the main forum for cooperation has been biennial meetings of foreign ministers. Although there is already a well-developed network of dialogue and consultations between the organisations, including on economic, social, and security issues, the meetings at the highest level will make it possible to prioritise tasks and effectively implement decisions. They will also be used to coordinate activities and develop common EU and ASEAN positions on important international issues, including in the field of public health, digitalisation, climate, and trade. They can be promoted at regional forums, such as APEC, the ASEAN Regional Forum, or [ASEM](#), as well as on the global level, for example, at the UN, the WHO, or as part of the support for [WTO reform](#). The rapprochement with ASEAN is thus a part of the EU's efforts to strengthen [multilateralism](#), including in the face of the intensified rivalry between great powers, especially between the [U.S. and China](#). As a symbol of closer political relations, the EU Mission to ASEAN has been upgraded to a fully-fledged Delegation. The Delegation was officially launched by the High Representative of the EU for Foreign Affairs and Security Policy Josep Borrell on his visit to ASEAN headquarters in Jakarta in June this year.

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The partnership is also part of the concept of the EU's involvement in the Indo-Pacific. The assumptions of the [strategy](#) towards the region were presented by the European Council in April this year. The Union recognises the key importance of [ASEAN](#) as an organisation stabilising the region. According to the action plan until 2022, EU-ASEAN cooperation is to focus on selected areas, including maintaining the stability of [sea routes](#). This applies, among others, to the South China Sea, through which about 40% of EU trade passes. China claims almost all of this area and has built artificial islands with military installations (some ASEAN members are also involved in [territorial disputes](#)). Union countries' navies are increasingly active [in this area](#). Importantly, in December last year, the EU was invited to attend a

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meeting of ASEAN defence ministers for the first time, which is a sign that it is seen as an increasingly important security actor.

Cooperation on the Economic Recovery

The dynamic economic growth in 2019 of, on average, 4.8% makes the ASEAN countries, and their total population of about 650 million people, attractive trade and investment partners for the EU. Although [the COVID-19 pandemic has hit them hard](#) (their GDPs fell by an average of 2.5% in 2020), the IMF predicts a strong economic rebound for most of them this year and next. However, its scale will be dependent on the pandemic situation in the region, among others. In 2020, the value of EU-ASEAN trade in goods amounted to €190 billion (EU exports are €70 billion, and imports are €120 billion), which was about €20 billion less than a year earlier. However, this did not prevent ASEAN from maintaining third place among the largest non-European trade partners of the Union (only behind the U.S. and China). The EU is also the third-largest trade partner for ASEAN (behind China and the U.S.), accounting for over 10% of its trade in goods. In addition, trade in EU-ASEAN services in 2019 (latest available data) amounted to €93.5 billion, which is two and a half times more than in 2010. EU countries are also the largest investors in ASEAN—until 2019, they have in total (latest available data) invested more than €313 billion there. Importantly, direct investments from ASEAN countries in the EU are also growing and in 2019 reached a value of €144 billion. The EU is also one of the leading donors of [development aid](#) to ASEAN.

The EU and ASEAN have announced joint actions for economic recovery after the pandemic. Among them is the implementation of [ASEAN's plan](#) to remove barriers in its market, which may favour the relocation of some EU companies' production chains to association states. The Union is already

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supporting ASEAN in the field of integration, including financial and technical assistance to the ASEAN Secretariat or the ARISE+ programme, through which the Union contributed to the launch of the [ASEAN Customs Transit System](#) in 2020. In addition, on 2 June this year. The EU and ASEAN finalised negotiations of the [Comprehensive Air Transport Agreement](#), the first in the world between regional organisations. At the December meeting, the

ministers also adopted a joint position on cooperation in the development of connectivity and announced their intention to conclude an EU-ASEAN trade agreement, the negotiations of which were suspended in 2009.

Partnership Challenges

The upgrade in relations may hinder the state of democracy and respect for human rights in ASEAN countries. This applies, for example, to Cambodia, where the authorities banned the main opposition party in 2017 and repressed its politicians. In response, in August 2020 the EU partially suspended Cambodia's participation in the Union's system of trade preferences. [Thailand](#), which has been de facto ruled by the military since 2014, also has serious problems with respecting human rights. In Laos and Vietnam, journalists opposed to the authorities are repressed, and in the Philippines extrajudicial killings are carried out, motivated, for example, by the fight against drug dealers. In Myanmar, the [Rohingya](#) people are persecuted, and the 1 February [military coup d'état](#) has, as a result of the suppression of demonstrations against the junta, among others, totalled [nearly 900 victims as of early July](#). The EU introduced [sanctions in response](#). The crisis in Myanmar also has revealed the challenge of [cohesion of ASEAN actions](#), as key decisions are made by consensus.

Another sensitive topic is the trade in palm oil. The EU has been impeding access to its market in recent years, and decided in 2019 to eliminate palm oil's use in biofuel production by 2030, due to deforestation associated with extensive palm cultivation. The ecosystems in Indonesia and Malaysia,

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respectively, the first- and second-largest palm oil exporters, accounting for over 80% of world sales, suffer from this. The issue had blocked, among others, the establishment of the EU-ASEAN partnership. To ease the tensions, a decision was taken at the December meeting to create a working group to resolve the disputes, and the first [meeting](#) took place in January.

EU-ASEAN rapprochement may also be hampered by the activity of other actors, primarily China. It is the largest trading partner for most ASEAN countries. In 2020, for the first time in its history, the organisation became China's largest trading partner, ahead of the EU. Further tightening of economic relations between China and ASEAN will be possible thanks to the RCEP agreement and the implementation of investments within the [Belt and Road Initiative \(BRI\)](#). China also provides development aid to the countries of the region, as well as [vaccines against COVID-19](#), and supports politically Cambodia and others. The U.S., which strives to implement its [Indo-Pacific strategy](#), in which ASEAN plays an important stabilising role, may also want to achieve closer political and economic relations with the countries of the region. Moreover, Japan, [South Korea](#), and Australia are strongly economically involved in ASEAN. India is also striving to achieve rapprochement with the organisation, seeing it as an opportunity to limit Chinese influence in its own neighbourhood.

Conclusions and Perspectives

The decision to establish the EU-ASEAN strategic partnership is an expression of their growing political and economic importance for each other, more equal relations between the two organisations, and their readiness to cooperate more closely in solving bilateral and global problems. From the EU's point of view, ASEAN is a prospective partner not only in the economic sphere but also in strengthening multilateral cooperation and security in the Indo-Pacific. Thanks to the partnership, the EU also wants to limit the potentially negative consequences of the integration processes with the participation of ASEAN countries, which is reflected in the RCEP and [CPTPP](#) agreements. Although the EU, like ASEAN, seeks to develop economic cooperation with China, it also sees it as a "strategic rival". Concurrently, most ASEAN countries are afraid of Chinese domination of the region. Thus, the strengthening of the position towards China could be an important argument for establishing the partnership between the two organisations.

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However, the strategic partnership must be filled in with content and prove effective. An important element would be ASEAN support for the acceptance of the EU as a participant in the East Asia Summit, a key regional security forum. This would strengthen the strategic position of the EU and contribute to increasing its activity in the Indo-Pacific, including through technical and training cooperation with ASEAN countries in the field of maritime safety. The partnership should also bring about the intensification of EU trade talks, including with Indonesia and Malaysia, and promoting the use of existing agreements with Singapore and Vietnam. This would be important in the context of limiting protectionism in world trade and the diversification of global value chains (GVCs), including the [relocation of some production from China](#). In the longer term, the possible conclusion of an EU-ASEAN trade agreement would allow the optimal use of the potential of both organisations, for example, by facilitating the flow of products within the GVCs.

It will be important for the EU and ASEAN to focus on issues where agreement is possible, and the resolution of contentious issues (as in the case of palm oil) should be at the level of the countries concerned. The EU may continue to link progress in cooperation with ASEAN members in, for example, the economic sphere, to the situation in selected areas, including respect for human rights. In this context, the organisation of a summit of EU-ASEAN leaders will be difficult until the situation in Myanmar has stabilised. In the short term, EU support for ASEAN in terms of access to COVID-19

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vaccines, for example, through the [COVAX](#) initiative, will be important. In the long term, the cooperation of both governments and social organisations, including in the field of digitalisation (e.g., cybersecurity and e-commerce facilitation), health (e.g., counteracting pandemics) and climate protection (e.g., energy efficiency) will be crucial. The EU may also cooperate with other partners such as the [Quad](#) and [G7](#) countries in developing connectivity based on the [ASEAN action plan in this area until 2025](#) and the [EU strategy for establishing connections with Asia](#). This would be an alternative to the BRI, and thus limit China's ability to put pressure on ASEAN members.

Poland may use the conclusion of the strategic partnership as an impulse to intensify political dialogue, for example, by organising state visits at the highest level and tightening the still relatively weak

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economic cooperation with ASEAN. Poland can at the EU forum propose, among others, a flagship cooperation project with ASEAN in which it would play a coordinating role, for example, in food processing or green technologies. To take advantage of the economic opportunities created by the markets of Southeast Asia, it would be useful to strengthen the staffing of the foreign offices of the Polish Investment and Trade Agency in the region and considering the possibility of granting selected

employees diplomatic status, which should facilitate contact with the local administration. Wider use of Polish economic promotion programmes, including GreenEvo (concerning green technologies) or GoASEAN, also would be beneficial.