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# CARI Briefings:

## Post COVID-19 Economic Recovery Plan Webinar

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# "How can ASEAN Bounce Back? An EU Perspective"

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## Key points

1. In a post-*Covid-19* world, ASEAN will likely no longer be able to depend only on extra-ASEAN trade and must foster greater intra-regional trade by removing non-tariff barriers and streamlining non-tariff measures.

2. ASEAN could learn from some EU trade policies or other Preferential Trade Agreements, which take transparency, stronger enforcement and stakeholders' engagement into stronger account.

3. Free and open trading conditions have been vital for both the EU and ASEAN economies to remain afloat and ensure continued access to vital goods during the *Covid-19* pandemic. It is now time to increase regional integration, adopt new policies where necessary and comply with the existing obligations and commitments.

## ASEAN

- 2018 Intra-ASEAN Trade
  - 23% (one AMS as low as 10%, no AMS above 50%..!!)
- 2018 Extra-ASEAN Trade
  - 77% (one AMS as high as 90%, no AMS below 50%..!!)

- Intra-ASEAN trade was 25% in 2010 and it had decreased to 23% by 2018, roughly a 10% decrease. In the same period, overall ASEAN exports increased by 30%..!!

* ***Data from ASEANStat, EUROStat and UNCTAD.***

## EU

- 2018 Intra-EU Trade
  - 69% (lowest MS at 37%, with only two MSs below 50%..!!)
- 2018 Extra-EU Trade
  - 31% (less than 1/3 of total trade)

- Intra-EU trade was 63% in 2010 and it had increased to 69% by 2018, roughly a 10% increase. In the same period, intra-ASEAN trade decreased by 10%..!!

* ***Data from ASEANStat, EUROStat and UNCTAD.***

## Regulatory transparency

- ASEAN
  - Notification procedures under Articles 11 and 40 of the ATIGA, for NTMs and NTBs, as well as under the NTMs Guidelines. Largely not complied with by AMSs (a total of only 180 notifications between 2013 and 2018 (30/y), with none notified within the prescribed 60 days of advance notice). The ASEAN Trade Repository (ATR) is largely incomplete and being operationalized with EU support.
- EU
  - By mere example, the Technical Regulation Information System (TRIS) has required EU MSs since 1983 to notify the European Commission of all their draft technical regulations (TBT) before they are adopted into national law. An average of over 700 notifications are made every year. Breach of the TRIS notification procedure by EU MSs may result in their laws being declared inapplicable.

## Stronger enforcement

- ASEAN
  - The rules and the mechanisms are mostly there, but the '*appetite*' is not. The Protocol on Enhanced Dispute Settlement Mechanism (EDSM) for G2G dispute settlement has never been activated, while the ASEAN Solutions for Investment, Services and Trade (ASSIST) for B2G solutions to cross-border intra-ASEAN trade problems has seen only 10 cases since 2016, with only 1 arguably resolved.
- EU
  - The European Court of Justice is an active arbiter of cases between EU Member States and the European Commission (the EU's '*police officer*') and between EU citizens/companies and EU Member States. The B/C2G SOLVIT went from 38 cases in 2002 to 2,295 in 2018, with over 10,000 cases in the same period of ASSIST, with over 70% of the business cases resolved in an average of 10 weeks.

## Stakeholders engagement

- ASEAN
  - Relative element of novelty at regional level and in many AMSs. Institutional interaction between AMSs and ABAC or JBCs is limited and slow, with little to no accountability. *e-Platform for Consultations with Private Sector* was launched in March 2020, for ABAC/JBCs, but only 5 consultations held so far. Few Regulatory Impact Assessments (RIAs) are ever conducted.
- EU
  - The process is very transparent and structured, with: Legislative roadmaps; Inception and detailed impact assessments (SIAs, as well as *ex ante* and *ex post* assessments); Public hearings and dedicated public consultations with '*civil society*'; Stakeholders consultations; Expert groups; and Early publications of drafts.

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Conclusions

- **More regional integration is needed, in particular:**
  - More trade-related regulatory transparency is critical;
  - Greater compliance with and enforcement of existing rules, obligations and commitments must occur;
  - More effective and accountable engagement with private sector and '*civil society*', with actionable tools;
  - Consider updating certain provisions and mechanisms under the ATIGA and other key ASEAN legal instruments;
  - Slow down with the constant need for new legal instruments, protocols, frameworks, blueprints, roadmaps, initiatives, etc. and focus on implementing the existing agreed tools and obligations; and
  - A more pro-active business sector and '*civil society*'.
  - **The only real indicator of success is that % of intra-ASEAN trade.**

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# Thank you for your attention!

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