



EUROPEAN COMMISSION

Karel De Gucht

European Commissioner for Trade

EU-ASEAN: An efficient machine for the next 45 years

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

Friends of Europe Policy Summit: "ASEAN at 45: Regional Hopes, Global Clout" /Brussels

19 June 2012

Ladies and Gentlemen,

When a tsunami hit Japan and rains flooded Thailand last year, the local and human impact of the disasters was immediately clear.

The full economic repercussions took longer to understand. But it eventually became just as plain that they stretched far beyond those countries to reach Europe's shores.

Similarly, faced with the drama of our current economic difficulties in Europe, we may also first think about the consequences for people here. But over these last few months, we are beginning to understand that they too have a broader impact. Growth is slowing across the world, even in the dynamic economies of South East Asia, and the situation in Europe is one of the factors.

By the same token, when Europe emerges from its current difficulties, Asian nations will also benefit. Sometimes people underestimate our willingness to defend our common project, but I can assure you that we are putting our money where our mouth is.

These examples remind us that we can no longer think of our economies as closed systems. The world economy is a complex machine. A problem in one of the engines is felt throughout. Blockages in the transmission system will mean that the whole machine slows down.

If this is true then the solution to our current difficulties is twofold. Certainly we must attend to the problem in the sputtering engine. Europe knows it has work to do to get its cylinders firing. And I can assure you that our hands are already dirty.

But we also need to free up the transmission system. Even if all our economic engines were roaring ahead, barriers to trade and investment across the world would still be slowing us down.

What the world needs today is more economic integration, not less.

That is why Europe and ASEAN need to come closer together, not farther apart.

That is why regional integration within South East Asia offers so much potential.

And that is why we must be on guard against the temptations of protectionism in both regions.

Our most recent statistics tell us that EU-ASEAN trade topped 200 billion euro last year. The European Union is ASEAN's main export destination. Europe is also the biggest investor in ASEAN: About a quarter of all foreign direct investment into ASEAN comes from European companies. In 2010 alone, over 22 billion euro in new investment arrived from Europe.

But even in a time of global economic difficulties there is still a great untapped potential in this relationship. Europe needs the still fast pace of ASEAN's growth. ASEAN needs the still deep pockets of our consumers.

We are therefore collectively working to deepen our commercial ties through new and comprehensive trade agreements.

With Singapore we have made most progress to date. This is perhaps to be expected given that it is a country for whom trading comes as second nature.

I believe there is a good chance we can finish negotiations this year, if both sides make a last effort to bridge the final gaps. If we deliver, it would be a boost to both our economies and provide a good reference point for other negotiations. It would also be our second high calibre agreement in Asia, building on our success with Korea. This would send a strong message about Europe's commitment to the region.

We have also been working very hard with Malaysia, another key partner. Here again we are making progress, but will need some more time to get closer to the finishing line.

The next step will be to launch negotiations with Vietnam. We will announce this with Minister Hoang next week here in Brussels, and the first negotiating round should take place just after the summer break. The potential for both sides is enormous.

After that, my door remains open. We are continuing our contacts with a number of other ASEAN Member States, including Indonesia, the Philippines and Thailand, and Europe will be ready to move whenever they are.

I would be remiss not to also mention Myanmar specifically. We have recently seen remarkable progress on political reform by the Myanmar government. Europe has recognised this by suspending all our sanctions except for the arms embargo. This is an opportunity for a major boost in our cooperation but is not the end of the process: Europe will be closely following continuing political developments in Myanmar. It is in that light that we will eventually consider any other steps forward with that country.

These contacts with individual ASEAN Member States are important. But Europe's ambitions for our relations with ASEAN do go beyond dealing with each country one by one.

If the global economy is an interconnected machine, regional economies are even more so. Freeing up the transmission of growth within regions is just as important. Europe's Single Market is the proof of that.

Compared to trade among the Member States of the European Union, trade within ASEAN is still low. It represents less than 30% of the total trade of ASEAN's Member States, as opposed to 60% in Europe's case.

However, ASEAN's own integration process is gaining momentum. The project to complete the ASEAN Economic Community by 2015 is inspiring. It will free up commercial flows, allowing companies to expand and encouraging investment. The region's 600 million people stand to gain, through job creation and a greater choice of goods at more competitive prices.

That is why Europe continues to support those efforts.

We have considerable know-how to share from our own experience and we are working together on a number of concrete cooperation programmes.

We direct these both to the ten ASEAN Member States individually and to the ASEAN Secretariat in Jakarta. Between 2007 and 2013 we will have financed programmes worth almost 1.4 billion euro. On top of this, several of our Member States have their own bilateral cooperation programmes.

These funds support the building of expertise in vital areas for ASEAN integration. They include customs, standards, intellectual property rights and the single civil aviation market.

But we do not stop at cooperation. Our ambition for our future trade relations with the region is not only to have a series of bilateral relationships, as at present. Instead we see our current negotiations as stepping stones on the way to an agreement with the entire region.

We are not quite ready for that yet. Before embarking on such a challenging project, there needs to be confidence on both sides that it will succeed. Our aim is to build that confidence by establishing a critical mass of liberalisation at the country level first.

ASEAN's own integration process will also contribute, particularly when the 2015 target for the ASEAN Economic Community can be achieved.

But when the time is right, the European Union will be ready.

I say this because I know that if we remove the barriers to the free flow of trade and investment the efficiency of our collective economic machine will be boosted.

Which is why it is puzzling when we see efforts to throw a spanner in the works.

Two weeks ago the Commission released a report on protectionist actions by G20 governments. This the ninth time we have done this since the beginning of the financial crisis of 2008.

It makes for worrying reading. Up to now we have all been relieved that the feared protectionist response to the crisis had largely been avoided. We did see governments make some unfortunate decisions but the scope of those decisions remained limited.

However, this latest report has found a staggering increase in protectionism. 123 new trade restrictions have been introduced over the last eight months – a rise of over 25%. Some of the problems highlighted are even happening within the ASEAN region.

I think it is crucial that we are all aware of this real risk to our economies.

Of course, as always, the Commission is closely studying these barriers to see if they break any WTO rules. We will certainly not hesitate to enforce our rights if they do.

But I also want to stress again the commitment of the G20 not to engage in this kind of action because protectionism is not the right path to follow. The countries that grow the fastest in today's world will be those that have the smoothest and most efficient economies, not those where the state gets in the way of commerce and innovation. A protectionist path is not a path to riches, but to slower growth.

But let me end on a more positive note.

ASEAN's 45 years of cooperation are an achievement to be celebrated, especially as the region stands on the threshold of even greater accomplishments.

Throughout all of that period Europe has been, perhaps uniquely, fascinated by ASEAN's progress.

It is fitting, then, that just as ASEAN integration comes of age the EU-ASEAN relationship is poised to do the same.

We have chance now to take care of all the bumps and glitches that limit the efficiency of our trade and investment relationship.

If we take it we will have a well-oiled machine to drive our collective prosperity over the next 45 years.

It is a chance we need to seize.

Thank you very much for your attention.