

## On ASEAN-EU FTA

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2019

After a long pause since 2009, the EU and ASEAN agreed in March 2017 to relaunch FTA negotiations. This revealed the EU's strengthened determination to proceed its endeavors in region-to-region negotiations, especially after the 2016 Brexit decision and the U.S. new president Trump's obvious denunciation toward multilateralism. However, with the emergence of "third generation" trade agenda which encompasses broader issues including areas of negotiations other than trade and economic aspects, the EU-ASEAN FTA is expected to face more obstacles and challenges.

ASEAN and the EU are of clear contrast with each other, one being highly diversified and decentralized regional group, while the other intimately integrated and institutionally consolidated regional community. This can also be discerned from and impinge on their differences in perspectives towards politico-economic and security issues. Nonetheless, the EU has been regarded by ASEAN as an important strategic partner who will play a balancing role toward global and regional powers, especially with the rising of Chinese power. ASEAN also had been regarded by the EU, in its 2006 Whitepaper, as the most preferential negotiating partner in inter-regional trade pacts. However, the partnership for both regions is still quite narrow and shadow, despite the fact that the EU is the most important actor in ASEAN's development aid.

We will examine, in this paper, the prospect of inter-regional dialogue and negotiations between the EU and ASEAN from the perspective of trade politics. The proliferation of regions, in both type and number, leads to an increased need for them to talk to one another, in the form of what might be called "inter-regionalism". This is not an entirely new phenomenon, as the EU already had agreements with Africa, Caribbean and Pacific (ACP) states and later ASEAN in the 1970s. Since that time, there have been further developments in recasting existing relationships and developing new ones as partnerships and region-to-region dialogues. These developments have been accompanied by a small but growing literature on inter-regionalism. The concept of inter-regionalism itself is both relatively new and nebulous and still tend to be associated with agreements and structures formulated by and for the EU. In the case of East Asia, inter-regionalism plays a potentially important institutional and ideational role in determining the nature of regional

development itself and opens a number of questions about contemporary global governance.

In the following, we will first explain how trade politics have changed since the single market program in the EU. And then the functions of inter-regionalism will be explored based on Rüland's stipulations. In the third section, we will review inter-regional relations between the EU and ASEAN, focusing on the development after the Lisbon Treaty which saw a great change in EU's institutional structures and agenda-setting propensities. Based on these two sections, we will then examine the opportunities and, especially, challenges faced by the on-going EU-ASEAN FTA negotiations. Finally, we come to a preliminary conclusion.

### **Changes in Trade Politics of the EU**

The EU's penetration of the global economy is important. First of all, it makes the Union significant in its governance. The EU's economic importance has increased substantially since the early 1980s. Its membership has increased from nine to twenty-eight (and counting) albeit being losing one in the near future. In addition, the coherence of the EU's market has been greatly increased by the single market program since its launch in 1985. In considerable measures, the EU has succeeded in its goal of transforming beyond the customs union on which it was founded to remove regulatory barriers to trade in goods and services.<sup>1</sup> Although its new member states are small and/or relatively poor, the overall impact has been that the Union's trade rules govern access to a much larger market. Consequently, access to the EU's market for goods and services is now affected by a plethora of common European rules, thus enhancing the EU's economic importance.

And secondly, the size of its economy and its share of world imports render a great implication for its trading and investment partners. The EU is the world's second largest economy, only slightly smaller than the U.S. in purchasing power parity terms, and slightly larger at official exchange rates. The EU is the world's largest merchandise exporter, accounting for nearly one-fifth of world trade, as well as its largest services exporter, accounting for over a quarter of world trade. It is the world's largest importer of commercial services and second only to the U.S. as an importer of goods. The EU is also a major home to and source of foreign direct investment (FDI).

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<sup>1</sup> See also Alasdair R. Young and John Peterson, *Parochial Global Europe: 21<sup>st</sup> Century Trade Politics* (Oxford: Oxford University Press, 2014).

Thirdly, because its economy is important to other actors, the EU seeks to wield influence by making access to its large and valuable market conditional on domestic policy changes elsewhere<sup>2</sup> or on trade concessions.<sup>3</sup> The EU is pursuing a more “progressive” trade agenda which will reduce unfair competition only if its trade partners are willing to incur considerable sovereignty costs. But, of course, the latter’s willingness to adopt inconvenient domestic policy change is likely to be reduced by Brexit, which will make access to the EU’s market less valuable in absolute terms.<sup>4</sup>

In recent years, change has come to trump continuity while there are a number of constants. The process by which EU trade policy is made under the Treaty of Rome has benefited from continuity and pragmatism. The trend towards greater external openness is also pretty steady. However, the state of EU trade politics is increasingly heavily influenced by new, largely external, factors such as the state of the global economy, the steady march of globalization, and, in particular, by the rise of new issues (such as development) and new actors, including non-governmental organizations (NGOs) and assertive developing countries.<sup>5</sup> The developments that give rise to the new trade politics are generally beneficial, in global economic terms. But they also tend to mean that “trade politics heaven” is now both harder to attain and maintain. Furthermore, EU trade policy has become steadily less autonomous. It is increasingly asked to serve other needs, such as promoting competitiveness as part of the Lisbon process or serving as a tool of EU foreign policy. When trade policy is used for purposes other than economic objectives, EU trade politics becomes less easy to manage, and it may become harder to “get things done”.<sup>6</sup>

According to the “Europe 2020 Strategy”, the Union’s growth should be smart by “Developing an economy based on knowledge and innovation”; the growth would be sustainable by “Prompting a more resource efficient, greener and more competitive economy”; the growth must be inclusive by “fostering a high-employment economy delivering economic, social and territorial cohesion”. Similar to the Lisbon Strategy,

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<sup>2</sup> The so-called “power through trade”. See Sophie Meunier and Kalypso Nicolaïdis, “The European Union as a Conflicted Trade Power,” in John Peterson and Alasdair R. Young, eds., *The European Union and the New Trade Politics* (Routledge, 2007), pp. 112-31.

<sup>3</sup> “Power to trade”. See Meunier and Nicolaïdis, “The European Union as a Conflicted Trade Power.”

<sup>4</sup> See, e.g., European Parliament, “Customs Union and FTAs: Debate with Respect to EU Neighbors,” *Briefing* (November 2017), pp. 7-10.

<sup>5</sup> See Alasdair R. Young and John Peterson, “The EU and the New Trade Politics,” in John Peterson and Alasdair Young, eds., *The European Union and the New Trade Politics* (London: Routledge, 2007), pp. 1-20.

<sup>6</sup> See Matthew Baldwin, “EU Trade Politics: Heaven or Hell?” in John Peterson and Alasdair R. Young, eds., *The European Union and the New Trade Politics* (Routledge, 2007), p. 134.

the European Commission's major concerns lie in sustainable growth via knowledge innovation and thus contributing to employment.<sup>7</sup> In Europe 2020 Strategy, enhancing the Union's competitiveness remains the major objective.<sup>8</sup> At the same time, the Commission also makes it clear that trade policy is a core component of the competitive edge. This includes, *inter alia*, trade and investment policies.<sup>9</sup> The Commission adds that it will soon propose updating relevant negotiating directives to include a wider scope of investment issues, starting in Singapore, Canada and India.<sup>10</sup>

These EU-specific changes have taken place in an era which has witnessed a "reconfigured" trade politics,<sup>11</sup> with the effects that have been felt well beyond Europe. We can trace the new trade politics to some development. Beginning in the run-up to the Uruguay Round (1986-94) of multilateral trade negotiations and accelerating since, the nature of trade politics has changed in three distinct directions. First, the preferences of those actors that have traditionally been actively engaged in trade policy-making within the advanced developed countries have changed. Second, especially within the advanced developed countries, a variety of actors that had not previously been interested in trade policy—parliaments, non-trade ministries and NGOs have become concerned about the implications of trade and trade rules. Third, there has also been a shift in the international balance of power as developing country governments have become more prominent actors in multilateral trade negotiations, challenging the EU-U.S. duopoly.

These developments are distinct, but are interrelated. In particular, the changed concerns of the traditional trade actors led to the pursuit of the deep trade agenda and greater legalization of multilateral trading system. These, in turn, contributed significantly to the mobilization of both developed country NGOs and developing country governments. All these developments imply a major change to how trade policy is made and pursued.<sup>12</sup>

### **Functions of Inter-Regionalism**

The idea of regionalism, in the era of globalization, has evolved into a means of

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<sup>7</sup> European Commission, *Communication from the Commission: Europe 2020: A Strategy for Smart, Sustainable and Inclusive Growth*, COM (2010) 2020 final (March 3, 2010), p. 10.

<sup>8</sup> European Commission, *Communication from the Commission: Europe 2020*, p. 14.

<sup>9</sup> European Commission, *Trade, Growth and World Affairs: Trade Policy as a Core Component of the EU's 2020 Strategy*, COM (2010) 612 final (November 9, 2010), p. 5.

<sup>10</sup> European Commission, *Trade, Growth and World Affairs*, pp. 5-6.

<sup>11</sup> Brian Hocking, "Changing the Terms of Trade Policy and Diplomacy," in Brian Hocking and Steven McGuire, eds., *Trade Politics* (London: Routledge, 2004), p. 263.

<sup>12</sup> Young and Peterson, "The EU and the New Trade Politics," p. 3.

pooling resources, and even sovereignty, as a “risk management strategy” to deal with globalization and contemporary state and inter-state problems, in a form to address explicitly the multiple actors within the given region; to adopt a less formalized approach to regions themselves; and to pay due attention to the influences of exogenous forces.<sup>13</sup> Hettne identified what he calls “second generation regionalism,” which unlike its narrower earlier counterpart (Along the line of the EEC) and as expounded particularly by Hettne *et al.*, is a multidimensional form of integration which includes economic, political, social and cultural aspects and thus goes far beyond the goal of creating region-based free trade regimes or security alliances”.<sup>14</sup>

For followers of Hettne, such as Söderbaum and Langenhove, “third generation regionalism” is now beginning to take root, characterized by deepening extra-regional affairs towards international organizations, other regions and individual countries. It rests on stronger institutional bases and drives from more “proactive” regions, with the result that it plays a greater role in “shaping global governance”.<sup>15</sup> For many commentators, regionalism has come to take its place within a “multi-tiered system ranging from the global multilateral level to the conventional bilateral ties between nation states”.<sup>16</sup> The most prominent regional developments are, of course, seen to be within Europe. However, in recent decades, other regions have advanced their own collective activities, and the case of East Asia is a particularly important one. Today, East Asian regionalism brings together previously sworn enemies and carries ideational as well as (loose) institutional credentials.

The proliferation of regions, in both number and type, leads to an increased need for them to talk to one another, in the form of what might be called “inter-regionalism”. This is not an entirely new phenomenon, as the EU already had agreements with Africa, Caribbean and Pacific (ACP) states and later ASEAN in the 1970s. However, these were designed for the EU to manage its aid and trade relationships, and there was no suggestion of equal partnerships being formed between the respective regions. Since that time, there have been further developments in recasting existing

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<sup>13</sup> Björn Hettne, “Beyond the ‘New’ Regionalism,” *New Political Economy*, 10(4) (December 2005), p. 544.

<sup>14</sup> Björn Hettne, Andras Inotai and Osvaldo Sunkel, eds., *Globalism and the New Regionalism* (London: Macmillan, 1999), p. xvi.

<sup>15</sup> Fredrik Söderbaum and Luk Van Langenhove, “Introduction: The EU as Global Actor and the Role of Interregionalism,” *Journal of European Integration*, 27(3) (2005), p. 258.

<sup>16</sup> Jürgen Rüland, “ASEAN and the European Union: A Bumpy Inter-regional Relationship,” Discussion Paper for the Zentrum für Europäische Integrationsforschung (Center for European Integration Studies), Rheinische Friedrich Wilhelms-Universität (Bonn, 2001).

relationships and developing new ones as partnerships and region-to-region dialogues. These developments have been accompanied by a small, but growing, literature on inter-regionalism. The concept of inter-regionalism itself is both relatively new and nebulous and still tends to be associated with agreements and structures formulated by and for the EU. In the case of East Asia, inter-regionalism plays a potentially important institutional and ideational role in determining the nature of regional development itself and opens a number of questions about contemporary global governance.

What is inter-regionalism for? Based on Jürgen Rüländ's stipulation, the first function of inter-regionalism is fundamentally viewed by some to serve as a means of balancing power among the key economic regions of the world.<sup>17</sup> EU's external relations with other regions is seen as part of a "new triad"—North America, Western Europe and East Asia which has gained much acceptance in Asian and European Policy-making circles.<sup>18</sup> In this regard, inter-regionalism is a phenomenon derived from a need for a collection of states to manage external (economic) realities.<sup>19</sup> Thus inter-regionalism brings together two regions to respond to global challenges, and is, then, simply a "corollary of the new regional agreements", which themselves are responses to changed global economic conditions. For Gilson, it even provides the arena for a clash of experiences, as a site of resistance to the force of globalization.<sup>20</sup>

The role of inter-regionalism could also be to deal with changes in global governance structures. Doidge ascribes to it a distinct, or potentially distinct, "mode of supranational governance in the world political economy".<sup>21</sup> And since governance has become more fragmented and decentralized,<sup>22</sup> it has important implications for the role of non-state actors, who transcend state organs to lobby regional or even inter-regional representatives. The development of the Asia-Europe People's Forum (AEPF) alongside ASEM suggests that inter-regionalism, too, offers an important locus

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<sup>17</sup> See, e.g., Richard Stubbs, "Asia-Pacific Regionalism versus Globalization," in W.D. Coleman and G.R.D. Underhill, eds., *Regionalism and Global Economic Integration: Europe, Asia and the Americas* (London: Routledge, 1998), p. 68.

<sup>18</sup> See Heiner Hänggi, "ASEM and the Construction of the New Triad," *Journal of the Asia Pacific Economy*, 4(1) (1999), p. 9.

<sup>19</sup> Julie Gilson, "New Interregionalism? The EU and East Asia," *Journal of European Integration*, 27(3) (2005), p. 310.

<sup>20</sup> See Julie Gilson, *Asia Meets Europe: Interregionalism and the Asia-Europe Meeting* (Cheltenham: Edward Elgar, 2002).

<sup>21</sup> Matthew Doidge, "Joined at the Hip: Regionalism and Interregionalism," *Journal of European Integration*, 29(2) (2007), p. 231.

<sup>22</sup> Jan Aart Scholte, *Globalization: A Critical Introduction* (New York: St. Martin's Press, 2000), p. 143.

for non-state activities and provides opportunities, and possibly an impetus, for activists from vastly differing socio-cultural backgrounds to develop collective positions and projects vis-à-vis key international issues. For many non-state actors, the very nature of the new inter-state offers both disadvantages and advantages. While it can be a conduit for the coming together of different groups in the name of anti-neoliberal agenda, it can also further reify dominant structures of power.

The second of Rüland's functions for inter-regionalism is its potential to create institutional balancing so that, for example, ASEM may be viewed as a direct response to the rise of APEC and the growth in Japanese and U.S. influence over East Asia. In the case of EU-Central and Eastern European dialogue, for example, inter-regionalism has been seen as a means for the latter to eventually integrate into the EU, while EU-ACP agreements, codified initially in Lomé, represent the institutional management of group relations. Therefore, while it may be practical for the EU to establish group-to-group engagements with key parts of the world as a policy tool of growing importance,<sup>23</sup> it may also be in the interest of those less institutionalized zones to form collective responses to European advances. Viewed in these ways, the EU is seen to represent the archetypical region and a leading proponent of utilizing inter-regionalism precisely as a management tool for relations with other regions.

Thus, the EU may not only determine the agenda and style of inter-regional relations, but may also influence the kinds of region that develop in the process of engaging with the well-established EU institutional region. But it may be worth noting, too, that new forms of inter-regionalism are emerging beyond the scope of the EU, such as the Forum for East Asia-Latin America Cooperation (FEALAC), and that the institutionalized nature of European regionness is not universally appreciated. Therefore, it is worth investigating more thoroughly how regional emulation might occur, by assessing whether and how existing regions trigger the formation of new ones, with positive or negative possible consequences.<sup>24</sup>

Rüland's third potential for inter-regionalism is as a bandwagoning mechanism, instrumentalizing inter-regionalism to rebalance inequality, such as a lack of EU presence in Asia prior to the formation of ASEM. This offers a further functional rationale for inter-regionalism, as a channel for gaining trade concessions or opening strategic dialogue. At the same time, inter-regionalism may also have the capacity to

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<sup>23</sup> Sebastian Santander, "The European Partnership with Mercosur: A Relationship Based on Strategic and Neo-liberal Principles," *Journal of European Integration*, 27(3) (2005), p. 287.

<sup>24</sup> Hettne, Inotai and Sunkel, eds., *Globalism and the New Regionalism*, p. xxii.

reinforce inequality by, *e.g.*, being used by the EU as leverage in trade negotiations when multilateral channels are blocked or at an impasse. Santander claimed this means that such relational arrangements are “skewed towards economic affairs aimed at opening up markets”.<sup>25</sup> Rüländ also regards inter-regionalism as a part of a broader process of institutional proliferation. This is especially evident in the actions of the EU, which is seen to use inter-regionalism as a mechanism for trade management.<sup>26</sup> In fact, much of the work on inter-regionalism focuses on the institutional nature of inter-regional arrangements.<sup>27</sup> Inter-regionalism is an instrumentally functional tool of EU foreign policy.

Rüländ further noted the importance of policy rationalization and agenda setting. Inter-regionalism offers a means for collectives of state to address collective partnerships in a way that has the potential, at least, to minimize costs and resources, particularly in fields where common views are prevalent. Inter-regionalism may also offer a new form of agenda setting, which may simply add further channels for the discussion of agenda set elsewhere, notably within the WTO and UN frameworks. Moreover, regions are central to contemporary understandings of security and it is frequently at the regional level that calls for greater security transparency and assurance are made. Similarly, collective approaches to regional positions have become an important part of, *e.g.*, the fight against terrorism, anti-trafficking initiatives (of drugs and persons), and attempts to combat the deleterious consequences of industrial development and climate change.

In many ways, the EU is the lead proponent. In addition, inter-regionalism can form part of development promotion strategies, and some writers have shown that region-to-region relations benefits the liberalization and market opening strategies of the EU itself, and also acts as a means of ensuring “comprehensive social and economic development on a global scale”.<sup>28</sup> In this sense, inter-regionalism can serve to promote EU trade agendas, rather than to advance the level of economic well-being in the counterpart region. This deterministic approach to liberalization,

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<sup>25</sup> Santander, “The European Partnership with Mercosur,” p. 303.

<sup>26</sup> Vinod Aggarwal and Edward A. Fogarty, “Explaining Trends in EU Interregionalism,” in Vinod Aggarwal and Edward A. Fogarty, eds., *EU Trade Strategies: Between Regionalism and Globalism* (Basingstoke: Palgrave Macmillan, 2004), pp. 1-40.

<sup>27</sup> Heiner Hänggi, “Interregionalism: Empirical and Theoretical Perspectives,” Paper prepared for the workshop, “Dollars, Democracy and Trade: External Influence on Economic Integration in the Americas,” The Pacific Council on International Policy, Los Angeles and the Center for Applied Policy Research, Munich (Los Angeles, CA, May 18, 2000), p. 9.

<sup>28</sup> Frefrik Söderbaum, Patrick Stålgren and Luk Van Langenhove, “The EU as a Global Actor and the Dynamics of Interregionalism: A Comparative Analysis,” *Journal of European Integration*, 27(3) (2005), p. 371.



often accompanied by requirements for further democratization, may even serve to alter the very identity of the counterpart region.

Rüland's remaining category is the potential role of inter-regionalism in terms of identity-building, either by honing region-to-region differences or similarities, or intensifying intra-regional coherence. Doidge acknowledges that "The shape of interregionalism, and the function it performs in the international system, is dependent upon the nature of the actors involved".<sup>29</sup> But what is the internal nature of those actors? And what are the effects of the actors' collectives on inter-regionalism and the effects of inter-regionalism on the formation and development of intra-regional dynamics? As Hettne has reasoned that "Regions are not simply geographical or administrative objects, but should be conceived of as acting subjects in the making (or un-making); their boundaries are shifting and so is their capacity as actors...". He also noted, "Increasing regionness implies that a geographical area is transformed from a passive object to an active subject—an actor—capable of articulating the transnational interests of the emerging region".<sup>30</sup>

Identity-building at the regional level is most likely to occur where a heterogeneous grouping is confronted with an "identifiable" external other. This process may contribute to the very idea of the region *per se* as a political actor.<sup>31</sup> In addition to providing practical solutions to managing international relations, therefore, inter-regionalism may even intensify difference in the face of a definable "other" and develop a foundation of common norms.<sup>32</sup> The process of engaging in inter-regionalism may not "create" the region, but it may act as an "intra-regional mobilizing agent", both in advancing a region's external regional profile and in advancing the development of regional consciousness.<sup>33</sup> Inter-regionalism, then, "creates a global public reality, which not only structures inter-regional relations but also has a constitutive role in the formation of regions".<sup>34</sup> In summary, inter-regionalism may work in both functional and cognitive ways: as a tool for managing disparate relations, and as a means potentially of (re-)defining concepts of region.

## Post-Lisbon EU-ASEAN Relations

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<sup>29</sup> Doidge, "Joined at the Hip," p. 232.

<sup>30</sup> Björn Hettne, "Karl Polanyi and the Search for World Order," Padrigu, Göteborg University (2004) (<https://www.concordia.ca/content/dam/artsci/research/polanyi/docs/Hettne-2004.pdf>), p. 10.

<sup>31</sup> Gilson, "New Interregionalism? The EU and East Asia," p. 310.

<sup>32</sup> Rüland, "ASEAN and the European Union."

<sup>33</sup> See Richard Higgott, "Ideas, Interests and Identity in the Asia Pacific," *The Pacific Review*, 7(4) (1994), p. 368.

<sup>34</sup> Söderbaum *et al.*, "The EU as a Global Actor and the Dynamics of Interregionalism," p. 371.

In 2010, the EU and the ASEAN held the 19<sup>th</sup> ASEAN-EU Ministerial Meeting in Bandar Seri Begawan, Brunei Darussalam, and celebrated the 35<sup>th</sup> anniversary of EU-ASEAN Dialogue Relations. Both of them stressed the EU's early accession to the Treaty of Amity and Cooperation in Southeast Asia (TAC), which provides the legal basis for accession to regional organizations.<sup>35</sup> They also referred to the Nuremberg Declaration on an EU-ASEAN Enhanced Partnership which underlines the contributions of regional integration to sustainable peace, security and prosperity.<sup>36</sup> At the same time, they also reiterated the "importance of the bilateral FTAs between individual ASEAN Member States and the EU as 'building blocks' for a region-to-region FTA".<sup>37</sup> In this way, the two sides seemed not to have given up the region-to-region approach. However, most of the efforts, in practice, have shifted to bilateralism.

The EU is a keen proponent of inter-regionalism, in priority, with the ASEAN as well as the Mercosur. However, it has been criticized by many commentators. For example, Julie Gilson argues that EU-ASEAN relationship is pursued partly through region-to-region ministerial meetings and partly under the EU-ASEAN Cooperation Agreement. The Asia-Europe Meeting (ASEM) has also become a new form of inter-regionalism, owing to the central role of ASEAN.<sup>38</sup> On the other hand, David Camroux argues that "the EU may 'talk' interregionalism but it essentially 'walks' bilateralism and multilateralism." Building upon the idea of "two-level game" as advanced by Robert Putnam and the third inter-regional level added by Lee Ann Patterson and Hans Günter Deutsch, he also argues that interregionalism only adds a minor fourth level of international relations bargaining.<sup>39</sup>

Nevertheless, since 2003 when the European Commission published a strategy titled "A New Partnership with Southeast Asia," which recommended that the EU focus on relations at both bilateral and regional levels, it continuously scaled up efforts to engage ASEAN, particularly in the area of providing support for capacity-building

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<sup>35</sup> Co-Chairs' Statement of the 19<sup>th</sup> ASEAN-EU Ministerial Meeting, Bandar Seri Begawan, Brunei Darussalam (April 26-27, 2012). Accession to the TAC is a pre-requisite for ASEAN membership. The Contracting Parties to the TAC cover all ten ASEAN member countries and non-member countries, such as China, India, Japan, South Korea, Russia, Australia, New Zealand and the United States. When the EU applied for accession to the TAC, the TAC was amended in order to provide a legal basis for a regional organization to join it. With the amendment, the EU finally signed the TAC on July 12, 2010.

<sup>36</sup> European Commission, *Nuremberg Declaration on an EU-ASEAN Enhanced Partnership* (Nuremberg, Germany, March 15, 2007).

<sup>37</sup> Co-Chairs' Statement of the 19<sup>th</sup> ASEAN-EU Ministerial Meeting", par. 16.

<sup>38</sup> Gilson, "New Interregionalism? The EU and East Asia," pp. 311-12.

<sup>39</sup> See David Camroux, "Interregionalism or Merely a Fourth-Level Game? An Examination of the EU-ASEAN Relationship," *East Asia*, 27(1) (March 2010), pp. 57-77.

towards integration with programs such as the ASEAN Programme for Regional Integration Support (APRIS) from 2003-2010 to the current ASEAN Regional Integration Support from the EU (ARISE). The EU proposed a regional framework called the “Trans-Regional EU ASEAN Trade Initiative” that could be developed into an ASEAN-EU preferential trading agreement. Subsequently, in 2005, the European Commission and ASEAN Economic Ministers constituted a Vision Group with the task of investigating the feasibility of new initiatives on closer economic cooperation, including a potential inter-regional EU-ASEAN FTA. In 2006 the Group presented the final report opening the way to formal FTA negotiations.<sup>40</sup> Around the same time, the European Commission produced a new trade strategy, titled “Global Europe—Competing in the World,” which declared future FTAs would need to be ambitious and comprehensive agreements, liberalizing not only trade in goods, but also regulating trade in services, investment and many trade-related issues such as intellectual property rights (IPR), competition policy and environmental and social aspects of trade.<sup>41</sup>

In April 2007, the European Council endorsed the negotiating directive for a comprehensive free trade agreement between the EU and ASEAN. Unfortunately, the initial optimism quickly dissipated—the EU expressed disappointment with the slow progress in November 2017. According to the EU, the main issues with progressing the negotiation were: lack of negotiating capacity on the part of ASEAN; a difficulty in reaching collective positions across ASEAN member states; and a lack of political will, particularly to consider the depth of liberalization expected under the EU’s new trade strategy.<sup>42</sup> As a result, negotiations on the region-to-region agreement were paused in 2009, and later that year the European Council endorsed new negotiating mandates for bilateral Free Trade Agreements with individual ASEAN member states. The EU has consistently stated that it views the bilateral FTAs it has or is negotiating with individual ASEAN member states as building blocks towards a broader region-to-region FTA.<sup>43</sup>

Accordingly, in March 2017, the EU and the ASEAN agreed to relaunch negotiations

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<sup>40</sup> Paul Lim, “ASEAN’s Relations with the EU: Obstacles and Opportunities,” *EU External Affairs Review* (July 2012), pp. 46-58.

<sup>41</sup> See Marc Maes, “The EU’s Global Europe Strategy: Where Is That Strategy Today?” Introduction presentation made at the informal meeting “Building of A Common Platform Between Developing Countries,” organized by South Centre in Brussels (4-5 December 2008).

<sup>42</sup> See Grzegorz Mazur, “EU-ASEAN Free Trade Agreement(s)—Prospects and Challenges for Inter-Regional FTA,” Research Papers of Wrocław University of Economics nr 486 (2017).

<sup>43</sup> See “Association of South East Asian Nations (ASEAN),” in the webpage of the European Commission (<http://ec.europa.eu/trade/policy/countries-and-regions/regions/asean/>).

on an EU-ASEAN FTA. However, there are already signs that reaching deal will be as difficult as before, with reports that ASEAN member states are “not convinced” of the benefits of deal.<sup>44</sup> At present, the talks are officially ongoing, although there are few indications of significant progress and the EU is continuing to pursue bilateral arrangements in parallel. These difficulties are not unique to this agreement, as evidenced by the prolonged Regional Comprehensive Economic Partnership (RCEP) negotiations, for instance, despite ASEAN having concluded bilateral FTAs with each of its dialogue partners. In the next section, we will discuss the challenges in terms of the characteristics of inter-regionalism navigated in the last section.

### **Challenges to EU-ASEAN Inter-Regionalism**

The Lisbon Treaty, which entered into force in November 2009, mentions the importance of interregional cooperation as an external EU policy and calls for the Union to cooperate with other regions based on universal principles: democracy, rule of law, human rights, fundamental freedoms, appreciation of human dignity, equality and solidarity.<sup>45</sup> The Lisbon Treaty has been the legal foundation of the EU’s external policy since 2010. All external relations departments in the European Commission and the Council of the EU have been integrated into the European External Action Services (EEAS).<sup>46</sup> Furthermore, as a consequence of the Lisbon Treaty, the role of the European Parliament (EP) is enhanced through all the procedures, including the area of the common commercial policy (CCP). For expressing the role of the EP in co-decision making, the new term is “ordinary legislative procedure.” EP in the CCP decides together with the European Council. It has competences to refuse the negotiated agreement as the Council shall adopt the decision including the agreement only after obtaining the consent of EP.<sup>47</sup> On the other hand, obligation of the Commission towards the EP are only “one way” procedure: The EP receives information about negotiations, but does not have a right to intervene or provide a binding consultancy. However, the relations between the Commission and the EP issuing from the Lisbon Treaty could be a good basis for the EP interventions into

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<sup>44</sup> See “ASEAN Countries Unconvinced by EU Trade Pact,” EURACTIV.com (<https://www.euractiv.com/section/asean/news/asean-countries-unconvinced-by-eu-trade-pact/>, accessed March 26, 2019).

<sup>45</sup> European Union, *Treaty of Lisbon Amending the Treaty on European Union and the Treaty Establishing the European Community*, signed at Lisbon (Brussels: Official Journal of the European Union C 306/10, 12 December 2007), p. 23.

<sup>46</sup> Mauro Gatti, *European External Action Service: Promoting Coherence through Autonomy and Coordination* (Leiden: Brill, 2016), p. 94.

<sup>47</sup> A consent requires a simple majority of EP members by voting. It is based on the provision of Article 218, paragraph 6, that provides for the EP consent for agreements covering fields the ordinary legislative procedure applies, which are also CCP agreements.

negotiation process.<sup>48</sup>

### *Power Balancing*

Inter-regionalism is not a linear and static process, rather it is dynamic and ever-changing. Before 9/11 one could still discuss several alternative world orders.<sup>49</sup> After the terrorist action there seem to be fewer alternatives. A trend towards one distinct world order model can be observed, which appears for the present to be unilateral rather than multilateral or regional. The U.S. has made it very clear that multilateralism, although desirable, has its limitations set by the USA's own security interests. The current American thinking captures the essence of neoconservatism: military strength and willingness to use it, and a moral mission to change the world in accordance with American values first of all "liberty". The concept of "unilateral moment" has been coined by American publicist Charles Krauthammer and stands for the U.S. Policy of taking advantage of its military superiority by shaping the world order in accordance with the U.S. national interest.<sup>50</sup>

The U.S. turning away from multilateralism, while potentially damaging in other ways, will not affect the EU's ability to advance its "progressive" trade agenda through inter-regionalism, which implies a multipolar world order structure. EU's external relations with other regions is seen as part of a "new triad". That the EU constitutes the hub of regional arrangements is in full accordance with its regionalist ideology, encompassing not only trade and foreign investment but also political dialogue and cultural relations between the regions. The EU ambition is also to formalize the relations as being between two regional bodies rather than bilateral contacts between countries. Its relations to ACP are rooted in colonial and neocolonial relations, which now, as for instance in the Cotonou Agreement (June 2000), are described, in more symmetric terms, as "partnerships". The background to this is the gradual abandoning of the "pyramid of privilege" implied in the Yaoundé-Lomé-framework that, since the mid-sixties, defined the relationship between the EU and peripheral regions, originally selectively favored in accordance with former colonial interests. EU is, therefore, trying to encourage cooperation within the three constituent regions, stressing as an article of faith that regional integration is the best development strategy.<sup>51</sup>

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<sup>48</sup> Ludmila Štěrbová, "Impacts of the Lisbon Treaty on the EU Trade Policy: Identification of Possible New Problems Related to the EU Competences, to the EU Membership in International Organizations and to the Role of the European Parliament," *E-Leader Budapest* (2010), p. 10.

<sup>49</sup> See, e.g., Björn Hettne and Bertil Odén, eds., *Peace, Development and the Search for World Order* (Stockholm: EGD, 2002).

<sup>50</sup> Charles Krauthammer, "The Unipolar Moment," *Foreign Affairs*, 70(1) (1991-92), pp. 23-33.

<sup>51</sup> Hettne, "Karl Polanyi and the Search for World Order," p. 12.

Today, Europe has reemerged as a world power to balance the U.S. hegemony, a world power of a different kind. There are three major differences between the EU and the U.S. as regards external relations. The first crucial difference is the EU preference for long term multidimensional, horizontal, institutional arrangements, whereas the U.S. prefers more temporary “coalitions of the willing” under its own leadership. The second can be related to contrasting ideas in political philosophy, as pointed out by Robert Kagan.<sup>52</sup> According to him, Europeans (from Venus) prefer to live in the ideal world of “permanent peace” of Immanuel Kant, which, according to Kagan, is the natural choice of the weak, whereas the Americans (from Mars) live in the real world of Thomas Hobbes, which shows the responsibility and mission of the strong in deal with evil forces.<sup>53</sup> A third dimension of European-American contrast in political culture is what Javier Solana, the EU spokesman in foreign affairs, who, in an interview, has referred to as the U.S. religious approach to foreign policy, whereas the European approach is supposed to be rationalist and secular. Thus, the U.S. tends to see political conflict as a struggle between good and evil, or God and Devil. Europe, on the other hand, supposedly has a tradition of making a political analysis more pragmatically to look for compromise in conflict. As Hettne has pointed out that “it is, to say the least, quite remarkable that Polanyi in 1945 discussed similar options: Pax Americana versus regionalism.”<sup>54</sup> These are also the options the EU has put on the ASEAN in its inter-regionalism with the latter.

### *Institutional Balancing*

The second challenge in EU-ASEAN inter-regionalism is the prospect of institutional balancing. In April 14, 2008, a European Parliament 22-page report was presented on trade and economic relations with ASEAN in the name of Mr. Glyn Ford, member of the EP in the International Trade Committee (INTA).<sup>55</sup> It spoke of the PCA (partnership and cooperation agreement) containing enforceable human rights clauses as a pre-requisite to conclude an FTA. It spoke of a high-quality agreement but nonetheless concerned about the slow pace of negotiations. It stated that if certain countries in ASEAN proved to be reticent about signing an FTA, then those countries that wished to participate should be offered the choice of signing bilateral

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<sup>52</sup> Robert Kagan, *Of Paradise and Power: America and Europe in the New World Order* (New York: Vintage Books, 2004).

<sup>53</sup> This view of power can be compared to Joseph Nye’s ideas of the usefulness of “soft power”, more applicable to the European case.

<sup>54</sup> Hettne, “Karl Polanyi and the Search for World Order,” p. 13.

<sup>55</sup> “Trade and Economic Relations with the Countries of South East Asia (ASEAN) (debate)”, a report by Glyn Ford, on behalf of the Committee on International Trade (Brussels: European Union, May 7, 2008).

FTAs. The Lisbon Treaty was expected to enter into force before conclusion of the negotiations removing any doubt of parliamentary assent, hence, calling on the Commission to make the negotiating mandate more widely available to the Parliament and consulting it regularly during the negotiations to ensure that the outcome commanded broad support. In the Explanatory Statement to the report, it stated that the prospects for an early and ambitious agreement with ASEAN may be undermined by a lack of negotiating capacity, difficulties in developing common position that reflected the collective interests of the region and a lack of political will.<sup>56</sup>

It is well-known that ASEAN continues to operate on a decentralized model which is consensus-based by design. As a result, reaching a common position among member states will be a major challenge. This is compounded by the relatively low-resource capacity of the ASEAN Secretariat, at least in comparison to the European Commission, which reduces ASEAN's negotiating capacity.<sup>57</sup>

In the context of renewed effort to negotiate an FTA between ASEAN and the EU, it is important to consider the potential benefits that could accrue to both sides. In economic terms, an FTA would be expected to increase total trade, resulting in faster GDP growth. Export-oriented sectors in both the EU and ASEAN would be expected to grow as a result of having access to new markets. Increased trade would also be expected to result in a greater level of competition, which in turn increases productivity through greater pressure to innovate. Higher competition would also result in contraction in some sectors, subject to pressures from more competitive products and services from abroad.

The Institute for International and Development Economics (IIDE), in their assessment of the impact of an EU-ASEAN FTA, concluded that it would result in "positive effects for most ASEAN states under all scenarios, and small but positive effects over the long-run for the European Union" (see Table 1).<sup>58</sup> They also noted that "The productivity effects of an EU-ASEAN FTA are also visible in the form of higher wages for both skilled and unskilled workers. This is particularly important for ASEAN as this would mean that the employment increase in key growth sectors will

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<sup>56</sup> See also Lim, "ASEAN's Relations with the EU: Obstacles and Opportunities," p. 52.

<sup>57</sup> See Jayant Menon, Laurence Todd, and Darmasahkthini Arujunan, "EU-ASEAN FTA Report", API Report No. 2 (December 2018), p. 20.

<sup>58</sup> Joseph Francois *et al.*, "Trade Impact Assessment (Trade SIA) of an EU-ASEAN Free Trade Agreement," prepared under support from the European Commission—DG Trade TRADE07/C1/C01—Lot 2 (IIDE, August 2009), p. 1.

outstrip the reduction of employment in contracting sectors”.<sup>59</sup>

Table 1. Highlights of the Expected Potential Gains from an “Extended FTA”, in Terms of Both Short and Long Run Impacts

Scenario	EU-	IN	MY	PH	SG	TH	VN	Other ASEAN
<b>27</b>								
<b>GDP % Change</b>	0.05	0.99	1.17	0.60	3.55	0.39	3.46	0.29
<b>Extended FTA (long run):</b>								
<b>GDP % Change</b>	0.20	3.39	6.85	4.12	12.32	4.81	14.02	3.71

Source: Francois *et al.*, “Trade Impact Assessment (Trade SIA) of an EU-ASEAN Free Trade Agreement.”

Despite the potential gains, it has been pointed out that issues like human rights, government procurement, services and sustainability articles are potential difficulties in negotiations. Besides the enhancing ASEAN FTA Negotiating Capacity/Support to the ASEAN-EU FTA negotiating process which reflects a lack of capacity, one sees unfulfilled activities under Political and Security Cooperation like the participation of the ASEAN member states in the Common Security and Defence Policy (CSDP) operations and the sharing with ASEAN the EU experience in the field of civilian capability planning and development using the experiences, lessons and instruments of the EU Headline Goals 2008 and 2010. Also unfulfilled was strengthening cooperation in the area of counter-terrorism by following up multilateral counter-terrorism efforts.<sup>60</sup> One wonders what has ASEAN offered back to the EU in terms of its own integration experience beyond just asking for market access or complaining of restrictions or rebutting back when accused of human rights violations as we saw in the 1990’s? Is it still a donor-recipient relationship when demanding equal partnership?

### *Bandwagoning*

Looking back, it is obvious that in the 1970s and 1980s, as developing countries, ASEAN and its member states were after development aid and access to European markets via the General System of Preferences (GSP). Europe was an opportunity to diversify their export markets while competing among themselves for foreign investments. Relationship was purely trade and development aid, no politics. The obstacles to the relationship began in the 1990s with the end of the Cold War. The defeat of the Soviet Union gave way now to the new campaign for human rights, democracy, rule of law targeted at those very authoritarian regimes that the West

<sup>59</sup> Francois *et al.*, “Trade Impact Assessment (Trade SIA) of an EU-ASEAN Free Trade Agreement,” p. 1.

<sup>60</sup> Lim, “ASEAN’s Relations with the EU,” pp. 56-57.



supported during the Cold War era, including the ASEAN countries. But the 1990s was also the era when the ASEAN economies were experiencing growth with foreign investments and trade as part of supply chains, until the financial crisis of 1997, which empowered them to stand up to Europe, to the West, to be treated as equal partners and challenging the West with the Asian Values ideology.

Obstacles arose around the issues of human rights, East Timor and Burma/Myanmar. The 2000s saw a turn in the relationship with the willingness of the EU to put aside Burma/Myanmar in EU-ASEAN relations in pursuit of economic gains, giving in to ASEAN's constructive engagement policy while maintaining sanctions against Burma which is more symbolic than otherwise. Today, we hear that sanctions have been lifted for certain ministers in the new military-dominated Burmese/Myanmar civilian government and further deliberation on lifting sanctions. We saw how counter-terrorism bind both sides and we saw the warming relations expressed concretely in the AMM, the Tsunami humanitarian mission, the TAC pursuit, the ASEAN's Committee of Permanent Representatives (CPR) study visit to Brussels and Berlin,<sup>61</sup> etc.

Generally, the atmosphere is better now. The colonial past seems no more an obstacle. There is no more an atmosphere of confrontation as we saw in the 1990s. On the other hand, it has been pointed out that issues like human rights, government procurement, services and sustainability articles are potential difficulties in negotiations. But, of course, this will not hinder the willingness to discuss and negotiate. One must see the bigger picture where there can be gains and trade-offs. One cannot have everything in one's favor. External pressure could also play a part to reach an agreement, for example, the urgent need for foreign investment, the demand not to be left out from the region.<sup>62</sup>

Despite the expected benefits in overall increases in economic output and employment from an EU-ASEAN FTA, as we discussed in the above, the benefits of freer trade are dispersed widely across the population in terms of lower prices and underlying increases in productivity growth, and, in contrast, the negative adjustment can be focused in particular sectors, which can result in some segments of the population being highly motivated to resist the deal. This is a legitimate concern that will be raised from both EU and ASEAN stakeholders. From both the perspectives of the EU and ASEAN, it is, therefore, important to ensure the right

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<sup>61</sup> From Co-Chair's Statement of the 18<sup>th</sup> AEMM in Madrid, May 26, 2010 [0440/10 (Presse 148).

<sup>62</sup> See, *e.g.*, Lim, "ASEAN's Relations with the EU," pp. 56-57.

policies to be in place so that businesses and workers can adjust smoothly and enjoy the benefits of freer trade.

A number of protectionist policies are designed to protect domestic industries in ASEAN member states. Some countries will continue to see these policies as necessary to support development of strategic industries and may, therefore, be unwilling to offer significant liberalization as part of negotiations of an EU-ASEAN FTA, particularly where those sectors would be subject to significant further competition.

Another source of concern for ASEAN member states is the risk that far-reaching liberalization impedes on their ability to deliver public policy priorities other than industrial development. For example, some countries have expressed concerns that IPR commitments would impede their ability to provide low cost medicines, which currently rely on compulsory licensing regimes. Public policy objectives may also relate to cultural factors, such as maintaining very high halal certification standards, even if this could be burdensome for international companies.

These protectionist instincts have been strengthened by recent concerns over the negative impact of trade for development.<sup>63</sup> This has also been reflected in ASEAN member states, particularly as a concern of negotiating trade deals with more developed countries. For example, Malaysian Prime Minister Mahathir has urged caution about striking unfair deals and has raised concerns over the recently negotiated Comprehensive and Progressive Trans Pacific Partnership (CPTPP),<sup>64</sup> despite the fact that Dr. Mahathir also used the same appearance to advocate free trade agreements such as RCEP. Furthermore, EU's environmental concerns will continue to pose a challenge to negotiations both bilaterally and at the region-to-region level. This is particularly stark in the case of palm oil, which is a major national industry for both Malaysia and Indonesia.

The other noteworthy EU's concern is political situation in some ASEAN member states. Democratic elections in Thailand are pre-condition for negotiations. The general election in last March surely has roused its alertness once more as former Thai prime minister Thaksin Shinawatra had alleged there were "a lot of irregularities" in the election.<sup>65</sup> And the EU has separately launched reviews in

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<sup>63</sup> See, e.g., UNCTAD, *Trade and Development Report 2018: Power, Reforms and the Free Trade Delusion* (New York and Geneva: United Nations, 2018).

<sup>64</sup> "Say No to Unfair Deals, Dominance: Dr. Mahathir," *Daily Express*, November 14, 2018.

<sup>65</sup> "Thaksin Concern over Thai Election," BBC News, March 26, 2019.

Cambodia and Myanmar with a view to excluding both from EBA preference scheme over political rather than economic consideration. The EU is not currently negotiating FTAs with Cambodia, Laos or Myanmar. However, each of these countries benefits from the most favorable preferences under the GSP, namely the Everything But Arms (EBA) scheme. The EBA scheme gives the 47 least developing countries—including Cambodia, Laos and Myanmar—duty free access to the EU for exports of all products, except arms and ammunition. However, in light of concerns over human rights, the EU has informed Cambodia that it will be excluded from the EBA scheme in 2019, unless it makes “clear and demonstrable improvements” to its human rights record.<sup>66</sup> The EU has also announced that Myanmar will be excluded from the EBA scheme unless its record on human rights improved. The EU has stressed that Myanmar “must uphold and respect the principles enshrined in [UN and ILO] conventions” to continue to enjoy duty-free access.<sup>67</sup>

The EU will be unwilling to make significant compromises on these issues: depth of liberalization, environmental and political concerns. The European Commission will be subject to scrutiny on these points, including from the European Parliament. The EU is, therefore, unlikely to be flexible on these points, making a compromise agreement more difficult to reach.

### *Identity-Building*

Identity is a complex and contested notion. In general, identity refers to an actor’s sense of being unique or distinctive because of physical and social attributes, values, and patterns of behavior. Identity is a function of two main factors, which are mostly subjective. One is how an actor sees itself. The other is how others or outsiders see that actor. The two are related but not identical. A person’s or group’s own sense of being distinctive may be stronger than the outsiders’ perception or recognition of it. For example, the sense of ASEAN identity is arguably stronger inside the grouping than when viewed by outsiders.<sup>68</sup>

Southeast Asia, currently a region of ten nations that comprise ASEAN, displays a remarkable degree of political, cultural, and economic diversity. Being located between China and India, and straddling the major sea lanes linking the Pacific and

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<sup>66</sup> Radio Free Asia (RFA), “Cambodia to Lose Preferential Trade Status with EU Amid Worsening Rights Record,” *Cambodia Daily*, October 6, 2018.

<sup>67</sup> European Commission, “Myanmar: EU mission assesses human rights and labour rights situation,” Brussels (31 October 2018) (<http://trade.ec.europa.eu/doclib/press/index.cfm?id=1936>).

<sup>68</sup> Amitav Acharya, “The Evolution and Limitations of ASEAN Identity,” in Aileen Baviera and Larry Maramis, eds., *ASEAN@50, Volume 4, Building ASEAN Community: Political-Security and Social-Cultural Reflections* (Jakarta: Economic Research Institute for ASEAN and East Asia, 2017), p. 26,

Indian Oceans, Southeast Asia is also exposed to a constant stream of external influences. Hence, ideas and identity in current Southeast Asia tend to be fluid and contested. Nonetheless, the growth of a long-term and relatively robust form of regionalism—ASEAN has created a sense of regional identity alongside the still distinctive national identities of Southeast Asian countries.<sup>69</sup>

Regional identity is not a cultural given, but something constructed out of self-conscious social interaction. Social theories, such as constructivism, do not treat identity as a given, or fixed, but as being a constant state of “process”. It is through socialization that states develop collective identities that ameliorate the security dilemma. Collective identities are “imagined” during, and as a result of, an actor’s or group of actors’ interaction within an institutional context. And the imagined collective identity, as well as the cohesion, of ASEAN faces a host of challenges, especially internal disunity fostered by the divisive policies of China in the context of an expanded membership, and the gap between capacity and the increasing number of transnational challenges it has to cope with.

In this context, the biggest and most serious surprise with far reaching consequences for Asia and the world would be the growth of Chinese influence to the extent that it reproduces the old tributary system or a Monroe Doctrine line sphere of influence over Southeast Asia. ASEAN countries in general would seek accommodation with, rather than confrontation with or containment of, China, even with respect to the South China Sea dispute. Despite China’s efforts to provide regional public goods through initiatives, such as the Asian Infrastructure Investment Bank and One Belt, One Road, most Southeast Asians are unlikely to embrace these parallel institutions at the expense of existing global and regional bodies, such as the Asian Development Bank (ADB), ASEAN Economic Community, or global bodies like the World Bank, International Monetary Fund and their bilateral ties with donor nations such as Japan, the EU, and the U.S.<sup>70</sup>

Development promotion, as a role played in EU’s inter-regionalism such as ASEM or EU-ASEAN FTA, is especially important in Southeast Asian economies. By involving a coherent and identifiable “other” in the form of the EU, the nature of identity that formed among the non-EU participants was influenced heavily by the identity associated with the EU. Inter-regionalism, then, has come to provide a locus within

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<sup>69</sup> Amitav Acharya, *The Making of Southeast Asia: International Relations of a Region* (Ithaca, NY: Cornell University Press, 2013).

<sup>70</sup> Acharya, “The Evolution and Limitations of ASEAN Identity,” pp. 35-36.

which a “public reality” could enable regions to talk to one another as regional actors.<sup>71</sup> At the present stage, this may represent no more than the “reactionary regionalism”, but the EU-ASEAN FTA has certainly contributed to the creation of a notion of regional identity through the delineation of “self” and “other”.<sup>72</sup> A possible trajectory of ASEAN’s regionness—an “oppositional” one may come to regard the EU as a counter-model for integration, particularly if the so-called “Asian values” debate accrues greater credence and Western calls for the ending of “crony capitalism” or Asian human rights abuses continue to locate the region as a negative other. Additionally, a “partnership” ASEAN may develop, representing a body of equal status to that of its European counterpart. The possibilities for “two-way” regionalism as espoused through ASEM, and in contradistinction to the EU-ASEAN FTA negotiations would suggest that this is possible, reinforced by an apparent Southeast Asian confidence to address some of its collective concerns as a group.

Alternatively, a “mirror” Asia may construct its own future through participation in fora such as ASEM and APEC, and in the face of a clearly defined other. In this formulation, the pursuit of intensified institutional mechanisms for the formalization of regional responses would be needed. To date, and in spite of the formal inclusion of the ASEAN Secretariat, this model has been actively resisted by many Southeast Asian participants, who would rather retain their own way of doing business than adopt Western norms wholesale.<sup>73</sup> In this way, inter-regionalism is important for Southeast Asia, not only for dealing with a growing EU, but also for enhancing the very formation of a sense of regional identity.

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<sup>71</sup> Gilson, “New Interregionalism? The EU and East Asia,” p. 312.

<sup>72</sup> Mark Beeson, “ASEAN Plus Three and the Rise of Reactionary Regionalism,” *Contemporary Southeast Asia*, 25(2) (August 2003), pp. 251-68.

<sup>73</sup> See, e.g., Gilson, “New Interregionalism? The EU and East Asia,” p. 24.