

# EUROPEAN UNION TRADE AGREEMENTS WITH SINGAPORE AND VIETNAM DO THEY SERVE AS MODELS FOR A REGION-WIDE ARRANGEMENT WITH ASEAN?

**Raimondo Neironi**

In April 2021, the European Council approved conclusions on a comprehensive strategy for cooperation in the Indo-Pacific.<sup>1</sup> Amid significant challenges stemming from the COVID-19 pandemic and the Sino-American rivalry, the European Union (EU) has maintained that one of the long-term pillars of its engagement efforts in the region is its progress towards founding an 'open and fair environment' for trade and investment. As a result, Brussels is committed to building a set of 'ambitious' free trade agreements with certain Asian partners: in particular, the EU plans to strengthen trade negotiations with the Association of Southeast Asian Nations (ASEAN), its strategic partner since December 2020.

<sup>1</sup> Council of the European Union (2021), Council conclusions on an EU Strategy for cooperation in the Indo-Pacific, 16 April ↗.

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Before the COVID-19 pandemic came along and disrupted economies worldwide, total trade between the EU and the ASEAN had risen sharply from EUR 201.9 billion in 2015 to EUR 240.4 billion in 2019 (Table 1). Manufactured goods spearheaded the entire process, with 84% of annual export value and 87% of import value respectively traded between the two partners, particularly machinery, transport and telecommunication equipment, and chemical products. In 2020, Singapore was the largest ASEAN destination for EU goods exports, while Vietnam was the largest ASEAN country of origin for EU goods imports.

<sup>2</sup> German Chambers ASEAN Business Council, ASEAN Snapshot 2019

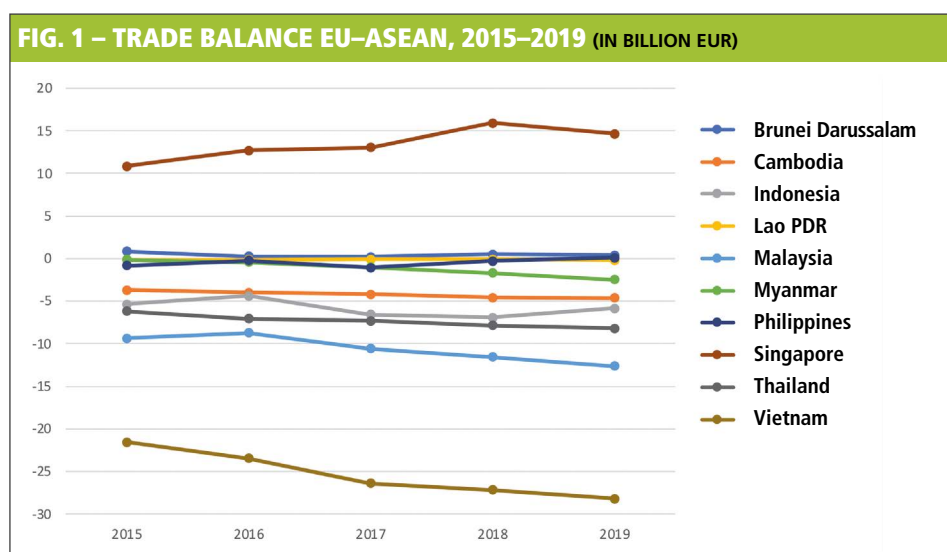
On the European side, Germany was the largest EU exporter of goods to ASEAN countries with a value of EUR 27.8 billion,<sup>2</sup> while the largest importer of goods from ASEAN countries was the Netherlands (over EUR 30 billion).<sup>3</sup>

<sup>3</sup> United Nations Comtrade Database, accessed 5 September 2021.

The trade deficit grew from EUR -35.6 billion in 2015 to EUR -47 billion in 2019. The case of Myanmar can be considered noteworthy: within the space of five years, the trade deficit rose dramatically (from EUR -135.1 million in 2015 to EUR -2.5 billion in 2019), driven by Burmese exports to the EU – where the figure jumped from EUR 682.4 million to EUR 3.1 billion. However, total trade has picked up everywhere, Brunei Darussalam and Timor-Leste (which has not joined ASEAN yet) aside (Table 1). Of the ASEAN member states, the EU reported a trade surplus with Brunei Darussalam (EUR 388.5 million) and Singapore (more than EUR 14.7 billion), whereas the trade deficit with Vietnam soared 33% to EUR 28.2 billion over the same period (Figure 1).

TAB. 1 – TOTAL TRADE IN GOODS AND TRADE BALANCE, EXTRA-EU-28 TRADE BY ASEAN AND SOUTHEAST ASIAN COUNTRIES AND BY TOTAL PRODUCTS, 2015 AND 2019 (IN MILLION EUR)								
Partner	2015				2019			
	Imports	Exports	Total trade (imports+exports)	Trade balance	Imports	Exports	Total trade (imports+exports)	Trade balance
Brunei Darussalam	40	862.3	902.3	822.3	7.6	396.1	403.7	388.5
Cambodia	4,147.7	463.9	4,611.6	-3,683.8	5,613.8	984	6,597.8	-4,629.8
Indonesia	15,355.3	9,997.6	25,352.9	-5,357.7	16,003.7	10,144.3	26,148	-5,859.4
Lao PDR	238.7	123	361.7	-115.7	311.6	106.2	417.8	-205.4
Malaysia	22,748	13,371.1	36,119.1	-9,376.9	27,107.9	14,498.9	41,606.8	-12,609
Myanmar	682.4	547.3	1,229.7	-135.1	3,116	645.3	3,761.3	-2,470.7
Philippines	6,992.8	6,157.9	13,150.7	-834.9	8,085.2	8,192.1	16,277.3	107
Singapore	18,977.9	29,832.9	48,810.8	10,855	20,351.3	35,022.4	55,373.7	14,671.1
Thailand	19,573.9	13,393.7	32,967.6	-6,180.2	23,118.9	14,941.9	38,060.8	-8,177
Timor-Leste	6	30.4	364	24.4	4.8	14	18.8	9.2
Vietnam	29,998	8,429.9	38,427.9	-21,568.2	39,985.6	11,786.9	51,772.5	-28,198.8
<b>ASEAN</b>	<b>118,754.8</b>	<b>83,179.6</b>	<b>201,934.4</b>	<b>-35,575.3</b>	<b>143,701.6</b>	<b>96,718</b>	<b>240,419.6</b>	<b>-46,983.6</b>

Source: EUROSTAT [EXT\_LT\_MAINEU\_custom\_1138399]



Source: Author's elaboration on EUROSTAT data

In 2019, Singapore, Vietnam and Malaysia drove most of the EU-28 share of total trade, with more than half (Table 2), followed by Indonesia and Thailand, i.e., the two largest Southeast Asian economies.

**TAB. 2 – SHARE OF TOTAL EU-28–ASEAN TRADE, BY TOTAL PRODUCTS (2019)**

PARTNER	SHARE OF TOTAL TRADE (2019)
Brunei Darussalam	0.17%
Cambodia	2.74%
Indonesia	10.88%
Lao PDR	0.17%
Malaysia	17.31%
Myanmar	1.56%
Philippines	6.77%
Singapore	23.03%
Thailand	15.83%
Vietnam	21.53%
<b>ASEAN</b>	<b>100%</b>

Source: EUROSTAT [EXT\_LT\_MAINEU\_custom\_1138399]

There is neither a free trade agreement (FTA) nor an investment deal between the EU and ASEAN to date, and within the Association there are also very mixed views on the opportunity to carry on with open-ended discussion of an interregional accord. Conversely, Brussels has signed a couple of groundbreaking FTAs with Singapore and Vietnam that provide specific objectives: removing duties, taxes or other import fees for goods traded between the countries; ensuring a more stable and shared legal framework on trade and investment; offering adequate protection in cases of breaches of the rules; and ensuring transparency of all customs requirements.

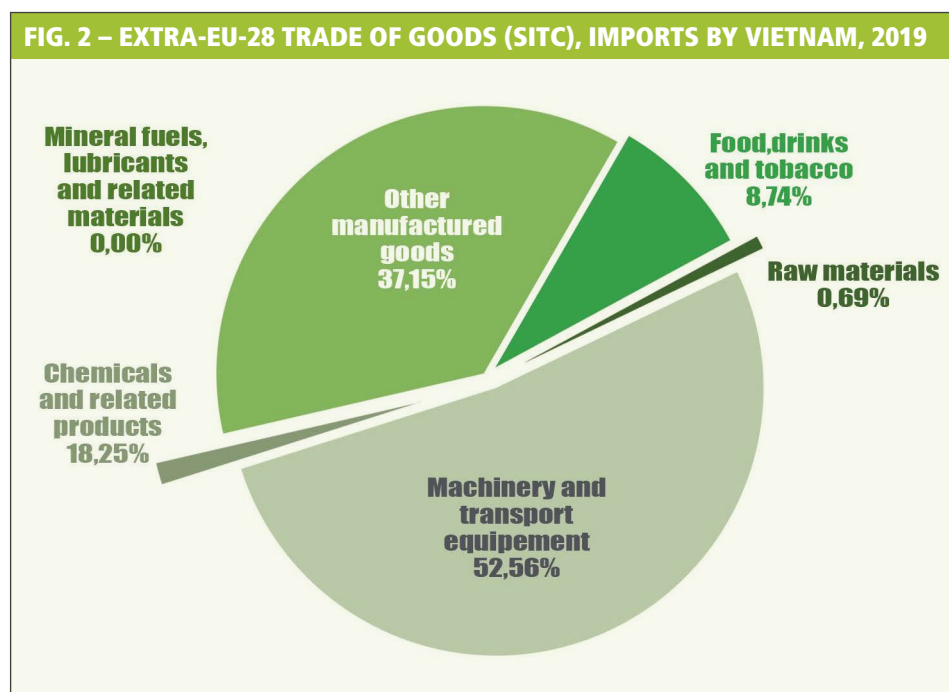
## VIETNAM

For many years, the EU offered unilateral preferential treatment of a large number of goods and commodities originating in Vietnam under the Generalised Scheme of Preferences, a unilateral trade strategy that has already allowed many Vietnamese products to be imported into the EU duty-free or with reduced duties. Five years after technical negotiations ended, Brussels signed an FTA with Vietnam, which entered into force on 1 August 2020. The EU–Vietnam Free Trade Agreement (EUVFTA) is the most comprehensive trade arrangement the EU has concluded with a developing country: it will remove 99% of tariffs, and part of the remaining 1% through limited zero-duty quotas, and 65% of duties on EU exports to Vietnam. Industrial products and fisheries will be gradually phased out over a period of ten years. In addition, the EU will liberalize 71% of its imports from Vietnam and 99.2% will enter duty-free after seven years, equivalent to 99.7% of Vietnam’s revenue from exports to the EU.<sup>4</sup> A trade committee, co-chaired by Vietnam’s Minister for Industry and Trade and the European Commissioner for Trade (or their respective designees), will, along with specialized committees and working groups, be responsible for compliance with all purposes enshrined by the bilateral arrangement.

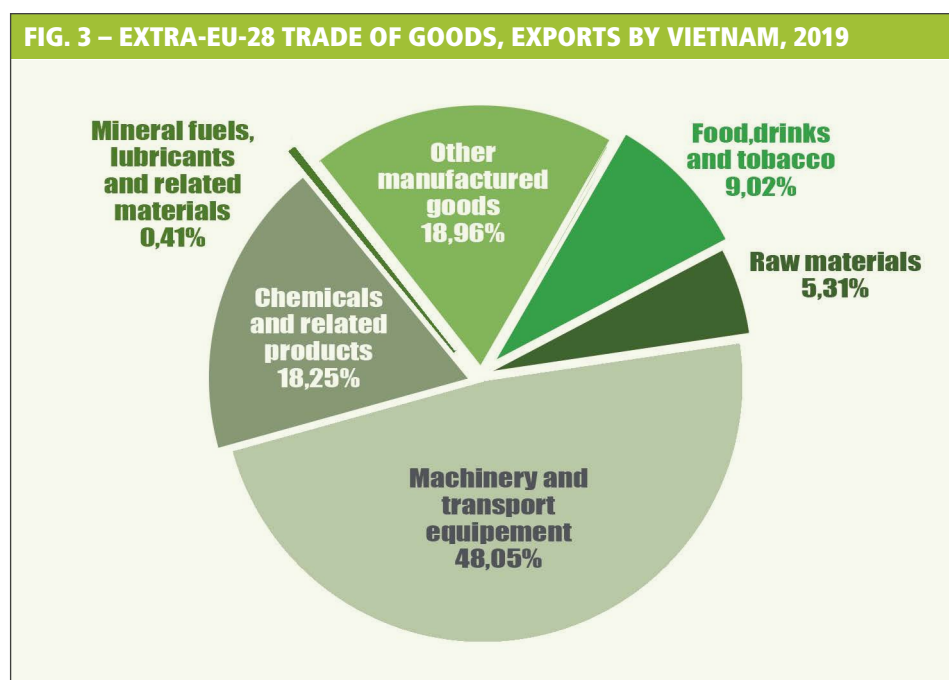
In 2019, Vietnam was the fourth-largest overseas market for EU products. In a like manner, before Brexit came into force, the EU-28 was Vietnam’s fourth most important two-way trading partner after China, South Korea and the United States. The EU imported mainly machinery and transport equipment,

<sup>4</sup> Le Hai Binh & Lam Thanh Ha (2021), *Vietnam-China Agricultural Trade: Huge Growth and Challenges*, Trends in Southeast Asia, ISEAS – Yusof Ishak Institute, No. 4, p. 7.

corresponding to 52.56% (Figure 2) of its imports from Vietnam and valued at over EUR 20 billion. Conversely, the European exports included mainly high and medium-high-technologies products, such as electrical machinery and equipment, aircrafts and vehicles (48.05%, with a total value of EUR 5.6 billion), other manufactured goods (18.96%) and chemicals and pharmaceutical products (18.25%) (Figure 3).



Source: EUROSTAT [EXT\_LT\_MAINMANU]



Source: EUROSTAT [EXT\_LT\_MAINMANU]

The EU is the third-largest importer of Vietnam's garment and textiles products, to the value of EUR 3 billion in 2019: 4% of the share of imports of clothes (valued at EUR 154 billion) from non-EU countries.<sup>5</sup> Vietnam is among the top textile-producing countries and apparel exporters in the world, emerging as an ideal alternative to mainland China, and more so since the first wave

<sup>5</sup> EUROSTAT (2020), "Where Do Our Clothes Come From?", 24 April ↗.

of the COVID-19 outbreak.<sup>6</sup> For the first time, a trading partner of the EU has officially accepted a mark of origin of 'Made in the EU' for non-agricultural goods other than pharmaceutical products.

<sup>6</sup> UNCTAD (2021), *Global Trade Update*, February, p. 7 ↗.

The EU exported to Vietnam EUR 977.5 million in food, drinks and tobacco in 2019, 14% of the total trade with ASEAN. Export of these goods advanced almost 1.5% compared with 2018, but there was a drop of 25% compared to 2016, when the two-way trade reached a peak (Table 3). In particular, agrifood products such as beef or olive oil will face no tariffs in three years, and dairy, fruit and vegetables in a maximum of five years. With the implementation of the agreement, there will be plenty of room for the recognized thirty-nine Vietnamese agrifood products of geographical indications (GIs) to expand their presence in the EU market: i.e., Buon Ma Thuot high-quality coffee (exported in large quantities to Germany, Italy and Spain in 2019),<sup>7</sup> Hoa Loc mango, a special variety of mango in the Mekong Delta, and dragon fruit from Binh Thuan. The EUVFTA will increase customs authorities' powers to control goods that infringe intellectual property rights (IPRs): such a historical decision will force both regulators to protect the GIs in their respective markets.

<sup>7</sup> International Coffee Organisation, International Coffee Council, 124th Session, 25-29 March 2019, Nairobi, Country Profile: Vietnam ↗.

Partner	2015	2016	2017	2018	2019
China (except Hong Kong and Macao)	7,695.1	8,902.6	9,428	8,994.9	12,915.4
Japan	4,600.7	5,031.7	5,661.7	5,938.1	6,749.2
South Korea	1,856.1	2,084.6	2,386	2,536.9	2,635.4
India	316.9	474.8	447.2	358.6	428.2
Vietnam	932.7	1,302.2	1,063	964.4	977.5
ASEAN	5,521.1	5,948.6	6,094.7	6,240.4	6,826.3

Source: EUROSTAT [EXT\_LT\_MAINAGRI]

What is more, labour has featured prominently in bilateral debates over the EUVFTA. The deal consists of a specific chapter on the protection of labour rights (Chapter 13), imposing appropriate action if one of the parties is found to violate human rights. It more or less resembles the clauses included in 'Everything but Arms', a wide-ranging initiative introduced by the EU in 2001 that sets out a comprehensive regulatory framework for relations with less developed countries. The EU has widespread concerns about both employment conditions (such as wages and health factors) and labour relations (such as freedom of association), particularly in the special economic zones.<sup>8</sup> Moreover, trade and economic issues aside, the EUVFTA contains a chapter on trade and sustainable development that promotes minimum environmental standards, as well as a set of environmental and workers' protection measures aimed at curtailing imbalances in enterprises' production costs.<sup>9</sup>

<sup>8</sup> Lorenzo Cotula & Liliane Mouan (2021), "Labour Rights in Special Economic Zones: Between Unilateralism and Transnational Law Diffusion", *Journal of International Economic Law*, Vol. 24, No. 2, June, pp. 341-360 ↗.

<sup>9</sup> Claudio Dordi (n.a.), *Accordo di libero scambio tra Unione Europea e Singapore. Guida pratica/ User's Guide*, Ufficio ICE di Singapore, p. 4 ↗.



## SINGAPORE

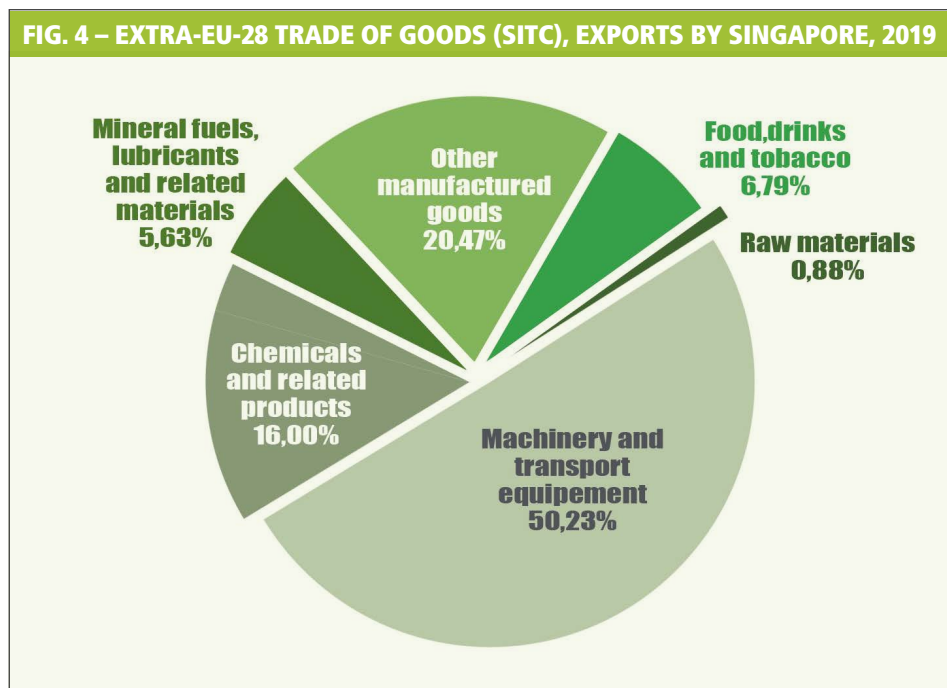
After six years of intensive negotiations, on 19 October 2018 the EU and Singapore signed the EU–Singapore Free Trade Agreement (EUSFTA), the first FTA between Brussels and an ASEAN country. The reasons such a treaty could be considered advantageous are manifold: Singapore was the EU’s fourteenth-largest trading partner in goods and the largest in Southeast Asia in 2019, valued at over EUR 55 billion (Table 1); it is one of the leading global financial centres; and ultimately the island-state is the most important hub for distribution and logistics in ASEAN. As in the case of Vietnam, the rounds of on-again, off-again talks held between the parties primarily focused on tariff reductions: the EU agreed to reduce its own tariffs to zero within five years of EUSFTA coming into effect on 21 November 2019, cutting 84% of the tariff lines to zero as soon as possible and the remaining 16% within three to five years. Therefore, some existing tariffs, especially in the agrifood sector, representing 6.8% of total EU exports in 2019 (Figure 4), will remain. A vast array of sectors in both the EU and Singapore will benefit, such as electronics, motor vehicles and vehicle parts, pharmaceuticals, and renewable energy.<sup>10</sup>

<sup>10</sup> Enterprise Singapore, Singapore Government, European Union – Singapore Free Trade Agreement (EUSFTA) ↗.

<sup>11</sup> World Trade Organisation (WTO), Committee on Regional Trade Agreements Ninety-ninth Session (2021), Free Trade Agreement between the European Union and Singapore (Goods and Services), Note on the Meeting of 22 March 2021, p. 2 ↗.

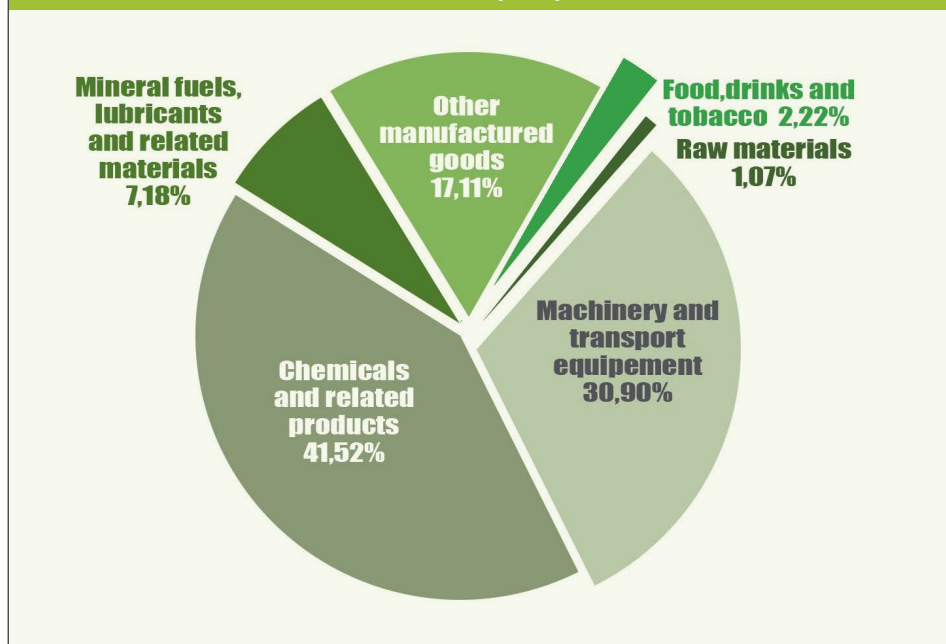
The EU will continue to apply tariffs on a few products even after the end of the phase-out period, including on some fish products and some processed agricultural goods, as well as sweetcorn.<sup>11</sup>

At a more disaggregate level, EU exports to Singapore amounted to EUR 34.2 billion and included mainly machinery and transport equipment (50.2%). Other main exports to Singapore comprised chemicals and related products such as essential oils and perfumery (16%), and other manufactured products such as luggage, bags, furniture, and pharmaceutical products (20.47%) (Figure 4). With regard to imports, chemicals products (41.52%), followed by other manufactured products, were the most traded goods (Figure 5). EU imports of manufactured goods (nearly 86%) also had a higher share than primary goods (about 14%).



Source: EUROSTAT [EXT\_LT\_MAINMANU]

FIG. 5 – EXTRA-EU-28 TRADE OF GOODS (SITC), EXPORTS BY SINGAPORE, 2019



Source: EUROSTAT [EXT\_LT\_MAINMANU]

As for the food and beverage sector, the bilateral agreement addresses not only technical barriers to trade and customs cooperation, but also protection of IPRs. Since Singapore is an open market, it does not require prior authorization for the import of dairy products: in addition, the national law seeks to guarantee that the import of meat and other products as well as fresh and processed eggs fulfils high standards. EU agrifood exports to Singapore reached EUR 2.3 billion in

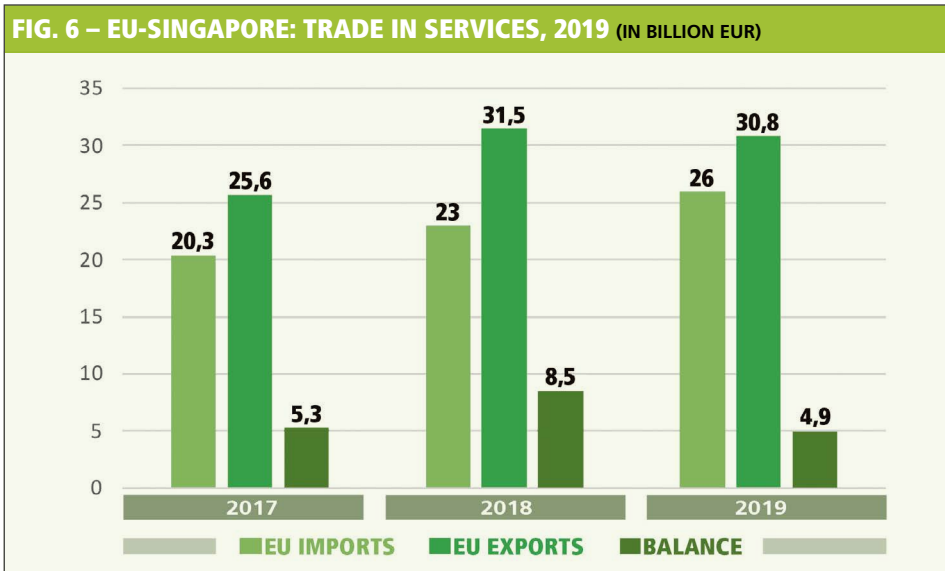
<sup>12</sup> European Union Delegation to Singapore, *EU-Singapore Trade & Investment 2021*, p. 14

2019.<sup>12</sup> Each party has established thorough systems for the registration and protection of GIs in its territory for specific categories of wines, spirits, agricultural products, and foodstuffs. In the context of Italian food and beverages, the list of GIs comprises products such as Mozzarella di Bufala Campana, Prosciutto di San Daniele and Chianti (EUSFTA, Chapter 10 – Annex 10-A). The application of each geographical origin into a specific register brought the negotiations to a standstill and even risked causing the ratification of the treaty to fall through.

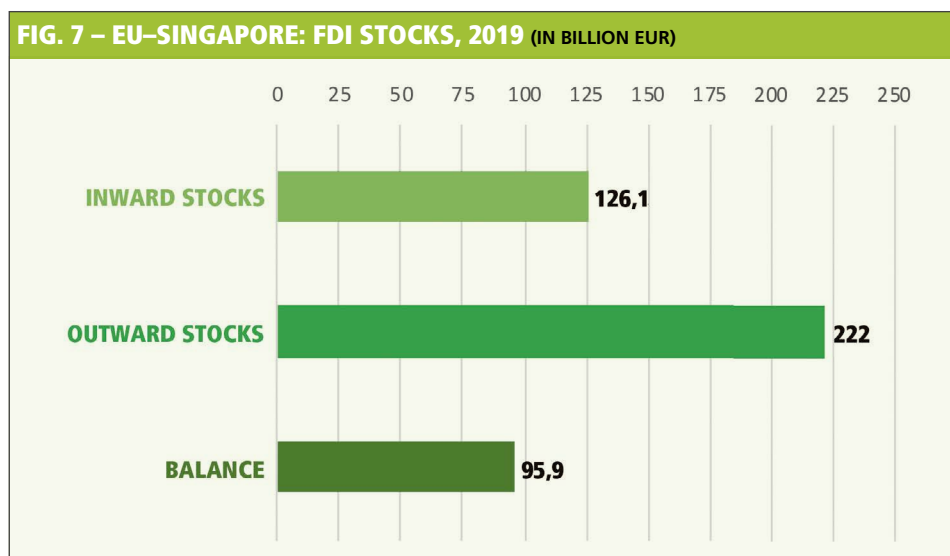
In addition to the trade deal, the EU and Singapore settled the details of another overarching arrangement. At a time when the EU Court of Justice decided that the European Commission (EC) did not have exclusive competence to negotiate investment protection and investor-state dispute settlement provisions on behalf of member states, the EU and Singapore had to separately rediscuss a draft on the enhancement of market access for trade in services and the treatment of private investments; this occurred in April 2018. The EU-Singapore Investment Protection Agreement (EUSIPA) was finalized six months later during the Asia-Europe Meeting Summit in Brussels, but it still requires the ratification of all EU countries to enter into force.<sup>13</sup> In 2019, the EU was Singapore's top destination for services exports, which amounted to EUR 26 billion, thus fuelling a small rebound of 30% compared to 2017 (Figure 6). In like manner, EU exports to the island-nation increased 24% to an unprecedented high of EUR 31.5 billion in 2018, but the flow of services dropped moderately in 2019. As for foreign direct investments (FDIs), Singapore received EUR 222 billion in inflows from the EU-28 in 2019 (Figure 7), thus keeping its top ranking as an ASEAN destination for European stocks: it accounted for two thirds, ahead of Indonesia, Malaysia and Thailand. The majority of outward investments were in finance and insurance (nearly EUR 77 billion), wholesale and retail (over EUR 60 billion) and professional and administrative services (almost EUR 40 billion).<sup>14</sup>

<sup>13</sup> As of April 2021, just eight EU member states had already ratified it, see WTO, Committee on Regional Trade Agreements Ninety-ninth Session (2021) ..., p. 2.

<sup>14</sup> Singapore Government, Department of Statistics, accessed 5 September 2021.



Source: EUROSTAT<sup>15</sup>



Source: EUROSTAT<sup>16</sup>

<sup>15/16</sup> European Commission (EC), Countries and Regions: Singapore [Date of retrieval: 12 April 2021] ↗

**EUROPEAN UNION TRADE AGREEMENTS WITH SINGAPORE AND VIETNAM: DO THEY SERVE AS MODELS FOR A REGION-WIDE ARRANGEMENT WITH ASEAN?**



## Trade negotiations with the rest of the ASEAN countries, and the arduous road to a region-wide arrangement

Now that the EU has secured FTAs with Singapore and Vietnam, EC trade officials are engaged with other Southeast Asian countries in ongoing discussions (Table 4). The most complex negotiation undertaken so far has been that with Indonesia.

**TAB. 4 – STATUS OF TRADE (FTA) AND INVESTMENT (IPA) NEGOTIATIONS BETWEEN THE EU AND SEVEN ASEAN COUNTRIES. OWN REPRESENTATION**

Partner	Status
<b>Singapore (FTA)</b>	in force since 2019
<b>Vietnam (FTA)</b>	in force since 2020
<b>Indonesia (FTA)</b>	under negotiation since 2016
<b>Philippines (FTA)</b>	under negotiation since 2015
<b>Thailand (FTA)</b>	on hold since 2014
<b>Malaysia (FTA)</b>	on hold since 2012
<b>Myanmar (IPA)</b>	on hold since 2017

Source: European Commission – updated October 2021


The Indonesian government triggered formal discussion to establish the Comprehensive Economic Partnership Agreement (CEPA) in July 2016, in a bid both to expand trade in goods and services and to boost direct investment with the EU’s fifth largest trading partner in ASEAN. The latest round of trade negotiations took place in February 2021 and a text proposal has already been submitted, but Indonesia still opposes it. In particular, the Indonesian delegation has proved hesitant about pushing ahead with reform of public procurement, which should establish a level of rigour based on international standards, open the domestic market, and increase transparency. In this economic sector, the EU expects that Indonesian legislation will permit European companies to conclude public procurement contracts under the same conditions as domestic private and public entities. This sweeping provision was enshrined by both the EUSFTA and the EUVFTA.

As an agreement on public procurement moves further out of reach, Jakarta hopes to extract some concessions on the issue of palm oil, Indonesia’s main export product to the EU, as the price of restoring discussion over the trade deal. In August 2019, the EU also imposed anti-subsidy tariffs on Indonesian biodiesel exports after an investigation found that Indonesian producers benefit from grants, tax benefits and access to raw materials below market price. The Indonesian Trade Minister in turn slammed the move, accusing the EU of launching a ‘structured and systematic grand design’<sup>17</sup> to prevent Indonesian palm oil and oil palm crop-based biofuels from entering the EU single market, in order to remove competition against home-grown vegetable oils and biofuel. At the same time, the EC continues to associate allegedly sustainable vegetable oil production with systematic deforestation in Borneo. Earlier in 2019, the annexes to a report from the EC on the status of the expansion of production of relevant food and feed crops worldwide claimed that the palm oil industry in Indonesia and Malaysia has contributed to global greenhouse gas emissions and to destroying the habitat of already endangered species.<sup>18</sup>

<sup>17</sup> Bernadette Christina (2019), “Indonesia Says EU anti-Subsidy Duty Part of Plan to Block Palm Oil”, Reuters, 26 July ↗.


<sup>18</sup> See EC (2019), “Annexes to the Report From the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, on the status of production expansion of relevant food and feed crops worldwide”, 13 March, pp. 6-7 ↗.

Both Indonesia and Malaysia have settled a dispute between the World Trade Organization and the EU on this matter. To top it all off, Indonesia has threatened to retaliate by introducing daunting tariffs on powdered milk, one of its largest imports from the EU. On 27 January 2021, the Joint Working Group

<sup>19</sup> WTO, Committee on Regional Trade Agreements (2021), Free Trade Agreement between the European Union and Singapore (Goods and Services), Questions and Replies, 11 March, pp. 4-5 


on Palm Oil, comprised of the EU and ASEAN member countries, gathered for the first time to seek a deal at the earliest opportunity. From the European business standpoint, negotiations will succeed if Indonesia does not try to ‘harmonize’ the level of environmental protection with that of the EU but instead tries to ensure that two-way trade and investment can flourish ‘while maintaining or improving levels of environmental protection’ in Indonesia.<sup>19</sup>

The EU–ASEAN Business Council (EU–ABC) called on Brussels to accelerate trade rounds on the CEPA.<sup>20</sup> However, much work remains to wrap up a deal with other ASEAN countries. Negotiations with the Philippines are in process, despite the EU’s concerns over the war on drugs launched by the Duterte administration in 2016. In August 2021, Thailand’s government expressed its intent to resume talks seven years after they collapsed in 2014 following the military coup, while Malaysia seems to have no will to reengage in trade talks. Finally, while the EU sent its text proposal to the Burmese government in December 2014 and four rounds of negotiations have taken place since 2015, any discussion with post-coup Myanmar over an investment protection agreement has inevitably been put on the shelf.

<sup>20</sup> EU-ASEAN Business Council (2020), “A Renewed Trade Policy For A Stronger Europe: Submission of the EU-ASEAN Business Council to European Commission’s Trade Policy Review”, November, p. 8 

It is likely that only progress on these FTAs will convince ASEAN to advance the prospects of a region-to-region arrangement as its ultimate goal. In fact, the ASEAN–EU Vision Group was established in 2005 by ASEAN Economic Ministers and the EU Trade Commissioner to look into the feasibility of a possible FTA. Initial negotiations began in July 2007, four months after the Nuremberg Declaration was adopted. This document argues that both actors will entrust the ‘Trans Regional EU–ASEAN Trade Initiative’ with the task of energizing the implementation of a region-wide arrangement. As called for by the ASEAN–EU Plan of Action (2018–2022), the EU–ASEAN Joint Working Group was created in March 2017 to discuss a satisfactory methodological approach for talks. The joint group has met four times so far, with the latest meeting occurred virtually in mid-September 2021.

Prior to the beginning of the negotiations between European trade representatives and Singapore and Vietnam, a final report commissioned by the EC in 2009 revealed the possible economic and social benefits for each partner if the EU and ASEAN were to ink a region-to-region FTA. In the long run, the EU and Singapore would gain the greatest income benefits from the removal of barriers to the service sector; Vietnam would reap the biggest benefits from elimination of tariffs; and Thailand would stand to gain most in absolute terms from the removal of non-tariff barriers.<sup>21</sup>

<sup>21</sup> EECORYS Nederland B.V. in cooperation with the Centre for European Studies, Chulalongkorn University, Bangkok; Mekong Economics; PT Inacon Luhur Pertiwi and Rajah & Tann (2009), “Trade Sustainability Impact Assessment of the FTA between the EU and ASEAN, Final Report Volume I – Main Findings and Recommendations, 19 June, pp. 1-90 

## Conclusion: whither EU–ASEAN trade negotiations?

Celebrations of the forty-fifth anniversary of EU–ASEAN relations are scheduled to take place next year. This event could provide an occasion to shore up negotiations on trade, thus managing the negative shocks of the pandemic and supporting recovery and a faster reopening of the global supply chains. Against this backdrop, the EUSFTA and the EUVFTA might both serve as models for a region-wide arrangement with ASEAN. Nevertheless, the fact that the fitful state of emergency is occurring during a once-in-a-century global pandemic makes the outcome of the trade talks all the more difficult to predict. To be sure, the closure of international borders and several restrictions on certain goods have been warning enough of the importance of closer cooperation between the EU and its new strategic partner.

Conceiving a trade deal in an interregional format – a solution that Brussels would undoubtedly endorse – might put both partners at an advantage in terms of political and legal opportunities. A regional agreement would not only make a generally positive contribution to the liberalization of world trade but would also benefit the European companies and investors participating in a common economic and regulatory framework in ASEAN. However, the region is not such a cohesive bloc as the EU. In fact, Southeast Asian countries differ greatly in their legal landscape and views on business ethics. Unlike the EU, which has a unified instrument directing trade rules enforcement, Southeast Asian countries do not yet share the same level of cooperation, resulting in fragmented legislation, mostly in the IPR sector. Although the ASEAN Intellectual Property Rights Action Plan 2016–2025 aspires to significant progress in aligning national law and policies on protection and commercialization of IPRs,<sup>22</sup> not all countries in the region have been hit the same way in this matter to date. Due to the importance of GIs for the European representatives, the more that enforcement legislation for IPR laws across Southeast Asia is standardized, the easier it will be to negotiate trade and investment arrangements at the regional level.

In closing, one of the main purposes of the ASEAN Economic Community, established at the end of 2015, is not to isolate the Association from the rest of the global economy but, rather, to make Southeast Asian member states more competitive in international trade. In doing so, it may well be able to find common ground with the EU, one of the most important markets in the world, to explore complementarity between European and Southeast Asian products, and to provide a clear investment environment to European operators. ASEAN cannot miss this opportunity; still less can the EU fail to gain broader market penetration in Southeast Asia.

<sup>22</sup> The ASEAN Intellectual Property Rights Action Plan 2016-2025. Meeting the Challenges of “One Vision, One Identity, One Community” through Intellectual Property, pp. 1-8 ↗.

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