



The EU-ASEAN Ties: A Strategic Partnership?

Assessing the Development of Relations through the Lens of Political and Economic Cooperation

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Abstract: The European Union and the Association of Southeast Asian Nations are both fundamental international organizations in their respective geographical regions, striving to become key players in shaping the global political landscape, reaching out far beyond their borders. In light of this, one might think it was already timely to raise the two blocs' partnership to the strategic level. Analysing official documents, and drawing upon previous researches in the field and a number of in-depth interviews with stakeholders from both sides of the EU-ASEAN ties, this article has given an outline on the development of relations between the two entities, with a particular focus on the political and economic domains. Highlighting the efforts made to pursue the elevation of ties to a Strategic Partnership, it concluded that ASEAN still primarily regards the EU as a trading partner with limited weight as a political and security actor. Protracted bilateral disputes between the EU and certain ASEAN member states also hindered the upgrade of relations for some time. The article argued that even though much has been done lately to approximate the two organisations' viewpoints, and the long-awaited official announcement of the EU-ASEAN Strategic Partnership that finally happened in December 2020 was beyond doubt an important milestone, there is still work to do to further streamline the ties.

Keywords: ASEAN, European Union, strategic partnership, regionalism, multilateralism

Introduction

Since its founding in 1967, the economic and political role of the Association of Southeast Asian Nations (ASEAN) has increased immensely both within its region and beyond, and the number of its member states doubled from the initial five². The global significance of the European Union (EU) is also unquestionable, especially in the economic domain. Being two of the world's most advanced regional groupings, ASEAN and the EU are both fundamental international organizations in their respective geographical regions, striving to become key players in shaping the global political landscape, reaching out far beyond their borders. In light of this, one might think it was already timely and obvious to raise the EU-ASEAN partnership to a strategic level. However, due to certain

asymmetries in their relations and a number of ongoing disputes and tensions between the EU and some of the ASEAN member states, this is by no means as straightforward as it may first seem.

The main guiding principle throughout this paper is to point out the way that led to the formalization of the ASEAN-EU Strategic Partnership in December 2020, a goal that the EU had been particularly keen to realize, at least in the last couple of years. Analysing official documents, and drawing upon previous research in the field and a number of in-depth interviews with stakeholders from both sides of the EU-ASEAN ties, this article aims to give an outline regarding the nature of relations between the two entities. Following a brief comparison of ASEAN and the EU, and an overview of the development of ties between the two institutions, the article attempts to shed light on the possible benefits of a strategic partnership between the blocs. It highlights the shifts in the EU's attitude towards ASEAN in the pursuit to be recognised as a Strategic Partner of the Southeast Asian grouping, arguing that the formal elevation of ties may increase the EU's recognition as a key political and security actor not only in the Indo-Pacific region but also in the global arena. In the subsequent section of the paper, economic ties are discussed, with a special focus on some of the main trade-related issues between the EU and certain ASEAN countries, such as the (planned) withdrawal of benefits granted to Cambodia and Myanmar under the Everything But Arms scheme or the so-called "palm oil case" that has been souring the EU's relations with Indonesia and Malaysia over the recent years. The last section concludes the paper and places its findings into a wider context.

Comparing the Main Characteristics of ASEAN and the EU

Originally, both ASEAN and the European Economic Community (EEC), the EU's predecessor, were established with the aim of enhancing stability and economic development in their respective regions. It is also worth noting that both organizations were accorded legal personality around the same time, via the ASEAN Charter in 2008 and the Lisbon Treaty in 2009, respectively. Certain institutional similarities can also be found between ASEAN and the European Union – take for instance the EU's Foreign Affairs Council and the ASEAN Foreign Ministers' Meeting, or the European Council and the ASEAN Summit, although the latter sits less frequently and has no legislative function. Upon having a closer look at their structure, however, one may conclude that the two represent different types of integration. While the EU is a supranational entity, ASEAN is a much looser, intergovernmental organization (ASEAN Secretariat [ASEC], 2008). Also, there is no institution resembling the European Parliament in ASEAN.

Apart from these, there are a number of other significant differences, too. Unlike the strict bureaucratic structure of the EU, the Association of Southeast Asian Nations operates via an extensive network of working groups and meetings of a more informal nature, guided by the so-called "ASEAN Way". This encompasses principles such as



non-interference into each other's interior affairs and a soft diplomacy approach where decisions are made with consensus reached via long consultations in a non-confrontational, informal manner, often referred to as “musjawarat-mufakat” in the Malay culture. No final decision is taken without the consent of all the member states, and the lengthy negotiations conducted in a conflict-avoiding manner provide delegates the opportunity to deepen their relations with each other, which helps fortify unity within ASEAN (Barbi, 1982). This method has not changed since the establishment of the organization, moreover, this unique system of soft institutions arguably proved to be the secret of ASEAN's stability throughout its existence of more than fifty years. At the same time, this time-consuming process of decision-making may result in limited effectiveness in certain situations that require prompt actions (Páldi, 2019).

Another important difference is the depth of integration. With the single market and the free movement of goods, services, capital and persons, the EU is currently the most integrated economic community in the world where the same trade policies and regulations apply to all member states, in almost every sectors. ASEAN, on the other hand, is still a long way from becoming a unified market even though the establishment of the ASEAN Economic Community (AEC) at the end of 2015 was an important milestone towards this way, and the ASEAN Economic Community Blueprint 2025 sets out even more ambitious goals. ASEAN member states favour upholding their sovereign trade policies and this is unlikely to change anytime soon. Nine out of the ten ASEAN countries (with Thailand being the only exception) are former colonial states who regained independence not long before the organization was established, hence keeping their political and economic sovereignty is of utmost significance to them even if this means that regional integration has to happen at a slower pace.

Despite differing in structure and approach, ASEAN and the EU still share similar core values. Over their decades of existence, both of them grew out to be fundamental organizations in their respective geographical regions, striving to become key players in shaping the global political landscape, reaching out far beyond their geographic borders. In light of this, one might think that the EU and ASEAN would make natural allies.

A Brief Overview of the History of the EU-ASEAN Partnership

The relations between ASEAN and the EU look back on a history spanning over almost half a century. The first ministerial level contact between ASEAN and the EEC took place in 1972, subsequently, ties formalized in 1977 when the EEC became ASEAN's Dialogue Partner (European External Action Service [EEAS], 2020). The year 1978 saw the first-ever ASEAN-EEC Ministerial Meeting and in 1980, a commercial-, economic- and development-focused Cooperation Agreement was signed providing legal framework for regular Ministerial Meetings and Joint Cooperation Committee (JCC) sittings between the two entities (EEC, 1980).

The changing geopolitical landscape with the end of the Cold War, and the impressive economic growth realised by the ASEAN states created the need to step up cooperation and review the framework of relations (European Commission [EC], 1996). Besides the economic achievements, the political weight of ASEAN also grew with the 1994 establishment of the ASEAN Regional Forum (ARF), the first region-wide Asia-Pacific multilateral platform for fostering consultation on political and security issues. Initially, the ten ASEAN member states and Dialogue Partners (including the EU) were granted membership to ARF and over the years, the number of members rose to 27.³

ASEAN's increasingly important role further added to the EU's motivation to strengthen political dialogue, although this intention was not always reciprocal. While the EU has been participating at ARF since the forum's inaugural sitting in 1994, this is not the case with the East Asia Summit (EAS) which was formed in 2005 by the ten ASEAN member states plus Australia, China, India, Japan, New Zealand and South Korea. Aiming to provide leaders a forum for strategic dialogue and cooperation regarding the East Asian region's key challenges, EAS is akin to ARF in many ways, though contrary to the ministerial-level ARF, EAS is conducted at the highest level with the participation of heads of government from respective member states hence its relevance is also significantly higher. Although the EU has been signaling its interest to engage with the EAS since as early as 2007 (EC, 2007), its admission still hasn't been considered yet. Russia and the United States however, managed to gain membership in the meantime in 2011. This implies that, as opposed to the above two powers, the EU is considered a less significant actor in the region from a political and security point of view.

In order to change this, the EU decided to step up efforts and in the EC's Communication titled "A new partnership with South East Asia", expressed its endeavor to revitalize relations with the region (EC, 2004). The initiative found welcoming ears in ASEAN, and in 2007, at their 16th Ministerial Meeting in Nuremberg, the two organizations accepted the Declaration on an EU-ASEAN Enhanced Partnership (EC, 2007a). The parties also agreed to work out a Plan of Action for the period of 2007-2012 to realize the enhancement of cooperation in the fields of political, economic and socio-cultural cooperation along the guidelines set by the Nuremberg Declaration (ASEC, 2007). Further ambitious steps along the way for the following five years were enshrined in the Bandar Seri Begawan Plan of Action to Strengthen the ASEAN-EU Enhanced Partnership (2013-2017) in 2012.

In summary, four decades after the first contact and 35 years after formalizing the ties, relations between the two organisations had evolved to a strengthened and enhanced status. As a next step, at the 20th EU-ASEAN Ministerial Meeting in 2014, held under the theme "Towards Strategic Partnership for Peace, Stability and Prosperity", the EU proposed to upgrade further the ties and elevate them to the highest level, declaring a strategic partnership. ASEAN, while not openly rejecting the idea, opined there is still work to do in this domain and the instant elevation of the status of relations eventually did not happen. Instead, as stated in the Co-Chairs' Statement issued after the Meeting, the sides merely "agreed



to work towards the upgrading of the partnership to a strategic one" (Council of the European Union, 2014). Similarly, the next Ministerial Meeting in 2016 in Bangkok did not produce spectacular results either with the parties only resolving to "accelerate efforts in working towards a strategic partnership" (ASEC, 2016).

The year 2017 marked the first-ever, and so far the only, formal summit at leaders' level⁴ in the joint history of the two blocks. During the event entitled "ASEAN-EU Commemorative Summit on the Occasion of the 40th Anniversary of the Establishment of ASEAN-EU Dialogue Relations", the leaders welcomed the adoption of the new ASEAN-EU Plan of Action 2018-2022 and once again reiterated their intention to achieve strategic partnership (ASEC, 2017).

The Summit apparently gave a new momentum to the ties and ASEAN finally seemed to give in, its leaders agreeing upon giving their consent to the long-awaited strategic partnership, which was supposed to be announced at the 22nd EU-ASEAN Ministerial Meeting on January 21, 2019 in Brussels. However, in the last minute, Indonesia and Malaysia vetoed the deal as a de facto retaliatory measure against the recast of the EU's renewable energy directive (RED II) which in their view takes discriminative measures against palm oil, one of the main export commodities of the two countries. As a result, on the Ministerial Meeting, the sides only agreed "in principle to upgrade EU-ASEAN relations to a Strategic Partnership, subject to details and timing to be worked out" (ASEC, 2019a). So, following years of reluctance, this time, bilateral trade-related issues between the EU and certain ASEAN member states turned out to be the showstopper that stalled the planned elevation of ties.

This stalemate lasted for almost two years, with Indonesia and Malaysia seeming quite rigid regarding their standpoint. Still, despite the less than favorable outlook, a historical breakthrough was reached at the next, 23rd ASEAN-EU Ministerial Meeting on December 1, 2020. The parties agreed on conducting the inaugural session of the joint working group on vegetable oils in early 2021, a platform on which the EU and relevant ASEAN member states can hopefully work their way towards resolving the palm oil issue, and simultaneously, the formal upgrade of ties to a Strategic Partnership did also eventually take place. It is important to point out, however, that oddly, the official five-page long communique of the 23rd ASEAN-EU Ministerial Meeting touches upon this important milestone in a rather brief manner, merely informing that the parties "elevated the ASEAN-EU Dialogue Partnership to a Strategic Partnership" (ASEC, 2020a). On the other hand, the texts goes unusual lengths to commend the EU's contribution to help ASEAN mitigate the effects of the Covid-19 pandemic and to highlight the "robust economic cooperation" between the two entities. In light of the above, one may conclude that the elevation of ties happened not necessarily as a result of the ripeness of relations between the two organisations, but rather because of the stakeholders' necessity to put aside their assertiveness in favor of the post-pandemic economic recovery against the background of a changing global landscape. How the parties will fill the freshly elevated cooperation with actual content remains to be seen.

The Benefits of a Strategic Partnership

Even before becoming officially announced strategic partners, the two entities already shared an extensive set of platforms for consultation such as the ASEAN-EU Ministerial Meeting, the ASEAN-EU Senior Officials' Meeting, the ASEAN-EU Joint Cooperation Committee, or even ARF and the Asia-Europe Meeting (ASEM), among others. All these are regularly convening forums. Besides, a senior official at the Ministry of Foreign Affairs and International Cooperation of Cambodia pointed out, the so-called Guidelines for ASEAN's External Relations, an internal document adopted at the 47th ASEAN Foreign Ministers' Meeting in 2014, do not provide definitions of any kind regarding strategic partnership. The Guidelines list the different categories of engagement with external partners, namely Dialogue Partnership, Sectoral Dialogue Partnership, Development Partnership, and statuses such as Special Observer and Guest⁵ but there is no mention regarding enhanced, comprehensive or strategic partnerships (Sok, 2020). In light of this, the question may rightfully arise: what would be the actual benefits of a strategic partnership, and what is in it for the EU that was worth long years of pursuing?

Based on the dynamics of relations between ASEAN and its other strategic partners, the much-discussed elevation of partnership with the EU would bring about only one tangible difference, namely the possibility to hold summits regularly, typically at a biannual basis. While it does not sound much at first, the idea of regular ASEAN-EU Summits is not something to belittle; much more weight could be put behind the talks if there are regular high-level interactions between the sides, and it would naturally deepen political ties. On top of this, the formal establishment of strategic partnership could also serve as a steppingstone for the EU to achieve some long-standing political goals in the region like gaining admission to other ASEAN-led platforms such as the EAS or the ASEAN Defence Ministers' Meeting Plus⁶ formation.

ASEAN currently has ten Dialogue Partners, of which eight had already been granted strategic status before the EU. The EU-ASEAN Dialogue Partnership commenced in 1977 and it took more than four decades for the ties to reach the level of Strategic Partnership. China, in comparison, became ASEAN's first strategic partner in 2003, even though the status of ties between the two sides only emerged to a full Dialogue Partnership in 1996 (ASEC, 2020b). The latest addition to the list of strategic partners before the EU was Russia in 2018, with whom official dialogues formalized in 1996, similar to China (ASEC, 2019b).

The above once again indicates that the EU, despite being an important economic partner, is still not significant enough as a political and security actor in the eyes of ASEAN. This is a bitter pill to swallow for the EU, who is striving to increase its role as a global security provider and, in general, to create a 'stronger Europe' as set out in its 2016 global strategy (EEAS, 2016). In the wake of Brexit, and with Euroscepticism on the rise, these goals gain even more importance. Herein lies the real benefit: the recent recognition of the EU as ASEAN's strategic partner is expected to contribute to solidifying EU's image both in the Indo-Pacific region and at the global table.



Still, in the Co-Chairs' Press Release of the 23rd ASEAN-EU Ministerial Meeting, the official communique of the event, there is no hint yet to the EU's planned accession to important ASEAN-led platforms such as the EAS or the ADMM Plus, neither there is a mention of any specific tangible goals that may directly stem from the long-awaited upgrade of relations. Even though strategic partnership is an existing and frequently used phrase in the dictionary of ASEAN, it still lacks clear definition (Sok, 2020), so now that the EU-ASEAN ties have officially been elevated to the highest level, the main question is how to fill them with content.

Shifts in Attitude

In recent years, the EU put great efforts into deepening its ties with ASEAN. However, this had not always been the case. In the first three decades of the Dialogue Partnership, the central focus was mainly on the development of economic relations (Camroux, 2008) while, from a political point of view, the EU did not attribute much attention to the region and adopted a somewhat condescending attitude (Xuechen, 2018). Over concerns for human rights issues, the EU even suspended the meetings with ASEAN after the 1997 accession of Myanmar for a period of almost three years. This underlines that in their relations with ASEAN, the EU traditionally perceived itself as a role model, and felt obliged to promote its views in the region on human rights and democracy. The EU's norm-exporting attempts were met with the ASEAN member states' resentment as they deemed such actions as a violation of their basic principle of non-interference. However, even though political talks were on hold, trade and dialogue in the field of common economic interests did not cease between the two blocks (de Flers, 2010).

After the turn of the millennium, parallel to ASEAN's increasingly impressive economic growth and rising interregional political significance, the EU changed its approach as it gradually started to comprehend the nature of Southeast Asian integration and its main guiding principles, and dampened its norm-setting attitude (Xuechen, 2018). While the 2007 Nuremberg Declaration and its message to enhance the EU-ASEAN partnership was an important milestone exhibiting the will to start a new era in the relations, it was in 2012 when the EU started to noticeably put more political focus on Southeast Asia (Nuttin, 2017). Besides the ambitious Bandar Seri Begawan Plan of Action, in the same year, the EU also acceded to the Treaty of Amity and Cooperation in Southeast Asia (TAC), as the first regional organisation to do so. The TAC, originally a product of the first-ever ASEAN Summit in 1976, is an important cornerstone of ASEAN's philosophy, technically a peace treaty promoting non-use of force, non-interference, territorial integrity and equality.

Besides being a precondition for membership of the East Asia Summit, signing the TAC was also a gesture from the EU to acknowledge ASEAN's central role in the region and to express respect towards the fact that the Southeast Asian states chose a different path of integration than that of Europe. Since then, the EU has been actively emphasizing that they are 'natural partners' with ASEAN and theirs is a "partnership of equals", what is more, the EU's 2016 global strategy expresses

support for “an ASEAN-led regional security architecture” (EEAS, 2016). In 2015, to further demonstrate commitment, in addition to its already existing bilateral diplomatic missions in the region⁷, the EU launched a separate mission dedicated exclusively to oversee ASEAN affairs and to underline its ambition to elevate the ties to a strategic one (EEAS, n.d.).

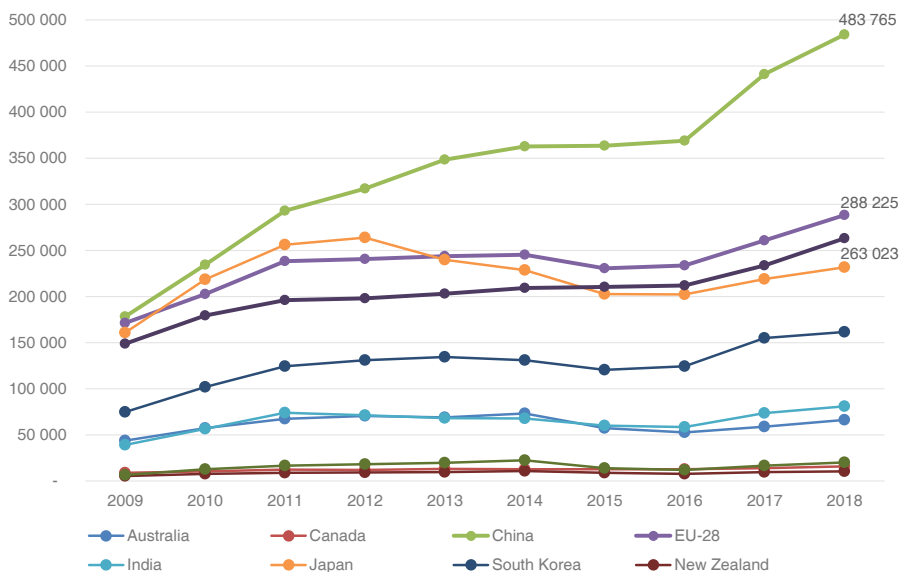
Although there is no universal definition to it, a partnership of strategic nature may imply a comprehensive approach in which participants share common goals and somewhat similar views, and conduct cooperation in a wide array of areas such as the trade, political and security dimensions, *inter alia* (Tyushka & Czechowska, 2019). Economic ties have always been strong between the EU and ASEAN. In the political dimension, too, despite some asymmetry, much has been achieved for the approximation of views and to better understand each other’s motives, especially in recent years. In the area of security dialogue, however, there is quite some disparity between the two organisations and still much room to grow. This is despite the EU engaging into cooperation with ASEAN in certain fields, such as maritime and non-traditional threats (e.g. cybercrime). ASEAN is already an accomplished actor even in the broader region, as it managed to balance between great powers such the US and China, and initiated and led pioneering platforms for regional political and security discussions in the Indo-Pacific. Whereas, to paraphrase the words of Belgium’s then-Minister of Foreign Affairs, Mark Eyskens from 1991, the EU, even though an economic giant, is still viewed as “a political dwarf and a military worm” in the Southeast Asian region. ASEAN and its member states still primarily regard the EU as a trade partner, with relatively marginal influence in the political and security domains.

Economic Ties and the State of Play of Free Trade Agreements

Throughout its history, economic ties have always been the strongest leg of the EU-ASEAN relations. Even the first-ever contact between the two entities, in June 1972, was economy-related in nature, when the Commission received an ASEAN delegation led by the Indonesian Minister of Trade, to discuss trade benefits (EC, 1996), and since then, trade has never stopped being the centrepiece of ties. There are a number of instruments and platforms in place to help further strengthen the economic cooperation and facilitate ASEAN-EU trade, such as the regular meetings between the ASEAN Economic Ministers and the EU Trade Commissioner or the ASEAN-EU Business Summit. As Diagram 1 shows, trade has been steadily growing between the two regions during the last decade as well. In 2018, the EU was ASEAN’s second largest trading partner, surpassing the US and preceded only by China, whereas ASEAN was the third most important trading partner for the EU, following the US and China, with the total EU-ASEAN trade in goods amounting to EUR 235 billion or USD 288 billion (ASEC, 2019c). This means that during the course of ten years, merchandise trade grew more than 70% between the two blocks, while trade in services more than doubled, from EUR 40 billion in 2007 reaching EUR 88.3 billion in 2017 (EEAS, 2020).

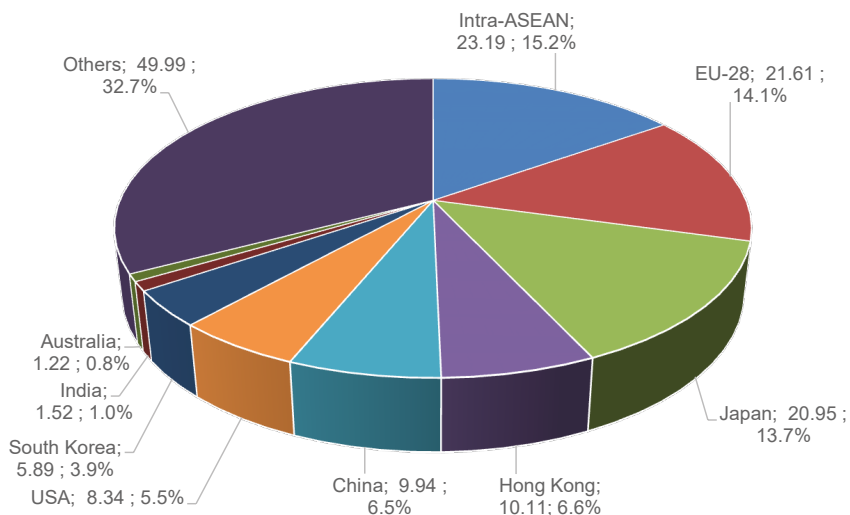


Diagram 1
ASEAN Trade in Goods by Most Significant Trading Partners
(2009-2018), in USD milion⁸



As seen on Diagram 2, with USD 21.61 billion, the EU was the biggest provider of foreign direct investment (FDI) in ASEAN in 2018 (not counting intra-ASEAN investments), providing 14.1% of the total FDI influx, followed by Japan (13.7%), Hong Kong (6.6%), China (6.5%) and the US (5.5%) (ASEC, 2019c).

Diagram 2
FDI in ASEAN in 2018 by Source Country in USD billion⁹



ASEAN has already signed free trade agreements with six¹⁰ out of its ten Dialogue Partners (or six out of its nine Strategic Partners, for that matter), namely Australia, China, India, Japan, South Korea and New Zealand (ASEC, n.d.). As for the European Union, the intention of establishing an ASEAN-EU Free Trade Agreement (FTA) was officially announced in 2006. Talks started in 2007 only to quickly come to a halt in 2009 due to a number of complications, mainly because the differences in the levels of development between ASEAN member states were too great and their diverging interests regarding the deal. Myanmar's position, then still boycotted by the EU over human rights issues, also hindered the progress (Cuyvers, Chen, Goethals & Ghislain, 2013). As a result, negotiations were reoriented towards bilateral trade agreements between the EU and certain ASEAN member states, with the idea that these pacts may function as building blocks for a future region-to-region FTA (EEAS, 2020).

The EU's two most important trading partners within the ASEAN are Singapore and Vietnam so it does not come as a surprise that agreements with them were the first to realise. With Singapore, negotiations started in 2009, finished in 2015, the FTA was signed in 2018, and entered into force on November 21, 2019. Talks concerning the trade agreement with Vietnam began in 2012, concluded in 2013, the signing took place in 2018, and August 1, 2020 marked its coming into force (EC, 2020a). The EU-Malaysia FTA negotiations were launched in 2010 but Malaysia requested to put them on hold in 2012 as they reached an impasse. In 2016-17, a stocktaking exercise was conducted to look into the possibilities of resumption. However, the "palm oil issue" that since emerged and related to the EU's RED II directive soured ties, making a resumption highly unlikely. For the same reason, talks over a comprehensive economic partnership agreement with Indonesia, the world's largest palm oil producer, slowed down significantly despite a promising start in 2016. With Thailand, negotiations about an FTA commenced in 2013 but halted the next year as the result of the military take-over. With an elected Thai government back in place, in 2019, the EU expressed its openness to resume talks. Regarding the trade and investment agreement with the Philippines, so far, two negotiating rounds took place in 2016 and 2017 but no date has been set yet for the next round. As per Myanmar, shortly after the country embarked on a process of democratic reform in 2011, the EU lifted its sanctions and in 2014, negotiations on an investment protection agreement commenced, though, due to the Rohingya crisis, its progress stopped in 2017. With Brunei, Cambodia and Laos, no negotiations have started yet (EEAS, 2020). Overall, in the last ten years, bilateral trade agreements were completed with only two countries in the region, and talks are currently ongoing with another two. That is not even half of the ASEAN member states, while negotiations with the rest of the members are on hold, or have yet to commence.

In 2017, after the US withdrew from the Transatlantic Trade and Investment Partnership, the EU and ASEAN rewarmed to the idea of their region-to-region trade pact and established a Joint Working Group to set out parameters for a possible future agreement (EC, 2020b). Until now, the group met three times, with February 2020 marking the latest sitting, however, the ambitious interregional FTA is not on the horizon yet, even though the Co-Chairs' Press Release of the 23rd ASEAN-EU



Ministerial Meeting on December 1, 2020 testifies about the two organisations' commitment to further efforts towards creating a practical framework for it. The realistic assessment is that sealing bilateral free trade deals with all ten ASEAN countries is nearly impossible as not all of them are ready yet to enter into such a pact with the EU. Not to mention that the EU is also reluctant to engage in talks with some of these countries over significantly conflicting views regarding certain core principles such as democracy or human rights. That said, pursuing the pipe dream of a region-to-region FTA still reflects genuine political will on both sides, and it is definitely a good-sounding motto that can be utilized to build momentum in the region towards integration and free trade, notions that are highly endorsed by the EU globally.

Economy-related Controversies

Though its member states are much more loosely integrated and are far from being as unified as the European single market, it does not mean ASEAN is not striving to step up its processes of integration, a venture the EU is happy to support while also promoting its own role as a "partner in integration" (EEAS, 2015). In order to underpin its purpose to scale up partnership, on top of the bilateral development support to the respective ASEAN member states totaling EUR 2 billion, the EU is also the biggest donor to the ASEAN Secretariat, providing EUR 200 million of grant funding in the 2014-2020 period to the ASEAN Secretariat (EEAS, 2019). This is more than double the amount of funds provided in the 2007-2013 cycle, and ten times as much as the ASEAN member states' accumulated annual contribution to ASEC of USD 2 million each. The EU development funds granted to the ASEAN Secretariat along with the EUR 94 million ARISE Plus¹¹ instrument is mainly used to enhance economic and trade connectivity within the block.

The generous support from the EU unquestionably contributes greatly to ASEAN's integration process. However, it may also come with some side effects as it may amplify the undesirable stereotype still prevailing in some ASEAN countries, namely that the ties between the two entities can be described merely as a top-down 'donor-recipient' relationship. This contradicts the EU's intention of diversifying and deepening the dimensions of cooperation. What is more, this is by no means the only thing that may come off controversially in the eyes of certain ASEAN member states.

Another example is the "Everything But Arms" (EBA) arrangement in regard to Cambodia and Myanmar. Under the EU's EBA initiative, as part of the Generalized Scheme of Preferences, products from states classified as Least Developed Countries¹² enjoy duty and quota free entry to the European single market as stipulated in the Regulation (EU) No 978/2012. However, in 2018, over concerns regarding political, labor and human rights in Cambodia and Myanmar, the EU stepped up its engagement and initiated investigations that could possibly result in the suspension of benefits granted to these countries under the EBA scheme. This is a serious threat, since the EU is one of the most important markets for both Cambodia and Myanmar, and thanks to EBA, export to the European Union grew immensely from both countries over the last couple of years.

An EC report from February 2020 states that since Myanmar had shown considerable progress in some key issues over the last two years, the EU would not yet exclude the country from the benefits of EBA, although it would continue its enhanced engagement and closely monitor the situation of human rights and other areas deemed problematic (EC, 2020c). The outcome in the case of Cambodia was less favorable: progress was assessed as insufficient and eventually, via a delegated regulation effective from August 12, 2020, the EBA benefits were partially withdrawn, affecting some one-fifth of the annually EUR 5 billion strong Cambodian export towards the EU (EC, 2020d). This may naturally disrupt ties, not to mention that the (partial) withdrawal of the EBA benefits, or even the threat of it (as was the case with Myanmar) might help push the affected countries onto China's lap. In addition, since decision-making in ASEAN works based on consensus, with every member states having the right to veto, tensions with Cambodia and Myanmar could potentially obstruct the EU in reaching its goals with the Southeast Asian bloc, despite the newly obtained strategic status.

In addition to the above, the issue that spurred the most tensions and drew the biggest media attention of late was the EU's RED II directive and its effects related to palm oil. The original Renewable Energy Directive (2009/28/EC) is set to expire at the end of 2020, and a recast had been in preparation since November 2016 and finally, the revised directive or RED II (2018/2001/EU) for the 2021-2030 period gained shape and entered into force in December 2018. As a major change compared to its predecessor, RED II classifies palm oil as a commodity with high indirect land-use change (ILUC) risk that technically means it is not sustainable and therefore it shall be gradually phased out of biofuels used in transport by 2030. Since this may potentially reduce the influx of palm oil to the EU, the directive sparked outrage in Indonesia and Malaysia, the two biggest palm oil producers in the world. The palm oil industry has extraordinarily big lobby power in both countries, so it is hardly surprising that as a de facto response to RED II, the brake was pulled on the announcement of the EU-ASEAN Strategic Partnership at the last minute and the official elevation of ties did not happen as originally planned in January 2019.

While the EU's main concerns regarding palm oil are related to the environmental damage the palm oil industry may cause, the standpoint of Indonesia and Malaysia is that the sector contributes to the Sustainable Development Goals (especially to SDG1 regarding poverty eradication) by providing livelihoods for millions of people in the two countries. They claim that RED II singles out palm oil of all the vegetable oils, and that the EU is running a discriminatory campaign against the commodity with the aim of replacing it in the single market with European-produced soybean and rapeseed oils.

The above standpoint is reflected in the joint letter of Indonesian President Joko Widodo and Malaysian Prime Minister Mahathir Mohamad dated April 5, 2019 addressed to Donald Tusk, President of the European Council and EC President Jean-Claude Juncker, following the 13 March 2019 adoption of the Delegated Regulation (EU) 2019/807 that lays out the implementation of RED II. In the document, the two Southeast Asian leaders express their disapproval as well as their readiness to take retaliatory measures if necessary. In their reply dated June 4, 2019, Tusk and Juncker reiterated that RED II may be reviewed in mid-2021 and that a palm oil working group is planned to be set up. Indeed, the Joint Statement of the 22nd EU-ASEAN Ministerial



Meeting from January 2019 states that the Foreign Ministers of ASEAN and EU Member States “welcome the establishment of a joint working group between the EU and relevant ASEAN Member States to address issues relating to palm oil”. However, progress regarding the realization of this vegetable oil working group had been slow until very recently and in the meantime, Indonesia filed a lawsuit at the WTO regarding palm oil on December 9, 2019, and Malaysia has also announced its readiness to follow.

Even though the pandemic-induced global recession forced stakeholders to adopt a somewhat more flexible approach within settling their disputes, and the Co-Chairs’ Press Release of the 23rd ASEAN-EU Ministerial Meeting in December 2020 hints that the inaugural session of the joint working group on vegetable oils may eventually take place in January 2021, the palm oil issue is still unlikely to come to a quick resolution. Also, having protracted tensions with Indonesia and Malaysia diminishes the EU’s chances of gaining the ASEAN member states’ full support in realizing the potential that lies within the freshly announced strategic partnership. Officially both ASEAN and the EU share the same view, namely that individual member states’ bilateral concerns with each other should not overshadow regional cooperation and the key achievements in the ASEAN-EU relations (“Sengketa Minyak Sawit”, 2019), the reality, however, looks a bit different. Although not all ASEAN member states are involved, Malaysian Minister of Primary Industries, Theresa Kok openly stated to the media that palm oil was the deal-breaker for the EU-ASEAN Strategic Partnership in January 2019, and the elevation of ties should not be possible until the dispute related to the commodity is settled (Valero, 2019).

To sum up, even though economic cooperation is a strong backbone to the ASEAN-EU partnership, at the end of the day it can be broken down to bilateral trade ties with the member states. This lowers the political price ASEAN has to pay when entering into a debate with the EU, since glitches in the relations at the EU-level do not (most of the time) disrupt the trade between the respective member states which overall puts the EU into a less favorable bargaining position. Besides, having less than ideal relations with approximately half of the ASEAN countries definitely won’t help the EU either in maximizing the advantages of its newly established strategic partnership with the Southeast Asian bloc. Especially given that the consensus-based decision making of ASEAN opens up the possibility for its members to leverage their national interests via the organisation, as we saw it happen at the 22nd EU-ASEAN Ministerial Meeting in January 2019, when the veto of Indonesia and Malaysia turned out to be a showstopper for almost two years, a period which could probably have lasted even longer were it not for Covid-19.

Conclusion and Outlook

Despite a number of similarities, the EU and ASEAN represent two relatively different ways of integration, the former being the most integrated economic community in the world with supranational characteristics, whereas the latter is

a much looser intergovernmental cooperation where non-interference and national sovereignty is vital. Still, both groupings are fundamental regional organisations seemingly eligible to be each other's natural allies, at least at first sight. Having a closer look, however, reveals that in the first couple of decades following the inception of ties between the two entities in the 1970s, the EU-ASEAN relations were not attributed much significance.

This changed after the turn of the millennium, when the EU, as a reaction to Southeast Asia's impressive economic growth and rising political significance (with the 2005 establishment of the ASEAN-led East Asia Summit being a particularly important milestone), started to look into strengthening cooperation with the bloc. To further step up the relations, since 2014, the EU had actively been seeking to elevate ties with ASEAN to the level of a Strategic Partnership, an upgrade that took six years to realize, much longer than first anticipated, mainly due to ASEAN's reluctance.

While one may argue that the cooperation between the two entities was already strategic in nature, the official announcement of the elevation of ties is still a significant achievement, as it can potentially strengthen the EU's position, recently weakened by Brexit and rising Euroscepticism, in both the Indo-Pacific region and in the global arena in general. After all, ASEAN was already in Strategic Partnership with technically all the major powers such as China, Russia, and the USA and the EU naturally did not want to be left out.

Although lacking any official definition, the term "Strategic Partnership" implies a multifaceted cooperation between the participating parties. Applying this to the EU-ASEAN relations would mean that ties are almost equally sound in the socio-cultural, political-security and economic-trade domains. This paper investigated the latter two and concluded that while economic ties have always been strong between the two organisations, in the field of political and security cooperation, certain asymmetries can be observed. ASEAN and its member states still primarily regard the EU as a trading partner, simply not significant enough as a political and security actor in the Indo-Pacific. Besides, some ASEAN member states still tend to view the EU as a condescending norm-exporter and development aid provider, despite its efforts to position itself in the region as an "equal partner" and a "partner in integration". This is further amplified via a number of bilateral issues between the EU and certain ASEAN countries, namely the (proposed) withdrawal of EBA benefits from Cambodia and Myanmar, and the RED II directive that, according to Indonesia and Malaysia, may negatively influence palm oil exports to Europe. The latter resulted in the veto on the formal inception of the EU-ASEAN Strategic Partnership in January 2019, creating an impasse that took the parties almost two years to overcome. Even though in the last couple of years ASEAN and the EU put in a great deal of effort to approximate their viewpoints and better understand each other, and the long-awaited official announcement of the EU-ASEAN Strategic Partnership that finally happened on December 1, 2020 was beyond doubt an important milestone, the above implies that there is still work to do to further streamline the ties.



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Endnotes

- 1 This article reflects the author's own findings and does not represent the standpoint of the Government of Hungary.
- 2 The founding members of ASEAN were Indonesia, Malaysia, the Philippines, Thailand and Singapore. Brunei joined in 1984, Vietnam in 1995, Laos and Myanmar in 1997, and Cambodia in 1999, respectively.
- 3 The current 27 members of ARF are the ten ASEAN member states, the ten ASEAN Dialogue Partners (Australia, Canada, China, the EU, India, Japan, New Zealand, Russia, South Korea and the United States of America), Bangladesh, Mongolia, North Korea, Pakistan, Sri Lanka, and Timor-Leste, and Papua New Guinea (as ASEAN observer).
- 4 At the Summit, the EU was represented by Donald Tusk, President of the European Council, who also got invited as a guest to the luncheon of EAS leaders.
- 5 Article 44 of the ASEAN Charter regarding the status of external parties lists the exact same categories.
- 6 The ASEAN Defence Ministers' Meeting (ADMM), established in 2006, is the organization's highest defense consultative and cooperative mechanism, while the ADMM Plus formation convenes with the participation of eight ASEAN Dialogue Partners, namely Australia, China, India, Japan, New Zealand, Russia, South Korea and the United States.
- 7 Currently, EEAS is present with bilateral diplomatic missions in nine out of ten ASEAN capitals, Brunei being the only exception. Overseeing relations with Brunei belong under the duties of the EU Delegation in Jakarta.
- 8 Source: ASEAN Secretariat, edited by the author.
- 9 Source: ASEAN Secretariat, edited by the author.
- 10 These countries are also in a strategic partnership with ASEAN. Together, they were the initial participants of the Regional Comprehensive Economic Agreement (RCEP) negotiations, though India pulled out in 2019.
- 11 The abbreviation is derived from 'Enhanced ASEAN Regional Support from the EU'.
- 12 The classification of Least Developed Countries is carried out by the United Nations.