

## **RECENT ASEAN-EU ECONOMIC RELATIONS**

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### **ABSTRACT**

Dialogue relations between the Association of Southeast Asian Nations (ASEAN) and the European Union (EU) were established in July 1977. The EU has long been ASEAN's third largest external trading partner and source of foreign direct investment (FDI). In December 2020, the two sides elevated their relationship to a strategic partnership, which has been in place since then. This article examines economic cooperation between ASEAN and the EU, drawing insights and lessons from their interactions.

**Keywords:** Asean; Eu; Cooperation; Economy.

### **1. INTRODUCTION**

#### **1.1. Foundations for ASEAN-EU Economic Cooperation**

In November 1972, the first official contact between the two regional groups at the ambassadorial level took place in Brussels. Since 1972, the EU (then known as the European Community, EC) worked with ASEAN's Special Coordinating Committee to address trade issues until 1978. The ASEAN-EU Ministerial Meeting mechanism was subsequently established, and during the 10th ASEAN Ministerial Meeting, the two sides signed the ASEAN-European Economic Community Cooperation Agreement on March 7, 1980. At the 16th ASEAN-EU Foreign Ministers' Meeting in 2007, both sides adopted the Nuremberg Declaration, which set forth a long-term vision and commitment to achieving common goals.

The period from 1973 to 2012 was crucial for the development of both regional organizations. During this time, the EU continued its expansion process<sup>1</sup> while ASEAN advanced its ASEAN Community-building plans<sup>2</sup>. Since 1996, ASEAN-EU relations have been reinforced through the Asia-Europe Meeting (ASEM) cooperation framework. In July 2012, the EU became the first regional organization to accede to the Treaty of Amity and Cooperation in Southeast Asia (TAC), marking a significant milestone in their bilateral relationship. The Bandar Seri Begawan Plan of Action (2013–2017) further expanded cooperation into areas such as political-security affairs, economic-trade relations, and socio-cultural exchanges.

Several factors have contributed positively to the deepening of ASEAN-EU relations.

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<sup>1</sup> From the initial six founding countries that established the Union in 1957, the European Union (EU) has continuously expanded and integrated new member states. Between 1973 and 2013, the EU underwent seven rounds of enlargement, bringing the total number of member states to 28

<sup>2</sup> The 14th ASEAN Summit (February 2009) adopted the Declaration on the Roadmap for an ASEAN Community, accompanied by three Master Plans for the development of the three ASEAN Community pillars and the Work Plan for the second phase of the Initiative for ASEAN Integration (IAI) (2008–2015). These efforts aimed to achieve the goal of establishing the ASEAN Community by 2015

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ASEAN is strategically located along major maritime trade routes linking Asia with Europe and the Americas and is adjacent to major economies such as China, India, and Japan. This geographical advantage enhances its role in global trade and economic development. ASEAN's GDP has consistently grown, surpassing USD 3.6 trillion in 2023. With a population of nearly 700 million, ASEAN represents a massive market with abundant human resources.

Intra-regional cooperation within ASEAN is also robust. Member states share multiple agreements and cooperation mechanisms that strengthen collective capabilities. Initiatives such as the ASEAN Economic Community (AEC) and the ASEAN Free Trade Area (AFTA) have been pivotal in fostering regional economic growth.

Another key aspect influencing ASEAN-EU economic relations is the evolving geopolitical landscape. First, the United States' "Pivot to Asia" policy in 2011 significantly altered the geostrategic dynamics in the Asia-Pacific, now referred to as the Indo-Pacific. The intensifying US-China strategic competition in Southeast Asia has increased tensions, making the region a critical test case for China's efforts to reshape Asia's security architecture and regional governance. Second, ASEAN's ongoing efforts to establish the ASEAN Economic Community (AEC) have made notable progress. Despite existing challenges, the AEC has provided a unified economic framework, making ASEAN an attractive investment destination, including for the EU.

The EU, as ASEAN's counterpart, is one of the world's most significant economic entities, boasting strengths that reinforce its global standing. The EU has a highly developed economic foundation, with a total GDP exceeding USD 16 trillion. Comprising 27 member states and nearly 500 million people, the EU operates as a single market without internal trade barriers, facilitating the free movement of goods, services, capital, and labor. The adoption of the euro further simplifies international transactions.

From both economic and political perspectives, the EU has substantial interests in strengthening cooperation with ASEAN, recognizing the latter's critical role in a strategically vital region<sup>3</sup>. The EU acknowledges that major security challenges in East Asia, including rising tensions in the South China Sea, have direct implications for its interests<sup>4</sup>. The issue of maritime freedom is closely linked to trade between the EU and ASEAN. Conversely, ASEAN is regarded as a "natural partner" for the EU, reinforcing ASEAN's role in regional political and security cooperation. The EU continues to actively support ASEAN's engagement with major regional stakeholders, fostering mutual benefits for both regions<sup>5</sup>.

Another issue is that ASEAN, the world's most successful regional cooperation organization, plays a crucial role in East and Southeast Asia, helping the EU maintain and enhance its global engagement<sup>6</sup>. In other words, the EU can create a balance in the competition among major global economies such as the US, Japan, China, Russia, and India.

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<sup>3</sup> European Commission. 2015. Joint Communication to the European Parliament and the Council: The EU and ASEAN: a partnership with a strategic purpose. Brussels. 18 May, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52015JC0022&from=EN>

<sup>4</sup> Council of the European Union. 2012. *Guidelines on the EU's Foreign and Security Policy in East Asia*. General Secretariat, 15 June, p.5

<sup>5</sup> Council of the European Union, 2012, p. 8

<sup>6</sup> Council of the European Union, 2012, p. 26

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In May 2015, the EU issued a joint statement titled “EU and ASEAN: A Partnership with a Strategic Purpose.” The statement highlighted ASEAN’s high economic growth rate and demographic dynamism. ASEAN is the world’s seventh-largest economy and is projected to become the fourth-largest by 2050. The young middle class is expected to rise to 65% of ASEAN’s total population by 2030, up from 24% in 2010. ASEAN is also central to the EU’s efforts to build a stronger regional security order in the broader Asia-Pacific region<sup>7</sup>.

Since 1995, in the Chairman’s Statement of the second ASEAN Regional Forum (ARF), ASEAN has been committed to being the primary driving force of ARF<sup>8</sup>. When ASEAN officially introduced the roadmap and plan for building the ASEAN Community with the ASEAN Concord II (Bali Concord II) in 2003, its central role in ARF—a mechanism considered the leading regional security forum at the time—was further reinforced<sup>9</sup>.

Article 1 of the ASEAN Charter (ratified at the end of 2008) emphasizes the necessity of “maintaining ASEAN’s central and proactive role as the primary driving force in relations and cooperation with external partners in an open, transparent, and inclusive regional structure.”<sup>10</sup> Articles 44 and 45 of the ASEAN Charter reaffirm the importance of multilateralism and emphasize the significance of partnerships with external partners, such as international and regional organizations (IO/RO), to address global concerns, pursue common goals and complementary initiatives, and promote sustainable development for the benefit of the people<sup>11</sup>.

On December 1, 2020, ASEAN and the EU issued a Joint Press Statement from the 23rd ASEAN-EU Ministerial Meeting, agreeing to elevate their partnership to a strategic level<sup>12</sup>. Through this, the EU and ASEAN inaugurated a new chapter in their long-standing relationship by establishing a strategic partnership in 2020, with a commitment to holding regular high-level summits. Fundamentally, relations between the two regional organizations are based on shared values and principles such as a rules-based international order, effective and sustainable multilateralism, and free and fair trade. The ASEAN-EU strategic partnership aims to: (1) enhance prosperity, (2) promote security, (3) strengthen resilience, and (4) improve connectivity.

Regarding economic cooperation, the EU strives to improve policy and regulatory frameworks related to trade, intellectual property rights, standards, customs, transport, and civil

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<sup>7</sup> European Commission. 2015. Joint Communication to the European Parliament and the Council: The EU and ASEAN: a partnership with a strategic purpose. Brussels. 18 May, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52015JC0022&from=EN>

<sup>8</sup> *The Second ASEAN Regional Forum*, Bandar Seri Begawan, Brunei Darussalam, 1 August 1995, <http://aseanregionalforum.asean.org/wp-content/uploads/2019/01/Second-ARF-Bandar-Seri-Begawan-1-August-1995.pdf>

<sup>9</sup> *Declaration of ASEAN Concord II (Bali Concord II)*, October 7, 2003, [https://asean.org/?static\\_post=declaration-of-asean-concord-ii-bali-concord-ii](https://asean.org/?static_post=declaration-of-asean-concord-ii-bali-concord-ii)

<sup>10</sup> *ASEAN Charter*, ASEAN Secretariat, Jakarta, p.5

<sup>11</sup> <https://asean.org/our-communities/asean-political-security-community/outward-looking-community/external-relations/international-regional-organisation>

<sup>12</sup> Co-Chairs’ Press Release of the 23rd ASEAN-EU Ministerial Meeting, 1 December 2020, <https://asean.org/wp-content/uploads/23rd-AEMM-Co-Chairs-Press-Release.pdf>

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aviation. The ultimate goal is to foster regional economic integration and improve livelihoods within ASEAN. To achieve this, two major economic initiatives have been introduced:

- The Enhanced ASEAN Regional Integration Support (ARISE+);
- The Enhanced Regional EU-ASEAN Dialogue Instrument (E-READI).

Since 2018, the EU has introduced the “Connecting Europe and Asia” strategy to link the two continents through transportation, energy, digital, and people-to-people networks. Maritime connectivity holds particular importance, as 70% of trade value between Europe and Asia is conducted via sea routes<sup>13</sup>. According to the EU’s assessment, this region has "paramount strategic significance for EU interests" and is a priority area for enhanced cooperation. It is the EU’s second-largest export destination, with four of the EU’s ten largest trading partners located in the region<sup>14</sup>. Additionally, the region contains key waterways essential for EU trade, including the Strait of Malacca, the South China Sea, and the Bab-el-Mandeb Strait. Moreover, the EU is the largest trading partner of several countries in the Indo-Pacific region, with 27 EU member states exporting over 35% of their goods to this region, and 90% of these exports are transported via the Indian and Pacific Oceans<sup>15</sup>.

In April 2021, the EU announced its Indo-Pacific Cooperation Strategy to enhance engagement on strategic and security issues with regional partners, focusing on: (1) sustainable and inclusive prosperity, (2) green transition, (3) ocean governance, (4) digital governance and partnerships, (5) connectivity, (6) security and defense, and (7) human security. Specifically, the EU appreciates ASEAN’s commitment to effective multilateralism and supports ASEAN’s central role in building a rules-based regional structure with a multilateral focus. The EU also endorses ASEAN-led efforts toward an effective, substantive, and legally binding Code of Conduct in the South China Sea that does not undermine the interests of third parties. EU-ASEAN cooperation also extends to a range of security issues<sup>16</sup>.

At the EU-ASEAN Commemorative Summit on December 14, 2022, leaders welcomed the EU-ASEAN Action Plan 2023-2027, outlining cooperation in various fields such as post-pandemic recovery, sustainable trade, rules-based and sustainable connectivity, decent work promotion, disaster preparedness, and security cooperation.

Thus, the rise of China, the increasing engagement of major powers in Southeast Asia, and ASEAN’s role have compelled the European Union to take a more active stance. The complex

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<sup>13</sup> European Commission (2018), *Joint Communication to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank: Connecting Europe and Asia - Building blocks for an EU Strategy*, Brussels: Publications Office of the European Union, p. 3.

<sup>14</sup> European Union (2021), “The EU approach to the Indo-Pacific: Speech by High Representative/Vice-President Josep Borrell at the Centre for Strategic and International Studies (CSIS)”, *European Union Websites*, June 3, 2021, [https://www.eeas.europa.eu/node/99501\\_fr](https://www.eeas.europa.eu/node/99501_fr)

<sup>15</sup> Axel Berkofsky (2021), “Europe’s Involvement in the Indo-Pacific Region: Determined on Paper, Timid in Reality”, *Asia Paper*, August 2021, Institute for Security and Development Policy, Sweden, pp. 5-45, p. 12.

<sup>16</sup> European Commission. 2021. Joint Communication to the European Parliament and the Council: The EU strategy for cooperation in the Indo-Pacific. Brussels, 16 September, p.5.

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global and regional dynamics have driven the EU to adjust its foreign policy, dedicating greater attention to ASEAN. Recognizing ASEAN's importance in the EU's foreign policy and the need for deeper collaboration has served as a catalyst for enhancing cooperation between the two sides at a more profound level.

## **2. ECONOMIC COOPERATION BETWEEN ASEAN AND THE EU**

In terms of economic cooperation, the EU currently supports ASEAN through two main programs: (i) the EU's Enhanced Regional Integration Support Program for ASEAN (ARISE Plus) and (ii) the EU-ASEAN Enhanced Regional Dialogue Instrument (E-READI). These programs aim to promote inclusive economic growth and regional economic integration for ASEAN, facilitate policy dialogues on political, economic, and social issues, support the implementation of the ASEAN Economic Community Blueprint, and enhance multi-sectoral capacity for ASEAN member states and the ASEAN Secretariat.

The total trade volume in 2006 reached 126 billion euros, with 78 billion euros in exports to the EU and 48 billion euros in imports to ASEAN. By 2013, total ASEAN-EU trade had reached \$242.6 billion, accounting for 9.8% of ASEAN's total trade volume. In 2017, bilateral trade reached \$261 billion, an 11.9% increase from 2016. In 2018, trade volume reached \$282.2 billion, an 8.1% increase from 2017. By 2019, the EU had become ASEAN's second-largest trading partner, with total two-way trade reaching \$280 billion<sup>17</sup>, and in 2020, total trade volume stood at \$258 billion<sup>18</sup>.

In recent years, ASEAN has been the EU's third-largest trading partner outside Europe (after the US and China), with bilateral trade in goods and services reaching 238 billion euros in 2013. In 2021, the EU was ASEAN's third-largest trading partner (after China and the US), with a total two-way trade value of \$268.9 billion, an 18.6% increase from 2020, and was the second-largest source of foreign direct investment (FDI) into ASEAN (after the US), with a total investment of \$26.5 billion, according to ASEAN data. Conversely, for the EU, in 2021, ASEAN was the EU's third-largest non-European trading partner (after China and the US)<sup>19</sup>.

In 2007, the EU and ASEAN initiated negotiations for an inter-regional bilateral free trade agreement (FTA). After a brief suspension of FTA negotiations in 2009, the EU began FTA negotiations with six ASEAN member states: Singapore, Malaysia, Vietnam, Thailand, the Philippines, and Indonesia. However, the EU has always left open the possibility of an EU-ASEAN bilateral FTA<sup>20</sup>, with more than 189.47 billion euros in trade in goods in 2020. Trade in services increased from 37.6 billion euros to 93.5 billion euros between 2010 and 2019<sup>21</sup>.

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<sup>17</sup> Trung tâm WTO, Việt Nam - EU (EVFTA, <https://trungtamwto.vn/fta/199-viet-nam--eu-evfta/1>

<sup>18</sup> Cooperation with ASEAN: A Success Story," in Europe's Global Links, edited by Geoffrey Edwards (London: Pinter, 1990), 67-79.

<sup>19</sup> <https://baoquocte.vn/ket-noi-asean-eu-them-gan-ket-va-thuc-chat-209205.html> Accessed on February 2, 2025.

<sup>20</sup> Council of the European Union, 2012, p. 4.

<sup>21</sup> EU & ASEAN (2021), "EU ASEAN Strategic Partners: Blue Book 2021", <https://euinasean.eu/wp-content/uploads/2021/04/Blue-Book-2021.pdf>



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Regarding investment, the EU has been one of the largest sources of FDI into ASEAN: in 2017, EU investments reached \$25.4 billion, accounting for 18.6% of ASEAN's total FDI<sup>22</sup>; in 2018, investment reached \$22 billion; in 2019, \$16.2 billion<sup>23</sup>; and in 2020, total investment stood at \$7.6 billion<sup>24</sup>.

In 2019, FDI inflows into ASEAN totaled 313.6 billion euros. Conversely, ASEAN's investment in Europe has also been steadily and impressively growing, with total investment exceeding 144 billion euros in 2019<sup>25</sup>. In 2021, ASEAN-EU bilateral trade reached \$268 billion, and the EU was the largest source of FDI into ASEAN, with a total investment of approximately \$26.5 billion in 2020.

Additionally, the EU has signed individual FTAs with certain ASEAN countries, including the EU-Singapore FTA (EUSFTA) and the EU-Vietnam FTA (EVFTA), and is also negotiating FTAs with other ASEAN countries such as Malaysia, Indonesia, Thailand, and the Philippines, as well as the ASEAN-EU Comprehensive Air Transport Agreement (AE CATA). ASEAN and the EU continue to hold regular consultations between ASEAN Economic Ministers and the EU Trade Commissioner (AEM-EU), as well as ASEAN-EU Senior Economic Officials Meetings (SEOM-EU)<sup>26</sup>.

In terms of trade and investment, the EU was ASEAN's third-largest trading partner in 2021, with total bilateral trade in goods reaching \$268 billion, accounting for 8.1% of ASEAN's total trade in goods, while total FDI from the EU into ASEAN reached \$26.5 billion, making the EU the second-largest external FDI partner of ASEAN in 2021<sup>27</sup>. The EU is also ASEAN's number one development partner<sup>28</sup>. Among ASEAN's 11 dialogue partners—Australia, Canada, China, the EU, India, Japan, South Korea, New Zealand, Russia, the US, and the UK—except for the UK, which became a dialogue partner in August 2021, all other partners (excluding the EU) had already established strategic partnerships with ASEAN: China in 2003, followed by Japan (2005), South Korea (2010), India (2012), Australia (2014), New Zealand and the US (2015), and Russia (2018). Therefore, upgrading ASEAN-EU relations to a strategic partnership is only a matter of time.

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<sup>22</sup> Curry, Robert L. Jr. "A Case for Further Collaboration between the EU and ASEAN." ASEAN Economic Bulletin.11, no. 2 (November 1994). 150-157

<sup>23</sup> Mols, Manfred. "Cooperation with ASEAN: A Success Story." In Europe's Global Links, edited by Geoffrey Edwards. London: Pinter-79. , 1990. 67-79

<sup>24</sup> Ruland, Jurgen. "The Asia-Europe Meeting (ASEM): Towards a New Euro-Asian Relationship?" Institute of Politics, Rostock University, 1996. 17, qtd. Far Eastern Economic Review (4 August 1994): 18

<sup>25</sup> EC(2021), "Association of South East Asian Nations (ASEAN)", <https://ec.europa.eu/trade/policy/countries-and-regions/regions/asean/>

<sup>26</sup> ASEAN Secretariat (2020), "Overview ASEAN – European Union dialogue relations", <https://asean.org/storage/Overview-of-ASEAN-EU-Relations-as-of-December-2020.pdf>

<sup>27</sup> Overview ASEAN-European Union Dialogue Relations, ASEAN Secretariat's Information Paper, as of July 2022, [https://asean.org/wp-content/uploads/2022/07/Overview-ASEAN-EU-DR\\_as-of-July-2022-1.pdf](https://asean.org/wp-content/uploads/2022/07/Overview-ASEAN-EU-DR_as-of-July-2022-1.pdf)

<sup>28</sup> The Diplomatic Service of the European Union. 2021. The European Union and ASEAN are natural partners and have a common agenda, 13 June, [https://www.eeas.europa.eu/eeas/european-union-and-asean-are-natural-partners-and-have-common-agenda\\_en](https://www.eeas.europa.eu/eeas/european-union-and-asean-are-natural-partners-and-have-common-agenda_en)

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Furthermore, the two sides have also engaged in cooperation on green transition and digitalization. Specifically, the EU supports ASEAN in sustainable economic architectures, renewable energy, and carbon emission reductions, as well as in digital transformation programs and support for small and medium-sized enterprises (SMEs) in the ASEAN region.

In 2016, the EU established a representative office in ASEAN. At the 22nd ASEAN-EU Foreign Ministers' Meeting in 2019, the two sides reached a principled agreement to upgrade their relations to a Strategic Partnership. At the 23rd ASEAN-EU Foreign Ministers' Virtual Meeting on December 1, 2020, ASEAN and the EU officially announced the upgrade of their ASEAN-EU Dialogue Partnership to a Strategic Partnership. This upgrade allows ASEAN and the EU to realize their desire to develop open regional structures with the participation of external partners, addressing both traditional and non-traditional security issues, such as counterterrorism initiatives, maritime security, humanitarian assistance, water and energy security, food safety, social security, disaster management, and pandemic management (with COVID-19 as an example). Once ASEAN and the EU achieve significant success, the ASEAN-EU Strategic Partnership will be considered a model for interregional integration in the future, upholding international law, promoting multilateralism, building regional and international order based on rules, enhancing cooperation in addressing global challenges, and supporting each other in achieving sustainable development goals for both organizations and the United Nations<sup>29</sup>. The EU's Indo-Pacific<sup>30</sup> Strategy is closely aligned with ASEAN's Indo-Pacific<sup>31</sup> Outlook.

When the pandemic broke out in March 2020, the EU and ASEAN recognized the need for a multilateral approach to mitigate the social and economic impact of COVID-19 in both regions. The European<sup>32</sup> group also provided more than 800 million euros to support ASEAN in responding to the pandemic, including assistance for medical facilities and healthcare workers, the provision of personal protective equipment and disinfectants, as well as technical and institutional support, with 33 million vaccine doses supplied.

For Vietnam specifically, economic relations with the EU have been very positive and continue to grow strongly. According to the European Institute for Asian Studies (EIAS), the EU is a leading trade partner of Vietnam, being its third-largest export market and fifth-largest import market. The total bilateral trade turnover between Vietnam and the EU in the first nine months of 2022 reached 57.11 billion euros, an increase of 10.3% compared to the same period in 2021. The EU is currently the fifth-largest foreign investor in Vietnam, with a total registered capital of 27.6

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<sup>29</sup> In September 2015, the United Nations General Assembly adopted the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs). The 2030 Agenda comprises 17 goals aimed at ending poverty, protecting the planet, and ensuring prosperity for all as part of a new sustainable development framework.

<sup>30</sup> The European Union's Indo-Pacific Strategy was announced by the EU High Representative for Security and Foreign Policy in September 2021. The strategy outlines seven priority areas for action: sustainable and inclusive prosperity, green transition, ocean governance, digital partnerships and governance, connectivity, security and defense, and human security. Regarding security and defense, the EU aims to promote an open, rules-based regional security architecture, including capacity building and increased naval deployments by EU member states in the region.

<sup>31</sup> ASEAN's "Outlook on the Indo-Pacific" was adopted by Southeast Asian leaders at the 34th ASEAN Summit in June 2019

<sup>32</sup> This outlook encompasses the EU, its member states, and financial institutions.

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billion USD (as of August 2022). In the first eight months of 2022 alone, the total registered investment capital from the EU into Vietnam reached 2.2 billion USD, a 69.6% increase compared to the same period in 2021<sup>33</sup>.

### **3. ASSESSMENTS AND EVALUATIONS**

Economic relations between ASEAN and the European Union (EU) have developed strongly in recent years, with numerous initiatives and significant agreements promoting trade, investment, and sustainable development cooperation. The EU is one of ASEAN's three largest trading partners, following China and the United States.

ASEAN and the EU have upgraded their relationship to a strategic partnership, and the EU's announcement of its Indo-Pacific Cooperation Strategy highlights the region's importance to the EU. Meanwhile, ASEAN, through the AOIP, aims to further strengthen and optimize ASEAN-led mechanisms, including the EAS, ARF, ADMM+, and EAMF, as well as ASEAN+1<sup>34</sup> frameworks, in which the EU either participates or is progressing toward participation.

However, challenges remain in the relationship between the two blocs:

The EU and ASEAN are geographically distant, with significant differences in climate, environment, historical formation, ideological foundations, economic customs, cultural identity, social characteristics, organizational structures, and management mechanisms. ASEAN and the EU also differ in their trade environments and policy standards.

Economically, the significant economic disparity presents a major obstacle to strengthening EU-ASEAN relations, leading to the suspension of ASEAN-EU FTA negotiations due to issues related to Indonesia and Malaysia's palm oil exports. Indonesia and Malaysia have opposed the EU's revision of its Renewable Energy Directive (RED II), which aims for 85% of aviation fuel to be "sustainable" by 2050, excluding palm oil byproducts. This is a major concern, as Indonesia and Malaysia accounted for 44.6% and 25.2% of the EU's palm oil imports in recent years. From a broader perspective, the palm oil industry contributes to the Sustainable Development Goals (poverty reduction) by supporting the livelihoods of millions in both countries. Indonesia and Malaysia argue that the EU seeks to replace palm oil with European-produced soybean and rapeseed oil.

A particularly significant difference lies in standards and value perceptions, especially regarding democracy and human rights issues, cultural differences, and divergent positions on regional and interregional issues, as well as the varying interests of member states within each bloc.

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<sup>33</sup> <https://ngkt.mofa.gov.vn/45-nam-eu-asean-quan-he-doi-tac-thiet-yeu-nen-tang-cho-mot-fta-khu-vuc-trong-tuong-lai/> Accessed on February 1, 2025

<sup>34</sup> ASEAN Outlook on the Indo-Pacific, [https://asean.org/asean2020/wp-content/uploads/2021/01/ASEAN-Outlook-on-the-Indo-Pacific\\_FINAL\\_22062019.pdf](https://asean.org/asean2020/wp-content/uploads/2021/01/ASEAN-Outlook-on-the-Indo-Pacific_FINAL_22062019.pdf)



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Recommendations for Economic and Trade Cooperation

The EU should respect the "ASEAN way"—the principles of consensus and non-interference in internal affairs—while ASEAN should acknowledge the "EU standards" of promoting democracy, rule of law, human rights, and widely agreed-upon commitments<sup>35</sup>. Therefore, ASEAN and the EU should continue a flexible and pragmatic approach to bring practical benefits to both regions and the world. Both sides should align their positions on sensitive issues to gain support from major international actors, such as terrorism, maritime security, and the Declaration on the Conduct of Parties in the South China Sea (DOC)...

ASEAN and the EU need to bridge existing gaps and address key challenges: The EU holds greater economic power compared to ASEAN; Human rights remain the most significant challenge in ASEAN-EU relations; ASEAN lacks a strong "leading nation" to drive regional development and facilitate deeper market penetration into the EU; Some ASEAN countries still struggle with inadequate transportation infrastructure, telecommunications, logistics services, and uncompetitive transport capabilities, as well as restrictive policies hindering development; ASEAN and the EU have not yet signed a Free Trade Agreement (FTA); Several ASEAN countries continue to face political and social issues; ASEAN member states have overlapping export structures. Differences in economic development levels, economic integration, strategic connectivity, and foreign policies impact the effectiveness of ASEAN-EU cooperation.

However, moving forward, by leveraging similarities and addressing differences, the ASEAN-EU strategic partnership is poised for deeper collaboration in the future. As an ASEAN member, Vietnam has consistently played an active and proactive role in contributing to the development and promotion of ASEAN-EU cooperation strategies and initiatives, working alongside both blocs to maintain peace, security, and stability in the region.

In conclusion, ASEAN and the EU share common values, mutual needs, and aligned interests. ASEAN is one of the world's most dynamic economic regions, while the EU remains a key global trade and investment partner. Over time, ASEAN and the EU have established a network of relationships and working mechanisms, which serve as a valuable foundation for strengthening their strategic partnership. Economic cooperation between ASEAN and the EU continues to grow, benefiting both regions in an increasingly volatile global economic landscape. The EU and ASEAN reaffirm the importance of their strategic partnership, recognized as one of the most successful regional collaborations, and strongly commit to enhancing multilateral cooperation at both regional and international levels, based on shared values and common interests in a rules-based international order.

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<sup>35</sup> European Commission. 2021. *Joint Communication to the European Parliament and the Council: The EU strategy for cooperation in the Indo-Pacific*. Brussels, 16 September, p.1.

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