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***ASEAN-EU Engagement in the Indo-Pacific:
A Marriage of Convenience to Uphold Multilateralism***

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As the Indo-Pacific region becomes a hotbed of political and strategic strife, the changing definition of balance of military power in Asia has necessitated a rise in partnerships and alignments between like-minded states. Increasingly, these partnerships are emerging through issues-based minilateral forums like the Quadrilateral Security Dialogue (Quad) and the Australia-United Kingdom (UK)-United States (US) pact (AUKUS). This trend has caused many to decry 'negative globalism' and argue that flexible and effective minilateral arrangements are swiftly replacing vigorous building of and participation in international bureaucratic institutions. In this context, this paper explores the potential for greater alignment between two key Indo-Pacific actors: the Association of Southeast Asian Nations (ASEAN) and the European Union (EU). This paper is rooted in the assumption that that as with trade politics, transformative geopolitical minilateral frameworks present an opportunity to augment multilateral processes rather than seek to replace them. Minilateral frameworks are based on convergences between member states, such as a joint vision for the region, a common agenda, and a commitment to collaborate on transformative initiatives that benefit all states of the region and beyond. In this vein, strategic collaboration between ASEAN and the EU in the Indo-Pacific can be a critical way to reinforce multilateralism. The focus on ASEAN and the EU stems from their status as the only two trading blocs engaged with the Indo-Pacific concept. The paper assesses both the EU and ASEAN's Indo-Pacific outlooks to assess their commonalities and differences, as well as their perspective of the other's role in regional security. More specifically, the paper explores potential for ASEAN-EU collaboration between the ASEAN Outlook on the Indo-Pacific (AOIP) and the EU's Strategy for Cooperation in the Indo-Pacific. It contends that both actors aim to shape broadly common objectives in the region in areas from global health security to trade and connectivity, and traditional and non-traditional security. Looking at the concrete policies that both blocs have put in place so far, the paper further looks to identify areas of convergence between the two strategic partners. Importantly, it looks to answer how both partners can work together to build capacity and resilience in ASEAN-led mechanisms and security structure that underpin multilateralism in the Indo-Pacific region. The paper concludes with a set of concrete and recommendations on how both ASEAN and the EU can reinforce their joint commitment to a rules-based multilateral system in a highly contentious, great power driven, Indo-Pacific geopolitical space.

Introduction

The past decade has seen increasing geopolitical churning and the rise of the ‘Indo-Pacific’ concept—a confluence of the Indian and Pacific Oceans, and a derivative of the Asia Pacific geographical space—has been a product of these shifts. China’s rise as the world’s second-largest economy and its efforts to further enhance its economic clout by forging greater economic linkages with regional states in the Indo-Pacific, especially with the Association of Southeast Asian Nations (ASEAN), has had strategic implications for the region (and beyond). Alongside United States (US)-China trade tensions, Beijing’s increasing military spending and much more aggressive foreign policy posture under the leadership of Xi Jinping have prompted the US to implement tough measures vis-à-vis China. US-China relations involve vigorous competitiveness, if not conflict, with several points of friction remaining (including, but not limited to, Taiwan and the South China Sea).¹

New strategic alignments have been created as a result of the emerging geopolitical contest for primacy between the US and China. While the post-war US-based bilateral alliances in the region—often referred to as the hub and spokes system wherein the US is the hub and its allies (Japan, South Korea, Australia and Taiwan)—remain critical elements of the regional security architecture, parallel modes of diplomacy have emerged through new minilateral arrangements. However, these have acquired new characteristics: not only have they been reinforced as part of the US’s pivot to the region and effort to strengthen its posture vis-à-vis China, Australia and Japan are also increasingly strengthening their own individual capabilities to enable them to shoulder greater share of the security burden. In other words, as the Indo-Pacific region becomes a hotbed of political and strategic strife, the changing definition of balance of military power in Asia has necessitated a rise in partnerships and alignments between like-minded states, giving way to a new, non-US-centric regional security architecture. Increasingly, these partnerships are emerging through issues-based minilateral forums like the Quadrilateral Security Dialogue (Quad) and the Australia-United Kingdom (UK)-US framework (AUKUS).

In this context of multilateralism and minilateralism in Indo-Pacific diplomacy, this paper aims to explore the potential for greater alignment between two key Indo-Pacific actors: the Association of Southeast Asian Nations (ASEAN) and the European Union (EU). It contends that both actors aim to shape broadly common objectives in the region in areas from global health security to trade and connectivity, and traditional and non-traditional security. The paper assesses both the EU and ASEAN’s Indo-Pacific outlooks to assess their commonalities and differences, as well as their perspective of the other’s role in regional security. More specifically, the paper explores potential for collaboration between the *ASEAN Outlook on the Indo-Pacific (AOIP)*—which focuses on four priority areas of (i) maritime cooperation, (ii) connectivity, (iii) UN Sustainable Development Goals, and economic/other cooperation—and the *EU’s Strategy for Cooperation in the Indo-Pacific*—which is predicated on seven pillars of (i) sustainable and inclusive prosperity, (ii) green transition, (iii) ocean governance, (iv) digital governance and partnership, (v) connectivity, (vi) security and defence, and (vii) human security. The paper discusses potential for EU-ASEAN cooperation in trade, supply chains, and the circular economy.

¹ For a timeline of the complex US-China relations, and how they have oscillated between tensions and periods of cooperation, see: “U.S.-China Relations: 1949 – 2022,” Council on Foreign Relations, n.d., accessed on December 23, 2022, <https://www.cfr.org/timeline/us-china-relations>.

Challenging the Logic of Multilateralism in the Indo-Pacific

Failure of Multilateralism

Recent thinking on multilateralism has been bleak. After decades of rising trends of globalisation and global integration, geopolitical strife and black swan events like the pandemic have brought about increasing fragmentation through the return of protectionism, unilateral actions, withdrawal from international treaties and military, and economic coercion.² The return of Russia and the rise of China—two major anti-liberal powers—combined with dissatisfaction with the pre-dominance of the West has contributed to the erosion of the values underpinning the multilateral system. The Trump administration, for example, openly contested it by withdrawing from critical international treaties like the Paris Peace Agreement, as well as major regional economic pacts like the Trans-Pacific Partnership (TPP).

Concurrently, despite growing tensions, the United Nations (UN) has failed in its mandate of promoting peace and security. While its inability to effectively enforce mandates (without intervention of the UN Security Council) has always drawn criticism, the UN's response to Russia's invasion of Ukraine has been rather feeble. Amid a stagnant and deadlocked Security Council, the UN has only been able to pass nonbinding condemnations of Russian actions.³ Furthermore, the UN has not yet formally condemned China's human rights infringements against the Uyghur minority in its Xinjiang Autonomous Region. Although 50 countries came together to release a joint statement on the situation in October 2022, apart from the release of a report by the UN Office of the High Commissioner for Human Rights (OHCHR) asserting that the matter may amount to “international crimes, in particular crimes against humanity”,⁴ no formal resolution or action has been taken by the UN General Assembly. Similarly, the UN's response to the COVID-19 pandemic left much to be desired. The UN Security Council was found “missing in action” and “failing to fulfil its [outsized] role” in the Coronavirus fight;⁵ an independent panel established by the World Health Organisation (WHO) found that the body's response was not only delayed but also limited by its own regulations; in combination with the failures of governments, the result was termed a “toxic cocktail”.⁶ Such trends—along with the difficulty of implementing reforms in face of these limitations—have

² Dominic Egel and Marc Galvin, “Multilateralism is in Crisis – Or Is It?,” *Global Challenges*, no. 7 (April 2020), <https://globalchallenges.ch/issue/7/multilateralism-is-in-crisis-or-is-it/>.

³ “General Assembly Resolution Demands End to Russian Offensive in Ukraine,” UN News, March 3, 2022, <https://news.un.org/en/story/2022/03/1113152>.; “Ukraine: UN General Assembly Demands Russia Reverse Course on ‘Attempted Illegal Annexation’,” UN News, October 12, 2022, <https://news.un.org/en/story/2022/10/1129492>.; “General Assembly Adopts Resolution on Russian Reparations for Ukraine,” UN News, November 14, 2022, <https://news.un.org/en/story/2022/11/1130587>.

⁴ “Joint Statement on Behalf 50 Countries in the UN General Assembly Third Committee on the Human Rights Situation in Xinjiang, China,” statement, UN Meetings, October 31, 2022, https://estatemnts.unmeetings.org/estatemnts/11.0030/20221031/ToB1Hw211sv3/E9I0Gk2e71BE_en.pdf.

⁵ Rick Gladstone, “U.N. Security ‘Missing In Action’ in Coronavirus Fight,” *New York Times*, November 11, 2021, <https://www.nytimes.com/2020/04/02/world/americas/coronavirus-united-nations-guterres.html>.

⁶ The Independent Panel for Pandemic Preparedness and Response, *COVID-19: Make it the Last Pandemic* (The Independent Panel for Pandemic Preparedness and Response, November 2021), https://theindependentpanel.org/wp-content/uploads/2021/05/COVID-19-Make-it-the-Last-Pandemic_final.pdf.

caused several experts to claim that the UN is much less than it could be,⁷ and cite it as an obvious example of the failure of multilateralism.⁸

Limited international cooperation in face of global challenges is ultimately an outcome of growing pressures on multilateralism. The rise of new powers, their efforts to reform existing multilateral values, and build a new international order that reflects their own principles has altered world politics. The US' initial push to position China as a responsible stakeholder quickly faded as the tensions, and differences between the Western and Chinese worldviews and models (like the G7's Build Back Better versus China's Belt and Road Initiative) pitted the two sides against each other. These differences were amply visible in the 2021 UN Security Council's Open Debate on Multilateralism.⁹ At the same time, domestic forces like populism and nationalism have also limited the appeal of liberal internationalism and become challenges to multilateralism.

Rise of Minilateralism

In face of these limitations and challenges, countries have begun exploring alternative formats of cooperation, including bilateral, regional and minilateral modes. Here, minilateral groupings refer to small, issues-based, informal and uninstitutionalised partnerships between like-minded states.¹⁰ Such frameworks are based on convergences between member states, such as a joint vision for the region, a common agenda, and a commitment to collaborate on transformative initiatives that benefit all states of the region and beyond. Minilateral arrangements in particular have become the preferred instruments of international cooperation and governance for states. While this rise in minilateral partnerships is not a new trend, but one that has been visible over the last three decades, including through mechanisms like the US-Japan-Korea trilateral coordination, it has certainly gained increasing traction over the last few years.

Minilateral groupings certainly have their advantages. It is easier to convene fewer and like-minded countries and build convergence between them. Small groups also have much more flexibility and speed when it comes to implementing initiatives and coordinating policy action, which is vital when dealing with a quickly changing security scenario as in the Indo-Pacific. Their informality and non-binding nature make them all that more attractive as tools of cooperation and signalling for states. More importantly, groupings like AUKUS and the Quad

⁷ Brett D. Schaefer, "Is the United Nations a Failure?," The Heritage Foundation, September 20, 2022, <https://www.heritage.org/global-politics/commentary/the-united-nations-failure>.

⁸ Teresa Nogueira Pinto, "The Failures of Multilateralism," GIS Report, March 30, 2022, <https://www.gisreportsonline.com/r/multilateralism-crisis/>.

⁹ For statements by the US and China at the Open Debate, see: Antony J. Blinken, "Secretary Antony J. Blinken Virtual Remarks at the UN Security Council Open Debate on Multilateralism," Office of the Spokesperson, US Department of State, May 7, 2021, <https://www.state.gov/secretary-antony-j-blinken-virtual-remarks-at-the-un-security-council-open-debate-on-multilateralism/>; US Mission to the United Nations, "Remarks at a UN Security Council Open Debate on Multilateralism," video, YouTube, 11:15, May 7, 2021, <https://www.youtube.com/watch?v=EVxXqP8LdPQ>; Wang Yi, "Remarks by State Councilor and Foreign Minister Wang Yi at the United Nations Security Council High-level Meeting on the Theme "Maintenance of International Peace and Security: Upholding Multilateralism and the United Nations-centered International System"," Ministry of Foreign Affairs of the People's Republic of China, May 7, 2021, https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zjyh_665391/202105/t20210508_9170544.html.

¹⁰ Arzan Tarapore and Brendan Taylor, "Minilaterals and Deterrence: A Critical New Nexus," *Asia Policy* 17, no. 4 (October 2022): 1 – 56, https://www.nbr.org/wp-content/uploads/pdfs/publications/asiapolicy17-4_minilateralrt_oct2022.pdf.

also create ways to aggregate the members' national power.¹¹ Their mere existence can be a signal of the member states willingness and resolve to deter potential adversaries and synchronize their policies to maximum impact in deterring their destabilising behaviour. Their unbound nature can also help generate coercive leverage by making it difficult for adversaries to predict their evolution and responses.¹²

While they can be an effective way to build consensus and enable swift action in face of urgent challenges, minilaterals are limited by compliance and accountability issues that hinder the objectives of global governance. Multilateral institutions and processes will remain critical to shaping state policy, interest and behaviour by applying both incentives and constraints. Bodies like the EU, for example, not only enable collective action on matters of shared concern, but also facilitate coordination of economic, security and social policies of member states, as well as their strategic relations. Therefore, transformative geopolitical minilateral frameworks present an opportunity to augment multilateral processes rather than replace them. In fact, as Kenneth Oye argued, minilaterals solve the complexities of conditional cooperation in multilateral institutions.¹³ They can help overcome issues within multilaterals such as difficulties identifying common interests and lower feasibility of enacting measures like sanctions. Aside from their informal and functional nature, the greatest advantage of minilaterals lies in their robustness of cooperation and convergence of shared interests. Minilaterals can help break down problems into specific dimensions and address them through multi-stakeholder and trans-governmental cooperation, thereby bolstering multilateral processes and rules-based frameworks. The Regional Comprehensive Economic Partnerships Agreement (RCEP) is a good example of this. It is a revolutionary trade agreement that will create new opportunities and accelerate growth in the region, but requires ASEAN processes (including consensus-based decision-making and dialogue forums) to legitimise and drive it.

Minilateralism in the Indo-Pacific

Against this background, the importance of ASEAN and its multilateral processes is more important than ever today, as multilateralism faces major challenges in the Indo-Pacific and risks becoming obsolete. In the 1990s, ASEAN-centred frameworks expanded from Southeast Asia to encompass East Asia and the Pacific, pushed for by Japan and Australia, to create an Asia-Pacific domain. However, they have fallen short of underpinning the emerging Indo-Pacific order and providing security, stability and prosperity in view of the changing regional dynamics. For example, regional institutions like ASEAN and its derivative bodies—including the East Asia Summit (EAS), ASEAN Regional Forum (ARF), and the ASEAN Defence Minister's Meeting Plus (ADMM+)—have failed to adequately respond to the rising tensions and regional challenges.¹⁴ Although ASEAN was lauded for its building of institutions to integrate the region, it has grown increasingly fractured in face of surmounting geopolitical and security challenges. In fact, on several occasions ASEAN has failed to reach an agreement

¹¹ Ibid.

¹² Ibid.

¹³ Kenneth Oye, "Explaining Cooperation Under Anarchy: Hypotheses and Strategies," *World Politics* 38, no. 1 (October 1985): 1–24, <https://doi.org/10.2307/2010349>.

¹⁴ Sarah Teo, "Multilateralism's Best Hope in the Asia Pacific?," *The Diplomat*, December 15, 2018, <https://thediplomat.com/2018/12/could-minilateralism-be-multilateralisms-best-hope-in-the-asia-pacific/>; Alisha Chhangani, Audrey Tey and Elina Noor, *Is Minilateralism the Future of the Indo-Pacific?* (Asia Society Policy Institute, March 29, 2022), https://asiasociety.org/sites/default/files/2022-04/ASPI_IndoPacific_SummReport_finalize.pdf.

or release a joint communique,¹⁵ and on others, its efforts and actions have been weak and ineffective.¹⁶ China's belligerence in the region, efforts to assert its maritime claims in the South China Sea, and divisive strategies vis-à-vis ASEAN¹⁷ have hindered the grouping's consensus building process and reduced outcomes to the lowest common denominator. Further, ASEAN is facing a 'middle institutionalisation trap' and is grappling with a 'cowboy diplomacy' trend,¹⁸ which have brought ASEAN centrality into question.¹⁹

Minilateralism has emerged, therefore, as a popular forum for cooperation for Southeast Asian nations themselves.²⁰ Indonesia, for instance, collaborates with India and Australia in a trilateral partnership on maritime security issues in the region. Additionally, several ASEAN states—including Philippines, Indonesia, Vietnam and Singapore—have worked with the Quad in a minilateral setting for cooperation on specific issues like pandemic response. While emerging minilaterals seek to fill this void, ASEAN-led processes and institutions must remain central for regional order-building.²¹ ASEAN and its institutional framework in the region is critical to the Indo-Pacific strategies of various major actors, including the US,²² and it has become vital for the bloc to reassert multilateralism and its pivotal role in the region.

In this vein, strategic collaboration between ASEAN and the EU in the Indo-Pacific can be a critical way to reinforce multilateralism. The EU is already recognised as ASEAN's foremost developmental partner, its second largest investment partner and its third largest trading partner.²³ For the EU, ASEAN is a fellow regional organisation that supports the building of effective multilateralism and a rules-based international order—both of which are at the core of the EU. In December 2022, the leaders of the EU and ASEAN came together for a Summit for the first time ever, marking 45 years of diplomatic relations. While economic themes naturally featured strongly at this EU-ASEAN Commemorative Summit, equal importance was accorded to security challenges such as counterterrorism, cyber and maritime security. It sent a clear message that both blocs were looking to join forces in a world increasingly defined by

¹⁵ "ASEAN Nations Fail to Reach Agreement on South China Sea," BBC, July 13, 2012, <https://www.bbc.com/news/world-asia-18825148>; Ernest Z. Bower, "China Reveals Its Hand on ASEAN in Phnom Penh," Center for Strategic & International Studies, July 20, 2012, <https://www.csis.org/analysis/china-reveals-its-hand-asean-phnom-penh>.

¹⁶ Khin Nadi, "How ASEAN's Failed 'Five-Point Consensus' Has Let Down the People of Myanmar," *The Wire*, May 19, 2022, <https://thewire.in/south-asia/how-aseans-failed-five-point-consensus-has-let-down-the-people-of-myanmar>.

¹⁷ See SD Pradhan, "Chinese efforts to create divisions in ASEAN: Resilience building up," *The Times of India*, October 28, 2020, <https://timesofindia.indiatimes.com/blogs/ChanakyaCode/chinese-efforts-to-create-divisions-in-asean-resilience-building-up/>; Hong Le Thu, "China's dual strategy of coercion and inducement towards ASEAN," *The Pacific Review* 32, no. 1 (2019): 20 – 36, <https://doi.org/10.1080/09512748.2017.1417325>.

¹⁸ Richard Javad Heydrian, "ASEAN Centrality and Minilateralism in the 21st Century: Challenges and Opportunities," Trends Research and Advisory, April 4, 2022, <https://trendsresearch.org/insight/asean-centrality-and-minilateralism-in-the-21st-century-challenges-and-opportunities/#:~:text=Today%2C%20ASEAN%20is%20largely%20considered,major%20powers%20in%20institutionalized%20diplomacy..>

¹⁹ Amitav Acharya, "The Myth of ASEAN Centrality?," *Contemporary Southeast Asia* 39, no. 2 (2017): 273 – 279, <https://www.jstor.org/stable/44683769>.

²⁰ See Prashanth Parameswaran, "The Limits of Minilateralism in ASEAN," *The Straits Times*, February 15, 2018, <https://www.straitstimes.com/opinion/the-limits-of-minilateralism-in-asean>.

²¹ Christian Wirth and Nicole Jenne, "Filling the Void: The Asia-Pacific Problem of Order and Emerging Indo-Pacific Regional Multilateralism," *Contemporary Security Policy* 43, no. 2 (2022): 213 – 242, <https://doi.org/10.1080/13523260.2022.2036506>.

²² Ralph A. Cossa and Brad Glosserman, "Multilateralism (Still) Matters, as New Indo-Pacific Strategy Emerges," *Comparative Connections* 23, no. 3 (January 2022): 1 – 20, <https://cc.pacforum.org/volumes/23-3/>.

²³ EEAS Press Team, "EU and ASEAN – Economic Cooperation," European Union External Action, December 13, 2022, https://www.eeas.europa.eu/eeas/eu-and-asean-economic-cooperation_en.

great powers throwing their weight around.²⁴ In the Indo-Pacific, where this binary competition is most visible, greater cooperation between the EU and ASEAN can be a critical way to conceive alternative regional relations and strengthen the multilateral processes.

Accordingly, this paper will outline the EU and ASEAN's respective Indo-Pacific strategies to understand avenues for deeper cooperation between the two partners. In particular, the paper will explore how the EU can support ASEAN's efforts to build capacity and resilience in its mechanisms, and reinforce the ASEAN-centred multilateral institutions in the Indo-Pacific geopolitical space.

EU in the Indo-Pacific: From Spectator to Player

In September 2021, the EU released its 'Strategy for Cooperation in the Indo-Pacific' in recognition of the growing economic and strategic centrality of the Indo-Pacific region.²⁵ The region's growing economic and strategic weight has made it a central playground in shaping a rules-based international order and addressing global challenges.²⁶ Some key figures that make the Indo-Pacific of direct relevance to the EU are as follows:²⁷

- *Dynamic Growth*: The Indo-Pacific is responsible for over 60 percent of global Gross Domestic Product (GDP). From 2011 to 2021, the region has already shown an increase of 64 percent in imports and 44 percent for exports. By 2030, the region will account for 90 percent of the new middle class, which will only inject greater dynamism to its growth.
- *Trade*: The Indo-Pacific is home to four of the EU's top 10 trading partners, and the second-largest destination for EU exports. The EU is also a top investment partner for the region, with €1 trillion in total Foreign Direct Investments (FDI) in 2020.
- *Strategic*: Importantly, the Indo-Pacific is also home to some of the world's key maritime routes. One-third of the global maritime trade and 40 percent of the EU's trade passes through the South China Sea and Taiwan Strait respectively.

The EU's strategy aims to contribute to the Indo-Pacific's security, stability, prosperity, and sustainable development, while promoting principles of democracy and the rule of law. In 2019, after stepping up as Vice President of the EU, Josep Borrell urged the bloc to become a real geopolitical player rather than risk becoming a playground for the big powers amid the rebirth of geostrategic competition.²⁸ Its Indo-Pacific strategy comes as a way to assert itself as a true geo-strategic actor, and emerge as an active player shaping the future course of the

²⁴ Josep Borrell, "The EU and ASEAN: Stronger Together," European Union External Action, December 16, 2022, https://www.eeas.europa.eu/eeas/eu-and-asean-stronger-together_en.

²⁵ European Commission and High Representative of the Union for Foreign Affairs and Security Policy, *Joint Communication to the European Parliament and the Council: The EU strategy for cooperation in the Indo-Pacific* (Brussels: European External Action Service, 2021), https://eeas.europa.eu/sites/default/files/jointcommunication_2021_24_1_en.pdf.

²⁶ See European Commission, "(Factsheet) EU Strategy for Cooperation in the Indo-Pacific," September 2021, https://eeas.europa.eu/sites/default/files/eu-indo-pacific_factsheet_2021-09_final.pdf.

²⁷ Josep Borrell, "Indo-Pacific: Opening speech by High Representative/Vice-President Josep Borrell at the Brussels Indo-Pacific Forum," European Union External Action, November 29, 2022, https://www.eeas.europa.eu/eeas/indo-pacific-opening-speech-high-representativevice-president-josep-borrell-brussels-indo_en.

²⁸ Jacopo Barigazzi, "Borrell urges EU to be foreign policy 'player, not the playground'," *Politico*, December 9, 2019, <https://www.politico.eu/article/on-foreign-policy-josep-borrell-urges-eu-to-be-a-player-not-the-playground-balkans/>.

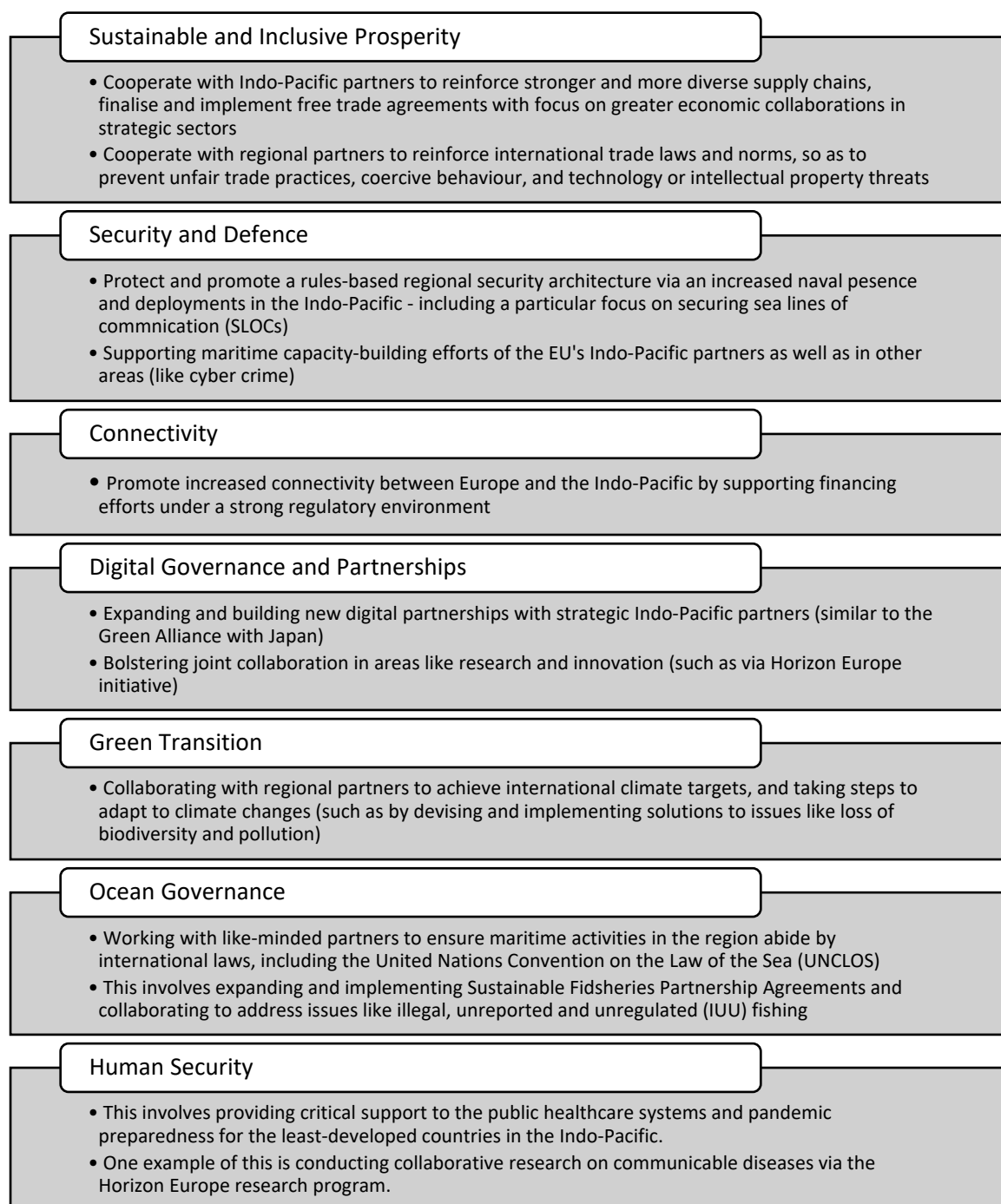
region and the world. Borrell nicely elucidated Europe's outlook and stake in the region in his opening speech at the Brussels Indo-Pacific Forum:²⁹

In a globalised world, there is no 'faraway' and conflicts cannot be separated. We, in Europe, keep saying that Russia's war against Ukraine is a frontal attack on the United Nations Charter, against the territorial integrity and the principle of the non-use of force. That is why it is not 'just' a European war, but one that concerns our Asian partners as well... But the reverse is also true: stability in the Taiwan Strait; freedom of navigation through the South China Sea; or missile launches by North Korea. These are not 'just' Asian security issues. They are global security issues, and they concern Europeans directly as much as we say that what is happening in Ukraine should concern them.

In this vein, Brussels also believes that its economic interests in the region—which are undeniably significant—cannot be removed from security. Alongside trade and investment, the EU's approach therefore involves the security dimension, making it truly strategic in nature.

Moving forward, there are three core goals of the EU's Indo-Pacific strategy: *First*, it aims to enhance EU's outreach to the region in the security dimension. *Second*, amid the on-going "battle of offers", the strategy looks to develop a distinctive role for the EU and offer a distinctive option for the region beyond the US-China bilateral. *Third*, it aims to ensure that the EU's relationship with the region is not one of donor-recipient, but one with two-way cooperation to face shared challenges together. Overall, the EU's strategy comprises of the seven areas for priority cooperation (see Figure 1), and ASEAN is identified as a key partner in all these domains.

²⁹ Borrell, n. 27.

Figure 1: EU's Seven Areas of Priority Engagement in the Indo-Pacific

Source: Prepared by the Author; Mahima Duggal, "Europe's Interest in the Indo-Pacific and the Rise of AUKUS," in *The Great Game in the Indo-Pacific*, ed. Anil Chopra, Savinderpal Singh and Mahima Duggal (New Delhi: KW Publishers, 2021).

ASEAN lies at the heart of Europe's Indo-Pacific policy.³⁰ Accordingly, over the last few years, the EU has been patiently building its relationship with ASEAN. In 2020, both actors upgraded their relationship to a 'strategic partnership', recognising their common views and

³⁰ Igor Driesmans, "ASEAN at the Centre of EU's Indo-Pacific Strategy", Opinion Article by EU Ambassador Igor Driesmans," European Union External Action, April 19, 2021, https://www.ecas.europa.eu/ecas/asean-centre-eus-indo-pacific-strategy-opinion-article-eu-ambassador-igor-driesmans_en.

the urgent need to strengthen ties in face of growing US-China strategic rivalry. The EU's Indo-Pacific strategy highlights that both blocs have come to share a 'dynamic' and 'multifaceted' relationship that spans almost 50 years and covers political, security, economic, environmental, climate and socio-cultural issues.³¹ Not only does Brussels view ASEAN as a natural, comprehensive and leading partner for regional engagement, but it also sees the ASEAN-led multilateral platforms as having a critical role in supporting regional stability. ASEAN's unique ability to act as a convenor by providing a space for dialogues and facilitating trust building mechanisms can be utilised to safeguard stability and promote regional cooperation. In this vein, the EU's regional strategy explicitly supports ASEAN centrality. It emphasises its support for ASEAN-led or ASEAN-centred multilateral platforms and dialogue mechanisms to reach an effective, substantive and legally binding Code of Conduct with China for the South China Sea, which does not compromise the interests of third parties like the EU.

The EU's Indo-Pacific policy further identifies the importance of reinforcing ASEAN's multilateral processes in order to promote rules-based multilateralism, and accordingly recognises the importance of bolstering EU-ASEAN security cooperation, including through the ARF of which the EU is a founding and active member.³² Additionally, the document highlights the importance of the Asia-Europe (ASEM) Summit as a mechanism of cooperation between the two theatres.

Importantly, it is worth considering the US factor in EU's emphasis on ASEAN, multilateralism and inclusive diplomacy approach towards the region. In recent times, particularly under the Trump Administration, Brussels has been forced to deal with a more unstable Washington. This has forced it to recalibrate its foreign and security policy to step-up its engagement with like-minded middle powers. As the transatlantic relationship has become more turbulent, the EU has only enhanced its calls for strategic autonomy, that is, building a greater capacity to act in strategically significant areas (see Figure 2) without being dependent on other countries.³³ The Russia-Ukraine war is only expected to increase the EU's strategic dependence on the US,³⁴ making the Brussels' goal of attaining strategic autonomy all that more important. In this context, the EU's Indo-Pacific policy comes as a way for the bloc to develop an independent approach to the region, and therefore an independent European identity through its engagements. Here, a stronger partnership with ASEAN—removed from US-China great power contest—is a credible way forward.

³¹ European Commission and High Representative of the Union for Foreign Affairs and Security Policy, n. 31, 5.

³² Ibid.

³³ European Parliament, "EU Strategic Autonomy 2013-2023: From Concept to Capacity," EU Strategic Autonomy Monitor, July 2022, [https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733589/EPRS_BRI\(2022\)733589_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733589/EPRS_BRI(2022)733589_EN.pdf).

³⁴ See Liana Fix, "US Leadership on Ukraine is Increasing European Dependence," *World Politics Review*, February 6, 2023, <https://www.worldpoliticsreview.com/russia-europe-war-us-ukraine-aid-nato-biden-putin/>; Jeremy Shapiro and Jana Puglierin, "The art of vassalisation: How Russia's war on Ukraine has transformed transatlantic relations," European Council on Foreign Relations, April 4, 2023, <https://ecfr.eu/publication/the-art-of-vassalisation-how-russias-war-on-ukraine-has-transformed-transatlantic-relations/>.

Figure 2: EU's Areas of Strategic Autonomy



Source: Lieve van Woensel, Kjeld van Wieringen and Mario Damen, EPRS, 2021/2022, cited in European Parliament, “EU Strategic Autonomy 2013-2023: From Concept to Capacity,” EU Strategic Autonomy Monitor, July 2022,

[https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733589/EPRS_BRI\(2022\)733589_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733589/EPRS_BRI(2022)733589_EN.pdf).

In essence, as an external actor in the Indo-Pacific, the EU views ASEAN and ASEAN-led political processes and security architecture as vital to Europe’s regional engagement. Amid great power competition, the EU’s normative power—that is, its ability to influence norms and values and set standards—is critical. However, it can only be effective if Brussels works closely with regional middle powers; the EU perceives ASEAN (and other middle powers like India and Japan) as central to its regional engagement and its goal of promoting peace, stability and prosperity in the region. In other words, rather than viewing its ties with ASEAN through a donor-recipient lens, the EU sees ASEAN as an equal and valuable partner in shaping the future regional order. The two blocs have similar values (particularly multilateralism) and visions, which only adds to their synergy.

Embracing the Indo-Pacific: ASEAN's Regional Role

After over an year of negotiations, ASEAN adopted its 'ASEAN Outlook on Indo-Pacific' (AOIP) in 2019 at the ASEAN Senior Officials Meeting in Bangkok.³⁵ As countries like the US, Japan, Australia and India formulate their own Indo-Pacific strategies and outlooks, ASEAN member states like Indonesia and Thailand push for the development of ASEAN's own outlook to ensure the bloc is not side-lined in the new conceptualisation of the geographical space and the its geopolitical dynamics. Jakarta's aim was to offer an alternative to the existing visions that was based on ASEAN's core beliefs, rather than being forced to bandwagon with either the US or China.³⁶ It was no coincidence that the AOIP came at the height of the US-China trade war, which was not only negatively impacting the ASEAN economy, but also threatening to evolve into a multi-front war with consequences for regional security and stability. Through the AOIP, ASEAN wanted to ensure that it established itself as a primary player in the region, reasserted ASEAN centrality and actively shaped the future of the region.

The AOIP is rooted in ASEAN's strategic location at the confluence of the Indian and Pacific Oceans. The rise of material powers, the document contends, has led to geopolitical and geostrategic shifts that have necessitated strategies to avoid 'deepening mistrust, miscalculations and patterns of behaviour based on a zero-sum game'.³⁷ Importantly, in response to the emerging unilateral institutions that brought regional multilateral processes into question, the AOIP looks to enhance ASEAN's community building process and inject new momentum into the existing ASEAN-centric institutions. The Outlooks envisages ASEAN centrality as the underlying principle for cooperation in the Indo-Pacific, with instruments like the EAS, ARF, ADMM+, ASEAN+3, ASEM, Expanded ASEAN Maritime Forum (EAMF) and other varied ASEAN Plus mechanisms as critical to dialogue and coordinating joint action.³⁸

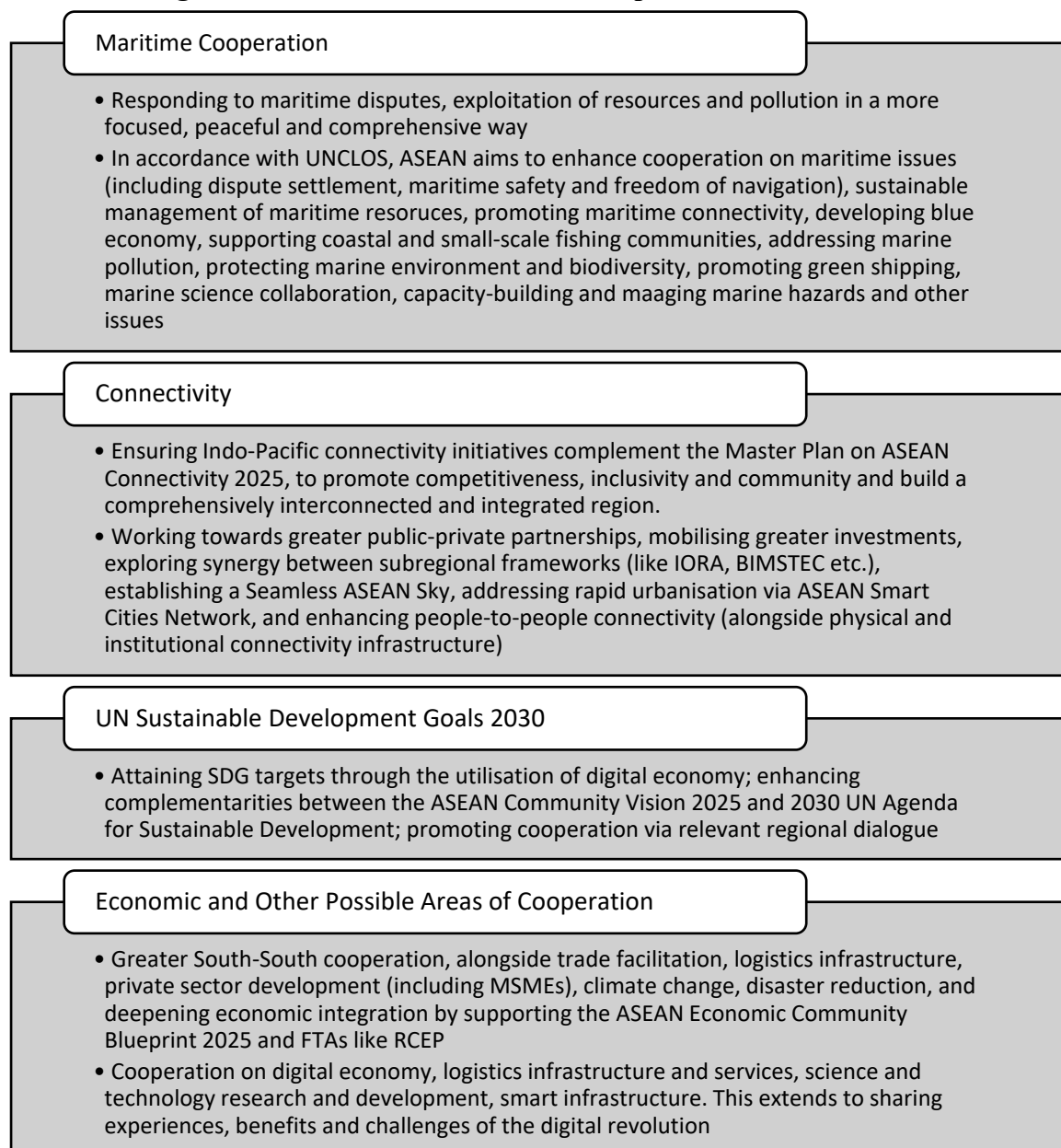
The AOIP identifies four areas of cooperation: economic development, maritime cooperation, connectivity, and UN Sustainable Development Goals (see Figure 3).

³⁵ *ASEAN Outlook on the Indo-Pacific* (Jakarta: ASEAN, 2019), https://asean.org/asean2020/wp-content/uploads/2021/01/ASEAN-Outlook-on-the-Indo-Pacific_FINAL_22062019.pdf.

³⁶ Premesha Saha, "ASEAN's Indo-Pacific outlook: An analysis," Observer Research Foundation, June 28, 2019, <https://www.orfonline.org/expert-speak/aseans-indo-pacific-outlook-an-analysis-52542/>.

³⁷ *ASEAN Outlook on the Indo-Pacific*, 1.

³⁸ Ibid.

Figure 3: ASEAN's Four Areas of Cooperation in the Indo-Pacific

Source: Prepared by the author based on *ASEAN Outlook on the Indo-Pacific* (Jakarta: ASEAN, 2019), https://asean.org/asean2020/wp-content/uploads/2021/01/ASEAN-Outlook-on-the-Indo-Pacific_FINAL_22062019.pdf.

Nevertheless, the AOIP has been relegated to being a mere ‘aspirational document’ rather than an operational one.³⁹ While it highlights the importance of ASEAN centrality, the ASEAN way, and a ‘dialogue over rivalry’ approach, it provides no formulas for long-term cooperation that resolve the persisting problems of coordination, commitment and collective action.⁴⁰ It provides little information on how ASEAN plans to realise its vision of a peaceful, free, inclusive, prosperous and stable order, or how they intend to manage the challenges—not the

³⁹ Gusti Bagus Dharma Agastia, “Improving the ASEAN Outlook on the Indo-Pacific,” East Asia Forum, July 28, 2022, <https://www.eastasiaforum.org/2022/07/28/improving-the-asean-outlook-on-the-indo-pacific/>.

⁴⁰ Ja Jan Chong, “ASEAN needs more than an ‘outlook’ on the Indo-Pacific,” East Asia Forum, September 3, 2019, <https://www.eastasiaforum.org/2019/09/03/asean-needs-more-than-an-outlook-on-the-indo-pacific/>.

least of which is the steadily deteriorating functionality (and relevancy) of ASEAN-led processes in face of minilaterals like the Quad. In the three years since the document's release, the Indo-Pacific region has continued to face increasingly intensifying and outstanding security challenges: tensions across the Taiwan Strait, the economic and geopolitical fallout from the Russian invasion of Ukraine, the coup in Myanmar, the emergence of AUKUS as a military alliance, and the growth of other non-ASEAN regional frameworks. In other words, the increasingly complex geopolitics and great power competition have further hindered ASEAN's capacity to impact swift change. They only make ASEAN's consensus building process more cumbersome and inefficient, by creating greater divisions within member states. ASEAN's internal differences and perceived lack of solidarity have already resulted in regional states showing a preference for security and economic-related minilaterals in the Indo-Pacific. For instance, although the US-proposed Indo-Pacific Economic Framework is still in its infancy, several ASEAN member states (Indonesia, Vietnam, the Philippines, Malaysia, Thailand and Singapore) have already signed on to the forum as founding partners.⁴¹

In this context, ASEAN has a pressing need for a strong response that reinvigorates its geopolitical relevance; this is likely to be a key priority during Indonesia's ASEAN chairmanship in 2023.⁴² The AOIP is no doubt a useful document. However, for the AOIP to achieve its aims and ensure ASEAN is not side-lined in the geopolitics of the Indo-Pacific, it must be supported with action. As Jakarta struggles to balance its equations with the US and China, and avoid being coerced into choosing between the two great powers, working with reliable middle power partners is becoming essential. India, Japan, Australia and South Korea are some such important middle powers in the Indo-Pacific with whom ASEAN can build greater synergy. Building stronger partnerships with these states can help ASEAN further reinforce its centrality in the region and ensure that the emerging Indo-Pacific minilaterals support – and not undermine – ASEAN's goals and objectives. Simultaneously, dialogue partners external to the region, like the EU, can be critical to enforce ASEAN centrality.⁴³ The EU has long been a major partner supporting ASEAN's Economic, Political and Security, and Socio-cultural communities. Amid the geopolitical flux now occurring in the Indo-Pacific, a closer collaboration between the two blocs would help ASEAN maintain neutrality in the US-China rivalry.

As ASEAN aims to play the role of bridge builder in the region, and employ its multilateral processes to foster inclusive dialogues in the region, it must focus on practical solutions. The AOIP must go beyond its normative nature and take steps towards operationalisation of its objectives. For this, improving ASEAN's institutional coordination through informal diplomacy between the member states and leader forums like the ASEAN Foreign Minister Meetings will be critical. Alongside this, the AOIP's operational blueprint must also focus on building better partnerships for effective implementation of objectives; the EU can be a critical

⁴¹ "United States and Indo-Pacific Economic Framework Partners Announce Negotiation Objectives," Office of the United States Trade Representative, September 9, 2022, <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2022/september/united-states-and-indo-pacific-economic-framework-partners-announce-negotiation-objectives>.; "Fact Sheet: In Asia, President Biden and a Dozen Indo-Pacific Partners Launch the Indo-Pacific Economic Framework for Prosperity," White House, May 23, 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/05/23/fact-sheet-in-asia-president-biden-and-a-dozen-indo-pacific-partners-launch-the-indo-pacific-economic-framework-for-prosperity/>.

⁴² Aristyo Rizka Darmawan, "ASEAN Indo-Pacific Outlook under Indonesia's Chairmanship: How Far Can It Go?," IP22073, IDSS Paper No. 073, S. Rajaratnam School of International Studies, December 6, 2022, <https://www.rsis.edu.sg/wp-content/uploads/2022/12/IP22073.pdf>

⁴³ Jagannath Panda, "ASEAN Centrality: Key to ASEAN-India-Japan Tripartite Cooperation?," in Jagannath Panda ed. *India-Japan-ASEAN Triangularity* (London: Routledge, 2022).

partner here. The EU has a significant stake in ASEAN's success, both politically and economically. It is therefore in ASEAN's interest to leverage this partnership to further its goals of greater economic integration, more sustainable and green growth, and contribute to security and stability in the region.⁴⁴

ASEAN member states have become increasingly concerned over China's efforts to assert its maritime claims in the South China Sea, and its willingness to use coercive diplomacy to achieve its objectives. As a result, they have increasingly looked for the US to play a more active security-centric role in the region. However, while greater security engagement with the US remains exceedingly complex, external partners like the EU can help fill the void based on their strategic partnerships. As ASEAN looks to champion free trade, regional integration and multilateralism in face of upward trends of protectionism, isolationism and unilateralism, the EU is a critical partner in the region. Notably, ASEAN countries have a high expectation of increased involvement by Europe in the coming times.⁴⁵ According to an ISEAS-Yusof Ishak Institute survey of ASEAN nations, almost half the surveyed population have great confidence in the EU as a partner contributing to global peace, security, prosperity and governance, especially because of its stance and leadership on environment, human rights and climate change.⁴⁶

A Confluence of Two Theatres: An EU-ASEAN Partnership in the Indo-Pacific

To be sure, there are certain differences between the natures of the EU and ASEAN. For instance, while the EU is predicated on pooling their sovereignty to create a shared identity, ASEAN is rooted in principles of non-interference. This makes the EU a supranational organisation and ASEAN an inter-governmental one.⁴⁷ Nevertheless, both blocs share a fundamental commitment to multilateral and inclusive processes as critical to shaping a regional security architecture based on a rules-based order. Both promote an inclusive and multidimensional approach to fostering cooperation to solve shared challenges, which combines trade, development cooperation, global challenges and security, in order to holistically strengthen the rules-based order. Therefore, by working together in their areas of convergences in the Indo-Pacific, both blocs can send a powerful signal of their shared commitment to an inclusive, rules-based regional order, and develop a common agenda in favour of effective multilateralism.

Accordingly, based on their respective Indo-Pacific policies, the EU and ASEAN can envisage practical cooperation in several key priority areas, with the aim of building capacity and

⁴⁴ Yeo Lay Hwee, "Why the EU matters to ASEAN," in Tan Chin Tiong ed., *ASEAN & the EU in Perspective: Brexit & Beyond* (Singapore: ASEAN Studies Centre, ISEAS-Yusof Ishak Institute, August 2016), <https://www.iseas.edu.sg/images/pdf/ASEANEUAUGISSUE.pdf>.

⁴⁵ Marc Abensour and Margriet Vonno, "EU's Indo-Pacific Strategy stands ready to deepen EU-ASEAN ties," *The Business Times*, October 15, 2021, <https://singapur.diplo.de/sg-en/botschaft/-/2497430#:~:text=The%20strategy%20of%20the%20EU,partnerships%20when%20and%20wherever%20possible>.

⁴⁶ Sharon Seah, Joanne Lin, Sithanonxay Suvannaphakdy, Melinda Martinus, Pham Thi Phuong Thao, Farah Nadine Seth, and Hoang Thi Ha, *The State of Southeast Asia 2022: Survey Report* (Singapore: ASEAN Studies Centre, ISEAS-Yusof Ishak Institute, 2022), 48, https://www.iseas.edu.sg/wp-content/uploads/2022/02/The-State-of-SEA-2022_FA_Digital_FINAL.pdf.

⁴⁷ Tommy Koh and Yeo Lay Hwee, "ASEAN and EU: The untold story," Ministry of Foreign Affairs Singapore, October 16, 2020, <https://www.mfa.gov.sg/Overseas-Mission/Ministry-of-Foreign-Affairs---Permanent-Mission-of-the-Republic-of-Singapore/Recent-Highlights/2020/10/ASEAN-and-EU-The-untold-story>.

resilience in ASEAN-led mechanisms and security structure that underpin multilateralism in the Indo-Pacific region. These areas include trade, investment and global supply chains, digital and physical connectivity infrastructure, development, climate change and renewable energy, a circular economy, and traditional and non-traditional security domains, especially maritime security. This paper explores potential for greater EU-ASEAN collaboration in the economic domain—particularly in areas of trade, investment, forging new supply chains, and moving towards a circular economy.

Trade and Investment

As an economic bloc, ASEAN has huge potential. With over 684 million in aggregate population (much larger than Japan’s 125 million and considerably higher than the EU’s 447 million), it is one of the world’s largest market. Notwithstanding the 2008-09 global financial crisis and the COVID-19 pandemic, ASEAN has experienced a consistently positive GDP growth.⁴⁸ Even though it is on track to become the world’s fourth largest economy by 2050 with approximately 5 percent year-on-year growth, currently ASEAN’s GDP remains about one-sixth of the EU and UK’s; the unfulfilled potential of ASEAN’s economic growth and need for greater collaboration with major global economies is immense. Notably, the EU and ASEAN are two of the world’s most unique and ambitious endeavours in regional integration. Based on its experience in building a single market—which marks one of the EU’s greatest achievements—the EU can support ASEAN in its own endeavour to formulate a single market and production base (characterised by the free flow of goods, services, and investments, and freer flow of capital and skills), which forms a cornerstone of its vision under the ASEAN Economic Community (AEC).⁴⁹

The EU is ASEAN’s third largest trade partner, and vice-versa.⁵⁰ Nevertheless, in terms of volume, EU-ASEAN trade remains modest. ASEAN ranks as the 11th largest market destination for European exports. In fact, due to the EU-Vietnam Free Trade Agreement (FTA), Vietnam has penetrated the EU import market more extensively than its fellow ASEAN members.⁵¹ In 2007, both blocs launched FTA negotiations; however, after seven rounds over the following two years, both were forced to pause negotiations. In 2017, with the aim of making greater progress towards a bloc-to-bloc agreement, the ASEAN Economic Ministers and EU Trade Commissioner launched formal region-to-region talks to develop a framework and set the parameters of such an agreement in the future. Such discussions will include market access, tariff reduction, and other trade facilitation measures.

For now, while an EU-ASEAN FTA remains a distant dream,⁵² the EU’s strategy involves negotiating bilateral trade deals with select individual ASEAN nations; it is also looking to accelerate the conclusion of FTAs with Indonesia, the Philippines, Malaysia and Thailand (in addition to existing ones with Singapore and Vietnam) to pave the way towards a bloc-to-bloc trade pact (see Figure 4). Ultimately, the end goal for both must be a region-to-region trade

⁴⁸ ASEAN, *ASEAN Key Figures 2021* (Jakarta: ASEAN Secretariat, December 2021), 33-54, <https://www.aseanstats.org/wp-content/uploads/2021/12/ASEAN-KEY-FIGURES-2021-FINAL-1.pdf>.

⁴⁹ “ASEAN Economic Community: Single Market and Production Base,” Invest in ASEAN, n.d., <https://investasean.asean.org/asean-economic-community/>.

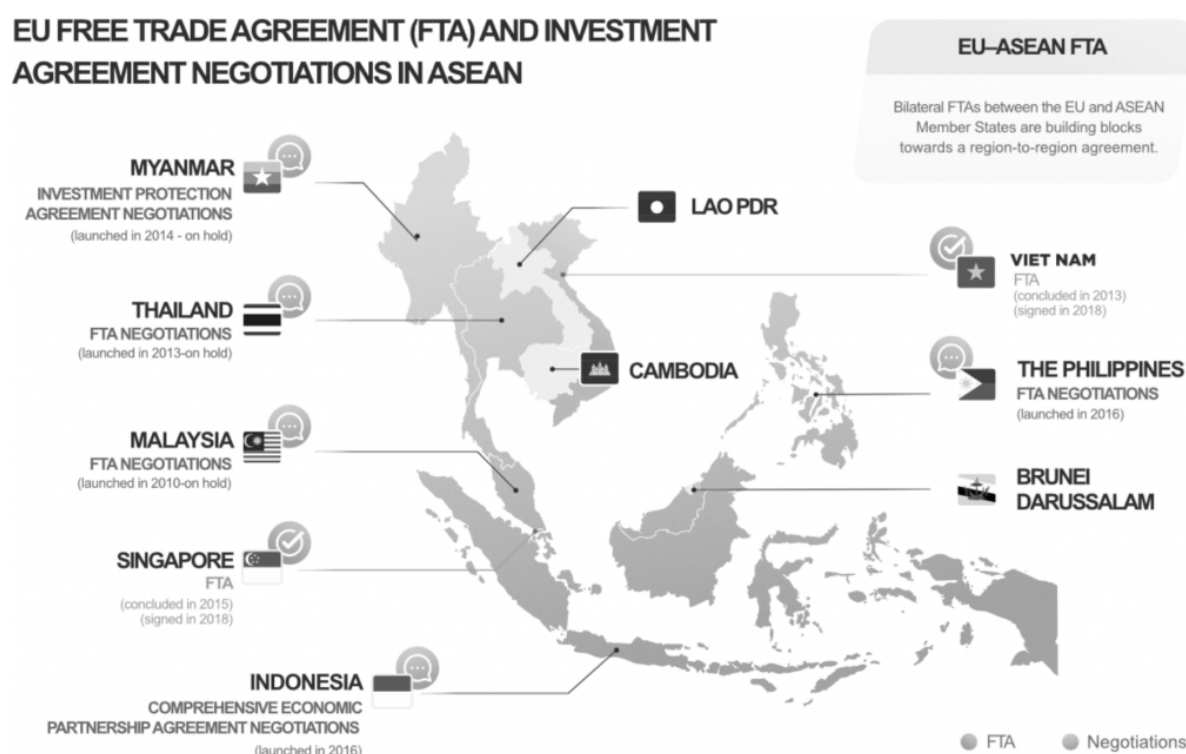
⁵⁰ “EU-ASEAN Trade and Investment,” EU-ASEAN Strategic Partnership 2022, <https://euinasean.eu/eu-asean-trade-and-investment/>.

⁵¹ Marissa Maricosa A. Paderon, “Opportunities in ASEAN-EU economic cooperation,” *International Economics and Economic Policy* 17 (2020):783-798, <https://link.springer.com/article/10.1007/s10368-020-00473-3>.

⁵² Luke Hunt, “ASEAN-EU Trade Deal is Still a Distant Dream,” *The Diplomat*, December 29, 2022, <https://thediplomat.com/2022/12/asean-eu-trade-deal-is-still-a-distant-dream/>.

deal. Not only would such a deal help improve the trade performance between them, but also encourage greater competitiveness amongst ASEAN member states. For the EU, having an FTA with ASEAN will be beneficial because ASEAN is a deeply integrated economic hub in the region, with trade deals with all major powers. For ASEAN, the FTA will enable greater diversity in its economic relations and bring significant benefits through the expected EU transfer of technology. At the same time, both blocs can extend their economic cooperation to the global stage. For instance, ASEAN and the EU could—perhaps alongside other middle power actors like India and Japan—lead the effort to revive the World Trade Organisation’s dispute settlement mechanism that has come under a serious crisis with the US blocking appointments to the Appellate Body.

Figure 4: EU FTA and Investment Agreement Negotiations in ASEAN



Source: “Economic Cooperation,” in *EU-ASEAN Blue Book* (Jakarta: EU Mission to ASEAN, 2021), 37, <https://euinasean.eu/wp-content/uploads/2021/04/Blue-Book-2021.pdf>.

In June 2021, ASEAN and the EU concluded negotiations on a Comprehensive Air Transport Agreement (CATA)⁵³—the first such region-to-region pact—which is yet another example of the EU’s commitment to enhance connectivity with the region. The conclusion of the CATA will significantly bolster trade and economic development between the member states of both blocs. Moving forward, and building on their strong trade relationship, the EU and ASEAN can work together in areas like improving economic resilience and developing a secure, sustainable, and transformative digitally enabled economy for themselves and the region.

⁵³ European Commission, “Aviation: Landmark EU–ASEAN agreement to connect 1.1 billion people,” press release, October 17, 2022, https://ec.europa.eu/commission/presscorner/detail/en/IP_22_6126.

Furthermore, the EU ranks as the 4th largest provider of external FDI in ASEAN in 2019.⁵⁴ With the EU-Singapore FTA being the most comprehensive one in the region, Singapore accounted for 95% of total European investment in ASEAN (at almost US\$31 billion).⁵⁵ An EU-ASEAN FTA would be crucial in directing EU investments in less developed ASEAN member states, spurring their national income and socio-economic development—whereas currently most investments are concentrated in Singapore.

In December 2021, the EU unveiled its new *Global Gateway* initiative that builds on its former Asia Connectivity Strategy, and looks to enhance European investments in the region. Under this program, Brussels pledged over US\$10 billion in investment to Southeast Asia (over the next five years, 2023-2027) at the EU-ASEAN commemorative summit in December 2022.⁵⁶ The move was arguably a part of the EU's push to galvanise a global front against Moscow and pitch itself as a reliable partner for the region's dynamic economy, especially amid the growing great power rivalry between US and China.⁵⁷ As Josep Borrell (also the High Representative of the EU for Foreign Affairs and Security Policy) stated, the EU recognises that alongside the battle of narratives, the geopolitical arena today is facing a battle of offers,⁵⁸ for Brussels to compete with Beijing, it must offer the region more. The *Global Gateway* aims to do just this. In an example of the EU's efforts to enhance investment in ASEAN's socio-economic security, the bloc raised over €800 million in Southeast Asia to tackle the COVID-19 pandemic. Such cooperation can be used to inform future trade and developmental relations between the two blocs.

New Supply Chains

At present, ASEAN's business cooperation with the EU occurs through the EU-ASEAN Business Council (EU-ABC), which aims to improve trade, investment and cross-industrial cooperation between the partners.⁵⁹ Such associations can be mobilised to focus on matters of shared significance, such as supply chain resilience and diversification. Stresses like the COVID-19 pandemic and geopolitical pressures triggered by the Russia-Ukraine war and US-China trade war have brought supply chains to the top of the agenda for both the EU and Japan. To counter Russian and Chinese dominance in their markets, other Asian like-minded economies, particularly ASEAN, take on greater significance for Brussels. In December 2022, ASEAN and the EU held a summit of their national leaders specifically to discuss expanding region-to-region trade and infrastructure assistance;⁶⁰ this followed an August ministerial meeting between the two blocs that highlights Brussels commitment to engaging strategically with ASEAN.⁶¹ Through these efforts, Brussels is attempting to encourage ASEAN to fulfil a

⁵⁴ "EU-ASEAN Trade and Investment," n. 50.

⁵⁵ Paderon, n. 51.

⁵⁶ "EU pledges \$10bn investment in Southeast Asia during ASEAN summit," *Al Jazeera*, December 14, 2022, <https://www.aljazeera.com/news/2022/12/14/eu-pledges-10bn-investment-in-southeast-asia-during-asean-summit>.

⁵⁷ Ibid.

⁵⁸ Ibid.

⁵⁹ EU-ASEAN Business Council, "About the EU-ABC," n.d., <https://www.eu-asean.eu/about-the-eu-abc/>. Accessed November 24, 2022.; ASEAN Business Advisory Council, "AJBC," n.d., <https://asean-bac.org/index.php/business-councils/asean-japan-business-council/>. Accessed November 24, 2022.

⁶⁰ European Council, *EU-ASEAN Commemorative Summit* (Brussels: General Secretariat of the Council of the European Union, December 14, 2022), <https://www.consilium.europa.eu/media/60846/eu-asean-leaders-statement.pdf>.

⁶¹ Delegation of the EU to the ASEAN, "EU-ASEAN Ministerial Meeting & ASEAN Regional Forum 2022," press release, August 6, 2022, https://www.ceas.europa.eu/delegations/association-southeast-asian-nations-asean/eu-asean-ministerial-meeting-asean-regional_en.

major role in its new supply chains, based on the idea of “friend-shoring” among nations with shared values.⁶² ASEAN is a particularly attractive option due to its extensive wealth of natural resources, massive markets, a fast developing internet market, a young and digitally savvy workforce, status as a manufacturing hub, and commitment to free trade and democratic values. Not only does ASEAN provide a base from which to diversify supply, but it also offers diversification of demand and the workforce; it’s a key hub from which trade can take place with the rest of the region and the world.⁶³

The growing discussion on reducing dependence on China’s supply chains/economy? comes as an opportunity for ASEAN to position itself as an ideal alternative. It is worth noting that ASEAN-China trade has only experienced rapid growth in recent times, by 29 percent in terms of merchandise trade from 2020 to 2021.⁶⁴ This figure is an example of how deeply dependent ASEAN is on China, and how closely intertwined their economic futures are. On one hand, while such backward integration may detract from ASEAN’s significance in Western efforts to build alternative supply chains, it also forms a motivation for ASEAN to enhance its collaboration with partners like EU so as to reduce its own dependence on China. In other words, with its deep economic links with Southeast Asia, the EU can be a critical partner for ASEAN’s supply chain resilience goals. Brussels is already looking at forums like the ASEM and the ASEAN+3 Macroeconomic Research Office to reinforce cooperation and build resilient value chains.

Supply chain diversification is an expensive endeavour requiring not only time but also massive investments. Here, the EU and ASEAN must work with like-minded major economies like Japan. Over the last five years, the EU (plus UK) and Japan have both accounted for about 12 percent of total inflows of FDI in ASEAN countries. By comparison, China accounts for 8 percent.⁶⁵ While both Japan and the EU are limited in terms of how much they can do individually, their combined resources in generating new investment can effectively push for a shift towards more ASEAN-centred supply chains. For ASEAN’s effective vertical integration as a manufacturing hub in global value chains, the EU and Japan must, most importantly, identify ways to redirect their current investments in ASEAN into the manufacturing sector.⁶⁶

Circular Economy

In addition to supply chains, EU and ASEAN can also find convergence on areas like a circular economy (CE), which promotes sustainable and green economic growth. Sustainable development in the face of climate change and its various environmental repercussions is one of the most pressing global social challenges which cannot be dealt with individually. ASEAN is both a consumption and production powerhouse.⁶⁷ With a population of almost 680 million

⁶² Yasuo Takeuchi, “EU, ASEAN to hold summit in December to develop supply chain,” *Nikkei Asia*, August 24, 2022, <https://asia.nikkei.com/Politics/International-relations/EU-ASEAN-to-hold-summit-in-December-to-develop-supply-chain>.

⁶³ Patrick Lee and Andrew Chia, “As Supply Chain Pattern Evolve, ASEAN is More Relevant than Ever,” *The Business Times*, June 1, 2022, <https://www.businesstimes.com.sg/international/global/supply-chain-patterns-evolve-asean-more-relevant-ever>.

⁶⁴ ASEAN, “ASEAN, China Announce ACFTA Upgrade,” press release, November 13, 2022, <https://asean.org/asean-china-announce-acfta-upgrade/>.

⁶⁵ Stewart Paterson, “Supply Chains are Trying to Diversify. Will ASEAN Step in?,” June 1, 2022, <https://www.hinrichfoundation.com/research/article/fdi/supply-chains-diversify-asean/>.

⁶⁶ Ibid.

⁶⁷ Kelvin Tan, “ASEAN is emerging as a consumption powerhouse,” *The Nation*, August 24, 2016, <https://www.nationthailand.com/business/30293719>; Joo-Ok Lee, “Is ASEAN on the cusp of fulfilling its long-

(approximately 9 percent of the world's total), GDP (current prices) of USD 3.66 trillion (estimated for 2022), GDP per capita (current prices) of USD 4708, and roughly 8 percent of global exports, ASEAN is a veritable economic powerhouse.⁶⁸ Therefore, it has significant potential to transition towards a CE. In September 2022, the EU and ASEAN launched a CE Stakeholder Platform Secretariat to accelerate cooperation on sustainable consumption and production (Sustainable Development Goal or SDG), and therefore help harness joint capabilities to advance a CE.⁶⁹ The Platform will enable knowledge sharing and dialogue mechanisms for stakeholders on how to scale up and move towards a low carbon economy and combat environmental issues like rapid urbanisation, industrialisation, waste pollution and greenhouse gas emissions. Brussels is committed to drawing on its experiences with the European CE Stakeholder Platform to support ASEAN through this endeavour and help drive greater momentum to ASEAN's efforts.⁷⁰

Notably, the EU places ASEAN as a vital partner to promote global action on climate change, and coordinate action on environmental degradation by coordinating their efforts to develop a circular economy through high-level dialogues. The EU already shares a Green Alliance with Japan⁷¹ and aims to build similar environmental alliances with like-minded partners; considering the urgent threat of climate change that several ASEAN states face, there is immense scope for building an EU-ASEAN Green Partnership along the same lines. EU-ASEAN cooperation on sustainability is already underworks through their annual Dialogue on Sustainable Development, which has resulted in the launch of the Green Team Europe Initiative in November 2019.⁷² The Initiative is backed by a €30 million grant from the EU budget to implement projects under the EU Green Deal and the ASEAN Community Vision 2025. A Green Partnership and institutionalise ongoing cooperation in the arena and expand and strengthen their joint work to combat climate change and its impacts. Such a partnership can not only work on achieving the ambitious goals of COP27, but also share best practices on sustainable finance, promote deforestation-free supply chains, and enabling a more circular-production models for resilient ASEAN-EU supply chains.

Conclusion

EU-ASEAN cooperation has visibly expanded in scope and depth in recent years, yet several gaps remain. The EU has established itself as a vital dialogue partner in frameworks like the ARF and the ADMM+, and a strategic partner cooperating on a variety of political and security

held promise?," World Economic Forum, January 16, 2023, <https://www.weforum.org/agenda/2023/01/is-asean-on-the-cusp-of-fulfilling-its-long-held-promise-davos-2023/>.

⁶⁸ Calculated by author based on data obtained from: World Economic Outlook Database, April 2023, International Monetary Fund, accessed May 7, 2023, <https://www.imf.org/en/Publications/WEO/weo-database/2023/April/weo-report>.

⁶⁹ Delegation of the EU to the ASEAN, "From linear to circular: EU and ASEAN inaugurate Stakeholder Platform Secretariat to boost region's circular economy," press release, September 15, 2022, https://www.eeas.europa.eu/delegations/association-southeast-asian-nations-asean/linear-circular-eu-and-asean-inaugurate_en?s=47.

⁷⁰ On ASEAN's goals for achieving a CE, see: ASEAN, "ASEAN adopts framework for Circular Economy," October 21, 2021, <https://asean.org/asean-adopts-framework-for-circular-economy/>.

⁷¹ European Commission, "EU-Japan Summit – Towards a Green Alliance to protect our environment, stop climate change and achieve green growth," May 27, 2021, https://www.consilium.europa.eu/media/49932/eu-japan-green-alliance-may-2021.pdf?utm_source=dsms-auto&utm_medium=email&utm_campaign=EU-Japan+Green+Alliance.

⁷² European Commission, "European Union launches a Green Team Europe Initiative in partnership with South East Asia," press release, November 18, 2021, https://ec.europa.eu/commission/presscorner/detail/en/ip_21_6111.

issues. With the establishment of the EU Delegation to ASEAN and the upgradation of their relationship to a strategic partnership, it is apparent that Brussels is preparing to devote a lot more focus to its relations with ASEAN. Both blocs are natural partners, with aligned goals and interests in the Indo-Pacific region. For the EU, a partnership with ASEAN is crucial in that it provides the distant actor a foothold in the region and therefore exercise greater influence and agency in a geographically distant region. For ASEAN, the EU can be a vital external strategic partner that can help its regional integration goals, as well as be a critical aid and developmental partner. Brussels recognises that a strong and cohesive ASEAN is essential to strengthening regional multilateral processes—which in turn is critical to managing great power rivalry and ensuring security and stability in the region. Beyond merely conveying its know-how, the EU is now looking to interact with ASEAN on equal footing in a process of mutual learning. In contrast to Europe’s comparatively homogenous make-up, ASEAN is a host of diversity and socio-cultural heterogeneity; both have much to learn from each other through deeper, comprehensive dialogues (in areas ranging from free trade, to maritime security to counter-radicalisation and social inclusion).⁷³ As ASEAN develops its own normative power in the region, such an exchange will be crucial.

Most importantly, such EU-ASEAN cooperation in the Indo-Pacific realm is crucial for strengthening effective multilateralism in the region. Together, ASEAN and EU represent 55 percent of global trade, 60 percent of global GDP, and 60 percent of the global population.⁷⁴ In terms of sheer weight alone, a combined voice from ASEAN and EU can have incredible impact in the region. In other words, the collective weight of the two blocs can more effectively and efficiently promote multilateral and rules-based solutions to key shared challenges in the region. Certainly, closer cooperation does not guarantee better results in upholding multilateralism. It does however give both actors a much stronger voice and create greater opportunities for them to make an impact and shape the future. As geopolitical challenges intensify and the rivalry between Washington and Beijing threatens instability and insecurity in the Indo-Pacific (and globally), stronger collaboration will only become more critical. In the maritime security domain, the EU could support ASEAN’s calls for an effective, substantive and legally binding Code of Conduct in the South China Sea, and support upholding UNCLOS as the governing mechanism for any maritime disputes. The EU and ASEAN’s structure and functioning give them common ground on the need to defend the rules-based international system; they also make the two blocs trustworthy, reliable and predictable partners for each other. As Borrell asserted, “We share a special responsibility: to uphold the global, multilateral order. At times of protectionism, US- China rivalry and global uncertainty, it is more relevant than ever.”⁷⁵

⁷³ See Kilian Spandler, “What Can ASEAN Teach the EU?,” *The Diplomat*, January 21, 2017, <https://thediplomat.com/2017/01/what-can-asean-teach-the-eu/>.

⁷⁴ Josep Borrell, “Asia and Europe: Together for effective multilateralism,” European Union External Action, December 17, 2019, https://www.eeas.europa.eu/eeas/asia-and-europe-together-effective-multilateralism_en.

⁷⁵ *Ibid.*