Nimitxay Thepphavanh¹

ASEAN-EU Relations: Laos in ASEAN-EU Relations

The Association of Southeast Asian Nations (ASEAN) is an important regional organisation in Southeast Asia. It has ten Member Countries with approximately 642 million people, a large market for foreign investors. The European Union (EU) is a dynamic organisation in the European region. It has 27 Member States with a population of approximately 446 million, where an essential destination for investment is coming from the ASEAN region. ASEAN and EU have kept their cooperation for decades not only on economic integration but also connectivity, environment, climate change mitigation and education. They aim to develop their relationship from a dialogue partnership to a strategic one.²

This paper analysed the ASEAN–EU relation regarding the aims and benefits of their cooperation. Furthermore, Lao People's Democratic Republic (Laos), an ASEAN Member Country, was studied as an example country in this paper. Since 1997, Laos has enhanced its cooperation with European countries under the Cooperation Agreement between them.³ In addition, it would be more beneficial to analyse how this country has influenced ASEAN–EU relations.

Keywords: ASEAN-EU relation, benefits of the relation, role of Laos

Introduction

Aims of the study

There are three main aims of this study. The first aim is to report general information about the Association of Southeast Asian Nations (ASEAN) as a key partner of the EU in Asia. It is exciting to explore how important it is for the EU. The second aim is to discover the relationship between ASEAN and EU. It is crucial to learn about their relationship in order to see benefits achieved by both sides. The final aim is to examine Lao People's Democratic Republic (Laos), as a Member Country of ASEAN, for a case study in ASEAN–EU relations. This case study will demonstrate how ASEAN–EU relations affect a country

PhD candidate, University of Szeged, Doctoral School of Law and Political Sciences, e-mail: nimitxay-thepphavanh@gmail.com

² European Union 2020.

Cooperation Agreement between the European Community and the Lao People's Democratic Republic 1997, Article 2.

in practices and how a Member Country influences the direction of the ASEAN-EU relationship.

Structure

This paper will be divided into an introduction and three main parts. The first part, after the introduction, provides an overview of ASEAN and specifies ASEAN's external relationship with the EU. The second part analyses the benefits of ASEAN–EU relations, using Laos as an example country. Then, the last part concludes the result of the study and provides a brief recommendation for this ASEAN–EU relation.

Methodology

Data and information mainly were sourced from the official web pages of ASEAN and institutions of the EU. Books and legal documents, namely the Charter of ASEAN, EU's Agreements and Laos's laws, and some online journals and documents, were used as information sources. The information and documents were reviewed, analysed and finalised in this paper by the author.

ASEAN general information

Overview of ASEAN

ASEAN – the Association of Southeast Asian Nations – was established on 8 August 1967 as a result of the Bangkok Declaration signed by five founding countries, namely Indonesia, Malaysia, Philippines, Singapore and Thailand. Its first expansion occurred in 1984, when Brunei Darussalam joined the association. Then, Vietnam joined in 1995, before Laos and Myanmar joined in 1997, and Cambodia lastly joined in 1999, forming the association with ten Member States. ASEAN sets itself under three basic principles, including respect for state sovereignty, non-intervention and renunciation of the threat or use of force in resolving disputes. Its objectives are to accelerate economic growth, social progress and cultural development in the region and to promote regional peace and stability.⁴

According to the Bangkok Declaration, also known as ASEAN Declaration, ASEAN has the following main aims and purposes:

To accelerate the economic growth, social progress and cultural development in the region through joint endeavors in the spirit of equality and partnership in order to strengthen the foundation for a prosperous and peaceful community of Southeast Asian Nations.

⁴ Lee 2006.



To promote regional peace and stability through abiding respect for justice and the rule of law in the relationship among countries of the region and adherence to the principles of the United Nations Charter.

To promote active collaboration and mutual assistance on matters of common interest in the economic, social, cultural, technical, scientific and administrative fields; to assist each other in the form of training and research facilities in the educational, professional, technical and administrative spheres.

To collaborate more effectively for the greater utilization of their agriculture and industries, the expansion of their trade, including the study of the problems of international commodity trade, the improvement of their transportation and communications facilities and the raising of the living standards of their peoples.

To promote Southeast Asian studies.

And to maintain close and beneficial cooperation with existing international and regional organizations with similar aims and purposes and explore all avenues for even closer cooperation among themselves.⁵

There are three pillars bracing the ASEAN Community. They are the ASEAN Political-Security Community, ASEAN Economic Community and ASEAN Socio-Cultural Community.⁶

The ASEAN Political-Security Community aims to keep peace in the region with justice, democracy and harmony.⁷

The ASEAN Economic Community consists of four sub-pillars for economic integration in the region. Firstly, a single market and production base provides five economic freedoms such as free flow of goods, services, investment, capital and skilled labour. Secondly, a competitive economic region integrates competitive policies, consumer protection, intellectual property rights, taxation and e-commerce, and infrastructure developing cooperation. Thirdly, equitable economic development helps reducing inequalities in the economic growth of ASEAN's member countries. Lastly, integration into the global economy addresses the further direction of ASEAN businesses to catch up with competitors in the market outside ASEAN as well as to bring more foreign investment to the region.⁸

The ASEAN Socio-Cultural Community is looking to improve people's quality of life via cooperative activities of all ASEAN's member countries in several sectors, namely culture and information, education, youth and sports, health, social welfare and development, women and gender, rights of women and children, labour, civil service, rural

Association of Southeast Asian Nations 2020a.

⁶ Association of Southeast Asian Nations 2020a.

Association of Southeast Asian Nations 2020b.

⁸ ITHAVONG 2015: 1.

development and poverty eradication, environment, transboundary haze-pollution, disaster management and humanitarian assistance.⁹

ASEAN's external relations with the EU

ASEAN has developed its external relations through friendly relations and mutually beneficial dialogue, cooperation and partnerships with countries and sub-regional, regional and international organisations and institutions. Among those external relations of ASEAN, the European Union (EU) is a remarkable partner. In 1977, the predecessor of the EU, the European Economic Community (EEC), became a Dialogue Partner of ASEAN. Then, they both signed the ASEAN–EEC Cooperation Agreement in 1980. The Nuremberg Declaration in 2007 addressed the ASEAN–EU Enhanced Partnership before it developed into the Bandar Seri Begawan Plan of Action to Strengthen the ASEAN–EU Enhanced Partnership in 2012. It focused on a wider range of regional cooperation, such as political-security, economic-trade and social-cultural cooperation.

The political-security pillar of ASEAN is being supported by the EU in the form of participation in some of ASEAN's forums and meetings, for instance, the ASEAN Regional Forum, the Post Ministerial Conferences, the ASEAN–EU Ministerial Meeting and the ASEAN–EU Senior Officials Meeting.¹²

In economics, ASEAN and the EU keep cooperating in trade via their regular consultations like the ASEAN–EU Senior Economic Officials, and ASEAN Economic Ministers and the EU Trade Commissioner Consultations. Moreover, they have ongoing trade negotiations as well, for example, the Bilateral Free Trade Agreement, and ASEAN–EU Comprehensive Air Transport Agreement. These will enhance their trading cooperation and relations in a more effective way.

Furthermore, ASEAN is also getting support from the EU through their socio-cultural cooperation. Especially, ASEAN's education, science and technology, environment and disaster management have been supported by the EU via the Regional EU–ASEAN Dialogue Instrument, as well as the EU Support to Higher Education in the ASEAN Region programme, and the High-Level ASEAN–EU Dialogue on Sustainable Development, and the High-Level Dialogue on Environment and Climate Change. 14

There are several programmes that ASEAN keeps cooperating with the EU under three pillars of ASEAN. They are the Sustainable Use of Peat Lands and Haze Mitigation in ASEAN, the Biodiversity Conservation and Management of Protected Areas in ASEAN, the ASEAN Regional Integration Support from the EU Plus, and the Enhanced Regional EU–ASEAN Dialogue Instrument.¹⁵

⁹ Association of Southeast Asian Nations 2020c.

Association of Southeast Asian Nations 2020d.

¹¹ Association of Southeast Asian Nations 2020e: 1.

Association of Southeast Asian Nations 2020e: 1.

Association of Southeast Asian Nations 2020e: 2–3.

Association of Southeast Asian Nations 2020e: 3.

Association of Southeast Asian Nations 2020e: 4.

ASEAN-EU relations

ASEAN is one of the region's leading economic players, among China, Japan and East Asia, that the EU has addressed in its 2007 policy guidelines for strengthening the cooperation. The main aims of the EU in this East Asia region are to enlarge the security partnerships with Japan, the Republic of Korea and Indonesia and to help ASEAN on security issues.¹⁶

ASEAN and the EU have been important partners for decades. They both continue to enlarge their regional integration to support each other's development. Their member states have created bilateral relationships among themselves, as well as between the EU and individual Member Countries of ASEAN. Currently, they are on their way to upgrading to a strategic partnership. 17

Since the 1970s, ASEAN and the EU have established their relationship starting from economic cooperation such as the ASEAN–EEC Cooperation Agreement in 1980. Then, the two organisations moved their partnership forwards to the beginning of an inter-organisational Free Trade Agreement in the 2000s and took a step further with bilateral agreements in $2009.^{18}$

As the EU foreign policy is a norm dealing with developing and managing international relations activities, the EU uses it as a tool to cooperate with outsiders regarding the interests of the union itself and its Member States. The national foreign policy of each Member State is not the EU's foreign policy, but it is a fundamental source of EU foreign policy-making. ¹⁹

In the 21st century, the EU aims are: to maintain and build up the peace established between its Member States; to bring European countries together in practical cooperation; to ensure that European citizens can live in security; to promote economic and social solidarity; to preserve European identity and diversity in a globalised world; and to promulgate the values that Europeans share.²⁰

The cooperation between ASEAN and the EU has not only focused on economic integration, connectivity, environment, climate change mitigation and education but also on maritime security, counterterrorism and transnational crime.²¹

Benefits of ASEAN-EU relation

In general, ASEAN–EU relations benefit all citizens in both regions because these two organisations look for regional cooperation and support to comply with the interests and wills of their citizens. They both share the same objectives to keep peace and security, increase trade and resilience, and build greater prosperity for all.²²

BARTÓK 2019: 152–154.

¹⁷ Camraux 2008.

¹⁸ Bartók 2019: 160–162.

¹⁹ Smith 2006: 8.

²⁰ Fontaine 2018: 4–9.

European Union 2020.

European Union 2020.

Notably, economic and political benefits are remarkable for both regions as a result of their cooperation. Because of their vast populations, about 642 million²³ in ASEAN and 447 million²⁴ in the EU, they mutually represent lucrative markets for trade. Both of them would have a larger market for selling their goods. Furthermore, this will increase the opportunity for investment in the partner's region. For instance, investors from the EU can easily reach ASEAN for their investment purposes, as ASEAN is running its developing process, so it needs more funds or foreign investments.

Since ASEAN is the third largest trading partner of the EU and the EU is the second largest trading partner of ASEAN, the EU's trade in goods with ASEAN was more than EUR 237.3 billion in 2018, and the EU accounts for approximately 14% of ASEAN trade. These evidences make the EU the largest investor in ASEAN countries, with EUR 337 billion foreign direct investment from the EU in 2017 granted into ASEAN account. ASEAN investment in the EU reached over EUR 141 billion in 2017.²⁵

Figure 1, derived from Eurostat's statistics, illustrates that the international trade in goods between the EU and ASEAN has increased from 2009 to 2019. The EU exports to ASEAN increased from EUR 44.1 billion in 2009 to EUR 85.5 billion in 2019, as well as the EU imports from ASEAN increased from EUR 57.9 billion in 2009 to EUR 125.1 billion in 2019. These growing numbers demonstrate the scale of the trading relationship between ASEAN and the EU, especially in providing a large number of goods for each other's consumption as an example of benefits gained from both sides.

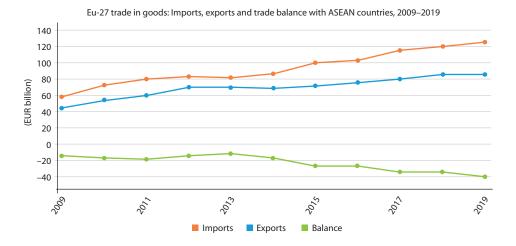


Figure 1: The EU trade in goods with ASEAN countries in 2009–2019

Source: https://ec.europa.eu/eurostat/statistics-explained/statexpservices/chart/index.

php?title=ASEAN-EU_-_international_trade_in_goods_statistics

European Union 2020.

²⁴ Statista 2020.

²⁵ European Commission 2020b.

European Commission 2020a.

Moreover, both ASEAN and the EU would gain political benefits from their relation, such as upgrading their international relations and creating a joint community. As both ASEAN and the EU are large communities with vast populations, their relationship would enhance their integrated cooperation and may upgrade their role on the global stage. For example, in the United Nations, ASEAN and the EU combined almost one over five of the hall as all member states of both ASEAN and the EU are members of the United Nations, or 37 out of 193 members, ²⁷ meaning that they are sitting in the important position in any negotiation dealing with the issue subjected to their two regions' interests whenever they both have discussed their common interests beforehand. Another example is that the EU is a member of the World Trade Organization (WTO), and it is so for each EU Member State, meaning that the EU has one extra voice in addition to its 27 Member States in the WTO; therefore, having a good relationship with the EU could help ASEAN achieve a better position in WTO negotiations. In addition to this benefit of ASEAN, the EU and ASEAN already have the voices of 38 out of 164 WTO memberships²⁸ (or about 23% of a total number of WTO members) to contribute to WTO decision-making.

Since both the EU and ASEAN are willing to have a strategic partnership and greater cooperation, ²⁹ their closer relation would fulfil their aims with a collaborative community where their two regions will get closer for enlarging collaboration, connectivity and prosperity. These include wider fields of cooperation such as maritime security, counterterrorism and transnational crime; more sectors in connectivity such as sharing information and education exchange; and helping each other develop and grow together in order to bring prosperity into their two regions.

Terrorism is a global issue challenging international and national security. On 24 August 2020, the terrorist attacks in Jolo, Sulu, the Philippines, killed and injured many people. In this regard, ASEAN shared its condolences with the people and Government of the Philippines during the ASEAN Foreign Ministers Meeting on 29 August. ASEAN strongly showed the intention to join the international cooperation to fight against terrorism. During the ASEAN Post Ministerial Conference 10+1 Session with the EU on 12 September 2020, the EU also expressed its condolences to the Philippines on the terrorist attacks in Jolo and strongly confirmed to stand by ASEAN fighting against terrorism and strengthening the ASEAN–EU relationship. 31

Moreover, ASEAN is facing a stressful situation regarding the South China Sea issue. At least four ASEAN Member Countries, namely Brunei Darussalam, Malaysia, the Philippines and Vietnam are claiming their sovereignty over their sea areas within the South China Sea, combating the claim of China. ASEAN is willing to have this issue solved peacefully and lawfully.³² It is so for the EU to encourage a peaceful and lawful settlement on the South China Sea issue under international law and maritime security.

United Nations 2020.

World Trade Organization 2020.

²⁹ Camraux 2008.

ASEAN Foreign Ministers' Statement on the Terrorist Attacks in Jolo, Sulu, the Philippines 2020, paras 1–2.

³¹ Chairman's Statement of the ASEAN Post Ministerial Conference (PMC) 10+1 Session with the European Union 2020, no. 9.

³² VALENCIA 2020.

The EU does not support any form of provocative and harmful actions or the use of force in solving the problem. The EU is not only standing by its partner, ASEAN, but also fighting for its interest in this disputed area, where about 40% of its foreign trade transports through this area.³³ Therefore, ASEAN–EU cooperation is vital for reaching their common goal of looking forward to seeing a peaceful and lawful solution to this issue.

An example country: Laos

As ASEAN has an external relationship with the EU, its Member Countries shall also have such relations with the EU. Especially one of the Member Countries of ASEAN, Laos, is a small country with a size of 236,800 km² and a population of 7.46 million. All Laos has created international relations with its neighbouring countries and other Member Countries of ASEAN. For instance, it has had a special relationship with Vietnam since 1977, an anormalised relationship and cooperation with China since 1989, heighbouring friendship with Cambodia, Thailand and Myanmar.

Since 1986, Laos, as a communist country like China and Vietnam, has opened its economy towards the global market where the rules of the liberalised market-oriented system have replaced the centralised economy. The main aim of the open economy is to link the Lao market to the globe and welcome foreign investors as well as investors from European countries. Moreover, Laos has not only created international relations with countries in the same region but also with other regions, especially with European countries. Laos has enhanced its cooperation with European countries since 1997 under the Cooperation Agreement between the European Community and Laos.³⁷

Laos has a close relationship with the EU, and gets support from the EU in building a brighter future for the Lao people via substantial development, the national reform agenda and its commitment to open markets. In 2016, a long-term cooperation plan between Laos and European partners, including the EU, Finland, France, Germany, Hungary, Ireland, Luxembourg, the United Kingdom and Switzerland was adopted in the name of the European Joint Programming document for Lao People's Democratic Republic 2016–2020. This cooperation plan mainly focuses on some specific sectors, namely agriculture and rural development, education, environment and natural resources, governance, health, nutrition and private sector development. For development sustainability, people need to be educated and healthy, the environment needs to be protected, and the government must support development by supporting laws,

³³ BORRELL 2020.

Worldometer 2022.

Laos-Vietnam special relationship represented the unique cooperation between the two countries since their national liberation revolutions during the 20th century when their people and soldiers fought together against the same enemy, facing the difficult time together and sacrifice themselves for helping each other liberate their countries (Global Security 2022).

³⁶ Global Security 2022.

³⁷ Cooperation Agreement between the European Community and the Lao People's Democratic Republic 1997, Article 2.

policies and a ruling system. The private sector needs to be encouraged to contribute more to economic development. With the assistance of the EU, as a development partner, Laos's development will be boosted faster.

Though Laos is a small country, it has a powerful voice, the same as other ASEAN Member Countries in ASEAN decision-making regarding the consensus decision-making style of ASEAN.³⁸ Meaning that a single country like Laos could equally influence ASEAN decision-making as well as the determination of ASEAN's direction to the relationship with the EU. Therefore, considering a closer relationship between Laos and European countries could guide a greater ASEAN–EU relation.

Conclusion

In 2016, ASEAN adopted its latest master plan, named the Master Plan on ASEAN Connectivity 2025, to enhance the development of five strategic areas. These areas are sustainable infrastructure, digital innovation, seamless logistics, regulatory excellence and people mobility. The first strategic area, sustainable infrastructure, aims not only to connect existing resources and support each other but also help delivering economic growth and good quality of life. The second strategic area aims to provide new digital services and share best practices among ASEAN Member Countries on open data by encouraging digital innovation in ASEAN. Seamless logistics is the third strategic site emphasising excellent logistics in ASEAN with less time and cost of transportation aimed to reach by cooperation between logistic firms, academic institutions and ASEAN Member Countries. The forth strategic area is regulatory excellence aiming to support standards harmonisation, mutual recognition and technical regulations. The last strategic area supports people mobility in ASEAN with more free-flow of skilled labour, university students and tourist movements within the region.³⁹

ASEAN has set this Master Plan to make itself more outstanding around the globe and interesting for other regional communities to get closer and cooperate with, as clarified in its vision that it targets to "achieve a seamlessly and comprehensively connected and integrated ASEAN that will promote competitiveness, inclusiveness, and a greater sense of Community". Especially for the EU to cooperate with ASEAN, the EU will get more economic and political benefits such as a larger market, outstanding investment opportunities, upgraded international relation and the exclusive joint community. For instance, investing in a developing country like Laos would be a good option for European investors to get their business started in the ASEAN region because they could spend less on the investment with some tax exemptions and lower wages, and earn more by selling products to ASEAN countries as a huge market in the region.

Though ASEAN and the EU are separated by a great distance, ASEAN develops in a similar way and learns from the experiences of the EU on its community building and

Report of the Eminent Persons Group on the ASEAN Charter 2006, 6.

Association of Southeast Asian Nations 2016: 9–10.

⁴⁰ Association of Southeast Asian Nations 2016: 9.

integration regarding the speciality of its regional identities and values. ⁴¹ Since the EU has already passed some processes of what ASEAN intends, for example, the EU has far passed a period of Free Trade Agreement integration, the EU has left instrumental lessons behind, including best practices and mistakes. They are valuable lessons for ASEAN to learn from EU experiences and take them into consideration on riding its own way effectively, trying to avoid the same mistakes, while developing the best practices to build the regional community in its way. Therefore, getting closer and strengthening its relationship with the EU not only assure the ASEAN community development but also supports ASEAN with assistance and cooperation from the longer experienced community named the EU.

In short, ASEAN–EU relations are significant and beneficial both for the ASEAN and the EU. They both benefit from growing their economies together with more significant markets merged and investment opportunities. With their relationship development, they have enlarged their cooperation, connectivity and prosperity with a collaborative community to upgrade their role in the global community. ASEAN and the EU have also shared the same commitment to living in peace and security, primarily to support a peaceful and lawful settlement on the regional issue and to fight against terrorism. Of their intentions to develop their communities better, the people of the two regions would be the ones who benefit the most from their cooperation. Thus, ASEAN–EU relations should last long with good faith and well-developed integration.

References

Association of Southeast Asian Nations (2016): Master Plan on ASEAN Connectivity 2025. Jakarta, ASEAN Secretariat.

Association of Southeast Asian Nations (2020a): About ASEAN. ASEAN, 5 September 2020. Online: https://asean.org/asean/about-asean

Association of Southeast Asian Nations (2020b): ASEAN Political-Security Community. ASEAN, 12 September 2020. Online: https://asean.org/asean-political-security-community

Association of Southeast Asian Nations (2020c): ASEAN Socio-Cultural Community. *ASEAN*, 12 September 2020. Online: https://asean.org/asean-socio-cultural

Association of Southeast Asian Nations (2020d): External Relations. *ASEAN*, 6 September 2020. Online: https://asean.org/asean/external-relations

Association of Southeast Asian Nations (2020e): Overview ASEAN – European Union Dialogue Relations. *ASEAN Secretariat's Information Paper*, 2020.

BARTÓK, András (2019): The EU and East Asia. In GÁLIK, Zoltán – MOLNÁR, Anna (eds.): Regional and Bilateral Relations of the European Union. Budapest: Dialóg Campus.

BEDUSCHI, Niccolo (2015): The New ASEAN Community in the Mirror of the European Community. Observer Research Foundation, 14 December 2015. Online: www.orfon line.org/research/the-new-asean-community-in-the-mirror-of-the-european-community/

⁴¹ Beduschi 2015.

- BORRELL, Josep (2020): Strengthening EU–ASEAN Partnership, an Urgent Necessity. *European Union*, 20 September 2020. Online: https://eeas.europa.eu/headquarters/headquarters-homepage/85434/strengthening-eu-asean-partnership-urgent-necessity_en
- CAMRAUX, David (2008): The European Union and ASEAN: Two to Tango? *Notre Europe*, June 2008. Online: http://eu-asiacentre.eu/pub_details.php?pub_id=263
- European Commission (2020a): ASEAN-EU International Trade in Goods Statistics. *Eurostat*, 19 September 2020. Online: https://ec.europa.eu/eurostat/statistics-explained/index.php/ASEAN-EU_-_international_trade_in_goods_statistics
- European Commission (2020b): Association of South East Asian Nations (ASEAN). *European Commission*, 19 September 2020. Online: https://ec.europa.eu/trade/policy/countries-and-regions/regions/asean
- European Union (2020): *Natural Partners. The EU and ASEAN*. Online: https://euinasean.eu/the-eu-and-asean
- FONTAINE, Pascal (2018): *Europe in 12 Lessons*. Luxembourg: Publications Office of the European Union.
- Global Security (2022): Laos Foreign Relations. *Global Security*, 27 March 2022. Online: www.globalsecurity.org/military/world/laos/forrel.htm
- ITHAVONG, Khamsai (2015): Lao PDR's Way into the ASEAN Single Market. *Giz*, November 2015.
- LEE, Seong Min (2006): ASEAN: Brief History and Its Problems. *Zum.de*, Fall 2006. Online: www.zum.de/whkmla/sp/0607/seongmin/seongmin.html
- SMITH, Karen E. (2006): *European Union Foreign Policy in a Changing World*. Cambridge: Polity Press.
- Statista (2020): Total Population of the European Union (EU) 2020. *Statista*, 19 September 2020. Online: www.statista.com/statistics/253372/total-population-of-the-european-union-eu
- United Nations (2020): About the UN: Overview. *UN*, 19 September 2020. Online: www. un.org/en/sections/about-un/overview/index.html
- VALENCIA, Mark (2020): After ASEAN Summit, Little Change on the South China Sea. *The Interpreter*, 1 July 2020. Online: www.lowyinstitute.org/the-interpreter/after-asean-summit-little-change-south-china-sea
- World Trade Organization (2020): Members and Observers. WTO, 19 September 2020. Online: www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm
- Worldometer (2022): Laos Population (Live). *Worldometer*, 28 March 2022. Online: www. worldometers.info/world-population/laos-population