

The EU's Group-to-Group Dialogue with the Southern Mediterranean and ASEAN – How much have they achieved?

A Comparative Analysis

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Illustration: European Union (1997)

ABSTRACT

Four decades of the EU's group-to-group dialogues with the Southern Mediterranean grouping of countries and with ASEAN have produced different dynamics and outcomes, despite the EU's common strategy to use economic soft power to achieve their goals for the partnerships. Diverging conditions in the two regions created inconsistency in the EU's application of the common approach. The EU's neighbourhood security concerns forced it to relax its political stand with their Southern Mediterranean partners. For ASEAN, geographical distance dilutes the EU's security concerns in that region and has afforded the EU to be more ideological and assertive on democracy and human rights practices. These issues have provoked disagreements in EU-ASEAN dialogues, but both sides have also tried to remain pragmatic in order to achieve some progress in the partnership. In contrast, the protracted Arab-Israeli conflict continues to hamper the Euro-Mediterranean dialogue, resulting in little progress. Social upheavals in the Southern Mediterranean also brought their partnership to a standstill. The EU's cooperation with former authoritarian regimes like Libya and Syria have only caused damage to its credibility in the Southern Mediterranean, and future Euro-Mediterranean dialogues are likely to be affected by it.

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THE EU'S GROUP-TO-GROUP DIALOGUE WITH THE SOUTHERN MEDITERRANEAN AND ASEAN – HOW MUCH HAVE THEY ACHIEVED? A COMPARATIVE ANALYSIS

HONG WAI MUN^a

INTRODUCTION

By the late 1960s, the European Economic Community (EEC) has emerged from the destruction of World War II to become an economic powerhouse, when its trade deficit with the United States (US), the world's largest economy, ended. When the Arab-Israeli conflicts of the 1970s escalated and precipitated the oil crisis, economic conditions in the US worsened. The EEC foresaw the US's plans to slow its imports in an attempt to reduce its chronic trade deficit and to compete more effectively with Europe in exports. This forced the EEC to shift its dependence on the US and to diversify its export market. Spotting opportunities in the newly independent states, the EEC launched initiatives to engage its Mediterranean neighbors in 1972, followed by the Association of Southeast Asian Nations (ASEAN) in late 1970s, and with Latin American and Caribbean countries a decade later.

Throughout the 1970s and 1980s, the EEC was seen as an economic power and an important aid donor to developing economies. The EEC's motivation to engage with the developing regional partners was initially underpinned by economic and developmental rationale. However, when the Cold War ended, and the transformation of the EEC taking place with the Maastricht Treaty coming into force, the European Union (EU)¹ saw the need to

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¹ The six founders of the European Economic Community (EEC) under the 1958 Treaty of Rome include Belgium, Italy, Luxembourg, France, the Netherlands and West Germany. 1992 Maastricht Treaty gave rise to the European Union (EU) that involved an enlarged EEC whose additional members include Denmark, Ireland and the United Kingdom in the 1970s, and Greece, Portugal and Spain thereafter. In the paper, when discussing pre-1992 events, author would use EC, and EU thereafter.

extend its external relations policy to include the political dimension. The collapse of the Soviet bloc at the end of the 1980s gave rise to hopes for the triumph of “Western liberal” values and boosted the EU's confidence in asserting its socio-political principles as normative tenets, and began emphasizing democracy and human rights in its dialogues. The 1997 Asian Financial Crisis also rendered an opportunity for the EU to pressure ASEAN to reform and to pursue greater institutionalization to achieve sustainable development and good governance.

However, the 9/11 attacks on the US instantly raised the EU's concern with terrorism and regional security. In response to the heightened security agenda, the EU adopted a more mellowed tone and strategy to engender closer cooperation with their Southern Mediterranean partners on counter-terrorism. As geographical distance from the EU meant that it was not a region of high security concern to the Europeans, ASEAN continued to experience pressure from the EU on democracy and human rights. This situation however only last until the euro zone crisis which dampened the EU's normative zeal as its integration model began to reveal flaws that curtailed its influence and weakened its image as a formidable economic power. To revive its economic health and boost growth, the EU has begun to take a more geo-economic approach to courting the emerging economies in Southeast Asia.

Against this background, this working paper traces the developments in the EU's dialogues with the Southern Mediterranean countries² and with

² According to the definition of the Union for the Mediterranean, the Southern Mediterranean is made up of Albania, Algeria, Bosnia and Herzegovina, Egypt, Israel, Jordan, Lebanon, Mauritania, Monaco, Montenegro, Morocco, Palestine, Syria, Tunisia and Turkey. However, in the context of this paper, Southern Mediterranean refers only to Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine, Syria and Tunisia. It is helpful to highlight that the term “Southern Mediterranean” had undergone several redefinitions due to the European Community (EC) enlargement. In 1972, the EC launched the Global Mediterranean Policy, in which Southern Mediterranean included Greece that joined the EC in 1982, and Portugal and Spain in 1986. Malta and Cyprus joined the European Union (EU) - as the EC was renamed after the Maastricht Treaty came into force in 1992 - in 2004 were included in the Renovated Mediterranean Policy launched in 1992. Albania, Bosnia

ASEAN³. The motivation behind the comparative analysis of these two group-to-group dialogues is to investigate why, despite the EU's purported common approach, has produced diverse outcomes. The comparative analysis between the Southern Mediterranean and ASEAN is made all the more interesting in view of similar characteristics that the two regions share: (1) the European colonial influence; (2) economic dependence on their former European colonizers; (3) similar levels of economic development; (4), their sensitivities towards sovereignty issues, and any perceived interference in domestic affairs, likely a result of their colonization; and (5) since gaining independence, countries in both regions have developed political regimes and practices that do not necessarily conform to the EU's democratic ideology and socio-political values that prize freedom and human rights.

Despite the EU's use of a common economic soft power strategy to engage the Southern Mediterranean and ASEAN, the outcomes have been quite different. The EU's engagement strategy has been based on a set of economic objectives to strengthen economic integration and foster shared prosperity, and political goals to establish peace through the spread of democratic and human rights values. However, different conditions experienced in the two regions gave rise to the EU's inconsistency in attitude and actual approaches to these two regions. What this paper therefore attempts to do is to analyze how global developments interacted with regional and internal dynamics, to impact the two group-to-group dialogue framework. It is interesting to examine the impact of changing global events on the partnerships and the shifts in the EU's application of its economic soft power approach toward its partners, resulting in different outcomes of the dialogues' process.

and Herzegovina, Montenegro, and Turkey are excluded because they are official and potential candidates for EU membership. As Mauritania is not a Mediterranean riparian state, it is also excluded.

³ The members of ASEAN (Association of Southeast Asian Nations) are Brunei, Cambodia, Indonesia, Laos, Myanmar, Malaysia, Philippines, Singapore, Thailand and Vietnam.

1. Democracy and human rights versus security

The four decades of the EU's group-to-group dialogues with the Southern Mediterranean and with ASEAN were underpinned by economic rationale. In the first two decades, the EU was seen primarily as a development cooperation partner. Then, the collapse of the Soviet bloc in the early 1990s boosted the EU's confidence to establish itself as a normative power in the socio-political arena. This event also primed the EU to play a more active role in global politics beyond that of just an economic power. Unlike before, the EU proactively used the incentives of economic gains to motivate cooperation from its dialogue partners in the adoption of the EU's socio-political values on democracy and human rights.

Since the 1990s, democracy and human rights have become a feature of the EU's political dialogue with the Southern Mediterranean and with ASEAN. Democracy and human rights are sensitive and contentious issues for both regional partners, and political elites in these regions reacted to pressures on these issues as a form of neo-colonialism and interference with domestic affairs. At the same time they were often forced to concede to the EU's demands in exchange for financial aid and economic support. The difference in the EU's socio-political priorities and expectations of the two partnerships meant that in theory, though a common approach to group-to-group dialogue was envisaged, this was not usually the case in reality. This resulted in different dynamics and outcomes of the two group-to-group dialogues.

1.1. *When neighborhood security is more important*

Their geographical proximity meant that the EU has regarded the Southern Mediterranean grouping of countries as a strategic security partner in maintaining regional stability. The EU's preoccupation with security heightened after the 9/11 attacks in New York. A predominantly Arab-Muslim Southern Mediterranean region and a wave of immigrants from that region have

provoked anxiety in European societies. One rationale behind the EU's economic development strategy in the Southern Mediterranean has been to reduce immigration to Europe. The EU saw cooperation with authoritarian Southern Mediterranean governments as necessary to achieve this objective. The EU supported development with financial aid programmes to help Southern Mediterranean governments manage the movement of people (Bayoumi, 2007 cited in Jaulin, 2010: 5). The Southern Mediterranean is also the transiting point for Sub-Saharan immigrants (Jaulin 2010: 7); coupled with threats of Islamic extremism spreading across the region, cooperation on human movement became a priority for the EU. The EU was therefore unfazed by prioritizing security above democracy and human rights in its cooperation with authoritarian states in the Southern Mediterranean.

Security was a key priority in all subsequent Euro-Mediterranean Ministerial Meetings, and a counter-terrorism cooperation clause was included in all Association Agreements with Southern Mediterranean states (Menéndes and Young, 2006). In assessing a decade of Euro-Mediterranean partnership, Aliboni (2009) asserted that the EU has not imposed any democracy-related conditionality on the Southern Mediterranean states. Despite authoritarian practices in several Southern Mediterranean states, financial aid was not withdrawn and economic relations were not disrupted. Taking advantage of the EU's preoccupation with security, the Southern Mediterranean partners were able to continue with authoritarian practices to consolidate power on the pretext of maintaining order and stability.

The EU's security strategy became unsustainable when social uprisings swept across the Southern Mediterranean in December 2010, leading to the toppling of two long-time authoritarian leaders, Zine El Abidine Ben Ali of Tunisia and Hosni Mubarak of Egypt. These events brought Euro-Mediterranean partnership to its demise (Behr, 2012: 76). The EU was criticized for cooperating with former authoritarian regimes, and this damaged its credibility among the citizens of the

Southern Mediterranean. The EU's influence was also limited by its dented image. As uncertainty continues in the politically transitioning Southern Mediterranean, the EU has not been able to play a more effective role aside than calling upon the states to observe democracy practices through fair elections and upholding respect for human rights.

1.2. Democracy and human rights are more important

Contrary to the approach toward the Southern Mediterranean, the EU's stand on democracy and human rights has been seen by ASEAN as being too ideological. Possibly because of its limited role in the security dimension of ASEAN affairs, the EU has included democracy and human rights as part of its broader definition of security, terming it human security. It is a concept that ASEAN countries were initially hesitant to accept, seeing it as an opening to justify possible interference in their internal affairs. One of the first occasions in which these issues brought about disagreement between the two groups was ASEAN's reluctance to impose sanctions on China, as a response to the 1989 Tiananmen incident. The Indonesian occupation of East Timor and human rights violations (particularly in the aftermath of the 1991 students protests) aggravated their differences. This continued until the accession of Myanmar to ASEAN in 1997. Myanmar's record of human rights violation, and the detention of pro-democracy opposition leader, Aung San Suu Kyi, along with many members of her party, the National League for Democracy, did not go down well with the EU.

The Myanmar question, along with democracy and human rights concerns were problematic for both EU-ASEAN dialogue and Asia-Europe engagement. Myanmar's accession to ASEAN led to a stall in EU-ASEAN meetings between 1997 and 2000. The EU excluded Myanmar in the 2nd Asia-Europe Meeting (ASEM) Summit in London 1998 inviting a threat of boycott from Mahathir Mohamad, the then Malaysian Prime Minister (Camroux, 2004: 13). EU-ASEAN dialogue was only restored at the 13th EU-ASEAN Ministerial Meeting in Vientiane in December 2000. Although the biennial Asia-Europe

Meeting (ASEM) Summit progressed without disruption, these issues remained contentious for both dialogue partners. ASEAN ministers boycotted the Asia-Europe Economic Ministerial Meeting in Rotterdam in September 2005 after their Dutch hosts refused to grant visas to any Myanmar leaders and senior military officers⁴.

For more than a decade, ASEAN looked upon the EU, given its stand on democracy and human rights, as an inflexible actor lacking sincerity in strengthening EU-ASEAN partnership. The EU's demands on ASEAN for stricter adherence to democracy and human rights were only taken at face value. However, as ASEAN embarked on its own community-building efforts after the Asian Financial Crisis, the EU's interests in supporting these efforts resulted in a more pragmatic approach towards ASEAN.

The EU was also conscious that it should not allow the Myanmar question to hinder the progress of its dialogue with ASEAN. The publication of the policy paper on "A New Partnership with Southeast Asia" July 2003 reflected this pragmatic side of the EU's engagement with ASEAN. ASEAN's eagerness to regain international recognition and legitimacy after the 1997 Asian Financial Crisis also meant that it had to be more forthcoming in its continuing engagement with the EU.

The announcement of the establishment of the ASEAN Charter at the 11th ASEAN Summit in Kuala Lumpur in December 2005 confirmed ASEAN's commitment to deepen integration. The democratization of Indonesia, the largest member state of ASEAN, in the wake of the Asian Financial Crisis, compelled ASEAN to recognize the need for democracy and adherence to human rights principles. In 2008, the ASEAN Charter entered into force, serving as a blueprint towards further institutionalization, and the rule of law.

2. Taking Stock of EU's group-to-group dialogue and partnership - what have been achieved so far?

Two broad objectives guide the EU's group-to-group dialogues – firstly, to achieve the political objective to strengthen democracy and human rights for global peace and (human) security; and secondly, to foster economic development through economic integration and shared prosperity. The EU relies primarily on economic incentives to motivate its partners in pursuit of these common goals. However, the effectiveness of this strategy was compromised by its inconsistent application in the Southern Mediterranean and ASEAN, which therefore engendered different dynamics and outcomes.

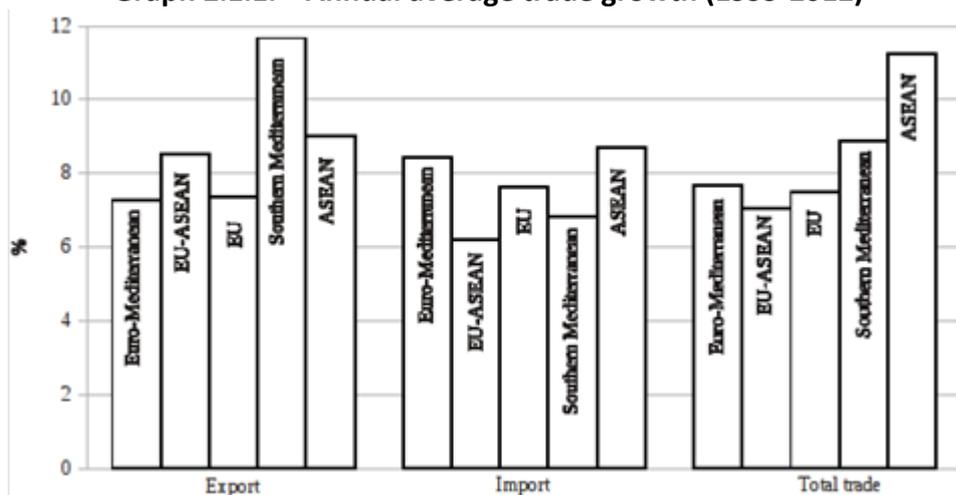
2.1. Are they far from achieving their economic goals?

At the inception of these two partnerships, the EU was regarded as both an aid donor and an export market for its two dialogue partners. For the Southern Mediterranean, this view remains unchanged until today, because their economies continue to rely heavily on the EU. Initially, the EU was optimistic about the Euro-Mediterranean partnership and had set ambitious goals like establishing a Euro-Mediterranean Free Trade Area by 2010. That, however, has not materialized.

Meanwhile in the early 1990s, economic stagnation and global competition forced the EU to reconsider ASEAN as an economic partner on equal footing because of the region's economic dynamism. Although ASEAN's economic prowess was called into question when the Asian Financial Crisis hit the region, ASEAN's swift recovery and integration into the greater East Asian region still made it an attractive economic partner for the EU.

⁴ ASEAN was represented by senior officials instead.

Graph 2.1.1. Annual average trade growth (1999-2012)

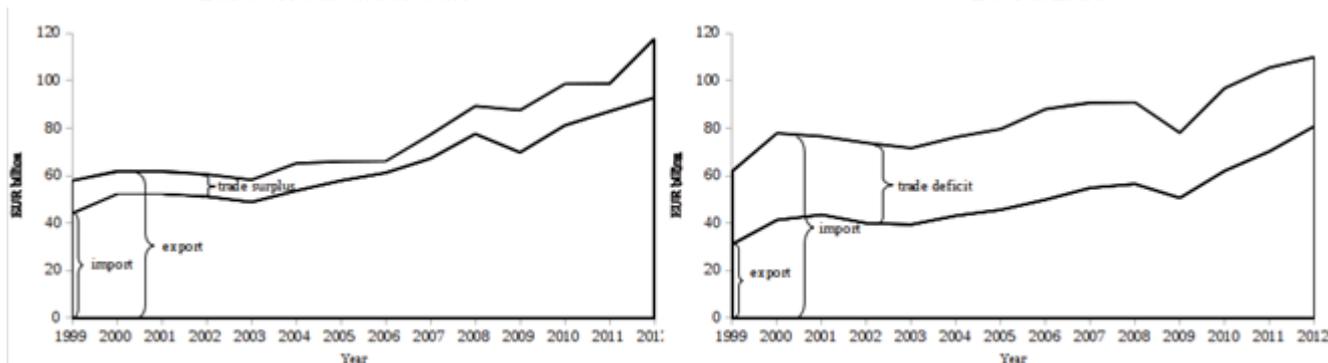


Source: Author's own calculations and UNCTAD Statistics.

Graph 2.1.2. EU's interregional trade relations, 1999 - 2012 (in EUR billion)

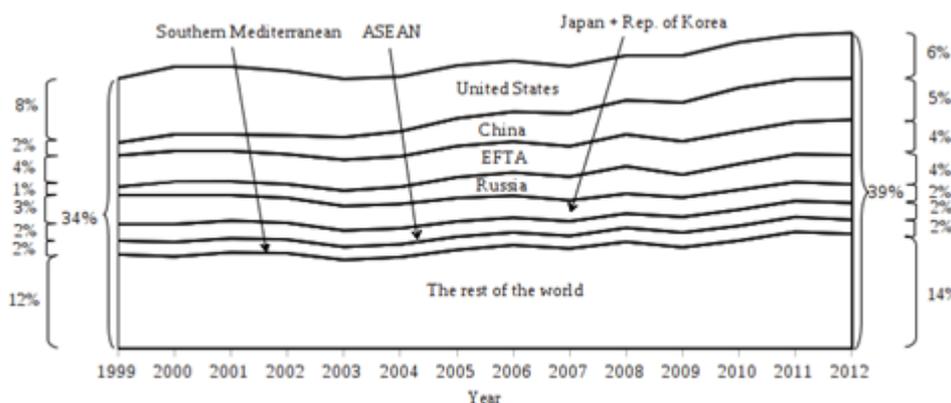
Euro-Mediterranean

EU-ASEAN



Source: Author's own elaboration and calculations, UNCTAD Statistics and European Central Bank

Graph 2.1.3. EU's extra-regional trade trends by partners and share, 1999 - 2012 (% of EU's total trade)



Source: Author's own elaboration and calculations, and UNCTAD Statistics.

The EU's economic relations with the Southern Mediterranean and ASEAN have indeed deepened. By the end of 2012, Euro-Mediterranean trade was EUR 161 billion and EU-ASEAN's EUR 191 billion⁵. (See graph 2.1.1) Between 1999 and 2012, Euro-Mediterranean trade grew at an average of approximately 8 percent per annum (p.a.), and EU-ASEAN's 7 per cent⁶. If not for the euro zone crisis, the two group-to-group trade volume would have grown faster⁷. However, the growth of the EU's group-to-group trade with the Southern Mediterranean and ASEAN did not keep pace with their partners' total trade with the world. In other words, they had limited impact on the trade dynamics of those other regions (See graph 2.1.1).

The three groups play different roles to one another as trade partners. The EU is a net exporter to the Southern Mediterranean countries, but is a net importer to ASEAN. The Southern Mediterranean region's chronic trade deficit with the EU totaled EUR 25 billion by the end of 2012, which accounted for approximately 30 to 40 per cent of its total trade deficit with the world⁸. The European market is therefore important for the Southern Mediterranean to improve its trade terms with the EU. Conversely, the EU's trade deficit with ASEAN compelled it to push for more export to the latter. In 2012, ASEAN enjoyed a trade surplus of EUR 29 billion with the EU, which is more than its total trade deficit of EUR 13 billion with the world. (See graph 2.1.2)

The magnitude of the role the three groups play as trade partners is also diverse. The EU is by far an important trade partner to the Southern Mediterranean and ASEAN, but the opposite does not hold true. The Southern Mediterranean and

ASEAN contribute only marginally to the EU's trade. Between 1999 and 2012, the Southern Mediterranean and ASEAN accounted for less than 2 per cent of the EU's total trade with the world, and this is likely in part a result of strong intra-EU trade⁹ and the growing importance of China and Russia in world trade. (See graph 2.1.3)

In comparison, the trends of trade partner profiles of both the EU's regional partners showed more dynamism. Although the EU is still the Southern Mediterranean's largest trade partner, its share in the Southern Mediterranean's total trade with the world fell by 8 per cent between 1999 and 2012 (See graph 2.1.4). This decline was compensated by the growing share of 10 per cent of the Arab League countries, China and India combined over the same period. Meanwhile, the EU only managed to maintain its position as ASEAN's third largest trade partner, with its share shrunk by 5 per cent as intra-ASEAN trade strengthened and the importance of other trade partners increased. Intra-ASEAN trade share grew by 3 per cent, China's by 9 per cent, and rest of the world by 8 per cent.

The asymmetric trade relations the EU has with its regional partners only confirms its position as the more important export market on which the partners still depend on. However, economic slow-down at home and the weakening of traditional importers forced the EU to diversify its export market to court the flourishing, developing regions. The EU also faces competition from other countries and blocs pursuing similar strategy. Sitting within a dynamic East Asian region, ASEAN is a strategic economic partner to the EU, but both blocs are also competing to attract trade from the East Asian powerhouses at the same time. Although the Southern Mediterranean is nowhere as dynamic as ASEAN, especially because of its current unstable political situation, the EU saw the need to increase economic influence in the region

⁵ Values as reported end-2012, and figures were converted from USD to EUR based on the European Central Bank Annual Average Exchange Rate. The value "billion" refers to a thousand million.

⁶ Total trade is the summation of export and import. Figures based on author's own calculations using data extracted from UNCTAD Statistics.

⁷ Between 1999 and 2008, Euro-Mediterranean total trade grew at an average of 10.50 percent p.a. And EU-ASEAN's at 8.30 percent. Thereafter, between 2008 and 2012, the growth rates fell to 5.29 percent and 5.03 percent respectively.

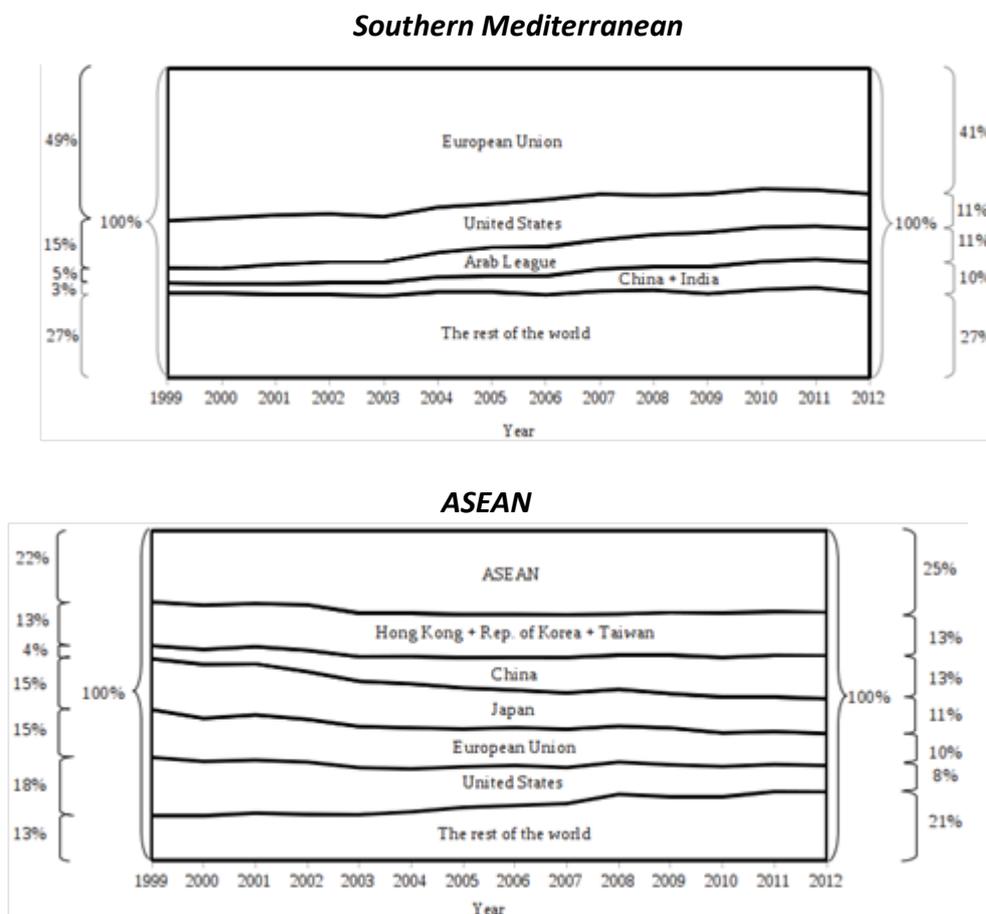
⁸ Figures based on author's own calculations using data extracted from UNCTAD Statistics.

⁹ EU's intra-regional trade accounts for more than 60 percent of its total trade share. Meanwhile, EU-China trade has grown at an average of 18 percent p.a. between 1999 and 2012, and by end of 2012 it accounts for five percent of EU's total trade share; and that of EU-Russia was growing at 17 percent and accounts for four percent.

to establish neighbourhood stability. However this was also met with competition from oil-rich Middle East economies and resource-thirsty China, which the Southern Mediterranean countries consider

less demanding in conditionality than the EU. The EU's aims to foster economic integration with these other regions have thus achieved little progress.

Graph 2.1.4. EU's regional partners' trade trends by partners and shares, 1999-2012 (% of total trade)



Source: Author's own calculations and elaboration, and UNCTAD Statistics.

The EU's foreign direct investments¹⁰ (FDI) into the Southern Mediterranean and ASEAN also expanded and were growing faster than in their bilateral trade. By 2011, the EU's FDI in the Southern Mediterranean amounted to EUR 172 billion and was growing at an average rate of 19.05 per cent per annum since 2002, and EUR 194 billion in ASEAN at 11.74 per cent. (See graph 2.1.5 and table 2.1.1) The EU continues to be the most important source of foreign capital for Southern

Mediterranean. The EU's FDI not only represented more than 76 per cent but also grew faster than the total FDI the Southern Mediterranean received from the world¹¹.

The EU is only one of ASEAN's largest FDI sources accounting for approximately a quarter of the total FDI the region received from the world¹². Its growth was also slower than the total FDI ASEAN

¹⁰ The term "FDI" used throughout this paper refers to total FDI which is the summation of FDI flow and stock, unless indicated otherwise.

¹¹ The share of EU's FDI in Southern Mediterranean is based on author's own calculations using FDI data of year 2011 extracted from UNCTAD Stat and Eurostat, and exchange rate from European Central Bank.

¹² Ibid.

received from the rest of the world. Unlike the Southern Mediterranean, ASEAN's source of FDI is more diverse, as intra-ASEAN FDI grew and East Asian investments in the region expanded.

The Southern Mediterranean and ASEAN were not priority destinations for the EU's FDI with each group accounting for less than 2 per cent of its total FDI outside the EU. More than 40 per cent of the EU's FDI in the world is kept within the Union and another 40 per cent to other economically advanced countries. The meagre share of the two regional partners in the EU's FDI is also likely in part a result of lower investment costs in their predominantly low value-added labour-intensive industries. Corruption and state-intervention in the regions only hinder business environment conducive for investments.

Although trade and FDI are the most important aspects that define the EU's group-to-group economic partnerships, the discussion would be incomplete without considering development and financial aid, which remains an important element of Euro-Mediterranean cooperation and, to a lesser extent, EU-ASEAN cooperation. Between 1999 and 2010, the Southern Mediterranean received an accumulated amount of EUR 49 billion in financial aid from the EU representing approximately 41 per cent of the total it received from the world. Whereas, only 12 per cent of what ASEAN has received thus far in financial aid from the world comes from the EU of an accumulated amount of EUR 28 billion.

Since the past decade, the EU's group-to-group economic relations have indeed deepened but have failed to produce more dynamism in economic growth and development. The partnerships did not improve on their bilateral regional economic integration. Instead they fell into disintegration as all three groups turned to others outside the partnerships to pursue economic expansion. In this sense, the EU's group-to-group dialogues have made hardly any progress in meeting the economic goals.

The Southern Mediterranean is still far from achieving any economic growth and development to be a partner on equal footing with the EU. The EU's economic relations with the Southern Mediterranean remain imbalanced and are still underpinned by a donor-recipient relationship. The extent of economic and political reforms needed in the Southern Mediterranean requires more political will and regional stability, and is beyond what the current EU-South Mediterranean partnership could provide.

Table 2.1.1. EU's FDI in Southern Mediterranean and ASEAN

		Annual Average Growth (2002-2011)		
		Flow	Stock	Total*
EU's FDI in	Southern Mediterranean	37.14	18.78	19.05
	ASEAN	21.06	12.06	11.74
EU's total FDI in the world		6.72	9.72	9.07
World FDI in Southern Mediterranean		11.88	9.29	9.16
World FDI in ASEAN		19.43	12.25	12.43

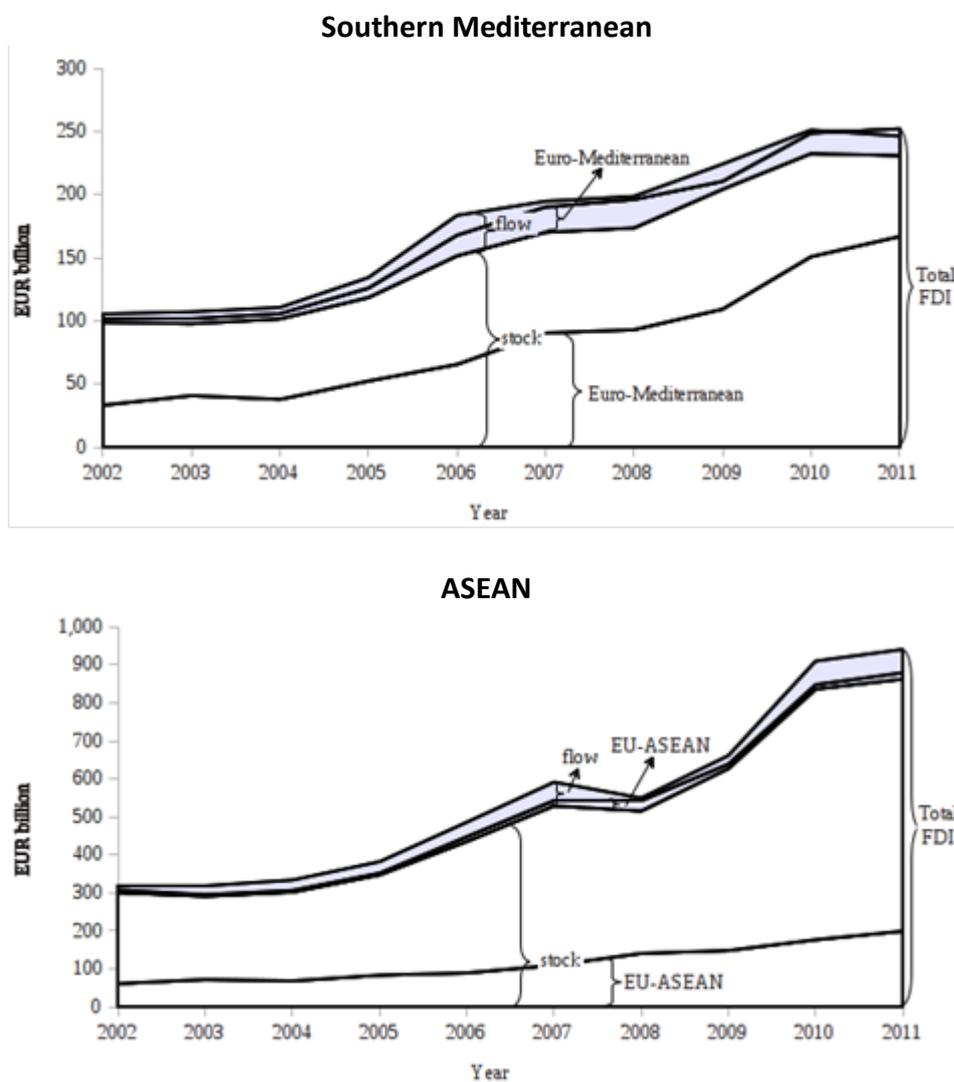
Source: Author's own calculations, UNCTAD Statistics and Eurostat.

Economic reforms in Morocco and Tunisia were not enough to compensate the dismal economic conditions in the rest of the Southern Mediterranean. Economic conditions in the Southern Mediterranean are bleak compared to other developing regions; rampant unemployment and dire socio-economic conditions led to uprisings across the region in 2011. The objective to establish the Euro-Mediterranean Free Trade Area by 2010 did not materialize because it lacked credible actions and commitments. It was not until March 2013 that the Euro-Mediterranean partnership was seen picking up when the EU and Morocco announced negotiations for a Deep and Comprehensive Free Trade Agreement to begin in the ensuing weeks, and to be followed by that with Egypt, Jordan and Tunisia (European Commission, 2013).

ASEAN's rising economic prosperity has had minimal link to the intensification of the EU-ASEAN economic partnership. Rather it has been ASEAN's unilateral openness to trade and FDI, and by being in a dynamic economic region proximate to a rising Chinese market, that drove ASEAN's economic development. The EU recognized the opportunity and the importance of deepening its economic relations with ASEAN and came to regard it as an equal dialogue partner. Increasingly, the EU also sees ASEAN as an emerging regional economy of great potential that could contribute to the revival of EU's economic health.

ASEAN's increasing economic dynamism and potential attracts not only the EU but other competitors. The EU, realizing the increasing importance of ASEAN, tried to catch up with other economic players in the region by launching an EU-ASEAN Free Trade Agreement in 2007. This was however suspended in 2009 because of difficulties in crafting an inter-regional agreement with ASEAN, whose members' economies are vastly different. The EU had therefore re-strategised and embarked on negotiations with individual ASEAN member states, beginning with Singapore.

Graph 2.1.5. Southern Mediterranean and ASEAN inward FDI trends, 2002 - 2011 (in EUR billion)



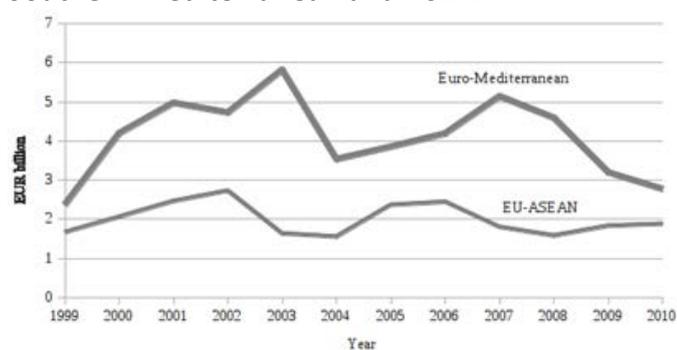
Source: Author's own calculations and elaboration, UNCTAD Statistics and Eurostat.

Like the EU, ASEAN faces competition from economic giants like China and India and realized the need to further integrate to create a comparable market size that would be attractive to potential economic partners. Competition drove ASEAN to pursue a more EU-style integration. Lacking the resources to do so, ASEAN requested the EU's assistance to support its integration process and to establish an ASEAN Community by 2015¹³. The EU granted a total of EUR 12.2 million between 2003 and 2010 under the ASEAN-EU Programme for Regional Integration Support. Ministers from both groups expect the creation of the ASEAN Community to lead to the reopening of EU-ASEAN Free Trade Agreement talks in 2015 (ASEAN Secretariat, 2013). It is still too early to tell whether and how the EU-ASEAN partnership would actually benefit economically from a more integrated ASEAN and vice versa, but ASEAN can expect to gain from the EU's increased engagement.

2.2. What about the political goals?

Since the launch of the Barcelona Process in 1995, the EU has not made any significant progress toward achieving the political goals to establish democracy and human rights protection in the Southern Mediterranean. One weakness of the Euro-Mediterranean partnership was its over-optimism on the progress of Arab-Israeli relations after the signing of the Oslo Accord in 1993 that led to the setting of over-ambitious goals.

Graph 2.1.6. EU's financial aid flows into Southern Mediterranean and ASEAN



Source: Author's own calculations, AidData and European Central Bank.

¹³ ASEAN adopted the agreement in 2003 to create an ASEAN Community by 2015.

After the 9/11 terrorist attacks in the US, the EU was overwhelmed by a sense of insecurity. As a result, regional security and counter-terrorism became top priorities in its relations with the Southern Mediterranean. In addressing security issues related to migration and terrorism, the EU cooperated with former authoritarian regimes in the Southern Mediterranean without strong conditionality on human rights issues and the democracy agenda. Partly due to this reason, the democracy and human rights situation in the Southern Mediterranean has essentially remained unchanged, and has even deteriorated in some cases¹⁴. Although democratic transition is now underway in the Southern Mediterranean, the political situation in the region remains delicate. With protracted unrest in the Southern Mediterranean, the EU continues to heighten security measures to deal with waves of refugees and displaced persons.

The Arab-Israeli conflict and the broader regional security problem are not the only factors hindering political progress of the Euro-Mediterranean partnership. First, Euro-Mediterranean relations are marked by imbalanced bargaining power. The EU's obsession with security led to its mistaken application of its economic soft power strategy that instead allowed Southern Mediterranean governments, who often lack accountability, to continue drawing financial aid without regard for democracy and human rights.

Secondly, without the prospect of EU membership, the EU is restricted by what it can offer to make its soft power strategy effective in exchange for their Southern Mediterranean partners' cooperation. The EU's Southern Mediterranean partners do not see what greater benefits can be gained from a closer Euro-Mediterranean partnership, apart from the generous financial aid they are already receiving. Thirdly, a history of threats from their Southern Mediterranean partners to disrupt the Euro-Mediterranean partnership perhaps reveals a

¹⁴ According to the Economist Intelligence Unit's Democracy Index 2006-2012, the Southern Mediterranean's average score between was 4.39 (based on author's own calculations) that is ranged between authoritarian and hybrid regimes. Please see table A.2 in the Annex the details of the scores.

lack of sincerity and political will to deepen cooperation.

Meanwhile, ASEAN saw the EU's approach to democracy and human rights as unhelpful toward engendering a stronger partnership. It was not completely because of the EU's pressure, but rather the 1997 Asian Financial Crisis that catalyzed ASEAN's search for a revised regionalization model and drove ASEAN to be more open to the EU's values and norms. The democratization process within ASEAN itself sparked in part by the fallout of the Asian Financial crisis also contributed to the more open acceptance in discourse on democracy and human rights.

Although anti-democratic practices and human rights violation remain common in parts of ASEAN, the situation has improved. Today, ASEAN is ranked more democratic than the Southern Mediterranean¹⁵, but is still far behind the EU's standards. ASEAN has also moved towards further institutionalization with the implementation of the ASEAN Charter in 2008. Despite criticisms of the human rights clauses as being toothless, the development of the ASEAN Charter was a commendable step given how its member states have always been reluctant to discuss any issues that could be seen as interference into the domestic affairs of its members. ASEAN saw the institutionalization process as necessary for a more consolidated region to be more competitive on a global level. The ASEAN Charter also acts as a guide to establish an ASEAN Community in 2015. It is unclear if this is a result of the EU's economic soft power strategy, but ASEAN's path toward institutionalization is evidently driven by, what it saw in the EU model, the prospects of economic gain from greater integration.

As ASEAN countries continued its own path towards greater political openness, including Myanmar which has since 2011 embarked on

political reforms, the dialogue between the EU and ASEAN had become more focus on deepening economic cooperation for mutual benefit and strengthening political dialogue to support regional developments.

3. Conclusion

Since their inception, the EU's group-to-group dialogues with the Southern Mediterranean and with ASEAN have certainly deepened but have not brought them closer to their respective goals. The EU's use of a common economic soft power approach produce diverse results because of its inconsistent application across the two groups, due in part to the different priorities as a result of different conditions emerging from the impact of global and regional events. Different aspirations and priorities, and gaps in values between the three groups created many misconceptions and preconceptions that influenced the quality and outcome of the dialogues.

The EU's concerns with democracy, human rights and security have created different group-to-group dialogue dynamics. The EU is eager to cajole their Southern Mediterranean partners to cooperate to maintain regional security, especially after the 9/11 terrorist attacks, rather than antagonizing them with demands to embrace democracy and human rights. However, the Arab-Israeli conflicts remain problematic for Euro-Mediterranean dialogue and hinder regional cooperation. The Southern Mediterranean partners' lack of political will, and the regional dynamics prevent it to act as a group to pursue common economic goals and hampered the effectiveness of EU's strategies to pursue a wholesome group-to-group dialogue.

The option to pursue bilateral cooperation with individual countries further hampered the effort to foster greater Euro-Mediterranean regional integration. Euro-Mediterranean economic relations may have expanded but the partnership has neither strengthened regional integration nor significantly improved economic prosperity in the Southern Mediterranean region. Euro-

¹⁵According to the Economist Intelligence Unit's Democracy Index 2006-2012, ASEAN's average score between was 4.76 (based on author's own calculations). Although, as Southern Mediterranean, its score ranges between authoritarian and hybrid regimes, it is assigned higher score for ASEAN practises more democracy. Please see table A.2 in the Annex the details of the scores.

Mediterranean economic relations are still trapped in the donor-recipient relationship.

The Southern Mediterranean's failure to conform to democracy and human rights values led to the situation in which social uprisings broke out throughout the region, proving how little substance the Euro-Mediterranean dialogue had carried and how far it had been from achieving its economic and political goals. As political transformation takes place in the Southern Mediterranean, the Euro-Mediterranean dialogue has also come to a halt and is unlikely to make any significant progress in the short-term.

The EU could afford to act more assertively on socio-political values and norms with ASEAN because of its geographical distance and lack of security threats. Democracy and human rights issues have caused some disruptions to EU-ASEAN dialogue, but it was not until after the 1997 Asian Financial Crisis began to unveil socio-political

weaknesses in the region that ASEAN became more receptive to the EU's values and norms. Although ASEAN's democracy and human rights record is still far from meeting the EU's standards, the situation has improved while the EU has also softened its stand and focused its efforts on the economic gains of a stronger partnership.

The EU-ASEAN dialogue partnership has been stepped up in recent years. The EU has actively support ASEAN's integration and its impending institutionalization process. The prospect of returning to EU-ASEAN Free Trade Agreement talks in 2015 only affirms how much the group-to-group dialogue has developed. Unlike the Euro-Mediterranean partnership, the EU-ASEAN dialogue has brought substantial progress and results even though the impact has not always been direct or obvious.

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ANNEX**Table A.1. Selected report of (threat to) boycott of Euro-Mediterranean meetings**

Year:	Events:
1997	Syria threatened to boycott any meetings held in Arab territory involving Israel.
2000	Syria to boycott Euro-Mediterranean Foreign Ministers Conference in Marseille.
2002	Lebanon and Syria boycott Euro-Mediterranean Foreign Ministers Conference in Valencia.
2003	Syria and Libya refused to attend the Euro-Mediterranean Foreign Ministers Conference in Valencia.
2005	Arab Mediterranean states boycott the 10th Anniversary of the Barcelona Process Summit, except Palestine and Turkey.
2008	Egyptian parliament threatened to boycott Euro-Mediterranean Parliamentary Meetings, and cut ties with it.
2009	Arab Mediterranean states to boycott the 2nd Mediterranean Summit in Istanbul.
2010	Turkey, Palestine and several Arab League Southern Mediterranean countries to boycott the 2nd Mediterranean Summit.

Source: Author's own compilation.

Table A.2. Democracy Index: EU, Southern Mediterranean and ASEAN

Region / Economy	2006	2007	2008	2010	2011	2012
Algeria	3.17	3.17	3.32	3.44	3.44	3.83
Egypt	3.90	3.90	3.89	3.07	3.95	4.56
Israel	7.28	7.28	7.48	7.48	7.53	7.56
Jordan	3.92	3.92	3.93	3.74	3.89	3.76
Lebanon	5.82	5.82	5.62	5.82	5.32	5.05
Morocco	3.90	3.90	3.88	3.79	3.82	4.07
Palestine	6.01	6.01	5.83	5.44	4.97	4.80
Syria	2.36	2.36	2.18	2.31	1.99	1.63
Tunisia	3.06	3.06	2.96	2.79	5.53	5.67
Southern Mediterranean*	4.38	4.38	4.34	4.21	4.49	4.54
Cambodia	4.77	4.77	4.87	4.87	4.87	4.96
Indonesia	6.41	6.41	6.34	6.53	6.53	6.76
Laos	2.10	2.10	2.10	2.10	2.10	2.32
Malaysia	5.98	5.98	6.36	6.19	6.19	6.41
Myanmar	1.77	1.77	1.77	1.77	1.77	2.35
Philippines	6.48	6.48	6.12	6.12	6.12	6.30
Singapore	5.89	5.89	5.89	5.89	5.89	5.88
Thailand	5.67	5.67	6.81	6.55	6.55	6.55
Vietnam	2.75	2.75	2.53	2.94	2.96	2.89
ASEAN*	4.65	4.65	4.75	4.77	4.78	4.94

Source: Author's own calculations and Economist Intelligence Unit.

Note:

1) Index for 2009 not available.

2) Data for Brunei not available.

3) Higher the score, more democratic the regime is.

*4) * Regional average.*

Table A.3. Global Peace Index: Southern Mediterranean and ASEAN

Region / Economy	2008	2009	2010	2011	2012	2013
Algeria	2.29	2.28	2.33	2.45	2.30	2.28
Egypt	1.96	1.87	1.81	2.01	2.23	2.26
Israel	2.97	3.01	2.00	2.88	2.77	2.73
Jordan	1.83	1.86	1.87	1.83	1.86	1.86
Lebanon	2.67	2.61	2.53	2.55	2.44	2.58
Morocco	1.82	1.86	1.85	1.85	1.89	1.90
Syria	1.99	2.11	2.20	2.23	2.87	3.39
Tunisia	1.66	1.69	1.66	1.73	1.98	2.01
Southern Mediterranean*	2.15	2.16	2.16	2.19	2.29	2.38
Cambodia	2.12	2.18	2.25	2.25	2.30	2.26
Indonesia	1.86	1.84	1.95	1.90	1.87	1.88
Laos	1.77	1.77	1.68	1.70	1.73	1.72
Malaysia	1.52	1.52	1.51	1.51	1.59	1.57
Myanmar	2.54	2.50	2.61	2.52	2.55	2.53
Philippines	2.37	2.40	2.52	2.51	2.39	2.37
Singapore	1.47	1.44	1.50	1.48	1.43	1.44
Thailand	2.32	2.40	2.44	2.29	2.40	2.38
Vietnam	1.73	1.76	1.79	1.74	1.74	1.77
ASEAN*	1.97	1.98	2.03	1.99	1.96	1.99

Source: Author's own calculations and Institute of Economics and Peace.

Note:

- 1) *Index for 2009 not available.*
- 2) *Data for Brunei and Palestine not availabl.*
- 3) *Lower the score, more peaceful the state is.*
- 4) ** Regional average.*



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