

By Invitation

Asean and European Union: A North-South success story

In these unsettling times, both sides can do more together to defend shared values and ideals.



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The terms “north” and “south” have special meanings in the vocabulary of political science and international relations.

The term, North, refers to the rich or developed countries, which are usually located in the Northern Hemisphere. The term, South, refers to the poor or developing countries, which are usually located in the Southern Hemisphere. Relations between North and South have often been contentious.

The harmonious relationship between Asean and the European Union is therefore unusual and a North-South success story.

The dialogue partnership between Asean and the EU began in 1977. In the past 41 years, the world has changed. The two organisations and their relationship with each other have also been transformed.

In this essay, I will focus on the strength of their present relationship and its future prospects.

The European Union does not enjoy good press. Few people remember that the EU has kept the peace in Europe for over 60 years.

TRADE AND AID

Even without the United Kingdom, it is the second-largest economy in the world, accounting for 24.7 per cent of global gross domestic product and 14.2 per cent of world trade.

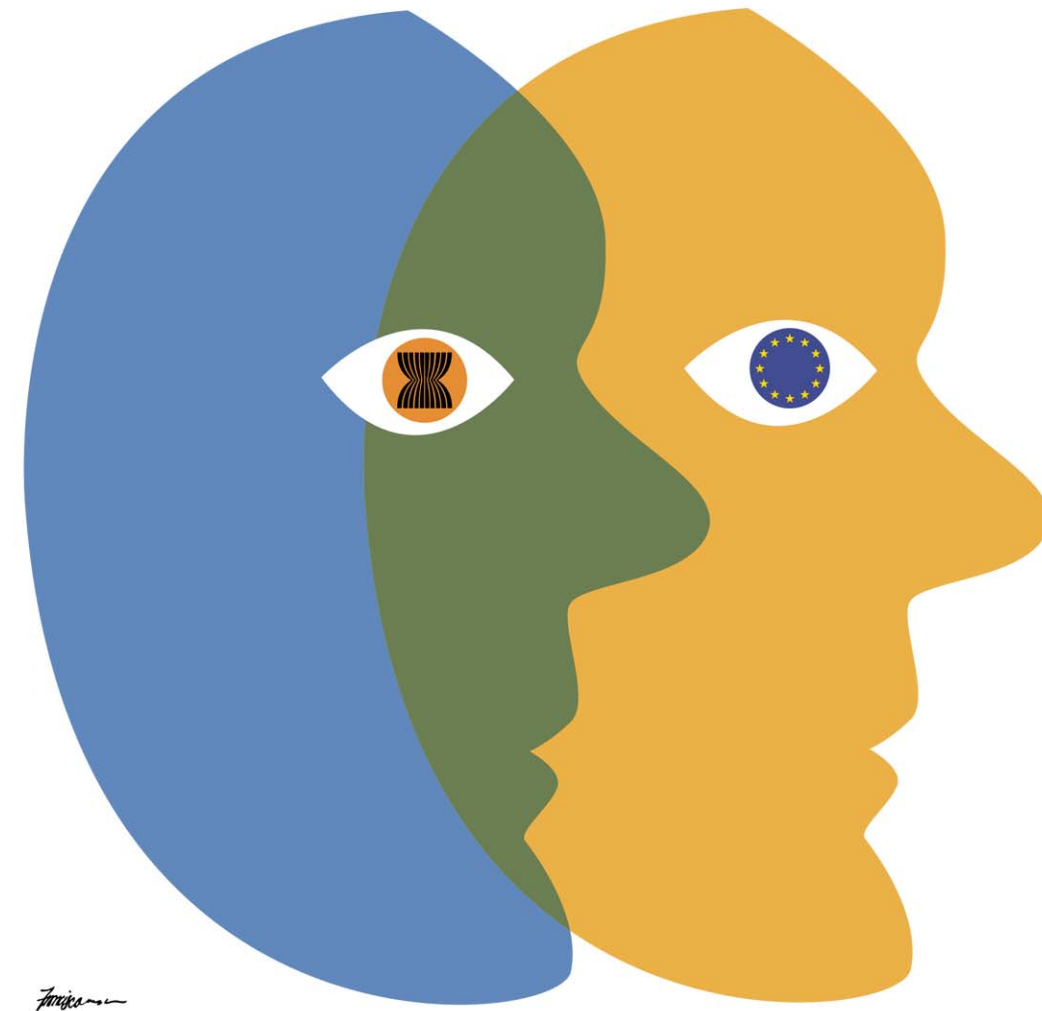
The EU is also the world’s biggest importer and exporter. It is also the world’s largest provider and recipient of direct investment.

The EU is Asean’s largest investor with a total cumulative investment of €131.6 billion (\$210 billion) in 2015. It is Asean’s second-largest trading partner, in goods, accounting for 13.5 per cent of Asean’s trade in 2015. The two-way trade in 2016 stood at €201.5 billion. The trade in services is also substantial, totalling €67.4 billion in 2014.

Asean has kept the peace in South-east Asia for over 50 years.

Economically, Asean is an important partner of the EU. The Asean economy is the fifth-largest in the world. It is projected to become the fourth largest by 2050. The Asean economy has been growing at above 5 per cent per annum in recent years.

Asean is the EU’s fourth-largest trading partner after the United



States, China and Switzerland. The 10-member South-east Asian grouping offers a market of 629 million consumers.

Asean’s imports from the EU in 2015 were €83 billion. Asean’s imports have grown by 80 per cent in the past 10 years. Importantly, the Asean economy is open and welcomes foreign investment.

Asean upholds free trade and economic integration. It also upholds the rule of law and the freedom of navigation.

The EU is a generous supporter of Asean in two ways. First, it provides significant official development assistance to the less developed members of Asean.

Second, the EU supports Asean’s integration, with contributions totalling €268 million. In addition, the EU has pledged over €2 billion to Asean countries bilaterally, to address their development gaps and to reduce poverty.

FTA NEGOTIATIONS

Singapore and the EU have concluded a free trade agreement (FTA). The EU has also concluded

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an FTA with Vietnam and is currently negotiating with four other Asean members.

The Singapore-EU FTA was intended to be a paving stone for a larger Asean-EU FTA. At present, the European Commission and Asean are studying the merit of relaunching negotiations for an

Asean-EU FTA. We should proceed without undue delay. An FTA between Asean and the EU will create a combined market of over one billion consumers. It will be a game changer.

Asean wants an open-skies agreement with the EU.

Negotiations for an Asean-EU comprehensive air transport agreement began in 2016. Let us redouble our efforts to conclude the negotiations.

Enhanced connectivity by air between the two regions will bring benefits to trade and tourism.

Cooperation between Asean and the EU is not confined to the economic domain. The EU is an active member of the Asean Regional Forum. Cooperation in security and defence has expanded to cover many areas of interest to both sides, such as maritime security, migration and border management, and chemical, biological, radiological and nuclear weapons.

There are two other important areas of cooperation. They are climate change and sustainability.

Both Asean and the EU support the Paris Agreement on climate change. Both sides also support the United Nations’ Sustainable Development Goals. The EU is sharing with Asean its positive experience in the sustainable use of peatlands, in the reduction of CO₂, the transition to a low-carbon economy and the development of sustainable and liveable cities. The EU is also helping Asean to strengthen its management capacities to deal with disasters.

LEARNING FROM EACH OTHER

We can and should learn from each other. What can Asean learn from the EU? First, we can learn how the EU has managed to develop and grow rich without ruining its environment.

Second, we can learn how the EU has managed to balance growth with equity.

Third, we can learn from the EU’s best practices in good governance and the rule of law.

It may be presumptuous of me to suggest that the EU can learn anything from Asean. Let me humbly suggest the following for the consideration of my European friends. A few years ago, I was shocked to hear three European leaders declaring, in succession, that multiculturalism did not work.

Several of the Asean countries, such as Indonesia and Singapore, are extremely diverse, racially and religiously. They enjoy a high degree of inter-racial and inter-religious harmony. The experience of these countries suggest that multiculturalism can work provided you have the right policies and genuine respect for diversities.

There are two other areas of Asean’s positive experience which may be of interest to the EU. These are our strong families and our high savings rates.

COMMON VALUES AND IDEALS

We live in a time of uncertainty. The rules-based international order is under threat. Free trade, open economies and globalisation are being challenged. Multilateral institutions which support international cooperation, such as the UN and World Trade Organisation, are being undermined.

At this perilous time, the leaders of Asean and the EU should stand together to defend our common values and ideals. Our leaders should consider issuing a joint declaration reiterating our beliefs in free trade, open economies, economic integration, multilateralism and the rule of law.

It is also time for the two sides to agree to elevate the relationship to a “strategic partnership”. The Asean-EU relationship is strategically important as it brings together two important regions and regional organisations.

I believe both Asean and the EU have a bright future. The relationship is mutually beneficial. In August, Singapore will become the Asean coordinator of the Asean-EU relationship.

Singapore will do its best to conclude the ongoing negotiations successfully and to raise the relationship to an even higher peak.

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