

THE EU AND ASEAN: STRATEGIC PARTNERS IN THE INDO-PACIFIC ERA

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Abstract

In the context of increasing great power rivalries, the international system is being challenged and the geopolitical landscape getting more and more fragmented, leading to increasing risks of polarisation. These developments pose a genuine threat to multilateralism. Yet they can also offer an opportunity for strengthening the EU-ASEAN relations in the new Indo-Pacific era. Recently, the EU launched its Strategy for Cooperation in the Indo-Pacific, marking a major development for the EU's relations with this immense and growing region. The Strategy serves as a recognition of the importance of the present and future engagement of the EU with the Indo-Pacific region as well as a strong proof of its existing stakes in the region's prosperity and stability.

The Strategy builds upon the EU's extensive engagement in the region, consisting of bilateral and multilateral partnerships on a wide range of issues, such as sustainable development, trade, climate change, security, and green energy transition. At the same time, the Strategy focuses on upholding international law, including human rights and freedom of navigation. The new Strategy supports engagement with the ASEAN-led regional architecture, reiterates the EU's support for ASEAN centrality and looks forward to the ambitious realisation of our EU-ASEAN Strategic Partnership.

At the heart of the Indo-Pacific lies ASEAN and it comes as no surprise that the Strategy will be of major relevance for the future development of the EU-ASEAN relations, not least in building synergies with the ASEAN Outlook on the Indo-Pacific. We have solid foundations and a distinguished track record to build upon, robust economic and development links that make the EU one of ASEAN's leading partners in the Indo-Pacific era. In fact, the EU-ASEAN relations play a pivotal role bringing stability, reliability, and opportunities for cooperation on a wide variety of issues to the wider region.

As we are celebrating the 45th anniversary of the establishment of our relations in 2022, the EU and ASEAN will continue to strengthen relations to ensure high quality and sustainable connectivity along with advancing collaboration on research, innovation and digitalisation. Building back better and greener will be a key priority as the world is moving towards a post-pandemic recovery. Meanwhile, in the broader Indo-Pacific region, the EU and ASEAN can,

should – and we believe will – continue to play an important role in promoting a rules-based order conducive to peace and stability.

Keywords: ASEAN, Connectivity, European Union, EU-ASEAN relations, Indo-Pacific

Globalisation versus Fragmentation

Since the end of the Cold War, the twin-forces of globalisation and fragmentation have dominated international relations. Globalisation is leading to an unprecedented degree of global connectivity, with a surge in human mobility, a boom in digital networks, and an ever-denser network of infrastructural nodes that serve as engines and enablers of these processes. At the same time, geopolitical fragmentation has become more and more prominent over the past two decades, in turn encouraging polarisation, the rise of nationalism, and the spread of disinformation. To put it more simply - multilateralism is being challenged.

These dynamics play out most prominently in the Indo-Pacific region. The region has, for many decades, benefitted from globalisation of supply chains and has converted these into strong economic growth. Contrastingly, the region has also witnessed a notable rise in tensions and the emergence of more and more clear-cut fault lines. The growing US-China rivalry and economic and technological decoupling that accompanies it, rising geopolitical competition in Southeast Asia, the Indian Ocean, and the Pacific, intensifying territorial and maritime disputes, are all contributing to a more volatile geostrategic environment. An unprecedented increase in military spending coupled with changing threats' perception continue to raise concerns. According to the Stockholm International Peace Research Institute (SIPRI), in 2020, Asia and Oceania spent more than half of trillion US\$ (USD 528bn) on militaries, continuing an uninterrupted upward trend since 1989 (Da Silva et al., 2021).

The Indo-Pacific's economic, demographic and political weight in global affairs has steadily grown over the last decades. The way the Indo-Pacific region deals with the twin-forces of globalisation and fragmentation will therefore also largely shape the liberal international order and determine how successful the world will be in dealing with major global challenges of our time, including the post-pandemic recovery and the fight against climate change.

Europe's Renewed Engagement

The EU has a direct stake in the Indo-Pacific. Our two regions are responsible for over 70% of the global trade in goods and services and 60% of foreign direct investment flows. The region is the second largest destination of EU exports and home to four out of ten of our largest trading partners. Some 40% of EU's foreign trade passes through the South China Sea. We are a major development partner of many Indo-Pacific countries, a staunch supporter of international law and the region's security architecture. Our physical presence in the region is another factor, as one of our Member-States' territories stretch from La Réunion in the Indian Ocean to French Polynesia in the South Pacific.

Against this background, the EU launched its Strategy for Cooperation in the Indo-Pacific, marking a major development for EU's relations with this immense and growing region (Council of the EU, 2021). The Strategy is a recognition of the importance of EU's engagement with the Indo-Pacific region as well as EU's stake in its prosperity and stability. It also reinforces at the EU level the existing national Indo-Pacific strategies introduced by France, Germany, and the Netherlands.

The Strategy builds upon the EU's extensive engagement in the region that consists of bilateral and multilateral partnerships on a wide range of issues, such as sustainable development, trade, climate change, security, green energy transition and, at the same time, also upholds international law, including human rights and freedom of navigation. As the High Representative of the European Union for Foreign Affairs and Security Policy stated, this Strategy is as much about what we as the EU do *in* the region as it is about what we do *with* the countries of the region. The EU's renewed commitment is inclusive and open to cooperation with all partners on the basis of shared principles, values or mutual interests. As such, it is not directed against anyone – on the contrary, it creates broad avenues for partnerships and cooperation. It also means that the point of departure for our engagement is the EU's own interests and values – a characteristic that we share with ASEAN.

The EU identified seven areas as priorities: sustainable and inclusive prosperity; green transition; ocean governance; digital governance and partnerships; connectivity; security and defence; and human security (Lin, 2021).

EU and ASEAN Strategies

ASEAN features prominently in the EU's Strategy for Cooperation in the Indo-Pacific. With as many as 31 explicit references to ASEAN in the document, one may even say that the Indo-Pacific Strategy has ASEAN, which lies in the heart of the region, at its centre. The EU Strategy supports engagement with the ASEAN-led regional architecture, reiterates EU support for ASEAN's centrality, and looks forward to the ambitious realisation of our EU-ASEAN Strategic Partnership.

This offers a good foundation for developing synergies with the ASEAN Outlook on the Indo-Pacific (AOIP) adopted at the 34th ASEAN Summit in Bangkok (2019). The AOIP develops a vision of shared prosperity for all, built through an inclusive regional architecture based upon existing ASEAN mechanisms such as the ASEAN Regional Forum (ARF) and the East Asia Summit (EAS). By emphasizing its centrality, openness, mutual benefit, and inclusivity, ASEAN strives to distinguish itself from the "winner vs. loser" logic in international relations. It is an approach that the EU and ASEAN have in common – an approach that has served both of our regions well over the past decades of their respective development.

Beyond these principles, it is easy to see that the EU's Indo-Pacific Strategy and the ASEAN Outlook on the Indo-Pacific do, to a great extent, overlap. The EU's seven areas of cooperation with the Indo-Pacific dovetail with the AOIP's four pillars on maritime cooperation, connectivity, UN Sustainable Development Goals, and economic and other possible areas of cooperation, including digital economy, science and technology, and climate change.

A Common Outlook

At a time when international relations are being tested by the twin forces of globalisation and fragmentation, the EU and ASEAN stand for cooperation and multilateralism.

Most, if not all, countries recognise the danger of geopolitical rivalry and economic decoupling. Simultaneously, the demand for the EU as a predictable, rules-based actor in these volatile times has risen across the region. A poll by ISEAS (2021), a Singaporean-based

think tank, found that amongst officials and opinion leaders in ASEAN the EU is the second most “preferred and trusted strategic partner” for ASEAN to broaden its strategic options in hedging against US-China rivalry, trailing just after Japan.

Equally, for us in the EU, ASEAN remains a preferred partner. As President Michel said: “A strong ASEAN is squarely in the interest of the EU. It provides stability for the region, and drives prosperity for its citizens. A strong ASEAN is a like-minded partner for multilateralism” (Michel, 2020). Europe gains from the institutional and political anchor which ASEAN’s inclusive architecture provides which in turn helps to balance the power politics in the region. In the context of geopolitical competition, the key to ASEAN’s strength, which the EU supports one hundred per cent, is to maintain its so-called “centrality” and preserve its strategic autonomy.

Both ASEAN and EU see regional integration as the most effective way to foster stability and prosperity. Both are committed to addressing global challenges through a system based on rules and multilateralism. The challenging geopolitical landscape offers an opportunity to push for even closer EU-ASEAN relations, to promote converging views on multilateralism, and to strengthen the UN system and international law. In full compliance with the international law, both the EU and ASEAN are committed to secure, free and open maritime supply routes in the South China Sea.

Given its stake in the region’s stability and prosperity, the EU remains concerned about continuing escalations of tensions around the South China Sea, including strong rhetoric, military deployments and accompanying drills and tests. While not taking sides in any of the disputes, the EU remains a principled actor, calling upon all sides to refrain from the threat or use of force or any provocative actions and unequivocally supports dispute-resolution in accordance with international law, in particular the United Nations Convention on the Law of the Sea (UNCLOS). In this context, the EU continues to support the ASEAN-led process towards an effective, substantive and legally binding Code of Conduct, which should not prejudice the interests of third parties. The EU has put this position consistently on record, most recently on 21 November 2021 in the aftermath of the aforementioned incident in the vicinity of Thomas Shoal (European External Action Service, 2021).

Strategic Partners

The EU and ASEAN opened a new chapter in their decades-long partnership in December 2020, when we jointly upgraded our partnership to a strategic one. In addition, the recent meeting of the EU High Representative and Vice-President Josep Borrell with ASEAN Foreign Ministers in August 2021 was a reaffirmation of the importance of deepening the EU-ASEAN relations and the readiness for engagement in areas of mutual interest.

The EU is ASEAN’s most comprehensive partner. We engage in technical dialogues with ASEAN in over 20 areas ranging from high-speed computing, environment and climate change, trade, science and research, human rights, and maritime security. The EU is also the largest cooperation partner of ASEAN – with financial support of around EUR 250 mil. and unsurpassed by any other player.

The EU supports all three pillars of ASEAN integration, on subjects as far ranging as trade support, forest governance, higher education and student mobility, disaster response, and sustainable use of peatlands, to name but a few. Many of our programmes’ acronyms, for

example E-READI, ARISE Plus, SHARE, have become familiar across ASEAN Member States and have a positive impact on people’s lives – something that we try to highlight in our annually published Blue Book (EU ASEAN Strategic Partners Blue Book, 2021). Most importantly, those programmes’ underlying strength is to share EU’s experience in promoting regional functional cooperation and developing regionalism. We think that an integrated economic community is in ASEAN’s interest *and* in our interest. Such integration boosts ASEAN’s regulatory environment, its market resilience and attractiveness as also its political autonomy. There are, of course, fundamental differences between the EU and ASEAN but we both aim to develop collective responses to common challenges through cooperative mechanisms.

Since the 1970s, the EU and ASEAN have been pivotal economic partners. This is a partnership based on joint prosperity – in the 2005-2018 period, the EU was the largest source of foreign direct investment for the region and currently occupies the second spot (ASEAN Secretariat, 2021). ASEAN is the EU’s third largest trading partner after China and the US – and the EU is ASEAN’s third largest trading partner too (European Commission, 2021).

During the testing times of the COVID-19 pandemic, the EU and ASEAN proved also to be dependable partners. Our COVID-19 response exemplifies well the depth of our partnership. A mere 9 days after the World Health Organisation (WHO) declared COVID-19 a global pandemic, EU and ASEAN Foreign Ministers met for a dedicated Special Meeting on COVID-19 (20 March 2020). That was the start of very intense cooperation, starting with the exchange of information and best practices. Quickly thereafter, in a collective “Team Europe” approach, the EU and its Member-States mobilised over EUR 800 mil. to support health systems and economic recovery in ASEAN. This amount was – and still is - greater than that of any other ASEAN dialogue or strategic partner and topped up by a EUR 20 mil. support programme regional pandemic response that is being implemented by the WHO. We also offered ASEAN research organisations to team up with EU scientific projects on COVID-19, including on protective equipment, improving modelling of the spread of the virus and rapid diagnostics techniques. Dialogues among experts have served as the third pillar of our close collaboration and have enabled us to exchange first-hand knowledge and experience fighting the pandemic.

Crucially, we also emerged as joint champions of vaccine multilateralism and the EU offered strong, unequivocal support to the COVAX Facility worth over EUR 3 bil. Overall, Team Europe contribution (EUR 2.2 bil.) for the COVAX Facility and helped secure 1.3 bil. doses for vaccination for 92 low and middle-income countries, including for ASEAN Member States.

In addition to supporting international solidarity efforts through COVAX, the EU has consistently maintained export openness. Defying false and misguided accusations of vaccine hoarding, we have exported over half of our entire production—to more than 90 countries. This means that for each dose made in the EU and shipped to an EU Member State, one dose is exported. Our Member States have been playing an essential role in this process.

What’s Next for EU-ASEAN?

The year 2022 is a special year for the EU-ASEAN cooperation as we celebrate 45 years of Dialogue Relations. At a Commemorative Summit in Brussels, leaders will mark this anniversary and chart the way forward. A few priorities stand out.

Connectivity ranks high on this priority list. Restoring connectivity within and between our two regions will serve as a vital engine of post-pandemic recovery. In a ground-breaking development that happened in June 2021, following six years of joint efforts, the EU and ASEAN concluded the first ever region-to-region Comprehensive Air Transport Agreement (CATA).

As the first region-to-region aviation agreement - and the biggest agreement of its kind ever negotiated by the EU, binding together our 37 States - it will play an important role in re-connecting our people. CATA will create new opportunities for aviation cooperation and increased air connectivity between our two regions during the post-COVID recovery phase, enabling closer trade and people-to-people links.

The EU and ASEAN have worked closely on connectivity for years, reflecting the unique experiences of two regional integration projects. For instance, the EU played a major role in launching the first-ever ASEAN computerized customs-system (ACTS). Moving forward, the EU wants to work with ASEAN partners to operationalise the EU-ASEAN Ministerial Statement on Connectivity Cooperation. While trends around the digital economy have accelerated during the pandemic, building digital cooperation and partnerships between the EU and ASEAN will also become a major priority for the years to come.

The EU-ASEAN cooperation on connectivity will receive an important boost from the recently announced Global Gateway. This initiative, announced by the EU on 1 December 2021, brings together much that the EU and ASEAN value and prioritise about connectivity. Its scope is comprehensive, aimed at improving smart, clean and secure links in digital, energy, and transport and strengthening health, education and research systems across the world. It will do so in a manner that emphasises internationally recognised standards and a level-playing field, as we believe that good governance and sustainability are crucial for bringing lasting benefits. The implementation of Global Gateway will provide benefits from as much as 300 billion EUR in the 2021-2027 period. A joint Team Europe approach will bring together the EU, our Member States as well as our financial and development institutions. In short, the EU-ASEAN Strategic Partnership is to benefit from the Global Gateway initiative and we look forward to working with our ASEAN partners on identifying concrete connectivity projects that will benefit from Global Gateway.

The green agenda is the second key priority for the EU and for our partnership with ASEAN, now and in the future. In Europe, we are rolling out the EU Green Deal for a circular, carbon-neutral economy by 2050, as we know that climate action can only be successful if all major global players work together. The EU sees ASEAN as an indispensable partner in this regard, hence we pursue our cooperation with ASEAN on strategic green agenda.

As Strategic Partners, we are determined to increase our joint ambition to tackle climate change and environmental degradation. In this context, the EU and ASEAN have developed an ambitious work agenda including with the High-Level Dialogue on Climate Change and Environment, the Clean Energy Dialogue as well as our Dialogue on Circular Economy. The newly launched Green Team Europe Initiative and our Smart Green Cities project will allow the EU and ASEAN to develop concrete cooperation in ensuring a more sustainable future. Mobilising sustainable investments is also a key area of the European Green Deal; and in ASEAN, we are supporting several initiatives to promote green economic policies, foster climate action, and mobilise additional funding, including co-funding for the ASEAN

Catalytic Green Finance Facility with over EUR 780 mil. for financing low-carbon and climate-resilient infrastructure projects in Southeast Asia.

Last but certainly not least, the EU is determined to deepen its security engagement with ASEAN. The rapidly evolving international scene is leading us to focus more on key strategic issues, including addressing trafficking in persons, cyber-crime, counterterrorism, and maintaining maritime security. Our relationship is not just about trade and cooperation anymore: security, defence and many other sectors are gaining in importance.

The EU is already an active participant and contributor to the ASEAN Regional Forum (ARF) in the areas of maritime security, counterterrorism, or ICT security. Given the EU's valuable operational experience, a stronger EU's involvement in ASEAN Defence Meeting Plus (ADMM+) and East Asia Summit (EAS) could only be beneficial for all.

As an ASEAN Foreign Minister recently said, “the EU and ASEAN are the world’s most successful examples of regional integration”. Both organisations have indeed contributed to their citizens’ prosperity, each following their own model of development. Together, we have been collaborating since 1977, amassing decades of experience in promoting a more stable, predictable and prosperous world. This long-standing, comprehensive relationship has become a precious anchor in today’s volatile world of international relations. Going forward, it is up to both of us to ensure that this anchor remains strong enough to withstand any pressures and flexible enough to address new, emerging challenges.

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