

CHAPTER V

ASEAN AND THE EUROPEAN UNION'S ACTIONS POST 2009 ASEAN-EU FREE TRADE AGREEMENT SUSPENSION

5.1. EU's Shift to Region-to-Country FTA Initiatives Analysis through Viner's FTA Formation Model

Following a 'green light' from several ASEAN member countries to shift with the new alternative of a bilateral FTA with the EU after the initial suspension for the region-to-region level agreement, region-to-country FTA negotiation between the EU and ASEAN member countries began in early 2010, a few months after its initial suspension. As of now, six talks on FTAs have been conducted by the EU with several ASEAN countries: Singapore and Malaysia (2010), Vietnam (2012), Thailand (2013), the Philippines (2015), and Indonesia (2016). When one looks at the significant progress the EU have made with this new initiative with ASEAN individual member countries, it can be assumed that the new FTA formation model seems more effective than the prior. However, the region-to-region level agreement, in some way, remain favourable to both ASEAN and the EU. This can be proven through the 5th ASEAN-EU Business Summit Press Conference in Manila, the Philippines and the 16th Asian Economic Ministers (AEM)-EU Trade Commissioner Consultations in Singapore. With the coincidental momentum of ASEAN's 50th anniversary and the ASEAN-EU relations' 40th anniversary, the meeting set in 2017 was celebrated and talks of continuation of the region-to-region FTA was held with the positive outlook of trade and investment expansion through the two regions (ASEAN-EU Business Summit, 2017) The consideration to prolong region-to-region level FTA negotiation was also pursued due to the satisfactory result of ASEAN-EU two-way trade in the year prior, with a total of € 226.8 billion for 2017 alone, an increase of 9.1% from € 208 billion in the previous year. In addition, the EU also stood as the largest external source for ASEAN's Foreign Direct Investment (FDI) in 2015 with a total of € 26.3 billion and has been supporting ASEAN annually with consistent amount of FDI (ASEAN, 2018).

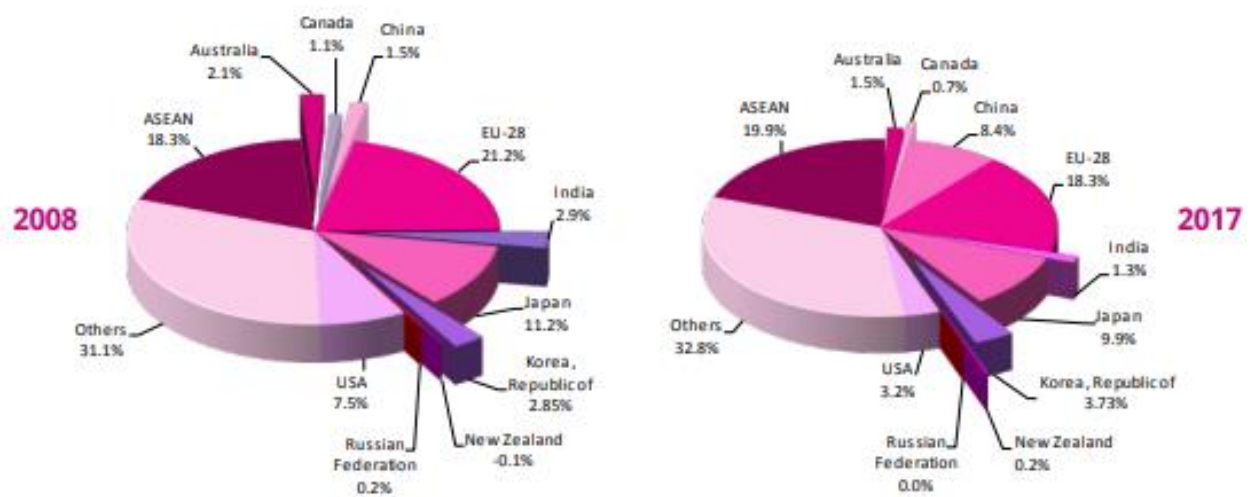
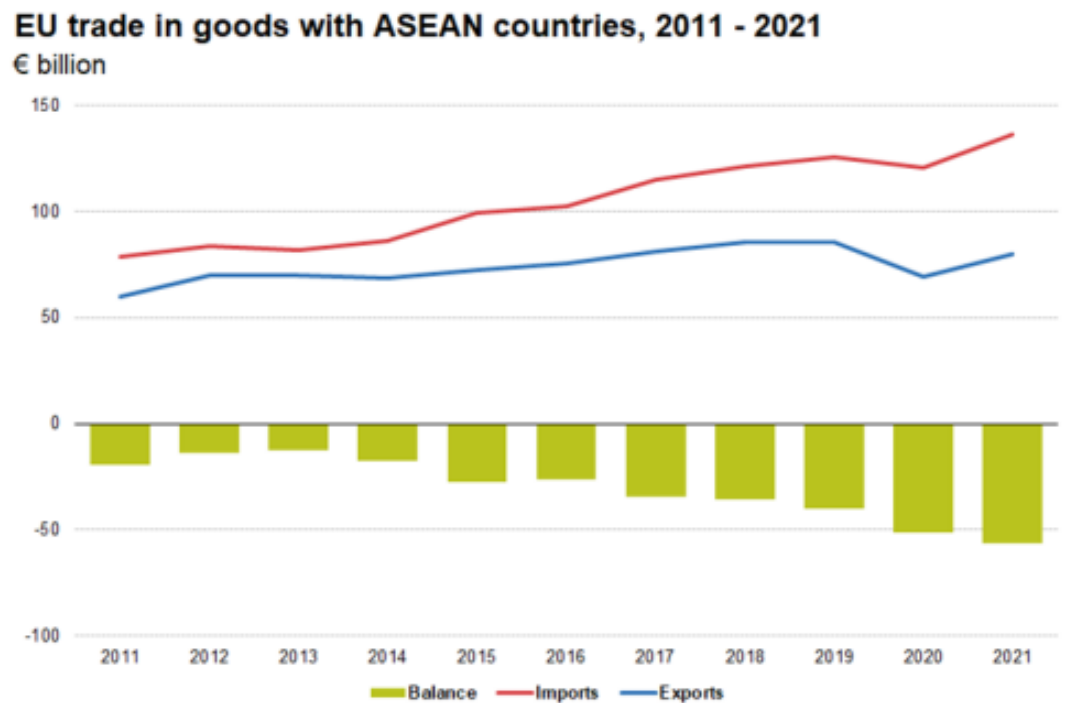


Figure 3. ASEAN's Source of FDI 2008 & 2017

Source: ASEAN Secretariat, (2018)



Source: Eurostat (online data code: Comext data code : DS-018995)

Figure 4. EU-ASEAN Trade in Goods 2011-2021

Source: Eurostat (2023)

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Considering the remarkable result, the ASEAN Economic Ministers (AEM) and the EU stated their eagerness to proceed with the ASEAN-EU FTA negotiation by implementing a joint program titled the ASEAN-EU Trade and Investment Work Programme for 2017-2018 (ASEAN Economic Ministers & EU Trade Commissioner, 2017). In a way, the ASEAN-EU Trade and Investment Work Programme 2017-2018 became ASEAN and EU's clear strategy to continue the region-to-region level agreement. The programme included various projects on trade facilitation, customs integration, standards harmonisation, and statistics and integration monitoring (ASEAN, 2018). In addition, it was also reported that the Joint Working Group (JWG) for the development of ASEAN-EU FTA redeveloped the framework for the settlement of the region level FTA parameter. To elaborate, the 2017-2018 Work Programme covered:

1. High level policy dialogue
2. Consultation at the Senior Economic Officials level
3. Enhancing dialogue with business
4. Experts' dialogues
5. Cooperation activities that includes various projects.

Even though a clear work programme has been initiated in the joint meeting, it was hard to determine whether the work programme has optimized its implementation, as there is no public documentation about its implementation progress. However, in 2018 ASEAN and EU legitimized ASEAN-EU Plan of Action 2018-2022, where it specifically mentioned the shift of focus from region-to-region agreement to bilateral FTA negotiations, where the EU at the time has negotiated bilateral FTAs with several ASEAN member states. However, it was also stated that the prior region-to-region format is still put into consideration, with the note to strengthen the capacity of ASEAN member states in conditions that are needed to obtain the EU's agreement, along with strengthening ASEAN Customs Transit System to improve customs clearance and transit in ASEAN. Seeing how ASEAN-EU region-to-region FTA negotiation were always considered and talked about in the two regional organization's occasional meetings, forums, and

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conferences, even though both organizations has decided to implement a new bilateral negotiation method, it is notable that in a way, the region-to-region FTA format is still considered important for negotiation (ASEAN & European Union, 2018). However, ASEAN's joint inability to comply with the EU's terms and conditions for a region-to-region FTA due to the non-interference status made it hard for the old format to persist. Despite so, it is noteworthy to see how both regional organizations officials still view the region-to-region FTA as the ultimate long-term goal to intensify the partnership between ASEAN and EU, particularly in trade. The EU, however, until now has only begun talks of bilateral FTAs with 6 out of 10 ASEAN member countries. The countries negotiation in chronological order from 2010, just a few months after the initial ASEAN-EU suspension status are Singapore, Malaysia, Vietnam, Thailand, Philippines, and Indonesia.

Although the new FTA formation model was changed, the official agreements still took years, with only Singapore and Vietnam's bilateral FTA that were ratified and entered into force, whereas the remaining 4 countries FTA with the EU are still in the negotiation state, until now. Meanwhile, several ASEAN member countries: Cambodia, Myanmar, Laos, and Brunei Darussalam has yet to discuss a bilateral FTA with the EU. In addition, one can view the specific 6 countries that the EU 'chose' to open bilateral partnership negotiation with, particularly with the trade statistics between the EU and each individual ASEAN member countries in the latest EU statistical report.

EU trade in goods with ASEAN countries, 2011 and 2021

€ billion and %

	Exports			Imports			Total trade (exports+imports)			Trade balance	
	2011	2021	Average annual growth rate (%)	2011	2021	Average annual growth rate (%)	2011	2021	Average annual growth rate (%)	2011	2021
Vietnam	4.8	10.6	8.2	11.3	38.5	13.1	16.1	49.1	11.8	-6.4	-27.8
Singapore	23.2	27.3	1.6	15.7	15.6	0.0	38.8	42.9	1.0	7.5	11.7
Malaysia	10.4	11.8	1.3	16.1	29.2	6.2	26.4	40.9	4.5	-5.7	-17.4
Thailand	10.0	13.3	2.9	14.9	22.0	4.0	24.9	35.3	3.5	-4.9	-8.7
Indonesia	6.7	8.0	1.8	14.9	16.7	1.2	21.6	24.8	1.4	-8.2	-8.7
Philippines	3.7	7.1	6.7	4.7	8.1	5.7	8.4	15.2	6.1	-1.0	-1.1
Cambodia	0.2	1.0	18.8	1.1	3.5	12.1	1.3	4.5	13.3	-0.9	-2.5
Myanmar	0.1	0.3	8.3	0.1	2.2	33.6	0.3	2.6	25.3	0.0	-1.9
Laos	0.2	0.2	2.8	0.1	0.3	6.7	0.3	0.5	4.7	0.0	0.0
Brunei	0.4	0.1	-10.0	0.0	0.0	-3.7	0.4	0.1	-9.9	0.4	0.1

Source: Eurostat (online data code: Comext data code: DS-018995)

Countries are sorted on the value of total trade (exports + imports)

eurostat 

Figure 5. EU Trade in Goods with Individual ASEAN Countries (2011 & 2021)

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Source: Eurostat (2023)

From this data, we are able to see how the highest and more consistent ASEAN member countries trade result were the exact 6 ASEAN member countries that have negotiated bilateral FTA with the EU. It is safe to assume that when it comes to bilateral FTA negotiation, the EU considered the result of the occurring trade with each ASEAN member countries, and the possibility of willingness to adjust with the EU's FTA standards and regulations. These particular six member countries also account for 71.4% of total ASEAN trade, with Singapore as the largest contributor to these numbers, generating 25.5% of total ASEAN trade. The next largest contributor in ASEAN's economy in order were Vietnam, Malaysia, Thailand, Indonesia, and the Philippines.

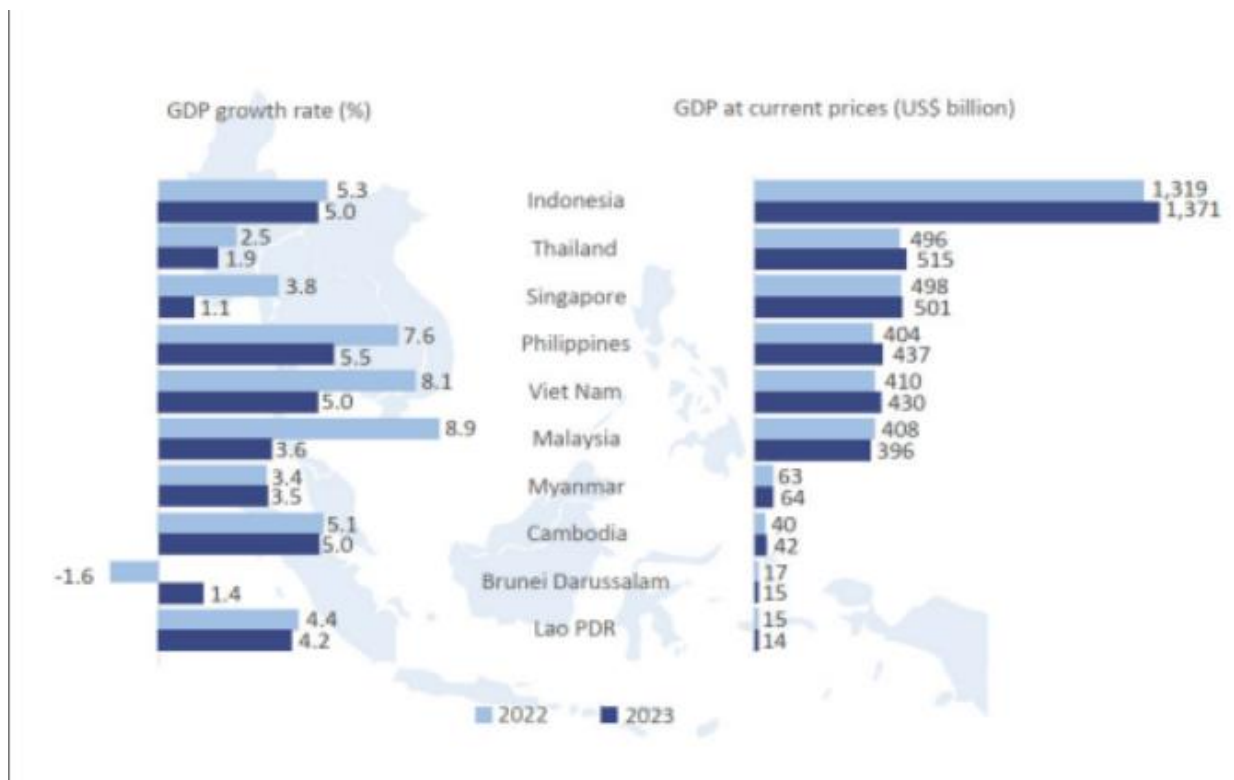


Figure 6. ASEAN Country Members Annual GDP and GDP Growth Rate (2022-2023)

Source: ASEAN Secretariat (2024)

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However, the continuation of region-to-region FTA is still more efficient, with the possibility of optimizing trade with all ten member countries of ASEAN, if only the standards and considerations from both parties are met. For the meantime, perhaps the EU chose the six ASEAN member countries to intensify the progress for the FTA, if not possible for a region-to-region model for now, then region-to-country FTA formation model could be a less complex alternative. As of now, the current progress of each bilateral FTA negotiation is:

Table 2. Progress of EU FTA Negotiations with ASEAN Member States

ASEAN Member Country	Negotiation Starting Year	Status
Singapore	March 2010	Put into force (2019)
Malaysia	September 2010	On hold (2012) Relaunch (2025)
Vietnam	June 2012	Put into force (2020)
Thailand	March 2013	On hold (2014) Relaunch (2023)
Philippines	December 2015	On hold (2017) Relaunch (2024)
Indonesia	July 2016	On hold (2016)

In Viner's model of FTA formation, Viner supports the importance of free trade, on which he highlighted the need for a "reciprocity arrangements promoting free trade" in customs union such as the FTA. The formation of customs union was seen as the advancement of free trade, which is deemed as positive. Viner's essay (Gottfried, 1943) also support regional trade blocs, for both political and economic results. By that, we can draw the ASEAN-EU FTA as traditionally accepted form of agreement, which highlights the benefits of forming a free trade area that favour minimalization of trade barriers.

However, since Viner's FTA formation model strictly focuses on trade and maximization of profits between two or more trading partners, it is difficult to see Viner's view on stalled trading agreements that are caused by other political factors

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outside from trade, like the case of ASEAN-EU FTA suspension. Even so, the decision for shifting region-to-region agreement into the new region-to-country format reconnect this FTA with the traditional aim for trade negotiations, showing that even with the human rights and sustainability reasons ASEAN-EU FTA had to be paused, the prior form of regional trade agreements still is viewed as profitable, which is shown from the EU's ambitious goal of approaching 6 individual ASEAN member countries for more concluded FTAs, even if it takes years to be signed and put into force.

5.1.1. EU- Singapore FTA

Post the 2009 FTA stalemate condition, the Republic of Singapore was the first ASEAN member country approached by the European Union. The decision was made by European Council in December 2009. Then, the bilateral agreement started in March of 2010. In 2011, the EU under the Lisbon Treaty amendment, the EU added investment protection in the bilateral FTA with Singapore. The negotiations on investment protection agreement was then continue to be the talk before it was concluded in December 2017. The EU-Singapore FTA does cover various things on trade. By February 13th 2019, the European Parliament consented EU-Singapore FTA, EU-Singapore Partnership and Cooperation Agreement (ESPCA), EU-Singapore Investment Protection Agreement (EUSIPA) by vote. At last, the wide-ranging agreements was put into force on November 21st 2019. To specify the scope of this agreement, the EuroCham (2020) highlighted EU-Singapore FTA coverage as followed:

1. Trade in Services

Singapore will offer better market access to EU companies in a number of sectors:

- a. Financial services
- b. Telecommunications
- c. Information and technology
- d. Postal and courier

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- e. Transport
- f. Environmental services

In addition, the agreement also provides a framework for the EU and Singapore to recognize each other qualifications in several professions: accountants, architects, engineers, and lawyers.

2. Labelling and safety testing

Singapore eases the EU to export a wider range of goods by eliminating trade barriers besides tariffs. These conditions that Singapore will adapt to are:

- a. Accepting EU products' labels and markings on clothing and textiles
- b. Recognizing the EU's standards and safety tests on cars and car parts
- c. Recognizing the EU's safety tests on certain electronics
- d. Evaluating the EU's inspection systems rather than individual abattoirs or food processing plants on meat, dairy, and other animal products

3. Renewable energy

The agreement will make EU-Singapore export and investment in equipment to generate renewable energy.

4. Customs procedures

The agreement brought new rules covering customs (simplified and sped up paperwork and physical checks) and supply chains (working together with Singaporean customs to ensure safety and security).

5. Public procurement

This adjustment guarantees access for EU suppliers to Singapore's market to supply goods and services to the government.

6. Intellectual property

This agreement enhances protection in Singapore on EU-owned intellectual property, whether by individuals or companies. This includes the result of research and development invested by EU companies and the work produced by EU artists

7. Smaller companies

The agreement helps EU firms by simplifying the procedures at Singaporean customs and putting in place more compatible technical requirements and product testing.

8. Environment and labour rights

The agreement promotes sustainable development. It sets strong, legally binding commitments on environmental protection and respect for labor rights. It also promotes schemes that encourage firms to operate responsibly and with accountability, sustainability assurance, and certify the usage of natural resources for business that preserves them for future generations.

9. Trade in goods

The agreement gives free access for manufactured goods and food and drink products.

As the starting line for EU-ASEAN member countries FTA, Singapore opens up great opportunities for both EU and the remaining ASEAN member countries to strategize new initiative from region-to-region to region-to-country for the meantime, as the member countries could regulate its own response to the EU's agreement standardization. As the ASEAN member country with the highest trade growth and result, one can understand why the EU specifically approach Singapore as its first bilateral trading partner within ASEAN, along with Singapore's approval of the EU's TSD standards became the gateway for other ASEAN member countries.

5.1.2. EU-Malaysia FTA

Several months after the EU-Singapore FTA began talks, the EU-Malaysia FTA started discussion in September 2010. To determine the value of trade between Malaysia and the EU, it is notable to know that the bilateral trade is dominated by industrial products, particularly machinery and appliances, which account for over 90% of trade flows (Bernama, 2025). However, the negotiations were officially put on hold on April 2012, as per request by the Malaysian government (European Parliament, 2025). By 2017,

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the decision to continue negotiations for bilateral FTA was agreed by two parties. However, the possibility for the FTA progressions was limited and the negotiations were put on hold in 2012 after two years of negotiation, as issues happened surrounding:

1. Issue of palm oil due to European Parliament's ban on palm oil biofuels in the 2017 Resolution on Palm Oil and Deforestation of Rainforests. In addition, the EU adopted its second Renewable Energy Directive (RED II) which will eliminate the use of palm oil biofuel by the year 2030
2. Sensitivity on the case of palm oil sustainability in European countries. As an example, the French Parliament imposed a tax increase on palm oil from €100 to €400 per tonne. This decision led to threats by Malaysia and Indonesia to freeze talks on bilateral FTAs (Deringer & Lee-Makiyama, 2018)
3. High compliance costs in the automobile industry tariff in Malaysia (Tham, 2012).
4. In the foreign companies' perspective, certifications in "Muslim countries" in ASEAN is difficult
5. The political situation in Malaysia. Post the 2018 general election in Malaysia, there had been a pause in the possible resumption of negotiations (Lee, 2022)

All of the issues led to the bilateral negotiation suspension for 12 years until the official announcement of FTA negotiation resumption on January 19th 2025 during Prime Minister of Malaysia Anwar Ibrahim's visitation to Brussels, Germany. With the already worth €45 billion annual trade, the two parties decided to resume the official trade agreement to give better benefits in trade and reduce risk in supply chain integration and diversification to enhance bilateral economic security (Leyen, 2025). The first round of renegotiation was announced to be held on the second half of 2025. Additionally, the prior 2 years negotiation through 2010-2012 is claimed as obsolete by Niclas Kvarnström, the European External Action Service's

managing director for Asia and the Pacific. Therefore, the negotiation will be started from scratch right back to the beginning stage (Bernama, 2025).

5.1.3. EU-Vietnam FTA

Prior to discussing a free trade agreement, bilateral cooperation between the EU and the Socialist Republic of Vietnam started as long as 30 years. To specify, an initial Cooperation Agreement was signed in 1995, then expanded to Partnership and Cooperation Agreement (PCA) signed in 2012 and put into force in 2016. Coincidental to the signing of the PCA, EU-Vietnam FTA began its negotiation (Navasartian, 2020). Although the trade result between the EU and Vietnam was one of the strongest in the whole Southeast Asia region, this FTA faced with tension and criticism. As mentioned, the EU has upheld wide standards within its trade agreement, including sustainability and standardized labour regulations. However, in this agreement, concerns surrounding the issue of workers' rights under the authoritative status of Vietnam as a socialist republican state. The poor human rights protection led to a Human Rights Impact Assessment (HRIA) to assess human rights situation in Vietnam. However, the European Commission stated that such assessment is unnecessary and assessment is not required. The European Parliament proceed to adopt separate resolutions on Vietnam, voicing its concerns on the wide range of human rights violations done by its government, backed by Vietnamese and international NGOs open letters to postpone its consent for the FTA until Vietnam reach the EU's human rights benchmarks are met by the Vietnamese government (Human Rights Watch, 2019).

The poor working conditions and limited access for labour social protection impacts the progress of negotiating an FTA, with criticisms on Vietnamese regime. The European Ombudsman found that the European Commission's decision to refuse human rights impact assessment before the EU-Vietnam FTA was due to poor administration due to Vietnam's human rights issues (Navasartian, 2020). Despite so, seeing the importance of human

rights condition for an FTA made European Parliament adopt a resolution on human rights in 2021.

After long years of negotiating, the bilateral FTA was concluded in December 2015 then come to an implementation on February 12th, 2020. This negotiation was even named as “the most ambitious and comprehensive FTA concluded with a middle-income country” (European Commission, 2016). The EU-Vietnam FTA covers several areas, including:

1. Market access for trade in goods (elimination of tariff and non-tariff measures, agreement on standards for key sectors, addressing Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT) issues, trade facilitation and customs cooperation) and rules of origin (RoO)
2. Commitments for the liberalisation of trade in services
3. Investment
4. Competition
5. Government procurement
6. Regulatory environment
7. Sustainable development, including labour issues
8. State-owned enterprises (SOEs) and the market status of Vietnam

Through the EU-ASEAN FTA, one can see how the EU is not entirely inflexible when it comes to trade agreements. The EU-Vietnam FTA was even criticized as “not compatible with global environmental goals”. The Sustainable Impact Assessment (SIA) conducted by International Economics also concluded that the FTA was “likely to have a very limited impact on the environment as Vietnam’s growth will inherently be detrimental to CO2 emissions and other polluting issues” (Oger, 2023). While some scholars have stated that oftentimes human rights became a noteworthy commodity for FTA negotiations in Western entities (Toscano et al., 2014), the EU is willing to comply with limitations that Vietnam had, particularly on human rights standards. This finding became an interesting perception of how the EU view fairness in implementing standards with each of its trade partners, and whether

the EU is able to uphold its nature to connect trade and investment with human rights (Micara, 2019).

Previously, on the region-to-region level, the EU seemed to be rigid and strict with the human rights and sustainability standards that they impose onto their trade agreement. Myanmar, as an example, was faced with strong opposition from the EU to continue the region-to-region FTA negotiation with the consensus-based organization, ASEAN (The Jakarta Post, 2011). However, the EU is able to 'bend' with Vietnam's human rights violations. By means, the EU is not entirely inflexible when it comes to formulating a Free Trade Agreement (FTA). In contrast, it was willing to compromise with the other party's condition. As Vietnam remains one of the EU's key trade partners by ASEAN, perhaps the decisions that the EU made on the bilateral FTA considers the high potential of Vietnam's economy and the optimization of trade between the region and the country.

5.1.4. EU-Thailand FTA

Although the Kingdom of Thailand and the European Union is not each other's far biggest trading partner, both parties view the other as important trading partner. Thailand was granted with the EU's Generalized Scheme of Preference (GSP) support for lower-middle income countries (European Union, 2025). The GSP enables Thailand to export its commodities to the EU without import duties such as zero tariff rate for several goods claimed as "non-sensitive". Other ASEAN member countries that received this grant are Indonesia and the Philippines (European Union, 2025). Through the special treatment by the EU, Thailand's trade soared to the regional institution. In 2012, as an example, showed Thailand's exports to the EU was worth US\$ 21 billion, which accounted for a large portion of 28.4% of Thailand's exports globally at the time (Yamabhai et al., 2017). However, Thailand's updated status as upper-middle income country by World Bank in 2011 (World Bank Group, 2011) made Thailand lose its position as the EU's GSP beneficiary in 2015. Losing the tariff and trade barriers privilege, Thailand's trade rate decrease compared to other ASEAN member countries,

especially the countries that still receive the GSP support. Therefore, the bilateral FTA became an opportunity for Thailand to increase its trade result as well as competitiveness with other ASEAN member countries that benefit from the EU as external trading partner.

The EU-Thailand FTA is expected to decrease Thailand's import tax to all goods towards the EU in the long-run, yielding a lower or equal tax rate to the GSP's rate. However, even though the FTA between Thailand and the EU began in 2013, the FTA has yet to be concluded, signed, nor put into force due to Thailand's political condition. The EU-Thailand FTA was even paused as the EU withdrew from the negotiation due to Thailand's 2014 military coup issue (Hillier, 2024). The EU decided to suspend talks as it concerns the democracy and human rights condition in Thailand. However, as the years followed, Thailand managed to reconstruct its political situation. The decision made the EU reconsider a preliminary talk in regards of the bilateral FTA with Thailand in 2021 (Rodl & Partner, 2024). Then, the official relaunch of negotiation began in 2023, and the negotiation is still conducted to date.

5.1.5. EU-Philippines FTA

The EU started negotiating a bilateral FTA with the Republic of Philippines in December 2015 (Tabelli, 2024). Although as of now the FTA has yet to be concluded, the Philippines isn't entirely new to regulate an FTA with European countries. In fact, the Philippines have concluded an FTA with the EFTA states, consisting Liechtenstein, the Kingdom of Norway, and the Swiss Confederation on April 28th, 2016. This FTA was then put into force on June 1st 2018, and an additional member, Iceland, joined the agreement and implement the negotiation on January 1st, 2020. The decision to legalize an FTA with the countries has started since February 2009, at the same time frame with the EU-ASEAN FTA suspension and the idea to form an FTA separately with ASEAN member countries. The Philippines-EFTA FTA covered areas such as trade in goods, trade in services, investments, intellectual property, government procurement, competition, and trade and sustainable development. Henceforth, the areas that are usually covered in

EU's free trade agreements are not so different with intergovernmental organizations within the regional institution, particularly in enforcing sustainability in the agreement. However, despite the EFTA-Philippines FTA that came at ease, the EU-Philippines FTA seemed to face challenges of negotiation. Therefore, the agreement has not been come to a middle ground.

One of the challenges for the EU-Philippines FTA is the condition of labor market and labor rights violations. The Philippines and the EU's FTA were paused primarily due to the human rights violations under the former Philippines president Rodrigo R. Duterte. Brussels perceived Duterte to contribute in the Philippines' drug war convictions. To elaborate, the anti-drug campaign by Duterte at the time made police officers accuse some citizens of running the drug distribution, eventually risking lives due to being convicted as drug sellers (BBC, 2018). In addition, the EU refused to continue negotiation with Philippines that was claimed as "taking undue advantage of low-paid workers employed under poor and indecent conditions" (BusinessWorld, 2024). Therefore, the negotiation was paused for a short while in 2015. In 2017, second round of negotiation was in the work, however it was then paused again until the year 2023. This year marks the end of Duterte's leadership, and the EU perceived the readiness for an FTA negotiation under Philippines next president, Ferdinand Marcos Jr'. In 2024, the FTA negotiation between the EU and the Philippines is officially resumed (Tabelli, 2024).

As one of the EU's valuable trade partners in Southeast Asia, particularly with the expected increase of trade result by 6 billion Euros (BusinessWorld, 2024), the Philippines has been the beneficiary of EU's GSP+, gaining incentive agreement for sustainable development and good governance (European Union, 2025). On the first round of negotiation, the EU and the Philippines discussed topics surrounding transparency, sustainable food systems, trade remedies, services, competition and subsidies, customs and trade facilitation, an anti-fraud clause, trade in goods, digital trade, intellectual property rights, geographical indications, rules of origin, small and medium-sized enterprises, good regulatory practices; state enterprises,

sanitary and phyto-sanitary measures, trade and sustainable development, mutual administrative assistance, and dispute settlement and exceptions (Jochheim, 2025). However, the new FTA approach is yet again faced with tremendous challenges. Although human rights violations have drastically decreased under Ferdinand Marcos Jr.'s new leadership, the anti-drug campaign is still somewhat implemented in the new administration, this time a little bit subtle. However, with Manila's foreign policy pivot away from Beijing, as evidenced by its tougher posture in the SCS, rapprochement with Brussels is viewed as a good strategy for both the Philippines and the EU.

Though the progress of the EU and Philippines FTA negotiation seemed to not make significant progress during the new step to relaunch the negotiation, president Marcos Jr. has stated the expectation to finalize the EU-Philippines FTA by the year 2027 (Tabelli, 2024). In addition, the Philippines has ratified all 27 convention in the GSP+ requirements (European Union, 2012b), which likely will increase the cooperation in the bilateral FTA. Despite facing several complexities, the rate of agricultural products export from the Philippines is not dominant, especially compared to Indonesia (Goulard, 2024). In this case, the aspect of sustainability and environmental considerations for an FTA may not be as prominent, and a conclusion for an FTA is expected to come in relatively faster than ones with sustainability and environmental impact considerations, particularly with the EU's strict measures.

5.1.6. EU-Indonesia FTA

Compared to other ASEAN member countries, the Republic of Indonesia becomes the sixth member country that has opened its negotiation with the EU. This becomes an interesting choice from the EU, considering that Indonesia stands as the largest economy in ASEAN, with its the largest population across Southeast Asia. In addition, Indonesia's Gross Domestic Product (GDP) holds an amount of 36.2% of ASEAN's overall GDP (ASEAN Secretariat, 2024). Therefore, Indonesia was seen as one of the key economic actors in the region. Additionally, Indonesia was the first Southeast Asian

country to signed a Partnership Cooperation Agreement (PCA) with the EU (Supamijoto, 2014). The agreement covered trade, environment, energy, education, science and technology, migration, and counterterrorism (EEAS, 2019). However, the EU approached Indonesia to conduct an FTA much later than the other 5 member countries it approached first, even way after the Philippines, despite having lower trade result in comparison with Indonesia. To draw back of the shared history between the two entities, the EU once impose a military embargo towards Indonesia due to Indonesia's human rights violation issue, as known as the East Timor invasion in 1975 and 1991, along with its authoritative governmental model at the time. However, as Indonesia reformed into a democratic republic state in 1998, the EU's perspective. Despite so, there isn't much development in the bilateral relations between the two, as the result has deemed to not be adequate enough to enhance Indonesia's profile in the EU (Supamijoto, 2014). Some of the reasons behind this can be analysed as followed:

1. Indonesia's coverage in Europe is not prominent, both the country and the Indonesian community in Europe
2. Indonesian community is only a small percentage of Asian community in Europe
3. Although Bali is a popular travel destination in Indonesia among Europeans, the Bali Bombing incident in 2002 and 2004 increased fears to travel.
4. Lack of Indonesian tourists in Europe compared to other Asian countries

As the EU-Indonesia negotiation proceed in 2016, it was paused for a while during the COVID-19 pandemic (Medina, 2025). Afterwards, concerns surrounding environmental measures happened that led the negotiation into stagnation. Haze pollution from fires, forest degradation, and deforestation is one of the major sources of annual environmental problems in Indonesia (Tacconi et al., 2007) The EU views the issue of forest degradation and deforestation in Indonesia to be caused by land clearing and illegal logging

(Supamijoto, 2014). In addition, the problem of deforestation is currently expanding across Indonesia due to the ambition of expanding palm oil trade. According to the EU, palm oil has caused the most rapid rate of deforestation compared to other types of plants from 2008 to 2015. This drove the EU to implement the Regulation on Deforestation-free Products (EUDR) with the goal to prevent products that are linked to mass deforestation, whether legal nor illegal, to be prohibited from entering the European market. By that case, it assumes palm oil, one of the largest export commodities of Indonesia as unsustainable and hindered the trade process (Siddharta, 2019). The tension between Indonesia and the EU regarding palm oil made the World Trade Organization (WTO) step up to mediate the issue. Eventually, the WTO claimed in favour of Indonesia's stance, stating the EU's unfairness to restrict market access for palm oil and palm-based biofuels. The WTO panel determined that the EU discriminated against palm-based biofuels by giving preferential treatment to equivalent biofuels made from other vegetable oils, such as soybean, rapeseed (canola), and sunflower oil, which are largely produced within or supported by the EU (Zazali, 2025). With the case resolved, Indonesia and the EU is expected to speed up the FTA negotiation progress, with the grand ambition to conclude negotiation by 2025 (Medina, 2025).

5.2. ASEAN-EU FTA Conferences Post 2009 Suspension: Analysis on ASEAN and EU State of Collective Identity

The condition of ASEAN-EU FTA that was said to face suspension, which later on was expected to be continued with hope by both ASEAN and the EU made this FTA become a complex agreement to analyze, particularly since ASEAN-EU FTA post suspension in 2009. The Trade and Investment Work Programme for 2017-2018, for example, has no official report during its implementation and whether it had come to a completion by the year 2018. The only supporting news of the programme was just its initial launch in 2017 by the ASEAN Economic Ministers and EU Trade Commissioner (2017). The similar case goes to the following negotiations between ASEAN and the EU. In 2019, during the 22nd

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ASEAN-EU Ministerial Meeting in Brussels, Belgium, both ASEAN and the EU reaffirm the joint commitment to finalize EU-ASEAN FTA, along with intensifying the role of the Joint Working Group (JWG) to develop a framework. Then again, there seemed to not be any progress on behalf of the JWG to thoroughly assess the framework, and the FTA commitment proceed to be mentioned in further ASEAN-EU meetings in 2019-2020 with the same notion and no additional substance: the 26th ASEAN-EU Joint Cooperation Committee (JCC) Meeting Convenes in Jakarta (2019) and the 27th ASEAN-EU Joint Cooperation Committee (JCC) Meeting Convenes in Jakarta (2020). An update on the FTA was later stated on the ASEAN-EU Joint Ministerial Statement on Connectivity (2020), where the prior Trade and Investment Work Programme was extended and enhanced for 2020-2021. However, there was no details on how it was implemented, much more due to the occurring COVID-19 pandemic in 2020, making the region-to-region FTA progress halt once more.

Fast forward to 2022, the statement for JWG's re-orientation to set a framework for ASEAN-EU FTA was stated yet again with no clear elaboration in the 18th AEM-EU Trade Commissioner Consultation (ASEAN & European Union, 2022b). However, this time, the FTA is officially said to be a long-term objective, abolishing the prior suspension label on the agreement. Next, in the ASEAN-EU Commemorative Summit 2022, the ASEAN-EU FTA status as a long-term objective was reaffirmed, however there seemed to be no clear progress on the region-to-region level, with ASEAN stated the temporary focus between EU and ASEAN member states to "explore other avenues in the short and medium terms to promote cooperation in areas of mutual interest such as digital economy, green technologies and green services and supply chain resilience" (ASEAN & European Union, 2022). 2 years after, the statement on the 24th ASEAN-EU Ministerial Meeting showed yet again no apparent change regarding the FTA progress than the prior meeting. In sum, the following ASEAN-EU meetings after the two claimed to continue the region-to-region negotiation seemed to show no clear progressions on the substantial level. It seemed somewhat true that the current focus of ASEAN and the EU still focuses on the bilateral format. It is unclear as to why the JWG and the clear progress of the EU and ASEAN's FTA seemed to be all talk with lack of

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progressive action. The Ambassador of the EU to ASEAN, Sujiro Seam, even mentioned that the state of ASEAN-EU FTA is “not urgent to be discussed” (Wienanto, 2025) and the negotiation is held back once more until the unknown future. One is able to assume that the decision was made due to ASEAN’s inability to solve the Myanmar issue refusal by the EU, but this also raises a question: does the EU still consider Myanmar’s domestic issue as the building block of the region-to-region initiative? Is the EU still as strict as back in the early stages of the FTA on the issue institutions by enhancing the willingness to act on generalized principles of conduct (Ruggie, 1992). The structures of regional or global international systems play an indirect causal role because they create interaction situations that either prevent or promote the creation of dynamics of collective identity formation. As opposed to the common conception that constructivism and its concepts is far separate from the material world, Wendt (1994) argued that material structures can have an effect on collective identity. Material forces, such as trade and politics are able to make up identity and interest. By means, collective identity is a different approach from general/mainstream concepts in constructivism that is commonly known to be a distinction from other mainstream theories in international relations, such as realism and liberalism.

At the extreme level, Wendt also argued that hegemony can be found in collective identities. This dynamic will be found if the material power is not distributed equally among the countries. However, this we will find it hard to see this certain dynamic in ASEAN and the EU, as in both institutions show no apparent form of hegemony or dominance. Singapore, for example, is worth of more than 20% of ASEAN’s overall economy. Despite so, it possesses just the same amount of power as other ASEAN member countries, and so are the EU countries respectfully. Therefore, the model of collective identity in both ASEAN and the EU determine the mutual, to put it simply, is a balanced cooperation between neighbouring countries. Therefore, Wendt’s assumption of collective identity is prone to be united through hegemony and that many factors could cause egoism and egoistic interests can be debunked from observing the dynamic of agreement formation in ASEAN known for its consensus-based nature and the EU’s form of

uniting its member countries into a singular, neutral authoritative body that are represented by all EU's member countries.

To determine the collective identity of both ASEAN and the EU, the author accords both ASEAN and the EU's form of identity from their official statements. The shared constructed identity of ASEAN, according to the regional institution itself, are stated according to the ASEAN Charter in the Article 2: "respect, peace and security, prosperity, non-interference, consultation/dialogue, adherence to international law and rules of trade, democracy, freedom, promotion and protection of human rights, unity in diversity, inclusivity, and ASEAN Centrality in conducting external relations" (ASEAN, 2020). By means, non-interference principle can be stated as ASEAN's collective identity in agreement formation, which reflects the ASEAN's inability to overrule its member countries' response for its external agreements as such. In terms of the EU, the EU's Fact Sheets (2025) officially defines the decision-making procedures in the EU as supranational. To elaborate this matter, all of EU member states agreed to collectively share their power and authority to the EU institutions to "make supranational binding decisions in their legislative and executive procedures". This commonly known fact and European integration has made the EU be defined as a supranational organization by many, ranging from academic to political definition of the regional organization.

To analyze the possible cause of hesitation of ASEAN and the EU to progressively continue the discussions of an FTA, the EU's consistent ban on Myanmar of its domestic issue is one of the strongest factors of why the two regional institutions couldn't conclude the long-negotiated FTA, even after more than two decades worth of negotiation. According to Neta Oren and Daniel Bar-Tal, conflicts tend to happen between two or more collective identities striving to agree on a mutual cooperation, as it is natural for each group to believe that one own self-interests and goals contradicts the others. Therefore, the case of stagnation between ASEAN-EU's FTA is argued as the direct cause of the identity blockage between ASEAN and the EU, on which the two couldn't agree on a mutual action which is to conclude an FTA due to differences in the modes of responses in agreements: ASEAN with its non-interference principle and the EU's form of supranationalism. By that, the case of finding mutual solution for the agreement is an issue that will

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prevails as long as the two institutions are stern on their own collective identity that could not meet with the other, making the region-to-region agreement remain a long-term objective until the unforeseen future.

CHAPTER VI

CONCLUSION

6.1 Conclusion

This research concludes that Alexander Wendt's collective identity concept is able to influence the course of multilateral organization's agreement formation. The subject of this research is the Association of Southeast Asian Nations (ASEAN) and the European Union (EU) Free Trade Agreement (FTA) formation. The FTA, which was previously suspended in 2009 due to ASEAN and EU's inability to come to a unified decision due to EU's initial refusal to comply with the FTA as it imposes sanctions on Myanmar as a response to Myanmar's domestic human rights issue since 1996, and ASEAN's incapacity of responding to the EU's action due to ASEAN's shared identity of non-interference principle, making it possess no authority to interfere with its member countries' affairs.

The author analysed one of the factors that caused the long-discussed FTA are slow to be concluded nor agreed by the parties involved, which is identified to be an effect of collective identity blockage. Despite commonly known as being a social construct, collective identity cannot be implied as irrelevant, contrary to the common critics of constructivists. In contrast, collective identity is important for all individuals and communities with similarity and shared beliefs. In fact, collective identity offers foundational and systematic stability for integrated bodies. The collective identities in this research are ASEAN's non interference principle and the EU's supranationalism. These identities specifically reflect ASEAN and EU's method of forming an agreement. While ASEAN's agreement formation model is consensus-based, meaning no agreement can be complete without all of the member countries' collective agreement with no exception, the EU member countries part of joining the organization is to give authorized permission to the EU and its institutions to form agreements in behalf of its member countries.

The EU's Treaty of Lisbon brought important developments to the EU's external action, where it came into effect prior to the conclusion of the aforementioned new generation of trade agreements. Therefore, according to the regulations, the EU is obliged to make its FTA an "umbrella" form of agreement

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that covered various areas that is believed to sustain the agreement, maintaining the ambition of the EU to be a global leader in goods and services. Additionally, ASEAN's big trade market made it a highly potential trade partner to the EU, making the two shift the prior FTA discussion from region-to-region level to the EU's bilateral form of FTA negotiation with individual ASEAN member countries. Despite so, the two are still cooperative on the ASEAN-EU FTA format, noting the agreement as a long-term objective.

This research also analysed the new initiatives that the EU made with ASEAN post the 2009 region-to-region FTA suspension: shifting the ASEAN-EU FTA into the EU's bilateral FTA with ASEAN member countries. To date, the EU has concluded 2 FTAs with individual ASEAN member countries: Singapore and Vietnam, and are still negotiating FTAs with 4 other ASEAN member countries: Malaysia, Thailand, Philippines, and Indonesia. The author proceeds to elaborate each progress of the FTAs with the 4 countries, along with analysing the EU's motive of approaching only 6 out of all 10 member countries to negotiate an FTA with. In the chapter, the author expanded the research to analyze the state of EU's behaviour with each ASEAN member countries, and how EU's collective identity is not thoroughly rigid, but rather more flexible in accordance to the other party it negotiates an FTA with.

While the author does not infer that the distinct form of collective identities is the main cause of the conflicted FTA formation, this research showed that these collective identities do influence and have impact on the course of dialogue and negotiation between the member countries. In this case, the differences of agreement formation between ASEAN and the EU made a different perspective of how the ASEAN-EU FTA is unfold. Therefore, the building block of this agreement, which was Myanmar's domestic issue, is related to the root form of ASEAN and the EU's institutional foundation, along with the difference of behaviour between the EU that is more unilateral as opposed to ASEAN's more diverse nature. Additionally, this research found that contrary to most ASEAN's FTA with external parties, the ASEAN-EU FTA EU bilateral agreements had non-economic targets: politics, environment, and sustainable development. The EU's method of forming FTA are very comprehensive, including not only common trade

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attributes but also other requirements such as sustainability, human rights, and political considerations. This upgraded form of FTA formation is able to distinguish the EU's agreement method with other FTAs, particularly with the ones finalized by ASEAN's external parties. In sum, collective identities have a large influence on actors in international relations, in particular to the actor's behavior in approaching multilateral trade agreements.

6.2 Further Recommendations

Although it provides a new perspective of the object regarding ASEAN-EU FTA, this research has its limitations. The scope of this research, for instance, are limited due to the unfinished status of the ASEAN-EU FTA, along with some EU FTAs with individual member countries. The author suspects that researchers who wants to analyze the ASEAN-EU FTA issue in the future will grasp larger data in regards of the FTA. For example, the EU-Indonesia FTA is expected to be concluded by the end of 2025, therefore making the timeline of this research and the expected progress hard to meet. By time, it is expected that more substantial information regarding the progress of these initiatives will be more comprehensive.

In addition, this research used collective identity concept, a concept that is a part of the constructivist lens. Perhaps, future research on this topic are able to utilize other constructivist concepts revolving ideas and values that could be used to analyze the issue of ASEAN-EU FTA slow progressions for more than two decades. At last, analyzing the topic of ASEAN-EU FTA provides great materials for the world of international relations, both for practitioners or academics who are interested in the topic of multilateral trade agreements course of negotiation. Noting that the ASEAN-EU FTA issue is still on its way of finalization, future research utilizing this topic is believed to incorporate more thoroughness and depth of the issue.