

Focus
September 2024

Is ASEAN the new European Union?

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Abstract

The comparative analysis of regional economic organisations, particularly ASEAN and the EU, has intrigued international relations scholars for decades. The existing literature examines the origins, structures, and global influence of the EU and ASEAN, with some studies speculating ASEAN's potential to surpass the EU economically. Recently, discussions have shifted towards exploring the ASEAN's potential to become a new EU. Several factors beyond the economic sphere drive this shift in discourse, such as ASEAN's increasing global relevance, the growing interest of international partners to engage in dialogue and enhance cooperation, the implementation of an effective Indo-Pacific strategy, and constructive engagement with extra-regional countries and international bodies to tackle regional and global challenges. Given that, a nuanced review of existing scholarship on ASEAN-EU comparisons is essential to determine if ASEAN merits this designation. Drawing on the comparative analysis, this paper argues that although ASEAN is emerging as a robust economic block, its integration stature would remain distinct from the EU due to certain inherent factors such as diverse cultures and religions, differing economic policies, varied growth trajectories, and the lack of a common currency. Furthermore, the paper observes that from the very beginning, ASEAN has not pursued an EU approach to its

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integration per se. The paper concludes that while ASEAN holds significant potential with its effective free trade regimes, it needs significant institutional development to become a regional integration bloc comparable to the EU. Nevertheless, given the rising global relevance, and increasing extra-regional partnerships, ASEAN can be called a new ASEAN rather than a new EU with its stand-alone stature in the international system.

Introduction

The comparative analysis of regional economic organisations like ASEAN and the EU has intrigued international relations scholars for decades. In this regard, extensive literature is available that focuses on comparison between the two organisations regarding their origins, structures, and global influence, with some studies critically analysing the potential for ASEAN to outpace the EU economically in the future. However, more recently a discourse on ASEAN has shifted to exploring the organisation's potential to become a new EU. Several underlying factors besides economic resilience can be attributed to this changed discourse. To reflect on those factors, a nuanced examination of existing scholarship on ASEAN-EU comparisons is necessary to assess whether ASEAN truly merits this designation.

This paper proceeds in two steps. First, it reviews existing literature on theoretical contestation, institutional comparison, and trade comparison. Building on the comparative analysis, it explores the central question that whether ASEAN can be called the new EU. In conclusion, the paper, while summarising the discussion, argues that although, ASEAN is emerging as a robust economic bloc, however, its integration would remain distinct from the EU due to inherent factors like diverse cultures, varying economic policies, different growth trajectories, and absence of a

common currency. The paper also concludes that ASEAN should not be analysed through the EU perspective, considering its notable economic achievements through market-driven strategies.

ASEAN, EU in Comparative Perspective

The EU began its journey by establishing the Council of Europe to promote democracy, human rights, and the rule of law back in 1949. Later in 1951, six Western countries namely, Germany, France, Italy, the Netherlands, Belgium, and Luxembourg, signed a treaty to manage coal and steel industries commonly which is known as Europe Coal and Steel Community ECSC. This cooperation evolved into political unification by establishing a 'supranational' governance structure such as a Council of Ministers, a Common Assembly, a High Authority, and a Court of Justice.¹ Today the EU is functioning as a government with shared sovereignty.

In contrast, the ASEAN established in 1987, initially focused on political and security cooperation in the backdrop of disputes mainly between Indonesia, Philippines, and Malaysia. Later the organisation developed into a robust economic integration bloc which essentially made breakthroughs in the economic cooperation front without political integration as was the case with the EU. The integration process in the EU was stated in which formal government authorities established cooperation with other European states through treaties, and agreements, whereas ASEAN's ascended through market-driven agreements.

Theoretical Contestation

The existing theoretical scholarship comparing ASEAN and the EU generally falls under the categories of the 'political' vs 'economic' integration paradox. Both the organisations emerged as potential regional blocs out of contrasting backgrounds, ideologies, and development processes which have largely shaped their approaches to regional integration, intra-regional trade and politics, and the world view.

This contrasting orientation of the EU and ASEAN was aptly described by William Wallace as 'de jure, and de facto integration'. The former is led by political governments through agreements or treaties, while the latter is led by transnational regional economy that emerged through establishing networks of production and exchange among private market actors.² In that sense, several other scholars also refer to these two regional integrations of EU and ASEAN as political-led and economic-led, formal and informal, respectively.

According to neo-functionalists like Ernest Haas, integration is incremental, in which successful cooperation in one area permeates cooperation in other areas and thus leads to complete integration.³ Based on this theory, Leon Lindberg argues that European integration was incremental and began with the cooperation between the European states over coal and steel.⁴ However, in the case of the ASEAN, the neo-functionalism failed to explain the 'spillover' integration module that was aptly applied in the European integration. The ASEAN integration is therefore a unique integration in which there is a growing cooperation without political integration primarily due to the distinct socio-political culture of Southeast countries.

The Intergovernmentalists, on the other hand, argue that the states are the sole political actors in the international system and have a significant role in shaping the integration. More simply, the integration cannot be pursued and accomplished unless states desire it. A leading intergovernmental theorist, Stanley Hoffmann says that:

'First, the EC does not represent a new base of sovereignty transcending the sovereignty of its member states. Second, nations and national interests remain the key agents in the integration process which undermines the concept of functional spillover. Third, the historical context of integration must be taken into account to understand the phenomenon being observed. At this point, European integration is seen to be only one aspect of global development, especially during the Cold War.'

This Intergovernmental school of thought provides a logical basis for ASEAN integration. It explains how the interests of member states shaped the cooperation between Southeast Asia. Unlike the supranational nature of integration in the EU, the ASEAN follows a non-intrusive path giving more importance to cooperation based on intergovernmentalism.

The above theories, emanating from the larger liberal and realist schools of thought provide some useful explanations of the evolution of regional integration in Europe and Southeast Asia. However, both the organisations particularly ASEAN present a unique model of integration in which economic cooperation is growing exponentially without meeting the essential regional integration tenets. Given that, ASEAN stands as exclusively a regional economic cooperation which appears to be following the same suit at least for now.

Institutional Comparison

The EU operates through four main institutions: The European Parliament, the European Council, the Council of the European Union, and the European Commission. These are supported by three key entities: The Court of Justice of the European Union, the European Central Bank, and the European Court of Auditors. Approximately 60,000 civil servants and staff work within the EU to serve the total population of around 448.8 million. The budget is primarily funded by a portion of each member country's gross national income, alongside other sources established by EU countries. 'Own resources,' which include duties, levies, VAT, and national contributions, account for about 98 per cent of the budget, while the remaining 2 per cent comes from other income. The Euro serves as the official currency for 20 of the 27 EU member countries⁵, with around 341 million daily users, making it the second most-used currency worldwide.⁶

ASEAN has a Council of Ministers but lacks institutions like the European Commission, the European Parliament, the Court of Justice, and a common currency. Its secretariat is relatively weak and small compared to the EU. The EU Commission functions like a government, able to enter treaties, and agreements, and propose legislation, which ASEAN cannot do. However, the Secretary General of ASEAN holds significant authority by issuing annual compliance reports for each member. The office of the Secretary General of ASEAN is primarily a driving force behind the economic integration. Decision-making in the EU relies on voting, whereas ASEAN operates by consensus. Additionally, the EU has 24 official languages, while English is the only official language of communication in ASEAN. The EU allows free movement of goods, services, capital, and labour, while ASEAN only facilitates

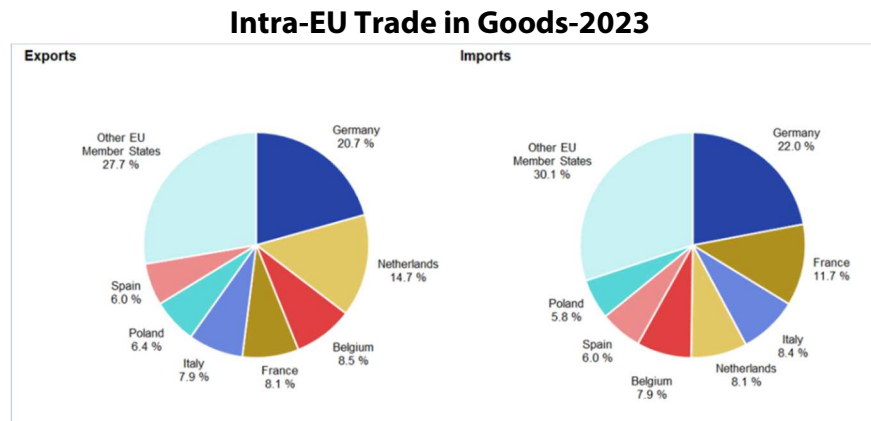
the movement of professionals and skilled workers. Like the EU's Charter of Fundamental Rights, ASEAN has a Declaration of Human Rights.

Trade Comparisons- Latest Estimates

The European Union (EU)

According to the latest data obtained from the official websites of the EU, the intra-EU trade was valued at 4,102 billion Euro in exports which was 61 per cent higher than extra-EU trade, which was around 2,556 billion Euro. Germany had the highest share with 21 per cent of intra-EU exports and 22 per cent of total imports. The Netherlands's share on the other hand was 15 per cent to intra-EU exports, while France accounted for 12 per cent of intra-EU imports(See Figure below).⁷

Figure 1



Source: europa.eu

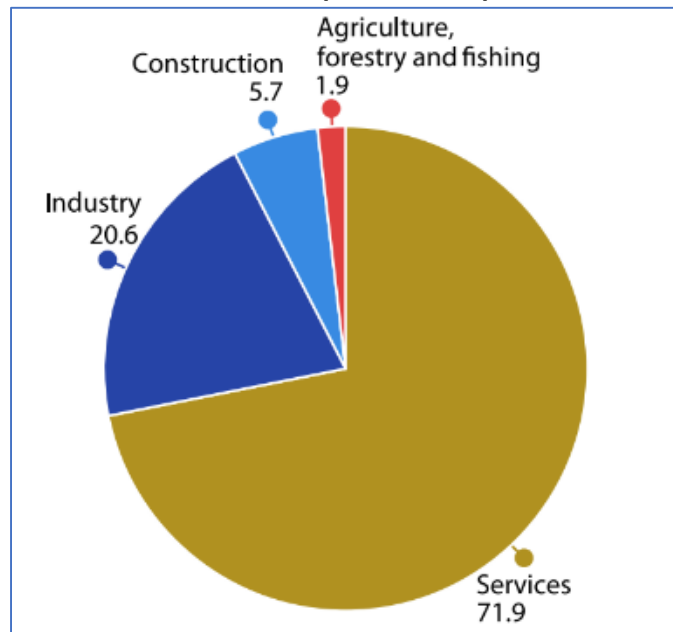
The resilience of intra-EU trade is evident from the fact that all the member states (except Ireland, and Cyprus) had a higher share both in terms of exports and imports in comparison to extra-EU trade. According to the latest stats, the highest intra-EU

trade shares were recorded as Czechia 77.3 per cent, Slovakia 78.4 per cent, Estonia 79.9 per cent, and Luxembourg 85.8 per cent, while Ireland had 40.6 per cent, and Cyprus 48 per cent.⁸

Looking at the sectoral share, from 2000 to 2023, the share of EU total value added generated in the services sector increased from 69.2 per cent to 71.9 per cent. The main reason behind this was the increases in the output of public administration, defence, education, health and social work activities, transport, accommodation, and food service activities. The industry's share, however, went down from 22.6 per cent to 20.6 per cent, while the share of agriculture, forestry, and fishing slid from 2.5 per cent to 1.9 per cent. The share of value added in construction was 5.7 per cent in both 2000 and 2023 (see Figure 2).

Figure 2

Sectoral Structure of Intra-Regional Trade with EU (2000-2023)



Source: europa.eu

In 2023, the United States remained the most common destination for goods exported from the EU with a share of 20 per cent. After the United States, the United Kingdom was the second largest destination with a share of 13 per cent, followed by China with 9 per cent. The United States, the United Kingdom, China, Switzerland, Türkiye, Japan, and Norway, the seven largest destination markets for EU exports of goods, accounted for almost three-fifths of all EU exports of goods with 58 per cent. These seven largest suppliers of EU imports of goods were almost the same countries as the seven largest destination markets for EU exports, with South Korea replacing Japan. These seven countries accounted for almost three-fifths 58 per cent of all imports of goods into the EU. China was the largest supplier of goods with 20 per cent of all imports in 2023 followed by the United States with 14 per cent.⁹

With regards to the shares in the world market for exports, the EU had the second largest share of global exports of goods with 13.7 per cent ahead of the United States, 10.4 per cent but behind China, 18.3 per cent. In terms of imports, the EU with 15.3 per cent also had the second largest share of global imports of goods, ahead of China, 13.2 per cent but behind the United States, 16.3 per cent.¹⁰

ASEAN

According to the latest data obtained from the official websites of the ASEAN, the organization has a market size of around 2.3 trillion with a population of around 600 million people. With the combined nominal GDP of ten ASEAN Member States (AMS)¹¹ around US\$3.6 trillion in 2022, ASEAN emerged as the fifth largest economy in the world following the United States

(US\$25.5 trillion), China (US\$17.9 trillion), Japan (US\$4.2 trillion), and Germany (US\$4.1 trillion). ASEAN and the aforementioned four countries represented more than half of the global economy, with ASEAN's contribution standing at around 3.6 per cent of the world GDP.¹²

The GDP of ASEAN comprises the ten member states with varied economic size. In 2022, Indonesia maintained the largest share of the region's GDP at 36.4 per cent, followed by Thailand (13.7 per cent), Singapore (12.9 per cent), Viet Nam (11.3 per cent), Malaysia, and the Philippines (both at 11.2 per cent), while the remaining states contributed 3.4 per cent to the GDP, resulting in a total of US\$3.6 trillion of ASEAN GDP. Indonesia and Vietnam have been on the top with significant increases in their contributions to the ASEAN GDP since 2005.

Figure 3

**Shares of main economic sectors
to total GDP (%), 2015-2022**



Source: ASEAN Secretariat, ASEAN stats Database

In the last decade, the services sector consistently became the leading sector in ASEAN's economy. The share of the agriculture sector to the region's GDP increased from 15.7 per cent in 2015 to 16.4 per cent in 2022. However, the combined share of these two sectors decreased during the same period as the total GDP share of ASEAN. The share of the secondary sector

decreased from 30.2 per cent in 2015 to 29.8 per cent in 2022. Meanwhile, the tertiary sector contributed 50.5 per cent of total GDP in 2022, a slight decrease from 50.9 per cent in 2015.

The share of the tertiary sector, the services, was found to be the largest in the Philippines and Singapore reaching 70.9 per cent and 61.2 per cent, respectively, of the country's total GDP, followed by Thailand (56.2 per cent), Malaysia (50.9 per cent), Indonesia (41.8 per cent), and Vietnam (41.3 per cent). Meanwhile, the primary sector, agriculture, was the leading sector in Brunei Darussalam, contributing 44.1 per cent to the total GDP of the country along with Myanmar (27.4 per cent), Cambodia (25.9 per cent), Indonesia (24.6 per cent), Lao PDR (21.8 per cent), Malaysia (18.6 per cent) and Vietnam (14.7 per cent).

In 2022, the ASEAN agriculture trade was recorded at US\$341 billion. Animal and vegetable fat amounted to US\$77.3 billion, followed by cereals at US\$28.2 billion. Their contributions to total ASEAN agriculture trade were 22.7 per cent and 8.3 per cent, respectively. In services, Singapore continued to have the largest total trade in services with US\$549.8 billion, accounting for 58.8 per cent of the region's total, followed by Thailand (US\$101.8 billion, 10.9 per cent) and Malaysia (US\$76.6 billion, 8.2 per cent). Meanwhile, Indonesia and the Philippines both had total trade in services of US\$66.8 billion and US\$66.5 billion, respectively, contributing about 7.1 per cent each of the ASEAN trade in services. Furthermore, Myanmar, the Philippines, Singapore, and Vietnam had a positive trade balance, whereas the rest of AMS experienced negative trade balances. The total value of ASEAN international goods trade in 2022 increased by 14.9 reaching US\$3,846 billion, consisting of US\$1,962 billion of exports and US\$1,884 billion of imports.

Figure 4

ASEAN exports and imports and trade balance (US\$ billion), 2005-2022



Source: ASEAN Secretariat, ASEAN stats Database

In 2022, intra-ASEAN trade remained the largest component of total ASEAN trade with 22.4 per cent of the region’s total merchandise trade. The contribution of intra-ASEAN exports and imports was 22.9 per cent and 21.6 per cent, respectively.

The above discussion on theoretical underpinnings, and institutional and trade comparisons can be best understood through the comparison checklist that is given below.

Figure 5

EU-ASEAN Comparison- A Checklist

ASEAN		EU
10	Members	27
US\$ 3.6 trillion (2022)-(ASEANstat) World’s Fifth largest economy-nominal terms	Economy	US\$ 16 trillion (WEF-2023) World’s Second largest economy-nominal terms
Non-legalistic-consensus based	Level of Integration	Legalistic-binding

No	Monetary Union	Yes Single Monetary union
One vision, one identity, one community	Motto	United in diversity
English-working language	Languages	24 official languages
600 million	Population	448.8 million
4500,000-Square Kilometer	Area	4214,955-Square kilometer
Restricted-Businessmen, professionals, skilled	Freedom of movement of goods, services, capital, and labor.	Not restricted
Yes Declaration of Human Rights	Provision for Human Rights	Yes Charter of Fundamental Rights
No centralized court	Justice System	European Court of Justice
Yes	Extra-regional Free Trade Agreements	Yes
Inter-governmental	Institutional Type	Supranational – pooled sovereignty
No	Common Currency	Yes Euro
Symbolic Inter-Parliamentary Assembly	Legislative Body	European Parliament
Yes ASEAN Secretariat-Small and relatively weak	Secretariat	Yes European Commission-Act like a government
Consensus	Decision Making	Voting
Exact unknown-Secretariat less than one thousand	Employees	60,000
Manufacturing and Agriculture	Natural of Economy	Knowledge-based Service sector

Muslim, Hindu, Buddhist, Christian	Religion	Christianity
Democratic, Monarchy, Autocracy	Political System	Democratic
Emerging	Knowledge Industry	Mature

Source: Adapted by Author

*Most of the data is taken from the official websites of the EU and ASEAN

Is ASEAN a new EU? – Building an Argument

Building on the previous discussion, the paper argues that the EU's approach to regional integration is primarily legalistic, featuring strong institutions, a single market, and close cooperation among national authorities on economic, political, and social issues, including the creation of a Parliament and Court of Justice. In contrast, ASEAN's 'institution-lite'¹³ nature indicates that it has significant progress to make in developing its capabilities to become a robust model of regional cooperation compared to the European Union.

ASEAN's slow progression toward a robust regional institution may stem from its desire to sidestep bureaucratic challenges arising out of varying growth trajectories and institutional structures of its member states. Therefore, ASEAN has prioritised market-driven economic integration which allows favorably allowing East Asian governments to adjust the pace and depth of integration according to their capabilities.

The financial integration of markets is another area, where ASEAN is progressing relatively slowly as compared to the EU. The possible reason behind this is the traditional dominance of the banking sector along with a lack of technical infrastructure. However, more recently, ASEAN took up the task of overhauling

its financial system. Nevertheless, the ASEAN does have state of art effective mechanisms to respond to the financial crisis.

Membership is another area that differentiates the EU from the ASEAN. The EU has developed a clear roadmap for entry into Europe with clear rules such as democratic values, market economy, and the complete acceptance in national systems of the EU body of rules and regulations. The ASEAN membership process is relatively cumbersome.

Another challenge facing ASEAN in advancing regionalism is its institutional incapacity. While intergovernmental cooperation has fostered various forums, initiatives, and mechanisms, the only true "Asian" institution that effectively represents member states through professional staff committed to regional interests is the ASEAN Secretariat.¹⁴ The ASEAN Secretariat, and the Secretary-General, on the other hand, are not mandated to initiate policies and ensure compliance. Being the lone central authority, the ASEAN Secretariat just provides administrative support for the member states' governments.¹⁵ The concept of regional bureaucracies, and working beyond the scope of intergovernmental cooperation to build an independent agenda is non-existent in ASEAN. Furthermore, Non-tariff barriers, investment prohibition areas set by the ASEAN countries, and lack of staff in terms of both quantity and quality are also hindering the integration process within the region.

Diversity in terms of socio-economic and religious spheres is also a great challenge that is holding ASEAN's progress towards robust regional integration. With different growth trajectories, the ASEAN brings together countries with significant differences, for instance, Singapore, according to the World Bank estimates, has the highest GDP per capita which is around US\$ 83,000 in

2022, in contrast, Myanmar is the lowest with US\$ 1,100. Similarly, Singapore and Vietnam are the most religiously diverse countries whereas Indonesia and Malaysia represent the Muslim majority and Cambodia is the Buddhist-majority country. Moreover, the political systems of ASEAN countries differ considerably as in some countries there is a semi-democratic system, some are authoritarian, and in some countries, there is a hybrid regime.

Figure 6

Diversity Graph of ASEAN-Population, GDP, and GDP per Capita

Country	Population	Gross domestic product (GDP)	GDP per capita
Brunei	437.5K	\$12B	\$27,443
Cambodia	16.7M	\$25.8B	\$1,544
Indonesia	273.5M	\$1.1T	\$3,870
Laos	7.3M	\$19.1B	\$2,630
Malaysia	32.4M	\$337B	\$10,412
Myanmar	54.4M	\$79.9B	\$1,468
Philippines	109.6M	\$361.5B	\$3,299
Singapore	5.7M	\$340B	\$59,798
Thailand	69.8M	\$501.6B	\$7,187
Vietnam	97.3M	\$271.2B	\$2,786

Source: World Bank, 2020

Summing up, considering the key features of the EU such as a political vision for the economic development of the region; strong regional institutions like the EU parliament, Court of Justice, a single market, and the euro; and a detailed framework of written rule and procedures to deal with intraregional income inequalities, ASEAN can only aspire to become a new EU by adopting the collective wisdom of the EU, which transcends mere economic and financial integration. As of today, the EU model of

integration is considered all-encompassing, functioning like a supranational body while ASEAN persists with market-driven integration in Southeast Asia.¹⁶ The above discussion suggests that while ASEAN will continue to be a robust intergovernmental organization influenced by market forces, its ability to rival the EU remains uncertain.

Conclusion

ASEAN's trajectory, while distinct from the EU, is gaining momentum with an expanding Secretariat, increased staffing, and growing collaborations with extra-regional countries. The signing of the Regional Comprehensive Economic Partnership (RCEP) with Australia, China, Japan, New Zealand, and South Korea, along with ongoing free trade negotiations with dialogue partners such as New Zealand, China, India, Japan, South Korea, Hong Kong, and Pakistan, positions ASEAN as a potential regional economic hub in Southeast Asia. ASEAN's strengthened ties with the EU, the United Nations, and other international agencies, along with the effective execution of the ASEAN Outlook on Indo-Pacific (AOIP) strategy amid the US-China geopolitical rivalry, highlight its increasing global significance.

This paper contends that, contrary to the common conclusion of research articles suggesting that ASEAN should fully adopt the EU model for regional integration, the EU can learn important lessons from ASEAN. First, speed, flexibility, and adaptability. The rapid economic integration in ASEAN relies on local industries' ability to swiftly adapt to the evolving market economy, a quality that is lacking in the EU. Second, ASEAN member countries have open, highly integrated economies that demonstrate readiness and resilience for further global market

integration, unlike the regional economic obsession seen in the EU. Third, this involves relying on trust and personal relationships instead of formal laws, which serve as unanimous rule requiring consideration of all group members' interests, not just those of the majority.

Given that, the question of whether the ASEAN is the new EU appears less relevant since the ASEAN integration model is unique as it continues to build on intergovernmental cooperation. Therefore, ASEAN is rising as a new ASEAN rather than a new EU with its standalone stature in global politics.

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- ⁶ Facts and figures, EU set-up | European Union (europa.eu).
- ⁷ International trade in goods - Statistics Explained (europa.eu).
- ⁸ Ibid.
- ⁹ Ibid.
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- ¹² Data obtained from ASEAN's official websites, ASEAN Statistics Web Portal, <ASEANstats | ASEAN Statistics Web Portal>.
- ¹³ Giovanni Capannelli and Carlo Filippini, 'East Asian and European Economic Integration: A Comparative Analysis', Working Paper Series on Regional Economic Integration, 29, available at <Microsoft Word - wps29_051109- final.doc (adb.org)>.
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