# FUTURE OPTIONS FOR THE UK-ASEAN ECONOMIC RELATIONSHIP

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*Research and text by the LSE SEAC with input from UKABC.*

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# Table of Contents

## Executive Summary

The purpose of this report is to inform the UK's private sector of the possible options Her Majesty's Government (HMG) may wish to pursue in its future economic relationship with the Association of Southeast Asian Nations (ASEAN) post-Brexit. It provides an overview of the current political and economic relations between the United Kingdom (UK) and Southeast Asia, as well as the European Union (EU) and ASEAN. Four potential options for a formal UK-ASEAN partnership agreement are presented, in addition to three options for UK trade liberalisation with Southeast Asia.

While HMG maintains bilateral diplomatic relations with all Southeast Asian countries, its current relationship with ASEAN is mediated through the EU. Despite being ASEAN's second largest trading partner and accounting for almost a quarter of total FDI to the ASEAN region, the EU does not currently have a free trade agreement (FTA) with ASEAN. Negotiations for a region-to-region FTA were launched in 2007 but were paused in 2009 due to the heterogeneity of ASEAN member states. In 2017, the EU and ASEAN agreed to take new steps to resume these talks. In terms of bilateral FTAs (seen partly as a stepping stone for a regional-level FTA), the EU has concluded negotiations with Singapore and Vietnam (neither of these FTAs have entered into force) in addition to conducting negotiations with Malaysia, Thailand, Philippines and Indonesia.

Post-Brexit, the UK could seek to build a formal partnership with ASEAN and/or pursue trade liberalisation with Southeast Asia through bilateral and multilateral trade arrangements. However, before the UK can commence future trade negotiations, it has to conclude Brexit negotiations. The UK will also need to disentangle its World Trade Organisation (WTO) membership from the EU. This involves negotiating the terms of its commitments in relation to trade in services and merchandise. This could take some time as the WTO operates by consensus.

In terms of formal partnerships with ASEAN, the UK's options consist of the three partnership categories set out in the ASEAN Charter (*Dialogue, Sectoral, and Development*) with a '*bespoke*' fourth option being considered among policy circles.

In principle, there are also at least three potential opportunities available for future trade relations between the UK and ASEAN:

1. Bilateral FTAs with individual ASEAN member states. At this level, the UK is actively considering a trade agreement with Singapore given the strong trading relationship and shared history between the two nations. UK officials hope to be able to roll-over the EU-Singapore FTA (EUSFTA), but this requires the latter to enter into force before March 2019;

2. An ASEAN-UK FTA which the UK could explore in principle but is dependent upon dialogue partner status;

3. FTAs beyond ASEAN such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) that involve only some Southeast Asian states (which HMG has already signalled an interest in joining).

When considering the options available to the UK, it is worth noting that a formal partnership with ASEAN does not guarantee that the business prospects of UK companies operating in Southeast Asia will dramatically improve. However, building a formal relationship may be a pre-requisite for strong and effective UK-ASEAN relations in the future and could affect the extent to which HMG is able to promote the interests of UK business in the region. Considering ASEAN's general approach to its external relations, the initiative for a formal relationship between ASEAN and the UK will almost certainly need to come from HMG.

## Introduction

The United Kingdom (UK) has longstanding and deep historical relations with Southeast Asia. At present, the UK's interests relate to a range of domestic developments and capacity challenges in the region, as well as wider geopolitical concerns in the Asia-Pacific. There may also be opportunities for the UK's own private sector to benefit from the region's strong economic growth. Currently, the UK engages with Southeast Asia both bilaterally with individual states in the region, and multilaterally with the Association of Southeast Asian Nations (ASEAN). The UK's formal engagement with ASEAN-10 is currently mediated by the European Union (EU), but with Brexit around the corner the question is: *What is the future for UK's economic relationship with Southeast Asia?*

The UK's private sector is a key stakeholder in policy towards Southeast Asia, and therefore should have an important voice in the evolving policy debate. This report is designed to provide background information that will help facilitate a discussion with the UK's private sector to ascertain its preferences about future UK-ASEAN economic relations. The discussion will be co-organised by the LSE Saw Swee Hock Southeast Asia Centre (LSE SEAC) and the UK-ASEAN Business Council (UKABC) on Wednesday, 20 June 2018. Once this discussion has taken place, the report will be revised to inform wider policy debate.

This report has four main objectives:

1. To outline the UK's economic ties with the Southeast Asia region;
2. To clarify the existing EU context to UK-ASEAN-10 relations;
3. To identify possibilities for future formal UK-ASEAN relations;
4. To outline options for the UK's future economic relationship with Southeast Asia.

Readers of the report are encouraged to consider the text with the following questions in mind:

1. Should HMG focus on building, developing and strengthening its relationship with ASEAN irrespective of any plans for future trade agreements involving Southeast Asian countries that might also be pursued?

    a. What kind of relationship with ASEAN will best support the UK's private sector in Southeast Asia?
    b. Should the UK have an Ambassador solely dedicated to ASEAN?
    c. Should the UK have a dedicated Trade Commissioner to ASEAN?

2. Should HMG prioritise joining multilateral trade deals such as the ASEAN-UK FTA and/or CPTTP over bilateral free trade agreements with relevant Southeast Asian partners?

# 1. UK Economic Performance with Southeast Asia

Ascertaining an accurate picture of trade and investment relations between the UK and Southeast Asia is challenging given discrepancies of relevant economic data depending on sources used. Nevertheless, statistics do paint a picture of sustained trade and investment activity in recent years. Please see the annex for tables, charts and graphs referred to in the information below.

## 1.1 Trade in Goods and Services

The UK's economic relations with Southeast Asia are significant even if there are much bigger exports markets elsewhere. In 2016, two-way trade between the UK and Southeast Asia amounted to £32.4 billion - a 9.1% increase from 2015. Among the ASEAN member states, Singapore was the UK's largest trading partner, accounting for 36.1% of the UK's total trade with the region, followed by Thailand (17.1%) and Vietnam (14.9%).[1]

The UK currently has a trade deficit with Southeast Asia. In 2016, UK exports in goods and services to Southeast Asia stood at £13.6 billion, while UK imports from the region reached £18.8 billion. The 2016 trade deficit of £5.1 billion compares to a trade deficit of £3.2 billion in 2015. Of all UK exports to Southeast Asia, £8.9 billion (64.9%) were in goods, while £4.8 billion (35.1%) were in services. There was a trade in goods deficit of £5.2 billion and a trade in services surplus of £117 million.[2]

When disaggregating Southeast Asia, it quickly becomes clear that some trading relationships with states in the region are not very substantial (Laos, Cambodia, Myanmar, Brunei Darussalam, and even the Philippines). Given their respective market size, UK exports to some countries would appear to be relatively limited (Indonesia and perhaps Vietnam), while UK exports to other significant markets in the region have been on a downward trajectory (Malaysia and Thailand) since 2013.[3]

UK exports to ASEAN are higher than exports to Japan, India and South Korea.[4] Exports in goods to Singapore are greater than exports to all other ASEAN countries combined. The UK also imports more from Singapore than all other ASEAN countries except Vietnam (table 1 and table 2). One reason for this is that Singapore continues to serve as the major entrepôt for the UK in Southeast Asia. EU statistics show that in 2015 the UK was the third largest exporter to the ASEAN among the EU-28. The main recipients of EU-28 exports are Singapore,

[1] Department for International Trade, *Trade and Investment between the United Kingdom and Southeast Asia (data reported by the UK)*, London: Department for International Trade, last updated 7 February 2018, p. 1.
[2] Department for International Trade, *Trade and Investment between the United Kingdom and Southeast Asia (data reported by the UK)*, London: Department for International Trade, last updated 7 February 2018, p. 1.
[3] 'Who does the UK trade with?', Office for National Statistics, last updated 3 January 2018, https://www.ons.gov.uk/businessindustryandtrade/internationaltrade/articles/whodoestheuktradewith/2017-02-21
[4] High Commission of the Republic of Singapore, *UK-ASEAN Relations*, High Commission of the Republic of Singapore and UK-ASEAN Business Council, p. 1.

Thailand, Malaysia, Indonesia and Vietnam (chart 1 and chart 2).[5] The same five ASEAN members were the largest exporters of goods from ASEAN to the EU-28, with the UK, Germany, and the Netherlands the main recipients (chart 3 and chart 4).[6] In 2016, UK market share in ASEAN-4 (Singapore, Malaysia, Thailand and Vietnam) dipped to 1%, on par with Italy and losing ground to Germany and France (table 3). All four EU countries picked up market share in Singapore, offsetting losses in Malaysia (with the exception of Germany). The UK was the only country to maintain market share in Vietnam, but lost ground in Thailand where Germany and France increased their presence.[7]

The UK is one of the largest exporters of services from the EU to ASEAN, with more than half of the UK's exports and imports in services to and from Southeast Asia relating to Singapore (table 1, table 2, chart 5, and chart 6).[8] Singapore in turn dominated the supply of services to the EU-28 with the main recipients of these services being Germany, the UK, France and the Netherlands (chart 7 and chart 8).[9]

One of the more substantial service exports to the region is education, which contributes significantly to the UK's set of soft power assets in Southeast Asia. Malaysia, Singapore and Thailand ranked in the top ten non-EU sending countries in 2016/17, with Malaysian students averaging around 17,000 per annum over the last five years.[10] Transnational students from Southeast Asia studying wholly overseas for a UK higher education qualification in 2016/17 numbered over 130,000.[11] Indonesia, Malaysia, the Philippines,Thailand and Vietnam are also partner countries of the Newton Fund which was launched in 2014.The fund aims to build research and innovation partnerships, managed through the UK's Department of Business, Energy and Industrial Strategy, with a total UK government investment of £735 million up until 2021, with matched resources from partner countries.[12]

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[5] Eurostat, *40 Years of EU–ASEAN Cooperation Key statistics*, Brussels: European Union, 2017, http://ec.europa.eu/eurostat/documents/3217494/8092219/KS-01-17-424-EN-N.pdf/8e0e728b-1d36-4aae-b742-851a73963e51, p. 28.

[6] Eurostat, *40 Years of EU–ASEAN Cooperation Key statistics*, Brussels: European Union, 2017, http://ec.europa.eu/eurostat/documents/3217494/8092219/KS-01-17-424-EN-N.pdf/8e0e728b-1d36-4aae-b742-851a73963e51, p. 29.

[7] Southeast Asia Economic and Trade Policy Network, *SE Asia Market Share Analysis*, Singapore: Southeast Asia Economic and Trade Policy Network, p. 5.

[8] Eurostat, *40 Years of EU–ASEAN Cooperation Key statistics*, Brussels: European Union, 2017, http://ec.europa.eu/eurostat/documents/3217494/8092219/KS-01-17-424-EN-N.pdf/8e0e728b-1d36-4aae-b742-851a73963e51 p. 32.

[9] Eurostat, *40 Years of EU–ASEAN Cooperation Key statistics*, Brussels: European Union, 2017, http://ec.europa.eu/eurostat/documents/3217494/8092219/KS-01-17-424-EN-N.pdf/8e0e728b-1d36-4aae-b742-851a73963e51 p. 33.

[10] 'International student statistics: UK higher education,' UK Council for International Student Affairs, last updated 2 April 2018, https://www.ukcisa.org.uk/Research--Policy/Statistics/International-student-statistics-UK-higher-education; 'Opportunities for UK Businesses in the Education Sector in ASEAN,' UK-ASEAN Business Council, last updated unknown, http://www.ukabc.org.uk/microsite/educationisgreat/

[11] 'Chart 5 - Transnational students studying wholly overseas for a UK higher education qualification 2016/17,' Higher Education Statistics Agency, last updated February 2018, https://www.hesa.ac.uk/data-and-analysis/students/chart-5

[12] 'Newton Fund partner countries,' The British Council, last updated unknown, https://www.britishcouncil.org/education/science/newton/partner-countries

## 1.2. UK Foreign Direct Investment (FDI) into ASEAN

The UK was the fifth largest EU investor in ASEAN in 2016, holding an investment stock of £22.4 billion, a decline of 20.7% compared to 2015.[13] According to FDI figures from the Office of National Statistics (ONS) (table 4) the UK's existing investment stock is highest in Singapore and Indonesia, followed by Malaysia and Thailand. UK FDI into mainland Southeast Asia appears to be negligible except for Thailand and to some extent Vietnam. The picture looks different for maritime Southeast Asia, on which the UK and other EU-member states (see below for comparative analysis) concentrate the most. Notably, there was significant UK disinvestment from Malaysia after 2013. Statistics from the ASEAN Secretariat show that the UK's total investment into ASEAN-10 amounted to US$1,729.31 million in 2016, following much higher inward flows in the preceding three years (table 5).[14] The main investment areas comprise financial and insurance, manufacturing, wholesale and retail trade, and other services (table 5).

When compared to other EU members, UK investments into the ASEAN region in 2016 exceeded those from Germany and France but were significantly lower when compared to the Netherlands, Ireland, Luxembourg and Denmark (table 6). Furthermore, statistics from the EU seem to support ASEAN's statistics (Graph 1). While there is some discrepancy on total figures, both ASEAN and EU statistics show that the Netherlands, the UK and Luxembourg were the main sources of net outflows of FDI from the EU to ASEAN in 2013-2015 (graph 1). These outflows from the Netherlands, UK and Luxembourg accounted for 79.0% of all EU-28 FDI to ASEAN during this period.[15] The vast majority of this investment was destined for Singapore (84.4 %), with a smaller share to Malaysia (9.4 %) and the remainder split between the other ASEAN members (graph 2).[16]

[13] Analysis only for Thailand, Malaysia, Indonesia and Singapore. Department for International Trade, *Trade and Investment between the United Kingdom and Southeast Asia (data reported by the UK)*, London: Department for International Trade, last updated 7 February 2018, p. 2; High Commission of the Republic of Singapore, *UK-ASEAN Relations*, London: High Commission of the Republic of Singapore, p. 1.
[14] Note: ASEAN 2016 data is preliminary.
[15] Eurostat, *40 Years of EU–ASEAN Cooperation Key statistics*, Brussels: European Union, 2017, http://ec.europa.eu/eurostat/documents/3217494/8092219/KS-01-17-424-EN-N.pdf/8e0e728b-1d36-4aae-b742-851a73963e51 p. 35.
[16] Eurostat, *40 Years of EU–ASEAN Cooperation Key statistics*, Brussels: European Union, 2017, http://ec.europa.eu/eurostat/documents/3217494/8092219/KS-01-17-424-EN-N.pdf/8e0e728b-1d36-4aae-b742-851a73963e51 p. 35.

## 2. The EU Context to UK Relations with Southeast Asia

HMG maintains diplomatic relations with all Southeast Asian countries on a bilateral basis. However, its current relationship with ASEAN (a strictly intergovernmental organisation, with a relatively weak Secretariat, that leaves the implementation of collective decisions made by consensus to individual members) is mediated through the EU. EU-ASEAN interregional relations have developed over more than 40 years.

### 2.1. Relationship History

The EU became ASEAN's Dialogue Partner in 1977, formally institutionalised through the ASEAN-European Economic Community (EEC) Cooperation Agreement on 7 March 1980.[17] Over time, EU-ASEAN dialogue and cooperation extended beyond development, economics, trade, and social-cultural issues, to include political and security matters. The EU is one of the original participants in the ASEAN Regional Forum (ARF), which first met in 1994 and aims to 'foster constructive dialogue and consultation on political and security issues of common interest and concern' in the Asia-Pacific region.[18]

In 2007, the two sides adopted the Nuremberg Declaration on an EU-ASEAN Enhanced Partnership.[19] The EU and ASEAN reaffirmed their commitment to this partnership in 2010. Following the EU's accession to ASEAN's Treaty of Amity and Cooperation (TAC) in 2012, the two sides adopted the Bandar Seri Begawan Plan of Action to Strengthen the ASEAN-EU Enhanced Partnership (2013-2017), which maps out concrete areas for cooperation. As with the Nuremberg Declaration, the key objective of the 2013-2017 Plan of Action was to support ASEAN's goal of regional integration and community building.[20]

In 2015, the High Representative for Foreign Affairs and Security Policy, the European Commission, and the Foreign Affairs Council agreed to develop a strategic partnership with ASEAN, with the aim of joining the East Asia Summit (which is the only 'leaders-led' strategic dialogue organised multilaterally in the East Asia region).

More recently, the 'ASEAN-EU Plan of Action' (2018-2022) sets out the latest ideas for cooperation in support of ASEAN 'community building'.[21] From the EU's perspective,

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[17] ASEAN, *Overview: ASEAN-EU Dialogue Relations*, Jakarta: ASEAN Secretariat, 2017, http://asean.org/storage/2012/05/Overview-of-ASEAN-EU-Relations-as-of-Sept-2017_FINAL-1.pdf
[18] 'About The ASEAN Regional Forum', ASEAN Secretariat, last updated unknown, http://aseanregionalforum.asean.org/about.html
[19] 'Nuremberg Declaration on an EU-ASEAN Enhanced Partnership', European Union External Action Service, 2007, https://eeas.europa.eu/sites/eeas/files/2007_16_nuremberg_declar.pdf
[20] 'The EU accedes to Treaty of Amity and Cooperation in Southeast Asia', European Commission, last modified 12 July 2012, http://europa.eu/rapid/press-release_IP-12-781_en.htm; European Union External Action Service (EEAS), *Bandar Seri Begawan Plan of Action to strengthen the ASEAN-EU Enhanced Partnership (2013-2017)*, Brussels: European Union External Action Service, 2012, https://eeas.europa.eu/sites/eeas/files/pub_2013_bsbactionplan_en.pdf
[21] ASEAN, *ASEAN-EU Plan of Action (2018-2022)*, Jakarta: ASEAN Secretariat, 2018, http://asean.org/storage/2017/08/ASEAN-EU-POA-2018-2022-Final.pdf; ASEAN, *Overview of EU-ASEAN Dialogue*

deepening and expanding its relationship with ASEAN has increasingly served as part of a strategy to assert itself as a legitimate player in wider Asian regionalism.[22]

Southeast Asian governments and the ASEAN Secretariat value the role that the EU can play in supporting the ongoing process of ASEAN community building. The EU supports the implementation of ASEAN Blueprints relating to the ASEAN Political-Security Community (APSC), the ASEAN Economic Community (AEC), and the ASEAN Socio-Cultural Community (ASCC). In relation to the APSC, the EU has sought to move forward security cooperation under the auspices of the ARF to focus on preventive diplomacy and mediation. It has also engaged in a dialogue on maritime security.[23] At present, however, the EU is not a member of the ASEAN Defence Ministers Meeting Plus (ADMM+).[24]

The EU has been a generous partner to ASEAN. In the current budget cycle, the EU has allocated €170 million (2014-2020) to support ASEAN integration and the Secretariat - more than double the amount under the previous cycle (€70 million).[25] Within that budget, €85 million supports the ASEAN Economic Community Blueprint 2025, approximately €60 million is reserved for initiatives and projects tackling climate change and other environmental concerns, and a further €20 million is for an Enhanced Regional EU-ASEAN Dialogue Instrument (E-READI). This is in addition to the €3 billion the EU has also pledged to reduce poverty and address development gaps in low-income ASEAN member states.[26]

In April 2018, the EU and ASEAN launched two flagship development programmes: the E-READI, mentioned above, and the ASEAN Enhanced Regional Integration Support from the EU (ARISE Plus). Via E-READI, ASEAN is meant to learn from the EU integration process. ARISE-Plus is designed to support ASEAN's economic integration, covering areas such as the single market, trade facilitation, reducing non-tariff barriers to trade, ASEAN statistics, Intellectual Property Rights, and civil aviation.[27]

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*Relations*, Jakarta: ASEAN Secretariat, 2017, http://asean.org/storage/2012/05/Overview-of-ASEAN-EU-Relations-as-of-Sept-2017_FINAL-1.pdf

[22] European Commission, *Joint Communication to the European Parliament and the Council: The EU and ASEAN: a partnership with a strategic purpose*, Brussels: European Commission, 2015, https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52015JC0022&from=EN, p. 2.

[23] 'The 4th EU-ASEAN High Level Dialogue on Maritime Security Cooperation', Mission of the European Union to ASEAN, last updated 6 October 2017, https://eeas.europa.eu/delegations/association-southeast-asian-nations-asean/33407/4th-eu-asean-high-level-dialogue-maritime-security-cooperation_en

[24] 'EU-ASEAN relations, factsheet', European Union External Action Service, last updated 3 August 2017, https://eeas.europa.eu/headquarters/headquarters-homepage/30722/eu-asean-relations-factsheet_en

[25] Xavier Nuttin, 'The Future of EU-ASEAN Relations,' Directorate-General for External Policies, Brussels: European Parliament, 2017, http://www.europarl.europa.eu/RegData/etudes/STUD/2017/578043/EXPO_STU(2017)578043_EN.pdf, p. 22.

[26] 'EU Projects with ASEAN', European Union External Action Service, last modified 11 May 2016, https://eeas.europa.eu/headquarters/headquarters-homepage_en/907/EU%20Projects%20with%20ASEAN

[27] 'ASEAN, EU launch flagship programmes on policy dialogue and economic integration', Mission of the European Union to ASEAN, 17 April 2018, https://eeas.europa.eu/delegations/association-southeast-asian-nations-asean/43055/asean-eu-launch-flagship-programmes-policy-dialogue-and-economic-integration_en

## 2.2. Economic Interdependence: ASEAN and EU

The EU member states collectively constitute ASEAN's second largest trading partner after China, with ASEAN-EU two-way trade consistently increasing from 2013, standing at €227 billion in 2017.[28] The trade balance favours ASEAN member states with ASEAN exports to the EU valued at almost €135 billion in 2017, compared to EU exports to ASEAN which were €91 billion in the same period.[29] The EU's main exports to ASEAN are chemical products, machinery and transport equipment, while imports from ASEAN are machinery and transport equipment, agricultural products as well as textiles and clothing.[30]

The EU prides itself for investing more in the ASEAN region than the US or China. Its investment stock equates to almost a quarter of total FDI committed to the ASEAN region.[31] Between 2004 and 2016 EU companies have been investing approximately €12 billion per year on average into the ASEAN region.[32]

## 2.3. Moves toward Free Trade Agreements with Southeast Asia

There is currently no free trade agreement (FTA) between the EU and the member states of ASEAN. Negotiations for a region-to-region FTA between the EU and ASEAN were launched in 2007, but were paused in 2009 due to 'differences in level of economic development and openness between the members of the South-East Asian grouping'.[33] This is code for the fact that ASEAN member states were unable to agree among themselves on a level of ambition for trade liberalisation which would satisfy the EU.

The EU has thereafter pursued bilateral FTAs with individual ASEAN members as a step towards achieving a regional-level FTA in the longer term.[34] To date, the European Commission has concluded negotiations on bilateral FTAs with Singapore (EUSFTA) and

[28] European Commission Directorate-General for Trade, *European Union, Trade in goods with ASEAN (Association Of South-East Asian Nations)*, Brussels: European Commission, 2018, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113471.pdf, p. 2.
[29] European Commission Directorate-General for Trade, *European Union, Trade in goods with ASEAN (Association Of South-East Asian Nations)*, Brussels: European Commission, 2018, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113471.pdf, p. 2.
[30] European Commission Directorate-General for Trade, *European Union, Trade in goods with ASEAN (Association Of South-East Asian Natons)*, Brussels: European Commission, 2018, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113471.pdf, p. 7.
[31] ASEAN and EU, *The Fifteenth AEM-EU Trade Commissioner Consultations, 10 March 2017: Joint Media Statement*, Brussels: European Commission, http://trade.ec.europa.eu/doclib/docs/2017/march/tradoc_155416.%20AEM-EU%2015%20-%20Draft%20JMS%20-9%20March%20-cln.pdf, p. 1.
[32] 'ASEAN and the EU, European Union External Action Service,' European Union External Action Service, last updated 11 May 2016, https://eeas.europa.eu/delegations/association-southeast-asian-nations-asean/906/asean-and-eu_en
[33] 'EU and ASEAN gear up for possible re-launch of trade talks', European Commission, last updated 10 March 2017, http://trade.ec.europa.eu/doclib/press/index.cfm?id=1631
[34] 'Association of South East Asian Nations (ASEAN)', European Commission, last updated 22 February 2017, http://ec.europa.eu/trade/policy/countries-and-regions/regions/asean/

Vietnam (EUVFTA).[35] Neither agreement has entered into force however, with the EUSFTA stalled due an internal conflict over competency between the Commission and member states. Although this matter was put before the Court of Justice of the European Union (CJEU), the debate on the best architecture for EU trade agreements and investment protection agreements has continued.[36] The present expectation among officials seems to be that a revised text of the EUSFTA and/or EUVFTA could still be ratified by EU member states before the UK leaves the EU.

Beyond the two FTAs with Singapore and Vietnam, the EU has pursued negotiations on a bilateral FTA with four other ASEAN member states:[37]

1. EU-Malaysia Negotiations on hold (commenced 2010)
2. EU-Thailand Negotiations on hold (commenced 2013)
3. EU-Philippines Negotiations ongoing (commenced 2015)
4. EU-Indonesia Negotiations ongoing (commenced 2016)

Despite this focus on bilateral FTAs with selected ASEAN states, the EU and ASEAN have revisited the possibility of a region-to-region FTA. In March 2017, the EU and ASEAN agreed in a joint statement to take new steps towards resuming such talks.[38] The perceived importance of intensifying work towards the resumption of the ASEAN-EU FTA negotiations was reaffirmed by Heads of State and Government of the Member States of ASEAN, the President of the European Council and the Secretary-General of ASEAN at the ASEAN-EU Commemorative Summit in November 2017.[39]

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[35] 'EU-Singapore Free Trade Agreement. Authentic text as of May 2015', European Commission, last updated 29 June 2015, http://trade.ec.europa.eu/doclib/press/index.cfm?id=961; 'Vietnam', European Commission, last updated 16 March 2017, http://ec.europa.eu/trade/policy/countries-and-regions/countries/vietnam/

[36] 'Singapore', European Commission, last updated 8 September 2017, http://ec.europa.eu/trade/policy/countries-and-regions/countries/singapore/index_en.htm; European Commission, *The Opinion of the European Court of Justice on the EU-Singapore Trade Agreement and the Division of Competences in Trade Policy*, Brussels: European Commission, http://trade.ec.europa.eu/doclib/docs/2017/september/tradoc_156035.pdf pp. 1-4.

[37] European Parliament, *Briefing, International Agreements in Progress: EU-Singapore Free Trade Agreement Stimulus for negotiations in the region,* Brussels, European Parliament, http://www.europarl.europa.eu/RegData/etudes/BRIE/2017/607255/EPRS_BRI(2017)607255_EN.pdf, p. 2.

[38] ASEAN and EU, *The Fifteenth AEM-EU Trade Commissioner Consultations*, 10 March 2017: Joint Media Statement, Brussels: European Commission, http://trade.ec.europa.eu/doclib/docs/2017/march/tradoc_155416.%20AEM-EU%2015%20-%20Draft%20JMS%20-9%20March%20-cln.pdf

[39] ASEAN, *Press Statement of the ASEAN-EU Commemorative Summit on the Occasion of the 40th Anniversary of the Establishment of ASEAN-EU Dialogue Relations*, Jakarta: ASEAN Secretariat, http://asean.org/storage/2017/11/Press-Statement-of-the-ASEAN-EU-Commemorative-Summit-as-of-14-Nov-2017_FINAL.pdf , p. 2.

# 3. Future UK-ASEAN Relations: what are the options?

HMG has strengthened its diplomatic relations with ASEAN through the establishment of diplomatic missions in every ASEAN member-state, and by also accrediting the British Ambassador to Indonesia and Timor-Leste as the UK's representative to ASEAN.[40] The UK has also acceded to the Treaty of Amity and Cooperation (TAC), and assisted regional integration through the former ASEAN programme fund.[41] Former Prime Minister David Cameron also visited the ASEAN Secretariat in 2015.[42] In 2012, the Prime Minister appointed three Trade Envoys to the ASEAN region as part of the wider programme to help drive trade and strengthen relationships. Today the UK's Trade Envoys to ASEAN are: Richard Graham MP (Indonesia, Malaysia, the Philippines and the AEC); Ed Vaizey MP (Vietnam, Cambodia, Laos); and Paul Scully MP (Burma, Brunei, Thailand).[43]

There are several approaches that the UK can take regarding the development of UK-ASEAN relations post-Brexit. One such approach involves building a **formal partnership with ASEAN**. In terms of economic relations specifically, there are also several opportunities to consider in relation to trade liberalisation in the form of establishing **bi/pluri-lateral trade relations with ASEAN states**.

## 3.1 UK-ASEAN Formal Partnership Agreements

To date, ASEAN has committed to partnership arrangements on the premise that the partners have the capacity to support ASEAN's ongoing community building project. Article 44 of the ASEAN Charter sets out that ASEAN may confer a 'formal status' on an external party that allows non-members to engage ASEAN through three main partnership categories*: **Dialogue, Sectoral, and Development***.[44] In addition, the idea of a ***Bespoke Partnership***, which would reflect the UK's broad existing links with Southeast Asia, but also speak clearly to its regional interests and ambitions, has also been broached. The main differences between these four options are outlined below:

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[40] 'UK Commits to Stronger Cooperation with ASEAN', ASEAN Secretariat, last updated 16 January 2015, http://asean.org/uk-commits-to-stronger-cooperation-with-asean/; 'The UK and South East Asia', gov.uk, last updated 3 July 2012, https://www.gov.uk/government/speeches/the-uk-and-south-east-asia; 'British Ambassador to Indonesia, ASEAN and Timor Leste, Moazzam Malik', last updated unknown, https://www.gov.uk/government/people/moazzam-malik

[41] 'United Kingdom to Deepen its Engagement with ASEAN', ASEAN Secretariat, last updated 27 July 2012, http://asean.org/united-kingdom-to-deepen-its-engagement-with-asean/; 'ASEAN Programme Fund Financial Year 2016-17', gov.uk, last updated 18 February 2016, https://www.gov.uk/government/publications/asean-programme-fund-financial-year-2016-17

[42] 'ASEAN, UK to Deepen Cooperative Relations', ASEAN Secretariat, last updated 28 July 2015, http://asean.org/asean-uk-to-deepen-cooperative-relations/

[43] 'Trade envoys', gov.uk, last updated unknown, https://www.gov.uk/government/groups/trade-envoys; 'Reappointed as PM's Trade Envoy', last updated 13 July 2017, https://www.richardgraham.org/news/reappointed-pms-trade-envoy; 'British trade envoy talks up Việt Nam links', Việt Nam News, last updated 2 November 2017, http://vietnamnews.vn/economy/416582/british-trade-envoy-talks-up-viet-nam-links.html#4ULO60Lc6YCKYdke.97; 'My New Appointments', scully.org.uk, last updated 16 December 2017, http://www.scully.org.uk/news/my-new-appointments/

[44] ASEAN, *The ASEAN Charter,* Jarkata: ASEAN, http://www.asean.org/wp-content/uploads/2012/05/11.-October-2015-The-ASEAN-Charter-18th-Reprint-Amended-updated-on-05_-April-2016-IJP.pdf, p. 33.

***Dialogue Partner Status***

Full Dialogue Partners engage ASEAN with respect to political, economic and socio-cultural cooperation to considerable extent. All (with the exception of New Zealand) have established cooperation funds to support joint projects, while also committing additional funding and technical support for specific ASEAN initiatives. Dialogue Partners are thus especially important to ASEAN members and the ASEAN Secretariat. ASEAN has concluded FTAs with a number of them: Australia and New Zealand; China; India; Japan; and South Korea. Meanwhile, Turkey, Mongolia, Kazakhstan, Mexico, Brazil and Sri Lanka have all put in bids for Dialogue Partner status, but since 1999 ASEAN has enforced a moratorium on dialogue partnerships.[45]

***Sectoral Partner Status***

Sectoral partnerships are limited to certain sectors where the partner can support ASEAN's continuing integration and community building priorities. Entering a sectoral partnership with ASEAN is usually also preceded by several years of long-standing substantive cooperation and sustained engagement with ASEAN members. A case in point is the recently concluded ASEAN-Switzerland sectoral relationship.[46] Switzerland works with the grouping across a range of areas, including areas of humanitarian and protection challenges. By comparison, Norway's sectoral partnership with ASEAN, established in 2015, is presently structured around disaster management as well as support for peacebuilding.[47]

***Development Partner Status***

A development partner of ASEAN would normally have a particularly strong record in assisting ASEAN in the field of development, not least capacity building. The status of 'Development Partner' has to date only been conferred once by ASEAN, namely onto Germany in July 2016.[48] Notably, achieving this status proved possible despite Germany being a member of the EU. It built on a strong record of German support for ASEAN: Germany appointed its first ambassador to ASEAN in 2009. Since 2012, Germany and ASEAN cooperated through the ASEAN-Germany Joint Cooperation Review, with annual review meetings. In the same year, Germany commenced supporting the Capacity Development Programme for the ASEAN Inter-Parliamentary Assembly.[49] But it has been the ASEAN Secretariat in particular that has benefitted from German support for capacity building.

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[45] Moe Thuzar, 'What does it take to join ASEAN?', *ISEAS Perspective*, 2017, No. 36, pp. 1-5, https://iseas.edu.sg/images/pdf/ISEAS_Perspective_2017_36.pdf

[46] 'ASEAN, Switzerland launch sectoral dialogue partnership for stronger cooperation', ASEAN Secretariat, last modified 29 November 2016, http://asean.org/asean-switzerland-launch-sectoral-dialogue-partnership-for-stronger-cooperation/

[47] ASEAN, *Overview: ASEAN-Norway Sectoral Dialogue Relations*, Jakarta: ASEAN Secretariat, http://asean.org/storage/2017/04/Overview-of-ASEAN-Norway-Sectoral-Dialogue-Relations-as-of-April-2017r....pdf

[48] 'ASEAN, Germany formalise Development Partnership', ASEAN Secretariat, last modified 23 January 2017, http://asean.org/asean-germany-formalise-development-partnership/

[49] 'Capacity Development for the ASEAN Inter-Parliamentary Assembly (AIPA)', Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, last updated unknown, https://www.giz.de/en/worldwide/23928.html; ASEAN, *Overview: ASEAN-Germany Development Partnership*, Jakarta: ASEAN Secretariat, October 2017, http://asean.org/storage/2017/04/Overview-of-ASEAN-Germany-Development-Partnership-as-of-October-2017.pdf, p. 1.

The German government has also been among the largest contributors to ASEAN in support of the ASEAN Community goals (US$161.6 million as of October 2017).[50] Areas of cooperation include agriculture, forestry, port development, energy efficiency, quality infrastructure, competition policy and law. For the period 2016-2018, the German Foreign Ministry is again funding a project designed to support the ASEAN Secretariat's capacity.[51]

***The 'Bespoke Partnership' with the UK***

This option is as yet undefined. As with the other three options, it would be up to the the UK private sector to recommend that HMG pursue it and in what form. This option is seen in the UK as an alternative to the aforementioned partnership arrangements, especially given the uncertainty whether a formal dialogue partnership with ASEAN would be possible at this time. Whether it is available in name outside ASEAN's formal partnership categories is uncertain. ASEAN has thus far not opted to establish categories of partnership beyond those explicitly listed in the ASEAN Charter. At the same time, the substance of the existing dialogue partnerships and sectoral dialogue partnerships varies, suggesting that ASEAN is generally open and flexible in its partnership arrangements.[52]

The 'bespoke partnership' is meant to reflect the UK's full range of existing ties with Southeast Asia. These relate to regional security, development and capacity building, as well as to The UK's commercial interests in Southeast Asia. HMG previously supported ASEAN regional integration through initiatives such as the ASEAN Programme Fund, which was run out of the Foreign and Commonwealth Office (FCO). The Fund supported projects from government, NGOs and civil society that concentrate on conflict prevention, human rights, and rule of law within ASEAN countries and ASEAN institutions.[53] Recently, HMG also initiated the Cross-Government Prosperity Fund Programme (2016-2021), also spearheaded by the FCO, which in the context of Southeast Asia aims to provide technical assistance, capacity building initiatives, and stakeholder discussions. These projects are aimed at improving the business climate, competitiveness and operation of capital markets, energy and financial sector reform, as well as increasing the ability of partner countries to tackle corruption.[54]

### *3.1.1 Questions and points to consider*

While HMG is likely to take a decision on its future formal relationship with ASEAN against the backdrop of an array of interests and capacity calculations, it is important for HMG to

[50] ASEAN, *Overview: ASEAN-Germany Development Partnership*, Jakarta: ASEAN Secretariat, October 2017, http://asean.org/storage/2017/04/Overview-of-ASEAN-Germany-Development-Partnership-as-of-October-2017.pdf, p. 2.
[51] 'Support for the ASEAN Secretariat (AA)', Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, last updated unknown, https://www.giz.de/en/worldwide/16385.html
[52] 'External Relations', ASEAN Secretariat, last updated unknown, http://asean.org/asean/external-relations/
[53] 'ASEAN Programme Fund Financial Year 2016-17', last updated 18 February 2016, https://www.gov.uk/government/publications/asean-programme-fund-financial-year-2016-17
[54] 'About the Cross-Government Prosperity Fund Programme – South East Asia', Foreign and Commonwealth Office, last updated unknown, https://blogs.fco.gov.uk/about-the-south-east-asia-prosperity-fund-programme/; 'Official Development Assistance (ODA): FCO Prosperity Fund spend', last updated 16 November 2017, https://www.gov.uk/government/publications/official-development-assistance-oda-fco-prosperity-fund-spend

understand from the UK private sector which kind of future relationship between HMG and ASEAN is likely to best support the UK's economic interests in Southeast Asia.

ASEAN has not indicated a perspective on how it sees its future relationship with the UK. Based on initial interviews with the diplomatic and policy community it also seems very unlikely that ASEAN members will proactively map out a particular pathway for the UK to work toward a formal relationship with the grouping. If HMG is to pursue such a formal relationship with ASEAN in the future, the initiative for such ties will most likely need to come from the UK. Not least in this context the question is whether the UK private sector believes that the UK's investments in diplomatic posts and commitments made should be further strengthened. For instance, would the private sector recommend the appointment of an Ambassador to ASEAN who would solely be dedicated to reinforcing relations with the Association?

A formal partnership with ASEAN does not guarantee that the business prospects of UK companies operating in Southeast Asia will dramatically improve. However, building a formal relationship may well be a prerequisite for strong and effective UK-ASEAN relations in the future. The extent to which the UK will be able to promote the interests of UK business in Southeast Asia may also depend on how much the UK will invest longer-term in its relationship with ASEAN. Indeed, some ideas regarding possible FTAs (e.g. ASEAN-UK FTA) are likely to be dependent on the UK being recognised as a dialogue partner. At the same time, not all FTAs that the UK might wish to conclude with Southeast Asian countries necessarily depend on the UK having a partnership agreement with ASEAN.

### 3.2 Possible Bi/Pluri-lateral Trade Relations with ASEAN States

There are at least three possible opportunities to consider in relation to trade liberalisation in so far as Southeast Asian states are concerned. In principle, the UK could aim to realise one or more of the options listed below. For the UK's private sector the question is which option, if any, HMG should pursue as a priority. A secondary question is whether HMG should aim to boost business prospects in other ways in the absence of new free trade arrangements which may take some years to achieve.

HMG is bound by existing EU trade agreements at least until the end of the transitional period that will begin once the UK leaves the EU. During this period it can negotiate but not conclude new FTAs. Also, the UK may very well need to invest time to establish new terms at the WTO under its own independent schedules for tariffs and services as these commitments set the baseline for plurilateral FTAs such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) (discussed below), while almost always providing the baseline for bilateral FTAs.[55] Negotiations to establish the UK's own independent schedules could prove difficult as the WTO operates by consensus.[56]

***Bilateral free trade deals with selected ASEAN member states***

Bilateral FTAs with individual ASEAN countries could be pursued either for their own merits or as a stepping stone towards a more comprehensive FTA with ASEAN as a whole. Should the ratification of the EU-Singapore/Vietnam FTAs precede the UK's exit from the EU, HMG may be able to roll-over these two existing deals. A trade agreement with Singapore could be particularly attractive given the depth of shared history with the UK; and Singapore is clearly interested. Prime Minister Lee Hsien Loong has reaffirmed that Singapore would be willing to sign a trade deal with Britain after it leaves the EU. Current projections are that it is more likely for the EUSFTA to enter into force before March 2019 than the EUVFTA. There may also be further opportunities to negotiate bilateral FTAs with individual ASEAN countries. The previous Malaysian government, for instance, has stated that Brexit may present an opportunity to increase bilateral trade relations if the UK decided to reach out to strategically important nations beyond the EU.[57] However, it remains to be seen if this interest will be maintained under the new government.

Another possibility would be to build on the example of the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA), which focuses on addressing impediments to bilateral trade (tariff and non-tariff barriers), enhancing access to each other's services markets, and increasing investments.[58]

***ASEAN-UK Free Trade Agreement***

In principle, the UK could explore the feasibility of a FTA with ASEAN. To date, numerous countries - all of these have been formal dialogue partners - have concluded such FTAs. These FTAs tend to take into account the different levels of economic development achieved by ASEAN member states. One possible model is the existing ASEAN-Australia-New Zealand FTA (AANZFTA).[59] The AANZFTA not only supports greater ASEAN economic integration, but also affords differential treatment to developing members, while Canberra and Wellington directly

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55 'Should Singapore (Or Anyone Else) Sign A Bilateral Trade Deal With The UK?', Asian Trade Centre, last updated 12 July 2016, http://www.asiantradecentre.org/talkingtrade//should-singapore-or-anyone-else-sign-a-bilateral-trade-deal-with-the-uk; 'Joining The TPP: A Path Forward For The UK?', Asian Trade Centre, last updated 4 January 2018, http://www.asiantradecentre.org/talkingtrade//joining-the-tpp-a-path-forward-for-the-uk; 'Special Edition: The WTO "Fall Back" Option For Brexit', Asian Trade Centre, last updated 29 March 2017, http://www.asiantradecentre.org/talkingtrade//special-edition-the-wto-fall-back-option-for-brexit

56 'Whose WTO is it anyway?', World Trade Organization, last updated unknown, https://www.wto.org/english/thewto_e/whatis_e/tif_e/org1_e.htm

57 'Malaysia's PM Najib says Brexit vote must be respected, no major impact on Malaysian economy expected', The Straits Times, last modified 24 June 2016, http://www.straitstimes.com/asia/se-asia/malaysias-pm-najib-says-brexit-vote-must-be-respected-no-major-impact-on-malaysian

58 'Indonesia-Australia Comprehensive Economic Partnership Agreement', Australian Government, Department for Foreign Affairs and Trade, last updated unknown, http://dfat.gov.au/trade/agreements/negotiations/iacepa/Pages/indonesia-australia-comprehensive-economic-partnership-agreement.aspx,

59 'Overview: The ASEAN-Australia-New Zealand Free Trade Area (AANZFTA)', ASEAN, last updated unknown, http://aanzfta.asean.org/aanzfta-overview/

fund capacity development activities under the AANZFTA Economic Cooperation Support Program (AECSP).[60]

Both Australian and New Zealand private sectors have underlined the benefits of the AANZFTA through the reductions and elimination of tariffs and the direct ministerial access facilitated through the ASEAN-CER Business Engagement Session at the 22nd AEM-CER Consultations. However, businesses in both countries have identified a number of areas for further work under AANZFTA including the persistence of non-tariff measures (NTMs); improving legal certainty and predictability on services regulations and investment regimes; and further development of rules in areas where policy frameworks are still developing. Sustained and alternative areas of engagement are also noted as lacking with further opportunities requiring exploration.[61]

***Free Trade Agreements beyond ASEAN that involve Southeast Asian states***

The UK does not qualify for joining the Regional Comprehensive Economic Partnership (RCEP) as it builds only on already existing FTAs between ASEAN and its dialogue partners. However, HMG has already signalled interest in possibly joining the CPTPP, a free trade agreement incorporating eleven countries in the Pacific region: Japan, New Zealand, Australia, Canada, Chile, Mexico, Peru, Brunei Darussalam, Malaysia, Singapore, and Vietnam. Thailand has also expressed an interest to join this year.[62] The arrangement, which has no geographical restriction on membership, was originally titled the Trans-Pacific Partnership (TPP) but was renamed on the side-lines of the APEC summit in 2017, to reflect a new consensus that had emerged after the four rounds of negotiation since the U.S. withdrawal earlier that year.[63]

The CPTPP incorporates, by reference, the provisions of the TPP agreement, but with some differences. More than 20 provisions have been suspended or changed, including rules around intellectual property originally included at the request of Washington.[64] The CPTPP was formally signed in March 2018. Each CPTPP member will undertake its own domestic ratification procedures.[65] The agreement will reduce tariffs in economies that together

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[60] 'Special And Differential Treatment Under AANZFTA', ASEAN Secretariat, last updated unknown, http://aanzfta.asean.org/special-and-differential-treatment/; 'Overview Of The AANZFTA Economic Cooperation Support Program (AECSP)', ASEAN Secretariat, last updated unknown, http://aanzfta.asean.org/aecsp-overview/

[61] Free Trade Area Joint Committee (FJC), *Report of the FTA Joint Committee: General Review of AANZFTA Stage One: Review of Implementation 2010-2017*, Canberra: Australian Department for Foreign Affairs and Trade, http://dfat.gov.au/trade/agreements/in-force/aanzfta/news/Documents/aanzfta-general-review-stage-one-report-october-2017.pdf, pp. 15-18.

[62] 'Thailand wants to join CPTPP trade pact this year: deputy PM', Reuters, last updated 29 March 2018, https://uk.reuters.com/article/us-trade-tpp-thailand/thailand-wants-to-join-cptpp-trade-pact-this-year-deputy-pm-idUKKBN1H51FO

[63] 'Trans-Pacific Partnership Ministerial Statement', Australian Department of Foreign Affairs and Trade, last updated 11 November 2017, http://dfat.gov.au/trade/agreements/tpp/news/Pages/trans-pacific-partnership-ministerial-statement.aspx

[64] 'Annex II - List of Suspended Provisions', Government of Canada, last updated 10 November 2017, http://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/tpp-ptp/annex2-annexe2.aspx?lang=eng

[65] 'Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) – frequently asked questions,' Government of Canada, last updated 20 February 2018, http://international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/cptpp-ptpgp/faq.aspx?lang=eng

amount to more than 13 percent of global GDP – a total of $10 trillion.[66] The CPTPP has at least one possible attraction in that it involves some of the UK's primary economic partners from Southeast Asia and the wider Asia-Pacific (e.g. Japan). The CPTPP represents a more progressive FTA than could be expected to be on offer with ASEAN.

[66] 'Final version of Trans-Pacific trade deal released, rules pushed by US on ice,' The Straits Times, last updated 21 February 2018, http://www.straitstimes.com/asia/australianz/final-version-of-cptpp-trade-deal-released-rules-pushed-by-us-on-ice

## Conclusion

The UK's economic relations with Southeast Asia are significant but there has been no major upward trend in UK exports of goods for some time. Trade in services also makes for a differentiated picture. That HMG is interested in strengthening economic ties with Southeast Asia is therefore obvious. What is less obvious perhaps is how the UK should go about reinforcing its economic relations with states in the Southeast Asian region, including ASEAN. Given the importance of future prosperity in the context of British foreign policy, the input of the UK's business community to the debate will be particularly important.

This report spelled out options for a future formal UK-ASEAN relationship. HMG is well placed to seriously consider all the options and to put forward a proposal to ASEAN. The question for the business community is whether it wishes to encourage and support the building of such a formal UK-ASEAN relationship and which type it prefers. Similarly, the report has spelled out different options that HMG may wish to pursue in relation to new FTAs. Here the business community is asked to weigh the relative merits of the UK seeking membership in CPTPP and negotiating a FTA with ASEAN members in the first instance.

When considering the options available to the UK, it is worth noting that a formal partnership with ASEAN does not guarantee that the business prospects of UK companies operating in Southeast Asia will dramatically improve. However, building a formal relationship may be a pre-requisite for strong and effective UK-ASEAN relations in the future and could affect the extent to which HMG is able to promote the interests of UK business in the region.

# Annex: UK Economic Performance with Southeast Asia

**Table 1:**
United Kingdom Exports and Imports in Goods with Southeast Asian states, 2010-2016.[67]

Figures in $ millions

| | | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|
| **Brunei** | Exports | $234.1 m | $213.7 m | $1.3 bn | $1.5 bn | $301.2 m | $630.2 m | $127.4 m |
| | Imports | $21.9 m | $34.2 m | $92.7 m | $68.2 m | $118.2 m | $48.3 m | $41.8 m |
| **Cambodia** | Exports | $11.0 m | $29.5 m | $17.1 m | $27.8 m | $18.4 m | $25.3 m | $23.5 m |
| | Imports | $496.4 m | $764.5 m | $841.0 m | $1.0 bn | $1.3 bn | $1.4 bn | $1.3 bn |
| **Indonesia** | Exports | $678.8 m | $1.0 bn | $1.0 bn | $1.1 bn | $1.0 bn | $705.0 m | $716.8 m |
| | Imports | $2.3 bn | $2.5 bn | $2.1 bn | $2.0 bn | $2.0 bn | $1.8 bn | $1.8 bn |
| **Lao PDR** | Exports | $5.3 m | $13.2 m | $5.5 m | $7.1 m | $5.9 m | $9.8 m | $7.8 m |
| | Imports | $80.7 m | $112.7 m | $106.8 m | $80.3 m | $65.9 m | $50.7 m | $51.3 m |
| **Malaysia** | Exports | $1.9 bn | $2.3 bn | $2.3 bn | $2.5 bn | $2.5 bn | $2.1 bn | $1.8 bn |
| | Imports | $3.2 bn | $3.1 bn | $2.7 bn | $2.6 bn | $2.8 bn | $2.6 bn | $2.2 bn |
| **Myanmar** | Exports | $8.2 m | $9.7 m | $20.4 m | $69.2 m | $33.8 m | $26.2 m | $43.6 m |
| | Imports | $55.0 m | $69.3 m | $64.7 m | $87.8 m | $126.5 m | $157.0 m | $206.4 m |
| **Philippines** | Exports | $441.6 m | $457.5 m | $527.2 m | $585.4 m | $601.2 m | $600.5 m | $540.5 m |
| | Imports | $1.1 bn | $2.4 bn | $608.2 m | $564.4 m | $614.7 m | $627.8 m | $640.4 m |
| **Singapore** | Exports | $5.1 bn | $5.9 bn | $6.9 bn | $6.7 bn | $6.2 bn | $6.0 bn | $6.2 bn |
| | Imports | $4.6 bn | $4.8 bn | $4.5 bn | $2.7 bn | $2.1 bn | $1.5 bn | $2.0 bn |
| **Thailand** | Exports | $2.3 bn | $3.3 bn | $3.2 bn | $3.7 bn | $2.4 bn | $1.9 bn | $1.5 bn |
| | Imports | $4.3 bn | $4.6 bn | $3.9 bn | $3.8 bn | $4.0 bn | $3.6 bn | $3.7 bn |
| **Viet Nam** | Exports | $427.1 m | $521.6 m | $463.1 m | $475.8 m | $560.3 m | $575.5 m | $652.1 m |
| | Imports | $2.2 bn | $3.0 bn | $3.9 bn | $4.5 bn | $4.1 bn | $4.9 bn | $5.1 bn |

67 Department for International Trade and the Department for Business, Energy and Industrial Strategy, *International trade in goods and services based on UN Comtrade data*, United Nations Trade Statistics Branch, https://comtrade.un.org/labs/dit-trade-vis/?reporter=826&type=C&year=2016&flow=2&commodity

**Table 2:**
United Kingdom Exports and Imports in Services with Southeast Asian states, 2010-2016 (Total EBOPS 2002 Services).[68]

Figures in $ millions

| | | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|
| **Brunei** | Exports | | | | | | $131.4 m |
| | Imports | | | | | | $6.1 m |
| **Cambodia** | Exports | | | | | | $12.2 m |
| | Imports | | | | | | No data |
| **Indonesia** | Exports | $591.8 m | $637.7 m | $723.5 m | $481.5 m | $523.3 m | $676.8 m |
| | Imports | $200.8 m | $213.0 m | $281.2 m | $339.2 m | $366.9 m | $299.4 m |
| **Lao PDR** | Exports | | | | | | $6.1 m |
| | Imports | | | | | | $3.1 m |
| **Malaysia** | Exports | | $1.2 bn | $1.3 bn | $1.6 bn | $1.6 bn | $1.2 bn |
| | Imports | | $592.8 m | $443.8 m | $412.8 m | $603.9 m | $479.7 m |
| **Myanmar** | Exports | | | | | | $129.9 m |
| | Imports | | | | | | No data |
| **Philippines** | Exports | $261.1 m | $248.3 m | $407.6 m | $206.3 m | $189.3 m | $323.9 m |
| | Imports | $774.1 m | $980.6 m | $965.2 m | $381.4 m | $427.8 m | $440.0 m |
| **Singapore** | Exports | $4.6 bn | $5.2 bn | $2.8 bn | $3.4 bn | $3.6 bn | $6.0 bn |
| | Imports | $2.2 bn | $2.7 bn | $2.4 bn | $2.5 bn | $3.4 bn | $3.3 bn |
| **Thailand** | Exports | $585.6 m | $748.2 m | $818.2 m | $1.1 bn | $1.0 bn | $922.7 m |
| | Imports | $1.0 bn | $1.1 bn | $1.1 bn | $1.2 bn | $1.3 bn | $1.3 bn |
| **Viet Nam** | Exports | | | | | | $198.6 m |
| | Imports | | | | | | $178.8 m |

[68] Department for International Trade and the Department for Business, Energy and Industrial Strategy, *International trade in goods and services based on UN Comtrade data*, United Nations Trade Statistics Branch, https://comtrade.un.org/labs/dit-trade-vis/?reporter=826&type=S&year=2016&flow=2&commodity

**Table 3:**
Change in UK Goods Import Market Share from 2014 to 2016(%).
Source: Official national import statistics, recent data not available for the Philippines, *Indonesia data for goods & services (breakdown not available) so not included in total.[69]

| | UK | | Germany | | France | | Italy | |
|---|---|---|---|---|---|---|---|---|
| | 2014 | 2016 | 2014 | 2016 | 2014 | 2016 | 2014 | 2016 |
| **ASEAN-4** | 1.1 | 1.0 | 2.7 | 2.8 | 1.5 | 1.6 | 1.0 | 1.0 |
| **Singapore** | 1.7 | 1.8 | 2.9 | 3.0 | 2.2 | 2.9 | 1.1 | 1.3 |
| **Malaysia** | 1.0 | 0.9 | 3.4 | 3.4 | 1.8 | 1.4 | 0.9 | 0.8 |
| **Thailand** | 1.2 | 1.0 | 2.6 | 3.0 | 1.1 | 1.4 | 1.0 | 1.0 |
| **Vietnam** | 0.4 | 0.4 | 1.8 | 1.6 | 0.8 | 0.7 | 0.9 | 0.8 |
| **Indonesia*** | 0.5 | 0.7 | 2.3 | 2.3 | 0.7 | 1.0 | 1.0 | 1.0 |

[69] Southeast Asia Economic and Trade Policy Network, *SE Asia Market Share Analysis*, Singapore: Southeast Asia Economic and Trade Policy Network, p. 5.

**Table 4:**
Outward UK FDI for ASEAN, for Earnings, Flows and Positions, 2007 to 2015 - Nil or no data returned - Disclosive data.[70]

Figures in £ millions

| COUNTRY | TOTALS | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Brunei Darussalam | Earnings | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| | Flows | .. | .. | .. | .. | 49 | 40 | .. | .. | .. |
| | Positions | .. | .. | 14 | 30 | .. | 216 | .. | .. | .. |
| Indonesia | Earnings | 170 | 178 | 400 | 560 | 1065 | 1047 | 661 | 772 | 412 |
| | Flows | -91 | 40 | 662 | 3184 | 3933 | 277 | 426 | 92 | -163 |
| | Positions | 853 | 1093 | 1897 | 2712 | 5976 | 4089 | 3331 | 4303 | 4493 |
| Cambodia | Earnings | 1 | 2 | .. | -3 | - | -4 | -4 | -4 | -3 |
| | Flows | - | .. | -1 | -4 | - | -6 | -4 | -4 | -5 |
| | Positions | .. | .. | .. | .. | .. | .. | 16 | 19 | 12 |
| Laos | Earnings | .. | .. | .. | .. | - | .. | .. | .. | .. |
| | Flows | .. | .. | .. | .. | 2 | .. | .. | .. | .. |
| | Positions | .. | .. | .. | .. | -1 | .. | .. | .. | .. |
| Myanmar | Earnings | - | - | - | - | - | .. | .. | -1 | -1 |
| | Flows | - | - | - | - | - | .. | .. | -1 | -1 |
| | Positions | - | - | - | - | - | .. | .. | .. | 7 |
| Malaysia | Earnings | 587 | 526 | 674 | 734 | 536 | 562 | 435 | 988 | 998 |
| | Flows | 218 | 312 | 280 | 629 | 800 | 550 | 164 | 1541 | -1062 |
| | Positions | 1035 | 1380 | 879 | 1433 | 1874 | 1910 | 3984 | 3266 | 2113 |
| Philippines | Earnings | 325 | 195 | 159 | 139 | 61 | 67 | 41 | 54 | 70 |
| | Flows | 302 | 14 | 123 | 150 | -139 | -750 | -58 | -31 | -43 |
| | Positions | 753 | 853 | 583 | 599 | 565 | 233 | 149 | 162 | 174 |
| Singapore | Earnings | 469 | 959 | 2423 | 2278 | 3158 | 3039 | -635 | 1675 | 1307 |
| | Flows | -2155 | 2417 | 1572 | 4882 | -43882 | -18893 | -1533 | 1662 | 2034 |
| | Positions | 7684 | 14639 | 8850 | 9791 | 10658 | 9060 | 10939 | 16409 | 17779 |
| Thailand | Earnings | 11 | -122 | 164 | 173 | 201 | 244 | 194 | 287 | 190 |
| | Flows | -15 | 275 | 300 | 141 | 164 | 272 | 137 | 204 | 484 |
| | Positions | 1351 | 1653 | 1174 | 1308 | 1395 | 1496 | 1151 | 2545 | 2115 |
| Vietnam | Earnings | 87 | -108 | 117 | 179 | 353 | 187 | -21 | 111 | 192 |
| | Flows | 30 | -94 | -9 | 1385 | 320 | 646 | -101 | 46 | 146 |
| | Positions | 430 | 675 | 584 | 931 | 1245 | 533 | -245 | -8 | 61 |

[70] UK Office for National Statistics, *Inward and Outward Foreign Direct Investment for ASEAN countries, China and Japan for Earnings, Flows and Positions, 2007 to 2015*, London: UK Office for National Statistics, last updated 11 April 2017, https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/adhocs/006924inwardandoutwardforeigndirectinvestmentforaseancountrieschinaandjapanforearningsflowsandpositions2007to2015

**Table 5:**
Flows of Inward Direct Investment to ASEAN by Source Country and Economic Sectors.[71]

Figures in US$ Million

| Source Country | Economic Sector | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| United Kingdom [GB] | [A] Agriculture, forestry, and fishing | 262.14 | 96.76 | 106.74 | 28.15 |
| United Kingdom [GB] | [B] Mining and quarrying | 668.39 | 722.14 | 755.47 | 273.53 |
| United Kingdom [GB] | [C] Manufacturing | 1,250.25 | 2,348.31 | 1,531.06 | 2,445.26 |
| United Kingdom [GB] | [D] Electricity, gas, steam and air conditioning supply | 7.30 | 61.41 | -385.56 | -198.28 |
| United Kingdom [GB] | [E] Water supply; sewerage, waste management and remediation | 0.18 | 26.24 | -200.38 | 26.65 |
| United Kingdom [GB] | [F] Construction | 1.99 | 4.27 | 22.12 | 3.06 |
| United Kingdom [GB] | [G] Wholesale and retail trade; repair of motor vehicles and motor cycles | 1,600.23 | 722.14 | 736.63 | 1,868.53 |
| United Kingdom [GB] | [H] Transportation and storage | 159.13 | 232.35 | -6.38 | 211.04 |
| United Kingdom [GB] | [I] Accommodation and food service | 11.56 | 18.27 | 5.70 | 10.88 |
| United Kingdom [GB] | [J] Information and communication | 142.87 | 3.20 | -36.99 | 51.71 |
| United Kingdom [GB] | [K] Financial and Insurance | -778.78 | 4,644.00 | 608.76 | -5,787.33 |
| United Kingdom [GB] | [L] Real estate | 16.52 | 140.72 | 213.34 | 35.85 |
| United Kingdom [GB] | [M] Professional, scientific and technical | 61.02 | -28.80 | 46.74 | 39.21 |
| United Kingdom [GB] | [N] Administrative and support service | 22.05 | 18.66 | 12.29 | 15.55 |
| United Kingdom [GB] | [O] Public administration and defence; compulsory social security | 0.00 | 0.00 | 0.00 | 0.00 |
| United Kingdom [GB] | [P] Education | -0.13 | 1.30 | 1.79 | 3.30 |
| United Kingdom [GB] | [Q] Human health and social work | 0.47 | 2.95 | 0.47 | 0.26 |
| United Kingdom [GB] | [R] Arts, entertainment and recreation | 9.24 | -8.71 | -0.59 | 2.35 |
| United Kingdom [GB] | [S] Other services. | 66.11 | -87.46 | 342.86 | 2,455.64 |
| United Kingdom [GB] | [Z] Unspecified | 68.90 | -333.89 | -152.55 | 248.65 |
| United Kingdom [GB] | [999] TOTAL Activities | 4,638.74 | 10,767.34 | 3,517.91 | 1,729.31 |

[71] Note: 2016 data is preliminary. Source: ASEAN Secretariat - ASEAN FDI Database as of 31 October 2017, https://data.aseanstats.org/fdi_by_sector.php

**Table 6:**
Flows of Inward Direct Investment to ASEAN by Source Country and Economic Sectors.[72]

Figures in US$ Million

| Source Country | Economic Sector | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| Austria [AT] | TOTAL Activities | 395.17 | 39.19 | -152.14 | 95.71 |
| Belgium [BE] | TOTAL Activities | 279.73 | 233.63 | 709.46 | 151.24 |
| Bulgaria [BG] | TOTAL Activities | 0.86 | 0.26 | 0.52 | 0.87 |
| Croatia [HR] | TOTAL Activities | 0.00 | 0.00 | 0.09 | 0.12 |
| Cyprus [CY] | TOTAL Activities | 48.69 | 12.93 | 6.10 | 1.23 |
| Czech Rep [CZ] | TOTAL Activities | 4.50 | 15.75 | 1.83 | 13.31 |
| Denmark [DK] | TOTAL Activities | -440.31 | -115.75 | 985.87 | 3,104.76 |
| Estonia [EE] | TOTAL Activities | 0.24 | 0.14 | -0.10 | 1.15 |
| Finland [FI] | TOTAL Activities | 316.41 | -145.27 | 175.15 | 65.09 |
| France [FR] | TOTAL Activities | 986.40 | 1,173.23 | 264.51 | 947.07 |
| Germany [DE] | TOTAL Activities | -836.20 | 49.03 | -268.71 | 720.55 |
| Greece [GR] | TOTAL Activities | 1.79 | 0.36 | 3.26 | 7.88 |
| Hungary [HU] | TOTAL Activities | 8.11 | -27.75 | -34.48 | 33.26 |
| Ireland [IE] | TOTAL Activities | 173.89 | 2,825.36 | 4,804.93 | 8,115.44 |
| Italy [IT] | TOTAL Activities | 213.18 | 63.45 | 14.59 | -16.80 |
| Latvia [LV] | TOTAL Activities | 2.91 | 6.50 | 5.27 | 3.21 |
| Lithuania [LT] | TOTAL Activities | 0.05 | 0.03 | 0.02 | 0.09 |
| Luxembourg [LU] | TOTAL Activities | 2,835.54 | 12,196.21 | 2,300.32 | 4,511.99 |
| Malta [MT] | TOTAL Activities | 10.31 | 7.37 | 17.68 | 14.03 |
| Netherlands [NL] | TOTAL Activities | 10,580.19 | 8,944.85 | 7,873.17 | 9,777.58 |
| Poland [PL] | TOTAL Activities | 4.87 | 20.89 | 2.88 | 15.72 |
| Portugal [PT] | TOTAL Activities | -10.82 | 7.17 | 17.23 | 2.43 |
| Romania [RO] | TOTAL Activities | 1.61 | -0.74 | -0.21 | 0.36 |
| Slovakia [SK] | TOTAL Activities | 0.56 | 0.08 | 0.57 | 0.88 |
| Slovenia [SI] | TOTAL Activities | 0.05 | -0.46 | 0.21 | 0.50 |
| Spain [ES] | TOTAL Activities | 281.14 | 249.72 | -15.69 | 1,246.47 |
| Sweden [SE] | TOTAL Activities | -43.11 | 282.53 | -27.37 | 127.20 |
| United Kingdom[GB] | TOTAL Activities | 4,638.74 | 10,767.34 | 3,517.91 | 1,729.31 |

[72] Note: 2016 data is preliminary. Source: ASEAN Secretariat - ASEAN FDI Database as of 31 October 2017, https://data.aseanstats.org/fdi_by_sector.php

**Chart 1:**
Origin of EU-28 exports of goods to ASEAN, 2015 (% share of EU-28 exports to ASEAN).[73]

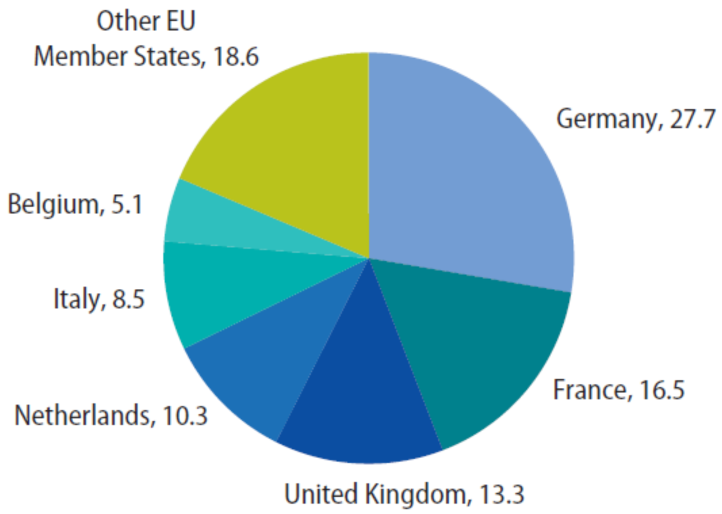
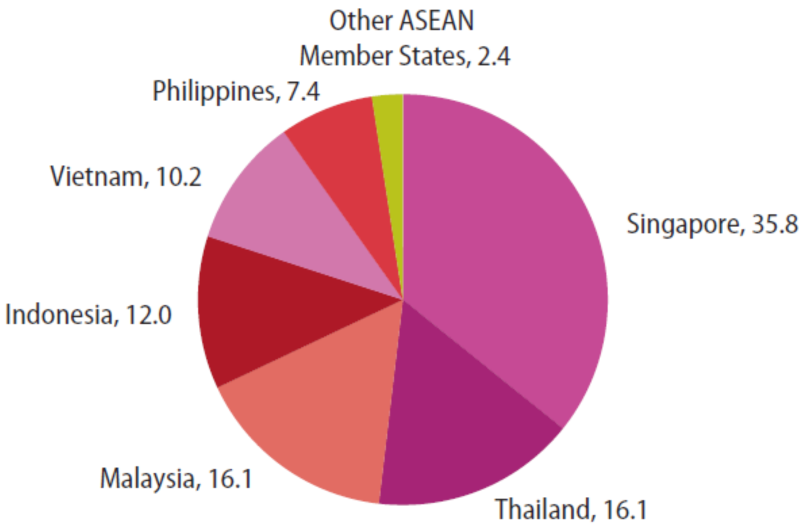



**Chart 2:**
Destination of EU-28 exports of goods to ASEAN, 2015 (% share of EU-28 exports to ASEAN).[74]

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[73] Eurostat, *40 Years of EU–ASEAN Cooperation Key statistics*, Brussels: European Union, 2017, http://ec.europa.eu/eurostat/documents/3217494/8092219/KS-01-17-424-EN-N.pdf/8e0e728b-1d36-4aae-b742-851a73963e51, p. 28.
[74] Eurostat, *40 Years of EU–ASEAN Cooperation Key statistics*, p. 28.

**Chart 3:**
Origin of EU-28 imports of goods from ASEAN, 2015 (% share of EU-28 imports from ASEAN).[75]

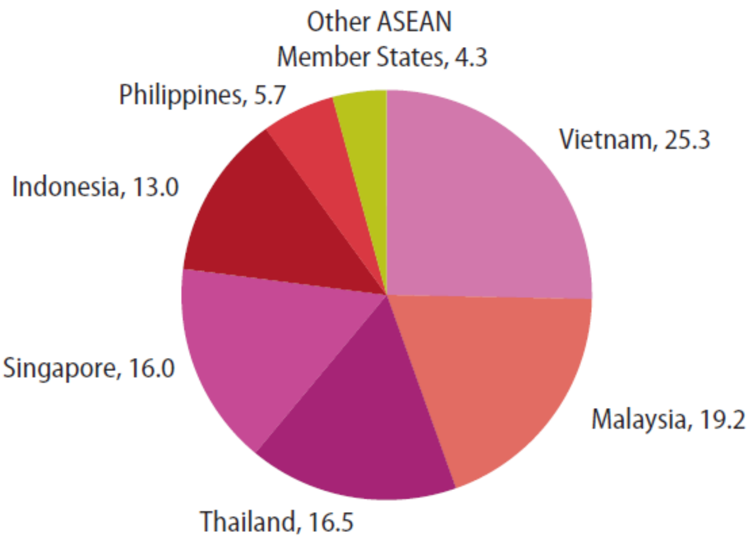
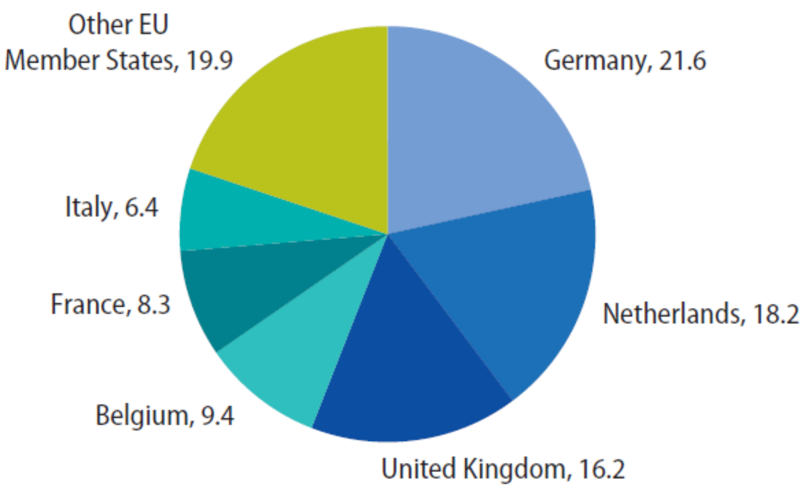



**Chart 4:**
Destination of EU-28 imports of goods from ASEAN, 2015 (% share of EU-28 imports from ASEAN)[76]




Eurostat, *40 Years of EU–ASEAN Cooperation Key statistics*, p. 29.
[76] Eurostat, *40 Years of EU–ASEAN Cooperation Key statistics*, p. 29.

**Chart 5:**
Origin of EU-28 exports of services to ASEAN, 2015 (% share of EU-28 exports to ASEAN).[77]

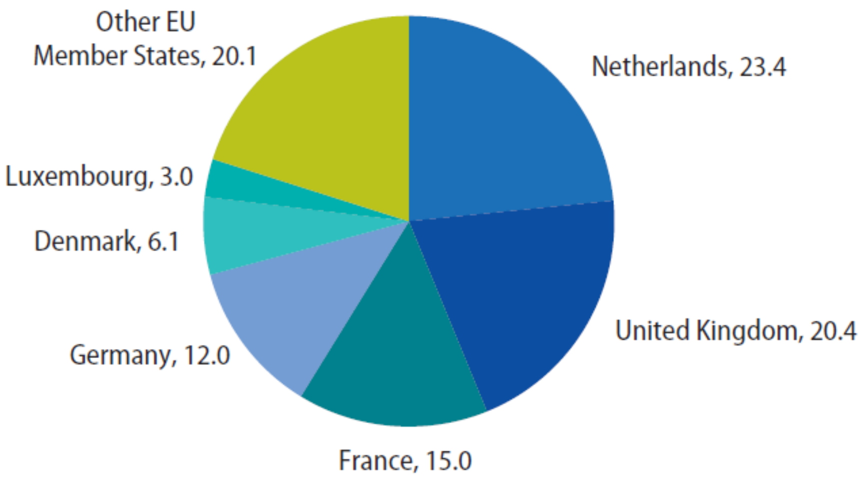
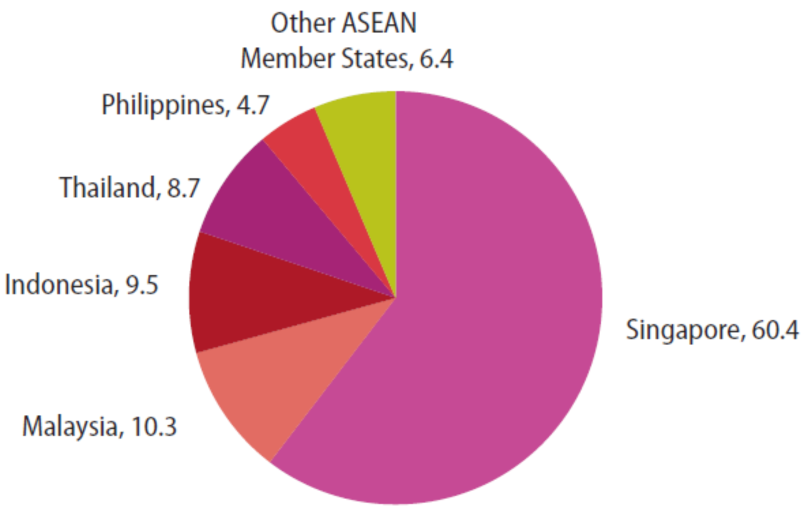



**Chart 6:**
Destination of EU-28 exports of services to ASEAN, 2015 (% share of EU-28 exports to ASEAN).[78]




[77] Eurostat, *40 Years of EU–ASEAN Cooperation Key statistics*, p. 32.
[78] Eurostat, *40 Years of EU–ASEAN Cooperation Key statistics*, p. 32.

**Chart 7:**
Origin of EU-28 imports of services from ASEAN, 2015 (% share of EU-28 imports from ASEAN)[79]

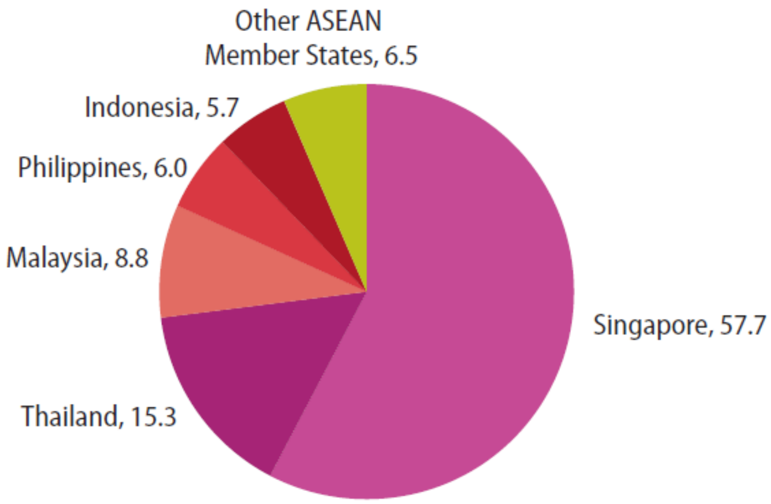
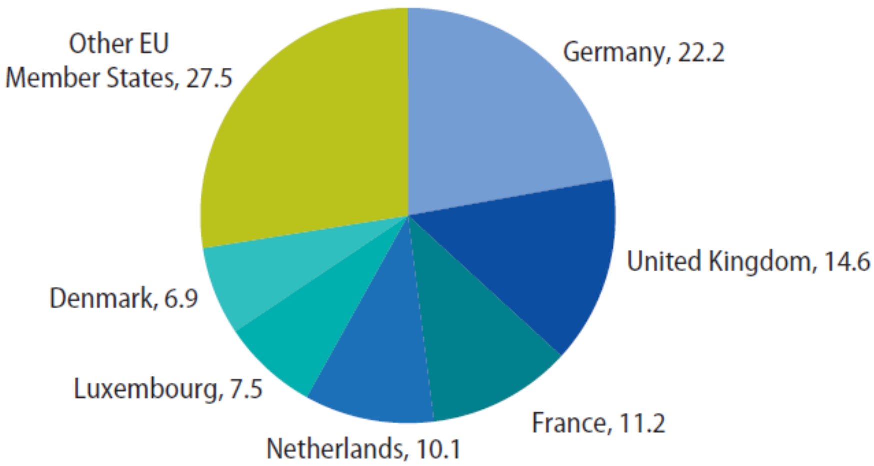
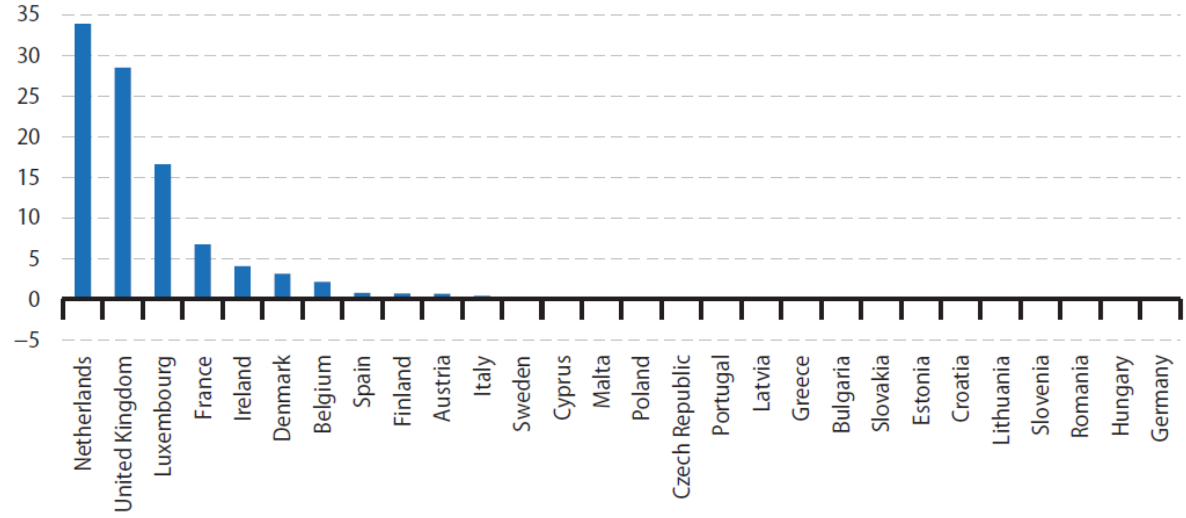



**Chart 8:**
Destination of EU-28 imports of services from ASEAN, 2015 (% share of EU-28 imports from ASEAN)[80]

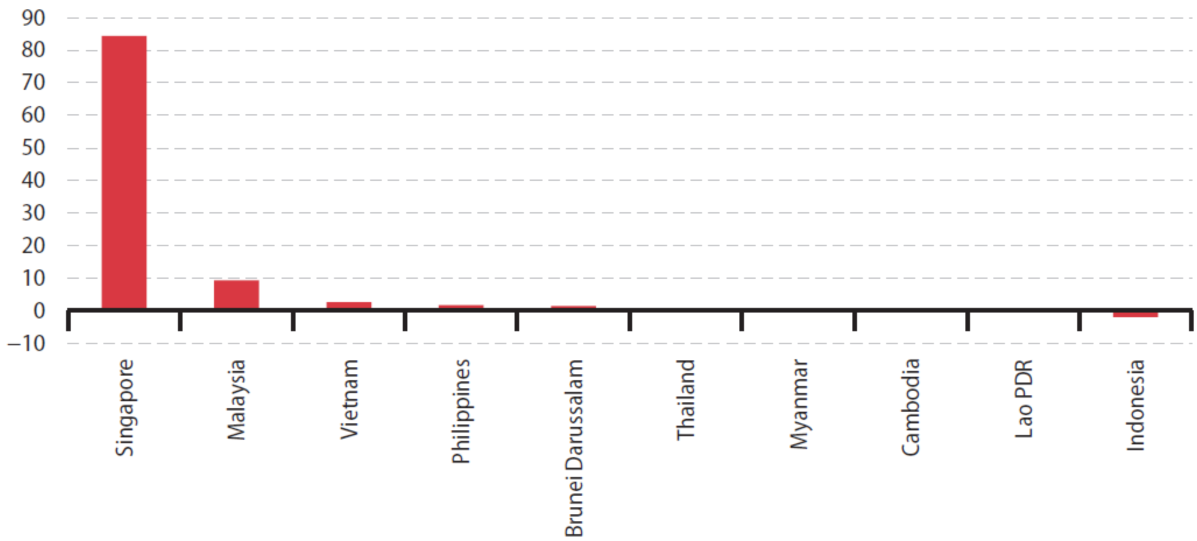



[79] Eurostat, *40 Years of EU–ASEAN Cooperation Key statistics*, p. 33.
[80] Eurostat, *40 Years of EU–ASEAN Cooperation Key statistics*, p. 33.

**Graph 1:**
Origin of net outflows of foreign direct investment from EU-28 to ASEAN, average 2013–2015 (% share of net outflows of foreign direct investment from EU-28 to ASEAN).[81]

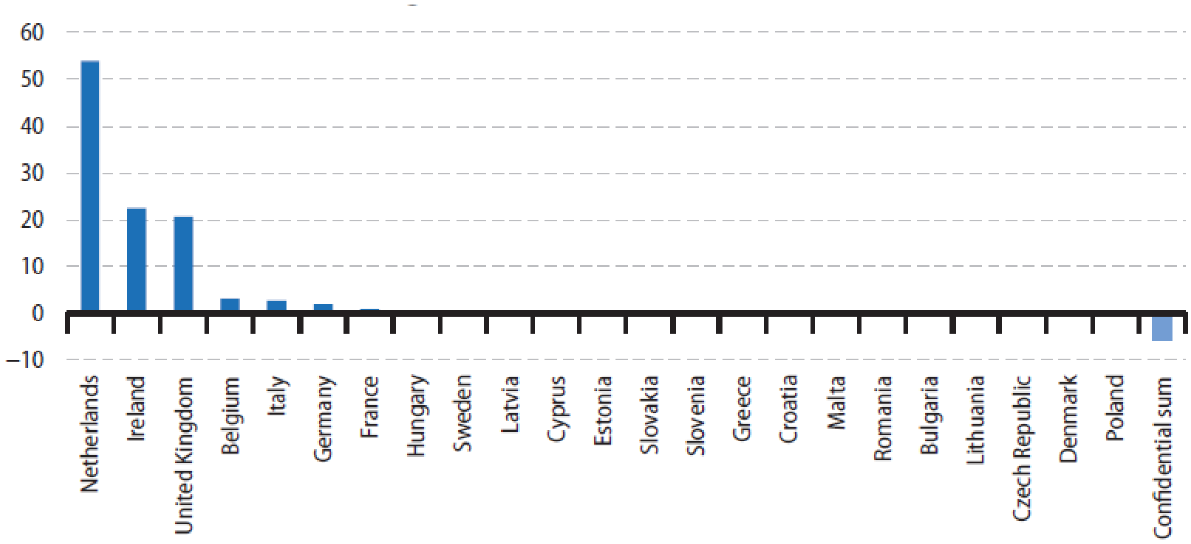



**Graph 2**:
Destination of net outflows of foreign direct investment from EU-28 to ASEAN, average 2013–2015 (% share of net outflows of foreign direct investment from EU-28 to ASEAN).[82]



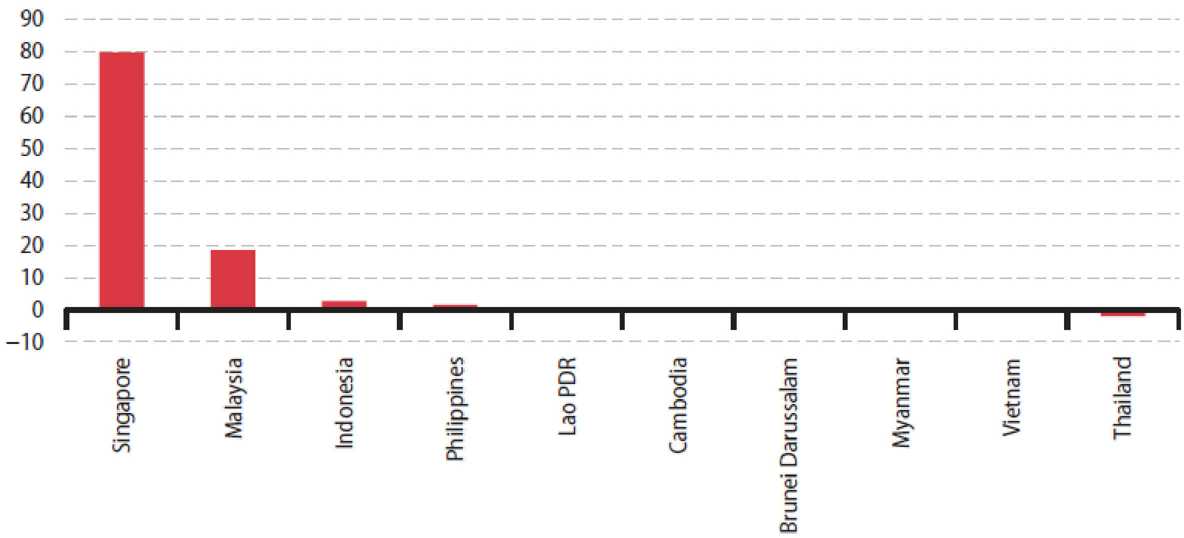

[81] Eurostat, *40 Years of EU–ASEAN Cooperation Key statistics*, p. 35.
[82] Eurostat, *40 Years of EU–ASEAN Cooperation Key statistics*, p. 35.

**Graph 3:**
Destination of net inflows of foreign direct investment from ASEAN to EU-28, average 2013–2015 (% share of net inflows of foreign direct investment from ASEAN to EU-28).[83]




Note: Spain, Luxembourg, Austria, Portugal and Finland, confidential; data for some partners for some years confidential for most EU Member States.

***Graph 4***:
Origin of net inflows of foreign direct investment from ASEAN to EU-28, average 2013–2015 (% share of net inflows of foreign direct investment from ASEAN to EU-28).[84]




[83] Eurostat, *40 Years of EU–ASEAN Cooperation Key statistics*, p. 36.
[84] Eurostat, *40 Years of EU–ASEAN Cooperation Key statistics*, p. 36.