

Introduction

In May 2007, the European Union launched its New Partnership for the 21st Century with Asia. The initiative consisted of simultaneous negotiations for free trade agreements with India, Korea and ASEAN.

With this move, the EU, which leads the world in number of signed FTAs and EPAs, now effectively covers the entire globe and in a better position to compete against fellow economic superpowers- the US, Japan, and China.

The Association of Southeast Asian Nations (ASEAN) is likewise already entangled in a web of bilateral and regional free trade agreements. Individual member countries of ASEAN are involved in a total of 128 FTAs in varying stages of development. ASEAN as a bloc is involved in six other FTAs with Australia and New Zealand, China, the EU, India, Japan, and South Korea. An East Asia Free Trade Agreement, covering the Plus Three countries (China, Japan, Korea) and the other East Asian Summit countries (India, Australia and New Zealand), has also been proposed.¹ According to another estimate, the larger East Asian region has signed a total of around 70 bilateral trade and investment deals.²

The proposed EU-ASEAN FTA aims for reciprocal and progressive liberalization of substantially all goods and services, and the inclusion of the so-called Singapore issues – of investment, competition policy, government/ public procurement, and trade facilitation- already rejected by developing countries in the WTO Doha Round negotiations. The proposed agreement would also target regulatory frameworks and establish standards and conformity assessments, which aim to create a more conducive environment for business. The negotiations are targeted to be completed in two to three years time.

Trade and Regional Integration Strategies

The negotiations for a regional FTA represent a key component of both the global and regional economic integration strategies of both the EU and ASEAN.

For the EU, its ambition to become the most globally competitive economy is outlined in the *Global Europe Strategy* which is the Union's over-arching framework for trade and regional integration. The strategy involves dismantling trade barriers with particular emphasis on non-tariff barriers, promotion of open trading regimes in and outside EU, development of the internal market-continuing the process of EU integration, establishing global rules and standards, protection of intellectual property rights (IPR), the conclusion of the Doha Round, and bilateral and regional FTAs particularly in the Asian region, where EU's presence is not that strong compared to the United States, Japan and China

Over the last decade, ASEAN has also endeavored to consolidate an agenda for regional integration. ASEAN Vision 2020 charts the path for an “outward and forward looking ASEAN, living in peace, stability and prosperity, bonded together in partnership in dynamic development and in a community of caring societies”. A series of action plans and programmes- the Hanoi Plan of Action (1999-2004) and

¹ Jenina Joy Chavez, Building Community: The Search for Alternative Regionalism in Southeast Asia from Revisiting Southeast Asian Regionalism. Focus on the Global South. December 2006

² Richard Baldwin. Managing the Noodle Bowl: The Fragility of East Asian Regionalism. ADB Working paper series on regional economic integration no. 7. Asian Development Bank. February 2008

the Vientiane Action Programme (VAP) (2004-2010) - have been developed to operationalize the vision. The VAP outlines the goals and strategies towards the establishment of comprehensive ASEAN Community founded on the three pillars of political and security cooperation, economic integration and socio-cultural cooperation.

ASEAN Charter and Economic Community Blueprint

Two major developments took place in the ASEAN Summit in Singapore in November 2007. The first was the signing of the ASEAN Charter, which confers legal personality to ASEAN and institutes mechanisms for decision-making and closer coordination among Member states. With regard to trade negotiations however, the Charter only went so far as providing the mandate to the ASEAN Coordinating Council (comprised of Foreign Ministers) to prescribe the procedure for ASEAN to conclude agreements with countries or sub-regional, regional and international organizations and institutions.

The second important development was the adoption of ASEAN Economic Community Blueprint (AEC), which will establish ASEAN as a single market and production base guaranteeing free flow of goods and services, investments and capital, as well as greater mobility of skilled labor.

The AEC blueprint also aims to strengthen ASEAN's economic competitiveness thru the adoption and strengthening of policies on competition, consumer protection, intellectual property rights, and strengthening cooperation in such areas as transportation, infrastructure, energy and mining as well as ensure equitable economic development thru the development of small and medium sized enterprises (SME) and the Initiative for ASEAN Integration (IAI), which is aimed at accelerating economic development of the less developed ASEAN Member countries and narrowing the development gap in the region.

The fourth component of the blueprint is defining and fine-tuning approaches and strategies towards ASEAN's integration into the global economy. The blueprint aims to establish a system for enhanced coordination, and possibly arriving at common approaches and/or positions in ASEAN's external economic relations and in regional and multilateral fora.

Shifting approach from regional to bilateral

A distinct feature of the negotiations between the EU and ASEAN is the region to region approach to the negotiations.

In an attempt to fast track the EU-ASEAN FTA negotiations, four "exchange of views" meetings were held last year. These talks however failed to generate the needed momentum prompting the increasingly frustrated EU to announce a possible shift to a bilateral approach to the negotiations. The EU has been known in the past to employ such tactics in order to achieve its goals in trade negotiations. Just last year, it threw out the prospects of a regional deal with the Community of Andean Nations (CAN) opting instead to move ahead with bilateral deals with Peru and Colombia, sidestepping the opposition of Bolivia and Ecuador.

Whether or not the EU will make good its threat to go bilateral with ASEAN is something that should be closely monitored especially in the wake of ASEAN's own assertions of regional unity with the historic adoption of the ASEAN Charter.

EU-ASEAN Partnership

EU and ASEAN are determined to pursue their respective goals of greater regional economic development. Both see the expansion of markets for trade in goods and services and the easing of restrictions on investments as central strategies towards the attainment of their goals. There is a consensus among EU and ASEAN states to anchor regional integration on the free market corporate-driven paradigm with the pursuit of free trade and economic partnerships agreement as key element of the strategy.

Behind the numbers

As the country researches in this publication show, at least based on the economic numbers, the relationship between these two regions is significant. The EU is an important dialogue partner of ASEAN. The EU is ASEAN's third largest trading partner with over-all trade valued at around 100 billion euros. The EU is the major source of investment in ASEAN representing 25 % of total investments in the region valued at around US \$13 billion. Economic relations between the two regions are also complemented by a host of cooperation agreements that are anchored on EU Aid to the region.

The aggregate economic figures however mask another reality. EU and ASEAN are two economically diverse regions facing a range of different economic, social, cultural and environmental challenges. In Southeast Asia alone, the asymmetry is already stark. The richest country in the region for instance which is Singapore has a per capita GDP of US \$25,207 compared to Myanmar (Burma) with a per capita GDP of only \$166 (only 0.6 percent of Singapore's per capita GDP).

Singapore likewise corners the FDI flows in the region. Of the \$25 billion FDI that flowed into ASEAN, \$16 Billion or 64 % of FDIs went to Singapore. Malaysia is a far second cornering \$4 billion or 16 %, followed by Vietnam with \$1.6 billion or 6%. The Philippines is in 6th place with FDI amounting to \$469 million or a mere 1.6 % of FDIs in the region.

In terms of merchandise exports, Singapore tops the list again with exports in 2004 amounting to \$197 billion and Lao-PDR on the tail end with merchandise exports of only \$363 million or a mere 0.1 % of the level of Singapore's exports. Philippine exports amounting to \$38 billion or 19 % of Singapore's export level.

In terms of migrants, the region has both migrant sending (like Indonesia and the Philippines) and migrant receiving (Thailand, Malaysia and Singapore) countries. Irregular migrants number 2.6M, 82% of whom are Indonesians and Filipinos. Malaysia and Thailand receive 83% of these migrants.

What will be the effect of the FTA on economic development in Southeast Asia? How will the proposed agreement affect the asymmetries within the region? Will it help address the development gaps that exist within the region or will it only exacerbate the disparities and widen the development divide?

The EU-ASEAN FTA Campaign initiated in 2007 a research project that would examine the nature and scope of EU-ASEAN Relations. The first phase of that project was the conduct of country-level studies. We have so far been able to complete studies in Indonesia, Philippines and Thailand and we expect reports from Vietnam and Malaysia very soon.

The country level reports are intended to provide campaigners with background information on the extent of EU relations with particular ASEAN member countries. The reports outline the key areas of interests for both EU and ASEAN and therefore would correspond to key areas in the FTA negotiations.

We hope that through solid research work and critical analysis anchored on strong participation and inputs from various sectors and communities that the campaign could contribute towards an informed public debate on the EU-ASEAN FTA across Southeast Asia and Europe.

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Resisting the EU-ASEAN FTA

Notes from the Campaign

A few months before the formal launch of the negotiations for a comprehensive trade deal between the European Union and the Association of Southeast Asian Nations (ASEAN), a number of groups met with representatives of the European Commission Delegation in the Philippines led by the Head of Delegation, Ambassador Alistair McDonald to discuss the concerns of groups from the two regions over the proposed EU-ASEAN FTA.

We discussed among others the process of the negotiations and the need for a more transparent and participatory process. We also took up the issue of the nature and scope of the proposals and articulated our concerns over the possible threats that an ambitious deal would have on people's livelihoods.

On the process issues, the Ambassador made it clear that the Commission adheres to the policy of "full public consultation in all FTAs and EPA negotiations process". But as far as their counterparts in ASEAN is concerned, the only thing that the EU can do according to the Ambassador is to "support and encourage" their counterparts to do the same.

On the substantive issues, Mr. Gabriel Munuera Vinals, the head of the political, economic and trade section of the EC office in the Philippines, responded by saying that the EU-ASEAN FTA negotiations is different from say the EU-ACP EPA negotiations since he considers ASEAN a much stronger negotiating party even as they recognize the disparities within ASEAN economies.

This sums up very well the context of our continuing campaign to stop the EU-ASEAN FTA. It is a campaign to reclaim the peoples' right to information and participation against the tide of secrecy hounding the negotiations. It is a campaign to expose the lopsidedness of the deal and the threats it poses to jobs and livelihoods. It is a campaign to organize and consolidate the peoples' resistance across Europe and Southeast Asia.

The Campaign in 2008

The negotiations have not gone as well as the parties hoped for. In an effort to boost the talks, both EU and ASEAN issued a Joint Statement on the occasion of the ASEAN Summit in Singapore in November 2007. This was more of a political signal of reaffirming their commitment to expedite the FTA negotiations.

Spurred by this development, the then Director General for Trade of the European Commission Peter Mandelson released soon after a report targeting four "exchange of views" meetings in 2008. These Joint Committee Meetings (JCM) between EU and ASEAN were envisioned to then pave the way for the start of formal negotiations. The first JCM happened in Brussels in February with both parties continuing the discussions on the negotiating framework and process. The second JCM happened in Bangkok, with discussions moving forward on such issues as trade facilitation but was stymied on the issue of Burma. The third JCM happened in Manila in late June with the EU already forwarding "non-papers" on several issues and with the discussion focused on services. The final JCM meeting for 2008 took place in October in Hanoi. Below expectations was how EU trade negotiators characterized the Hanoi meeting and they criticized some ASEAN trade negotiators as "obstructionists".

In April, the network consolidated proposals for actions and activities for 2008 in order to respond to the developments in the negotiations. In meetings in Bangkok (April 3) with FTA Watch and in Brussels (April 5-11) during the International Strategy Meeting on EU FTAs spearheaded by the Seattle to Brussels Network, the regional campaign network on the EU-ASEAN FTA finalized plans to organize events around the Manila and Hanoi JCMs in June and October respectively.

In the International Strategy Meeting in Brussels, the network presented its analysis on the EU-ASEAN FTA, facilitated and participated in strategy and planning sessions and joined around 100 campaigners from Asia, Europe, North America, Latin America, Africa, Pacific and Caribbean countries in a mobilization outside the headquarters of the European Commission.

In the Philippines, sectoral caucuses were conducted from late May (labor and thematic caucuses) to June (Peasants, Urban Poor, Women) and were followed by a national assembly of the Philippine network on June 16. The sectoral caucuses firmed up the sectoral perspectives on the proposed FTA, identified key issues and defined action points. The national assembly was the platform for consolidating a national consensus on the FTA and firming up the national campaign plan.

Philippine groups met in May with European Commission (EC) representatives in Manila together with a representative of Ecorys a European consultancy firm commissioned by the EC to conduct the Trade Sustainability Impact Assessment (TSIA) of the EU-ASEAN FTA.

The regional strategy meeting dubbed the ASEAN Peoples Caucus was successfully organized by the network from June 23-25 2008. Over 100 trade activists from national campaign networks in Malaysia, Indonesia, Thailand, and Vietnam joining their Philippine counterparts, participated in the regional strategy meeting. The three day meeting firmed up consensus on regional level campaigns and activities on transparency and participation and the trade sustainability impact assessment (SIA) as well the common understanding and coordination on national level campaign plans and strategies.

An open letter to ASEAN leaders was also drafted and presented to ASEAN negotiators in a dialogue which took place in June 26 organized by the ASEAN Secretariat with the help of the SAPA use full name Working Group on ASEAN

Malaysian colleagues hosted in August, the ASEAN Labor Caucus against the free trade agreement where an initiative to develop plans for a Labor-based alternative Trade Agenda as well as coordinated Labor Week of Action against the EU-ASEAN FTAs in December was hatched.

Following the publication of its national research, Indonesian trade activists continued to hold information and education campaigns to raise public awareness about the impact of the FTA on Indonesia, and mobilize affected sectors to action. In early October, the Vietnamese campaigners spearheaded a roundtable discussion on the EU-ASEAN FTA to build capacity of Vietnamese civil society and people's organizations and to enable exchange of information and experiences between the Vietnamese and ASEAN as well as other southern trade campaigners and advocates.

Trade activist-colleagues in Thailand were supposed to host another ASEAN gathering and mobilization around the EU-ASEAN FTA last December 13-15, 2008 as part of the ASEAN People's Forum (APF). The APF was however cancelled and subsequently rescheduled to February 2009 in Bangkok, owing to

the political turmoil in Thailand last December and which eventually led to a change in government in Thailand.

The Europe end of the campaign is anchored by 11.11.11 and the Transnational Institute. Many of the activities so far have been carried out within the Seattle to Brussels (S2B) network and in the context of a broader campaign on Global Europe. Specific EU-ASEAN advocacy activities have been carried out towards the European Commission, European Parliament and national parliaments in the UK, Belgium, Germany and the Netherlands as well as Trade Ministries and trade unions across Europe. Public awareness raising events have taken place in these same countries.