

# ASEAN and the European Union: Lessons in Integration

Written by Moe Thuzar

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MOE THUZAR, OCT 7 2012

### ASEAN and the EU: Partners in Learning

The European Union (EU) is arguably the primary dialogue partner of the Association of South East Asian Nations (ASEAN). Informal relations begun in 1972 were formalised in 1977. Since then, interactions between the two regional blocs have reflected ASEAN's concerns and priorities which evolved and changed in tandem with ASEAN's own growth and development.

Beginning in 1991, ASEAN-EU relations moved from a donor-recipient relation to one of "equal" partnership for mutual benefit. Learning from each other's regional integration processes is now the focus of the partnership. Much of the learning, though, has been on ASEAN's part, with the EU helping to equip ASEAN with knowledge and expertise in regional policy-making, especially for economic integration. The collaborative projects with EU were designed to help ASEAN's efforts for regional economic integration, improve ASEAN mechanisms and communications systems, and build capacities of the ASEAN member states and of the ASEAN Secretariat. In 2008, EU became ASEAN's largest overall trading partner ahead of the US, Japan and China. Today, the EU is ASEAN's third largest trading partner, after China and Japan. ASEAN remains the EU's 5th largest trading partner.

Partnerships notwithstanding, negotiations for an ASEAN-EU Free Trade Area (FTA) have not progressed since they started in May 2007. Instead, the EU opened negotiations for free trade agreements with Singapore and Malaysia in 2010, and has stated its openness to negotiating similar bilateral agreements with other countries in the region. The EU has referred to this network of bilateral agreements as "building blocks" for an eventual region-wide free trade area. Given the stalemate of the Doha round that put a halt to global trade liberalisation, there is no doubt that the bilateral FTA approach looks attractive to many nations. However, it should be noted that most FTAs are politically-driven instruments. At the regional level, this tends to lead to more symbolic than substantive announcements. With the EU aiming for "quality and substance" in its FTA agreements with ASEAN countries, it is not surprising that the EU has yet to conclude any FTA with ASEAN countries, collectively or bilaterally. In any case, it is not clear at this stage whether an ASEAN-EU FTA would make a significant difference in current inter-regional trade, nor whether existing linkages between ASEAN and the EU would be further strengthened.

### Lessons in Integration: What can be learned?

The question remains: after more than three decades of cooperation, what lessons have regional integration brought? What can ASEAN learn from the EU experience?

Former Secretary-General of ASEAN Rodolfo Severino has stated that "ASEAN does not intend to go the way of the EU all the way, but it can learn many things from the European experience by way of practical measures. It is up to ASEAN's member-states to adapt and apply those measures that are necessary for integrating the Southeast Asian economy" (*Severino, 2006*).

With this caveat, there are three main lessons worth considering for regional integration experiences in ASEAN and the EU.

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## *1. Integration processes are not really comparable, though their fundamentals are similar*

Many like benchmarking ASEAN's progress to that of the EU's. There is a tendency to project the EU as a model for ASEAN and to propose the European way of integration as applicable to ASEAN as well. The EU's commitment to pooling sovereignty for common gains has been cited as key to an integrated community. On the other hand, ASEAN pursues integration without yielding individual sovereignty of member states. This has created the impression that the EU is a supra-national body in a way that ASEAN cannot or does not aspire to be. The principles of inter-state relations enshrined in the ASEAN Charter reiterate respect for sovereignty, territorial integrity and national identity. Yet, the two organisations are more similar in their decision-making processes than is generally acknowledged.

ASEAN has often been criticised for its non-interference principle and consensus requirement. The inability to reach consensus – in July 2012 – on ASEAN's collective position on activities of claimant states in the South China Sea has had a negative impact on ASEAN's credibility in maintaining regional unity.

The EU depends on unanimity – not just consensus – for its major decisions. The image of the EU's supra-national authority has also been recently shattered as the Eurozone crisis evolves. Individual members have made their (national) preferences prevail at the regional table[1]. Regional consensus cannot be forged without taking into consideration the national interests of individual members.

## *2. Institutions (and mechanisms) do not always work*

From the days of the European Coal and Steel Community through to the realisation of the European Union, institution-building was a key feature of the EU's integration. This has led to a tendency to believe that should ASEAN follow a similar process, much of ASEAN's woes might be solved. Recent experiences in both ASEAN and the EU have shown that institutions notwithstanding, no regional organisation can accomplish its goals of regional peace and security nor economic integration without national commitment to regional priorities. Regional institutions can certainly play a role in community-building. However, if regional decisions are not supported – and implemented – at national levels, the institutions by themselves cannot do much, even with well-meaning attempts to fine-tune or reform them.

Yet, there are positive examples of institutions and regional mechanisms that benefited both organisations. ASEAN-EU collaboration in higher education under a 7-year programme (2000-06) called the "ASEAN-EU University Network Programme (AUNP)" provided an impetus for the creation of a consortium of European universities equivalent to the ASEAN University Network established in 1995. The ASEAN Charter, ratified in December 2008, provided for a Committee of Permanent Representatives (CPR) entrusted with responsibilities similar to the EU's *Comité des Représentants Permanents* (COREPER). In an interesting new twist, ASEAN's drive for regional connectivity[2] has led to a transformation of integration processes in Southeast Asia. Observers attribute this to the less "legalistic" way in which ASEAN integration has progressed[3].

## *3. Regional disparities can hamper integration*

A key challenge for both regions is how to enhance economic progress and regional integration. ASEAN has tried to tackle this through the Initiative for ASEAN Integration (IAI)[4], where the more advanced economies in the Association use the "prosper thy neighbour" approach to address poverty alleviation and economic development in less-developed member states such as Cambodia, Laos, Myanmar and Vietnam (the "CLMV" countries). Tagging Vietnam to this group may become more of an anomaly going forward. Only Laos and Myanmar are relatively more reliant on trade within the ASEAN bloc. Vietnam is the least dependent. In terms of absolute value of trade, Vietnam ranks sixth. In terms of foreign direct investment (FDI) flows, Vietnam ranks fourth.

The diversity of ASEAN economies and their varying levels of openness presents a unique challenge in achieving regional economic integration under the ASEAN Economic Community (AEC). The stated deadline of 2015 for realising targets for free flow of goods, services, labour and capital has recently been clarified (by the ASEAN

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Economic Ministers or AEM)[5] as 31 December 2015, in response to queries on the delay of the AEC's realisation. While ASEAN assures that work will continue in the lead-up to, during, and after 2015, the AEM's clarification effectively pushes it back. With ASEAN's regional neighbours – India and China – on the ascendance, ASEAN's goal of accomplishing a single ASEAN Community by 2015 is now being re-assessed. The 44<sup>th</sup> AEM and 8<sup>th</sup> ASEAN Economic Community Council (AECC) meeting in August 2012 have agreed to “double efforts” to achieve the AEC by 2015.

Regional economic integration was the area where the EU's experience set an example for ASEAN community-building. The EU model of setting clear goals and specific implementation timelines for economic integration was replicated by ASEAN's enunciation of the AEC Blueprint, followed by the AEC Scorecard that keeps track of implementation (and backsliding).

While the EU faced less of a problem of regional disparities in pursuing economic and monetary integration (with “strong” political will carrying the day) in the past, the EU today is confronting the problem of relatively weak and unstable economies. The financial crisis has exposed the vulnerabilities of the EU economies, especially those in its periphery. Greece's budget deficits have considerably weakened the EU's economic position and standing, as have those of Portugal, Ireland, Italy and Spain.

### Hard Truths?

The experiences of ASEAN-EU integration have clarified some hard truths for both. Both regional organisations need to take each other more seriously, recognising the fundamental differences and similarities between their respective regions and organisational structures. Much of the EU's “strengths” can be shared with ASEAN. The EU's secularist policies and tolerance of minorities could inform ASEAN's efforts to address these issues individually and collectively. The EU's openness to, and appreciation of, other cultures provides new vistas for cultural and academic exchanges. The EU's Goethe Houses, British Councils and Alliances Françaises are present in many ASEAN capitals, and the growing numbers of students from ASEAN countries in European universities are all steps in the right direction of learning more of – and from – each other[6].

In the end, strong political will and leadership are necessary for both the ASEAN and EU “projects” in community-building to succeed. Without these, the challenges highlighted in the lessons above will prove insurmountable.

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[1] Rodolfo Severino, “ASEAN: Expectations, Myths and Facts”, statement at the Writers' Workshop on Reporting Development in ASEAN, June 26-27, 2012, ISEAS, Singapore.

[2] ASEAN adopted in October 2010 a “Master Plan on ASEAN Connectivity” with targets set from 2010 to 2015 to accomplish “physical, institutional and people-to-people connectivity”.

[3] “Wary Neighbours Turn into Partners in a Quickly Developing Southeast Asia”, Thomas Fuller for the New York Times, July 5, 2012

[<http://www.nytimes.com/2012/07/06/world/asia/asean-nations-become-more-integrated.html>]

[4] The IAI was launched in 2000 at the informal ASEAN Summit in Singapore. Under the IAI, the ASEAN-6 countries (Brunei, Indonesia, Malaysia, Singapore, the Philippines and Thailand) offer

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technical and other assistance to the CLMV. ASEAN's Dialogue Partner countries (Australia, Canada, China, India, the EU, Japan, Republic of Korea, New Zealand, Russia and the United States) and other interested donors and development partners are also invited to contribute to the IAI programmes and projects. The focus of the IAI is mainly on building capacities for regional economic integration.

[5] ASEAN Secretary-General Dr Surin Pitsuwan cites the decision of the ASEAN Economic Ministers who oversee the implementation of the AEC commitments. See Dr Surin's statement "AEC 2015 On Track and Top Priority", 12 September 2012.

[http://www.asean.org/news/item/aec-2015-remains-on-track-and-top-priority?category\\_id=27](http://www.asean.org/news/item/aec-2015-remains-on-track-and-top-priority?category_id=27)

[6] Intervention by Rodolfo Severino, Head, ASEAN Studies Centre, at the panel discussion on "Prospects for EU-ASEAN Relations" hosted by the EU-Asia Centre in Belgium, 23 April 2012.

Summary report at [http://www.eu-asiacentre.eu/events\\_details.php?event\\_id=38](http://www.eu-asiacentre.eu/events_details.php?event_id=38).

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