

EU trade relations with ASEAN –

Brussels, 7 May 2008

The Association of South East Asian Nations (ASEAN) encompasses 10 South East Asian countries: Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Burma/Myanmar, Philippines, Singapore, Thailand and Vietnam). The ASEAN region is the fifth largest export market of the EU and the fifth largest trading partner of the EU. The EU is the second largest trading partner for most countries in ASEAN after the US. ASEAN exports to the EU are account for about 13% of its total exports. EU exports to ASEAN account for around 4% of its total exports.

ASEAN was identified by Global Europe as an ideal FTA partner because it combines high barriers to many EU exports with huge market potential. The FTA is also planned to focus on areas not currently covered by WTO rules such as investment, trade in certain services and the removal of non-tariff barriers.

Building region to region ties

The EU and ASEAN have focussed on promoting region-to-region economic relations. Last year ASEAN celebrated the 40th anniversary of the founding of its regional cooperation process. In October 2003, ASEAN leaders at their 9th Summit Meeting signed the Bali Concord II, a landmark treaty for the future integration of ASEAN, calling for the creation of an ASEAN Community by the year 2020. At their 13th Summit Meeting in Singapore last November, ASEAN Leaders approved the Blueprint of the ASEAN Economic Community, which sets the roadmap for economic integration by 2015 (five years earlier than previously foreseen).

The Trans-Regional EU-ASEAN Trade Initiative (TREATI)

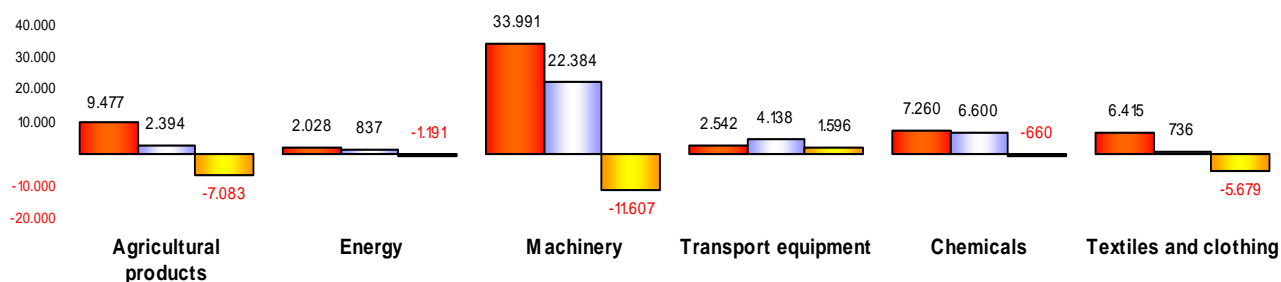
In 2003 the EU and ASEAN launched the Trans-Regional EU-ASEAN Trade Initiative (TREATI) as a framework for dialogue and regulatory co-operation between the two regions. The priority areas for co-operation under TREATI are closely linked to ASEAN's own moves towards closer economic integration: sanitary standards agriculture and fisheries, industrial product standards and technical barriers to trade. It also covers closer cooperation in investment. The positive experience with the TREATI encouraged both sides to consider deeper economic integration through an FTA. In April 2007 the European Commission was given a mandate by European Member States to negotiate an FTA with countries of ASEAN, as part of the Commission's Global Europe strategy. These negotiations were launched in May 2007

The benefits of an FTA

Independent research commissioned by the European Commission suggested that the likely economic benefits for both ASEAN and the EU from an EU-ASEAN FTA were considerable. ASEAN could see its exports to the EU rise by 18.5% - and expect economic gains equivalent to 2% of its GDP by 2020. The EU could see its exports to ASEAN increase significantly - also increasing total EU global exports by almost 2%. One of the biggest areas of gains for both sides would be in the area of businesses services – one of the key reasons why the EU-ASEAN FTA needs to tackle services trade.



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EU goods trade with ASEAN by key products 2006 (imports, exports, balance; million euro)

Year	Imports	Yearly % change	Share of total EU imports	Exports	Yearly % change	Share of total EU exports	Balance	Imports + Exports
2002	67.731		7,19	40.513		4,50	-27.218	108.244
2003	65.770	-2,9	6,99	39.247	-3,1	4,47	-26.523	105.017
2004	69.105	5,1	6,69	42.880	9,3	4,45	-26.224	111.985
2005	71.137	2,9	6,02	45.012	5,0	4,24	-26.125	116.149
2006	78.190	9,9	5,79	48.422	7,6	4,15	-29.768	126.612
3m 2006	19.765		5,99	11.540		4,19	-8.225	31.305
3m 2007	20.031	1,3	5,83	12.423	7,7	4,24	-7.608	32.453

EU-ASEAN Trade 2002-2007 (million euro)

For more on EU-ASEAN trade relations or the Global Europe FTAs visit:
http://ec.europa.eu/trade/issues/bilateral/regions/asean/index_en.htm