

EU AND ASEAN EN ROUTE TO STRATEGIC PARTNERSHIP?

*Presentation at the Workshop on Resource Conflicts in Asia: Europe's Responsibility organized by Global South Studies Center, University of Cologne
26 October 2015*

Joseph Purugganan
Focus on the Global South

In May 2007, the European Union launched its “New Partnership for the 21st Century with Asia. The initiative consisted of simultaneous negotiations for free trade agreements with India, Korea and ASEAN. The main motivation for this aggressive push to jumpstart FTA talks with Asian countries was to effectively put EU interest at the center of developments happening in the Asian region placing it in a better position to compete against fellow economic superpowers- the US, Japan, and China.

Indeed Asia seems to be at the center of everyone’s attention. A map of existing mega FTAs that are being negotiated now- the TPP led by the United States, TTIP between EU and the US, the China-driven Regional Comprehensive Economic Partnership or RCEP, and even the bilateral and regional FTAs advanced by Japan and the EU- not only show the underlying geo-political and geo-economic interest underpinning these negotiations, as all the main trade powers aggressively push their trade and investment agenda through these FTAs, but also highlight the centrality of Asia.

The significance of Asia, and from my perspective ASEAN, in this picture more or less define the strategic interests of the global powers including the EUs. While it may be argued that strategic interest encompass the economic or commercial interest, which FTAs and bilateral investment treaties or BITS primarily advance, I think the economic agenda underpins or at the very least is integral to other areas of strategic interests.

Why is Asia central?

Market- Asia is valueable in the equation because of its growing market, many of the countries in East and Southeat asia continue to experience high growth rates, higher than world average, from between 3-7 percent.

Today ASEAN as a region is the EU’s third largest trade partner outside Europe (after the US and China). Bilateral trade between EU an ASEAN amount to over Euros 230 billion (2013). ASEAN represents a market of around 600 million consumers.

ASEAN integration and Connectivity

For the EU, another significant development making ASEAN an attractive strategic partner is the move towards regional integration; which would transform the population into one single market.

The EU feels particularly confident that its own experience in regional integration or community building could somehow be presented to ASEAN as a model and a basis of exchange of ideas and partnership.

Another important aspect of this integration process in ASEAN, which is supposed to culminate this year with the realization of the ASEAN Economic Community (AEC) is the agenda towards greater connectivity. The Master Plan on ASEAN Connectivity defines a three-pronged strategy for physical connectivity mainly through infrastructure development; institutional connectivity through harmonization of rules to facilitate trade and investment, and people to people connectivity to promote deeper intra-regional social and cultural interaction.

The EU sees connectivity as another area of mutual interest with ASEAN, and is eyeing possible projects in the field of energy, transportation and urban infrastructure as well as 'green investments' and trade in environmental goods and services.

Raw Materials

Asia is valued for its raw materials. Countries like Cambodia, Laos and Myanmar for example are already starting to ease restrictions on foreign ownership and control of land, water and natural resources, and there continues to be a mad scramble for control over these resources.

The EU has long pushed for instance for easing of Constitutional restrictions in the Philippines on foreign ownership of land, as part of a package of economic reforms that are being pushed by among others European Chamber of Commerce.

The EU needs to import to export. Its competitiveness rests on its ability to secure the raw materials needed to fuel its own manufacturing and industry. Securing access to raw materials has become a major strategic policy area for the EU with its Raw Materials Initiative, as well as the US, and China.

Maritime Security

Another important but sometimes overlooked aspect of the jockeying for position and increasing influence in the region is the importance of the South China Sea

(or as refer to it now as the West Philippine Sea) as a transshipment zone for energy supplies, goods, and raw materials.

It is therefore also in EU's strategic interest to ensure that maritime security is strengthened in the region.

SOE and Economic Reform Agenda

Asia is also eyed and targeted because of its large number of State Owned Enterprises (SOE) that contribute anywhere between 15 % of GDP (in the case of Singapore and Malaysia), to as high as 30-38 % in the cases of China and Vietnam respectively. There is now an agenda to reform the governance and 'corporatize' these SOEs.

In many respects, the SOE's represent a critical area of the economy in Asia that needs, from the outsiders point of view, to be reformed.

New Generation FTAs

More and more highly ambitious trade and investment agreements like the TPP, TTIP, CETA, and EU-Singapore FTA, are becoming the main instruments in pushing the strategic agenda.

The agenda underpinning these so called new generation FTAs go far beyond trade. These negotiations are no longer just about reduction of tariffs and market access. These are no longer just trade agreements but broader economic agreements that cover trade, investments, intellectual property rights, and regulatory coherence among others. These negotiations are about setting a 'gold standard' for future FTAs. These talks are about who gets to set the rules on global trade and investment with the US and the EU comprising the transatlantic alliance while China on the other hand is aiming to consolidate its power within Asia.

Another common characteristic of these agreements is the corporate agenda underpinning and driving the talks. We see the imprint of corporations most notably in the investment chapter with the strong push for greater investor rights and in the intellectual property rights chapters that enshrines a stricter IPR regime that benefits big pharmaceuticals.

While the rhetoric underpinning EU and Asia relations continues to be cloaked in the language of joint cooperation, mutual benefit, shared experience, strategic partnership and common vision, clearly the nuts and bolts of it is a deeper economic agenda of control, the protection and promotion of the corporate interest.