


Elżbieta Majchrowska

AFM Cracow University

 <https://orcid.org/0000-0001-5980-2903>

Proliferation of RTAs in the World Economy as a Consequence of the Crisis within the WTO – the Case of Agreements between the EU and ASEAN Countries

Abstract

The ever-expanding and progressive crisis in fulfilling its key roles by the World Trade Organization (WTO) is the main reason behind the proliferation of Regional Trade Agreements (RTAs) all over the world. The growing trend in this regard could also be observed in actions taken by the European Union. The EU's current policy of diversification and intensification of trade relations involves mainly the conclusion of numerous Free Trade Agreements (FTAs). A clear tendency, in this context, is a special interest in markets of the Asia-Pacific region, owing to their enormous economic potential. Of particular note, in this context, are the bilateral agreements concluded with countries of the ASEAN group, which, as a whole, constitute EU's third largest trading partner outside Europe. These agreements, leading towards restarting negotiations of the ambitious region-to-region FTA with ASEAN, are particularly significant to reinforcing EU's position in this economically important area, also, in light of other crucial agreements concluded in the region, such as the Regional Comprehensive Economic Partnership (RCEP) or the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Ensuring better access to the dynamic ASEAN market is a priority for the EU. This region is critical to European economic interests, which was emphasized in the trade and investment strategy for the EU – “Trade for All,” presented in 2015.

In the face of the multilateral crisis within the WTO, the EU, as the most active participant of RTAs in the world economy, will, therefore, concentrate on

implementing its current policy and activities in this regard – negotiating RTAs. This solution, owing to its discriminatory nature, further complicates world trade, however, on the other hand, it grants the EU greater bargaining power. Changing this situation requires reforming the WTO and rebuilding the organization's position in the world trade system.

Keywords: ASEAN, EU, FTA, RTA, WTO

1. Introduction

Changes in the structure of the world economy regarding the proliferation of bilateral or multilateral Regional Trade Agreements (RTAs),¹ are reflected in the actions of the EU, which, in the context of a widening and progressive crisis at the World Trade Organization (WTO), is seeking alternative options for more favourable access to other markets. These steps are also a response to ongoing developments in global trade, including, for instance, increased protectionist tendencies in U.S. trade policy and, more recently, the aftermath of the COVID-19 pandemic. The EU is, therefore, negotiating and concluding a new generation of trade agreements with its partners, within the framework of which a broader and more comprehensive trade liberalization is taking place, as compared to that under the auspices of the WTO. Particularly noteworthy in this context are actions taken in relation to the region of Southeast Asia, especially the countries of the Association of Southeast Asian Nations (ASEAN). The negotiated and successively concluded agreements with the members of the group, which are to become the basis for an interregional agreement in the future, significantly expand the catalogue of EU RTAs, confirming its engagement in this economically important area.²

-
- 1 Citing the definition used by the WTO, RTAs are reciprocal trade agreements between two or more partners. Sometimes in the literature the terms regional trade agreements (RTAs) and preferential trade agreements (PTAs) are used interchangeably. According to the WTO, PTAs refer to unilateral preferences. In the present paper, the author relies on the WTO definition and thus applies the indicated distinction (World Trade Organisation, 2021b).
 - 2 The region's significance to the global economy is also confirmed by the 2020 foreign trade volume data. The impact of the pandemic on volumes of trade in goods varied by region, with most regions seeing large declines in both exports and imports, the only exception being Asia, where export volumes increased by 0.3% and import volumes fell by a modest 1.3% (World Trade Organisation, 2021e).

The aim of the paper is to analyse the current situation of the EU's RTAs with ASEAN countries in the context of the potential future region-to-region agreement especially against the backdrop of the WTO crisis. While analysing the issue, special attention will also be paid to the proliferation of RTAs in world economy, in particular, crucial agreements concluded in the Asia Pacific region that are of great importance for both the EU and ASEAN.

The basic thesis of the paper is that, at least until the WTO rebuilds its position in the global economy, the EU will continue to conclude RTAs with key partners, including ASEAN members, thus, filling the space created in the multilateral system. The ensuing trade liberalisation can contribute to a significant revitalisation of trade relations, strengthening and broadening cooperation, particularly in difficult post-pandemic times, and strengthening the EU's position. For this reason, the analysis of trade with EU partners in ASEAN was an important background for the study. The research were conducted using data from the resources of the Asian Development Bank, the European Commission and the World Trade Organization. Due to the extent and complexity of the subject matter, the author focused on selected aspects of the issue at hand.

2. The crisis in the world trade forum as a multi-dimensional problem – the causes of proliferation of RTAs in the world economy

Since its inception in 1995, the WTO has played a very important role in shaping the multilateral trading system.³ Replacing the General Agreement on Tariffs and Trade (GATT), it covered a much broader thematic area, which corresponded with the changes occurring in the global market. Thus, its establishment did not only mean taking over the previous achievements of GATT and expanding its activities – but it was also the beginning of a new stage in the history of the multilateral trading system. Relatively quickly, however, it turned out that building and strengthening the multilateral trading system are not easy tasks, and multilateral negotiations at the WTO clearly lag behind transformations

3 The creation of the World Trade Organization was a major event in the international arena in recent decades, and along with the International Monetary Fund and the World Bank, it was considered the third pillar of the global economy.

in the global economy. The impasse in the forum of the organization, which is difficult to resolve, and the lack of concrete results of the initiated actions⁴ contributed to the deepening of the negotiation crisis, which, in turn, revealed certain weaknesses and inefficiencies of the system. This has resulted in calls for reform of the organization becoming more pronounced. However, the mounting crisis within the WTO should not be identified only with the deadlock in negotiations and complications in concluding the Doha Development Agenda (DDA) negotiations. Effective functioning of the organization also requires reform of other, beyond the negotiating functions, key areas of WTO activity, such as the dispute settlement system, the system of notification of trade policy measures, or the way multilateral agreements are negotiated. Therefore, the beginning of an internal discussion on the need to reform this organization has become a fact (Majchrowska, 2018, p. 243).

After two decades of negotiations, WTO members have not lived up to the need to reach consensus and conclude negotiations under the DDA, and the year-to-year protracted negotiations have made it the longest negotiating round under the entire GATT/WTO system. It is important to note that the problem of the negotiation impasse is complex and involves many aspects. The main area of divergence is the difficult issue of agriculture – with the question of subsidies as the subject of divided interests and numerous controversies. Not insignificant are also the expectations of the rich countries concerning the access to the service markets of the poorest countries. Finding consensus in the Development Round is also a challenge incomparably more difficult than in previous rounds, both because of the increase in the number of members of this organization representing different interests and the expansion of the scope of negotiations itself. The emergence of important new members, such as China,⁵ India and Brazil, has weakened the importance of existing trading powers – the United States and the European Union – which has meant that the changing balance of power in the world economy has also been reflected in WTO negotiations. The significant increase in the involvement of other developing countries, relative to the situation

4 An exception, however, is certainly the Trade Facilitation Agreement (TFA), which is a key element of what is known as the Bali Package.

5 It is also pointed out that one of the main reasons for the crisis is the fact that China's accession to the WTO has not contributed to its transformation into a market economy and the level of opening of the Chinese market still does not correspond to its importance in the global economy (European Commission, 2021a).

in earlier rounds, should not be overlooked, either. As a result of these developments, there has been a great difficulty in reconciling the defensive and offensive interests of different groups of countries, which, in turn, led to a polarization of positions between developed and developing countries. These divisions, a consequence of the changed balance of power in world trade and the growing prominence of developing countries, gradually damaged the image of the WTO as the overarching forum for regulating world trade.⁶

The slow progress in negotiations has also been attributed to the negotiating formula of the single undertaking principle, which means that “nothing is agreed until everything is agreed,”⁷ which, as it turned out, did not have a positive effect on making arrangements. Moreover, some of the objectives set out in the DDA have already been achieved by other means. First of all, there has been a reduction in the average level of customs protection – many countries (e.g. the above-mentioned China, Brazil or India) have reduced tariffs unilaterally (but mainly on industrial goods) as part of economic reforms and regional integration processes (Majchrowska, 2018, p. 244).

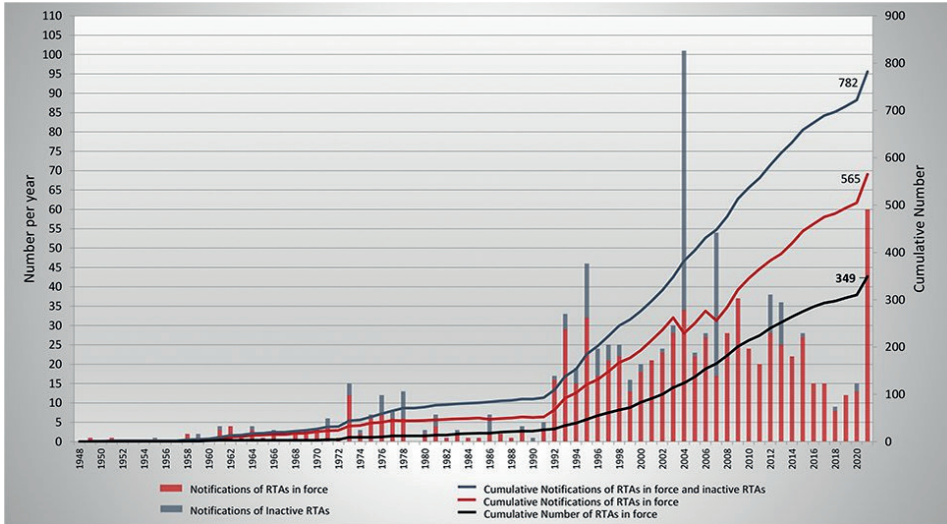
The waning importance of the WTO is, thus, a consequence of the lengthy multilateral negotiations in the Doha Development Round, but also of the significant involvement of many key members of the organization in the RTAs negotiations. On the other hand, it should be remembered that the proliferation of RTAs is also the result of the lack of progress in the DDA, which creates a “vicious circle” from which it is difficult to find a way out. The real cause of the negotiating impasse certainly also lies in the simple lack of determination and motivation among members to seek agreement during the protracted negotiations and the loss of a sense of common purpose. As a consequence, RTAs have come to the foreground, and their participants expect further liberalization of trade. It needs to be pointed out that all WTO members belong to at least one trade agreement. This trend is, unquestionably, characterized by a growing tendency, particularly owing to numerous RTAs that are

6 Crucial in this context is also disappointment of developing countries connected to the effects of negotiations in particular regarding “special and differential treatment” provisions.

7 The approach was that, unlike GATT, multilateral agreements, with certain exceptions, were to apply to all WTO members. These exceptions include the SDT, and the schedules of commitments and concessions submitted at the time of accession to the organization.

currently being negotiated. After noticeably diminishing dynamics since 2015, a significant rebound is seen in 2021 mainly due to UK post Brexit deals (see Figure 1) (World Trade Organisation, 2021a).

Figure 1. Evolution of RTAs in the world, 1948–2021



Source: World Trade Organisation 2021b.

Until 1990, the total number of concluded agreements stood at 30, while it reached almost 160 up to the year 2000. According to the WTO figures for June 2021, the organization had received 782 notifications of regional trade agreements counting goods, services as well as member accessions separately. If notifications are taken as a whole, the number of agreements physically in force was 565, with 349 of those being active (World Trade Organisation, 2021b).

It should also be stressed that in the first decade of 21st century, in trade regionalism, the dominant force were bilateral agreements. The second ten-year period saw a substantial rise of interest in Mega-Regional Trade Agreements (MRTAs).⁸ In the context of this analysis, it needs to be noted that signing and entry into force⁹ of the Regional

8 MRTAs are defined as “regional agreements that have systemic, global impact. In other words, they are large enough and ambitious to influence trade rules and trade flows beyond their areas of application” (Lakatos et al., 2016, p. 221).

9 The CPTPP was signed by 11 countries on March 8, 2018 and finally entered fully into force in July 2023. Codifying pre-existing bilateral agreements between 10 ASEAN

Comprehensive Economic Partnership (RCEP) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) was important for the EU, given its engagement in the Southeast Asian region. The agreements pose challenges for the EU, including the possibility of reducing its trade with CPTPP or RCEP countries in favour of trade between members of these groups (trade diversion effect). Four ASEAN countries (Singapore, Brunei, Malaysia, and Vietnam) have signed the CPTPP, while all ASEAN economies participate in the RCEP. It is also worth noting that RCEP is the first regional multilateral trade pact signed by China, which will certainly also be significant for strengthening the position of this economy in the region.

The ongoing crisis at the WTO, thus, affects three main functions of the organization: the negotiations have not led to modernization of the rules; as it was the case under GATT, there is the possibility of blocking the dispute settlement system, as was evident in late 2019 when the U.S. blocked the nomination of Appellate Body members; there is a lack of effectiveness in monitoring trade policy.¹⁰ Modernisation of the system is, therefore, inevitable and urgent reform is now necessary. Indeed, a stable trade environment, with the WTO at its core, is essential, especially in view of the upcoming challenges posed by the COVID-19 crisis. The reform that the EU is leading will, therefore, be vital to facilitate economic recovery from the COVID-19 pandemic and to develop trade rules that better reflect developments in the global economy (European Commission, 2021j).

To conclude this section, it is worth emphasizing that the new Director-General of the organization will have an important role to play in terms of the smooth implementation of the organization's reform and the restoration of the WTO's position. Ngozi Okonjo-Iweala is the first woman in the history of the WTO and the first African to be elected to the post of WTO DG, and her term, after a drawn-out selection process, began on March 1, 2021. Just as in 2013, when Roberto Azevedo took over the helm of the organization in a moment of crisis, hopes for reform and restoring the organization's credibility in the global economy are high.

members and five of its major trading partners, the RCEP (ASEAN+6 without India) was signed on November 15, 2020. The RCEP entered into force on January 01, 2022.

10 Topics such as environmental degradation, climate change and decent work pose serious challenges to the WTO's monitoring and debate functions (European Commission, 2021a).

3. EU-ASEAN trade relations – origins and institutional foundations of cooperation

EU policy towards the countries of Southeast Asia is carried out through the implementation of external trade policy. However, the scope of ties with the countries of the region varies significantly, which is due to the fact that the area is not a homogeneous whole. It should be emphasized, however, that an important collective partner of the EU in the region is the Association of Southeast Asian Nations (ASEAN).¹¹

ASEAN was founded on 8 December 1967 during the conference in Bangkok. The Philippines, Indonesia, Malaysia, Singapore, and Thailand signed the so-called Bangkok Declaration, i.e., an agreement on the foundation of the ASEAN. The Bangkok Declaration determines seven major objectives of the association, including: to accelerate the economic growth in the region, to collaborate more effectively for the expansion of their trade, to maintain close and beneficial cooperation with existing international and regional organisations with similar aims and purposes, etc. (ASEAN, 2021a).

Political issues¹² were of a more dominant nature in the initial period of the ASEAN existence, and it was not until later those economic issues gained in importance. At first, the member countries were not willing to work towards binding agreements or to integrate more closely. In effect, the main role of the Association was that of a forum for exchanging opinions on regional cooperation. Yet, due to various integration tendencies, in January 1992 a decision to set up Free Trade Area ASEAN (ASEAN FTA – AFTA) was made during the Fourth Summit of ASEAN in Singapore, now in the area of six member countries (the sixth country was Brunei

11 The size of the region is directly related to the great diversity of the countries belonging to it. The area brings together countries with different histories, traditions, cultures, political systems and levels of economic development. There are different degrees of the economic development also of the ASEAN countries. Among them there are very wealthy countries (e.g. Singapore – a modern city-state, and Brunei), dynamically developing countries (Malaysia, Thailand, Indonesia, the Philippines, and Vietnam), as well as less developed countries with GDP per capita slightly exceeding USD 1000 (Cambodia, Myanmar). Based on the level of development, ASEAN countries are also traditionally divided into two groups: ASEAN 6 (Singapore, Brunei, Malaysia, Thailand, Indonesia, Philippines) and ASEAN 4 (Vietnam, Laos, Cambodia, Myanmar) (Majchrowska, 2019, p. 121).

12 Mainly the question of political stability with regard to the Vietnam War. Thus, the reason for the creation of ASEAN was, as with the European Communities, the desire to avoid conflict and the fear of war.

Darussalam, admitted in 1984).¹³ It was presumed that the area would be created with fifteen years beginning from 1 January 1993.

In 2007, ASEAN members signed a Declaration on the Establishment of an Economic Community to promote an EU-like common market for the free exchange of goods, services, labour and capital (Nawrot, 2008, p. 83 ff.) Since 2016, ASEAN members have been laying the groundwork for this higher stage of economic integration. This process will take many more years, but it is worth remembering that the result will be one of the world's largest economically integrated markets.

Mutual relations between the European Union and the Association of Southeast Asian Nations have spanned more than 40 years, evolving both economically and politically. The European Economic Community (EEC) was the first institution to set up informal relations with the formation in 1972. Official contacts were initiated in 1977 through the 10th ASEAN Foreign Ministers Meeting. The signing of the ASEAN-EEC Cooperation Agreement in March 1980¹⁴ institutionalised these relations. Mutual relations between the groups are based on the Nuremberg Declaration on an EU-ASEAN Enhanced Partnership, accepted in March 2007. The document defines an extended vision and commitment to joint cooperation. After the adoption of the ASEAN Charter in 2008, the EU initiated official diplomatic relations with ASEAN (March 2009). During the ASEAN-EU Ministerial Meeting in Brunei in 2012 partners adopted the Bandar Seri Begawan Plan of Action to Strengthen the ASEAN-EU Enhanced Partnership (2013–2017). It was a comprehensive document intended for guiding and bringing to a greater level the cooperation between the two groupings. The official paper called: *The EU and ASEAN: a Partnership with a Strategic Purpose* (European Commission, 2015a), was endorsed by the EU Foreign Affairs Council which issued conclusions on EU-ASEAN relations in June 2015. The ASEAN-EU Ministerial Meeting which took place in Bangkok in October 2016 confirmed the positive momentum in mutual relations and the common goal of taking them to the next level with the possibility of creating a Strategic Partnership between the two regions (European Union, 2017). At their recent 23rd meeting, held by video conference on 1 December 2020, the ministers of the 27 EU member

13 Vietnam joined ASEAN in 1995, Laos and Myanmar in 1997, and Cambodia in 1999.

14 ARTICLE 2, Commercial Cooperation: "The Parties undertake to promote the development and diversification of their reciprocal commercial exchanges to the highest possible level taking into account their respective economic situations" (ASEAN, 2021b).

states and 10 ASEAN countries decided to elevate their bilateral relations to the level of a strategic partnership. Closer cooperation, e.g., in the area of trade, will be important particularly due to the necessity of overcoming the effects of a pandemic. During the meeting, a declaration was adopted on closer cooperation in promoting multifaceted links between Asia and Europe and related strategic investments (Polish Ministry of Foreign Affairs, 2020).

Another important element of mutual relations is the fact that in July 2007, the EU and ASEAN began negotiations on the creation of an interregional free trade area. However, the talks were suspended, by mutual agreement, after just two years, at the end of 2009, due to unsatisfactory progress in the negotiations. Instead, it was proposed that bilateral talks between the EU and individual ASEAN members were to commence, while retaining the strategic objective of an interregional agreement.¹⁵ Thus, talks were first initiated with Singapore and Malaysia (in 2010), followed by Vietnam (June 2012), Thailand (March 2013), the Philippines (December 2015) and Indonesia (July 2016). By mid-2021, only Singapore and Vietnam had managed to sign agreements (completed negotiations with Singapore in October 2014 and Vietnam in December 2015), which entered into force on November 21, 2019 and August 1, 2020, respectively. Four other countries are still at a more or less advanced stage of negotiating bilateral agreements. Talks with Thailand, Malaysia and the Philippines have been temporarily suspended. Negotiations with Indonesia are still ongoing and are intended to further deepen EU-Indonesia trade and investment relations. It is worth noting that the EU and Myanmar launched negotiations for an investment protection agreement in 2013, which are also currently on hold.

These bilateral RTAs between the EU and ASEAN countries are supposed to form the foundation for an interregional agreement, which remains the ultimate goal for the EU. However, despite declarations of willingness to replace bilateral agreements in the future with an EU-ASEAN interregional agreement, it will not be easy to achieve it mainly because of the different level of advancement of bilateral negotiations, but also due to the already mentioned differences in economic development of ASEAN members. Thus, a return to the concept of a framework

15 In order to discuss the terms of the future interregional agreement, an EU-ASEAN Joint Working Group was formed in March 2017. The Group has met three times so far (European Commission, 2021k).

FTA will only be possible if the requirement that all countries abide by its provisions can be met. In this context, agreements with Singapore and Vietnam may provide a basis for further agreements and, as a result, a broad agreement between the regions. However, the question remains whether the provisions contained in these agreements will be acceptable to other ASEAN members, for example, Indonesia, which is an advocate of stronger market protection. Therefore, discrepancies related to the level of market protection between ASEAN members may also constitute a significant obstacle on the way to broad cooperation (Wnukowski, 2016).

4. Volume and structure of EU trade with ASEAN countries

Trade relations constitute a fundamental part of the EU's overall relationship with ASEAN, and the main area of mutual cooperation is trade in goods (European Commission, 2021b).

The ASEAN grouping is now a rapidly growing market with nearly 650 million consumers. ASEAN as a whole is the EU's third largest trading partner outside Europe (after China and the US) with a goods turnover of up to €190 billion in 2020. The EU is now also ASEAN's third largest trading partner (after China and the US) accounting for over 10.6% of ASEAN trade. Therefore, ensuring better access to the rapidly developing market of this group is, undoubtedly, a priority for the EU (European Commission, 2021b).

The EU's trade relations with ASEAN are characterized by a rising balance sheet surplus in favour of the EU partner, which is, with some exceptions, quite characteristic of the EU's trade relations with this region of the world in general. In 2020, EU exports of goods to ASEAN exceeded €69 Billion (accounting for 3.6% of total EU exports) and were €15.5 billion higher than the 2010 value. The value of imports, in turn, increased by almost €49 billion during the period under review. The EU's trade deficit with ASEAN in 2020 amounted to over €51 billion, which is over €33 billion more than a decade earlier (see Table 1). In 2020, a decrease in reciprocal trade was also noticeable, mainly due to the pandemic situation. However, it was much stronger on the EU export side.

Table 1. EU trade in goods with ASEAN (2010–2020)

Year	Imports			Exports			Balance bn €	Total trade bn €
	Value bn €	% Growth between current and previous year	% Extra-EU	Value bn €	% Growth between current and previous year	% Extra-EU		
2010	71.6	–	4.9	53.7	–	3.7	–17.8	125.2
2011	78.8	10.2	4.7	59.7	11.2	3.7	–19.1	138.5
2012	83.5	5.9	4.9	69.7	16.8	3.9	–13.8	153.2
2013	82.0	–1.8	5.0	69.6	0.0	3.9	–12.4	151.7
2014	86.2	5.1	5.3	68.9	–1.0	3.8	–17.2	155.2
2015	99.5	15.5	6.0	72.2	4.6	3.8	–27.4	171.7
2016	102.2	2.7	6.4	75.8	5.0	4.1	–26.4	177.9
2017	115.1	12.7	6.5	80.9	6.9	4.1	–34.2	196.1
2018	121.2	5.3	6.4	85.8	6.0	4.2	–35.6	207.2
2019	125.2	3.3	6.5	85.3	–0.6	4.0	–40.1	210.7
2020	120.3	–4.1	7.0	69.2	–18.9	3.6	–51.1	189.5

Source: European Commission, 2020d.

EU and ASEAN trade is dominated by industrial products. In 2020, they accounted for almost 90% of all goods exported to ASEAN and 89% of goods imported from ASEAN to the EU. The commodity structure is definitely dominated by products of sections XVI and VI, i.e. machinery and appliances and products of the chemical or allied industries (see Table 2). Together, these two product groups accounted for almost 54% of all EU exports to ASEAN and 53% of imports from the group in 2020.

As for ASEAN members, for years, the most important trade partner for the EU has been Singapore. The situation changed in 2020, when for the first time Singapore gave way to Vietnam in this respect. Still, in 2020 the share of Singapore in total EU exports to the ASEAN was the largest and amounted to almost 35% (see Table 3). It is worth noting that this is also one of only two countries in the region with which the EU has a trade surplus (over €7 billion in 2020).

In terms of mutual trade in services between the groupings, the EU notes a significant surplus in this regard – over €31 billion in 2019. Bilateral trade in services then amounted to €111.5 billion, with Singapore accounting for more than half of this value. This was followed by Indonesia, Thailand and Malaysia.

The EU is a key investor in ASEAN countries. In 2019, foreign direct investment in ASEAN totalled over €293 billion. Although a more recent development, ASEAN investment in the EU has also been growing steadily and impressively, mainly driven by Singapore, reaching a total value of almost €45 billion in 2019, of which as much as 87% was accounted for by this single ASEAN member (European Commission, 2021b).

Table 2. Commodity structure of the EU trade turnover with ASEAN by the five most important product groups (HS section) in 2020

Imports from ASEAN		Exports to ASEAN	
HS Section	Share (%)	HS Section	Share (%)
XVI Machinery and appliances	44.0	XVI Machinery and appliances	35.9
VI Products of the chemical or allied industries	9.0	VI Products of the chemical or allied industries	17.8
XI Textiles and textile articles	8.5	XVII Transport equipment	7.7
VII Plastics, rubber and articles thereof	5.2	XVIII Optical and photographic instruments, etc.	6.2
XII Footwear, hats and other headgear	4.9	IV Foodstuffs, beverages, tobacco	4.7

Source: European Commission, 2020d.

Table 3. The EU trade in goods with ASEAN countries (mio EUR, 2010 and 2020)

ASEAN country	Place in Extra-EU total trade in 2020	2010				2020			
		Imports Value	Exports Value	Total trade	Balance	Imports Value	Exports Value	Total trade	Balance
Vietnam	15	8.318	4.363	12.681	-3.956	34.413	8.790	43.202	-25.623
Singapore	16	15.224	20.823	36.047	5.599	16.984	24.008	40.992	7.025
Malaysia	20	15.044	9916	24.960	-5128	24.702	10.542	35.244	-14.160
Thailand	26	14.655	8734	23.389	-5920	17.683	11.388	29.072	-6.295
Indonesia	31	12.516	5917	18.433	-6600	13.398	9.410	20.643	-6.153
Philippines	37	4.820	3437	8257	-1382	6.510	5.767	12.277	-742
Cambodia	57	735	148	883	-586	3.662	651	4.313	-3.010
Myanmar	66	124	77	201	-47	2.628	516	3.144	-2.112
Laos	129	112	97	209	-15	307	128	435	-179
Brunei	156	9	561	570	552	6	146	152	140

Source: European Commission, 2020c.

5. Regional Trade Agreements as an element of EU and ASEAN trade policies

The EU's trade policy is based on three pillars: an active role in multilateral negotiations at the World Trade Organization,¹⁶ the deepening of bilateral or multilateral trade relations, and the so-called unilateral preferences.¹⁷ Given the difficulties in reaching a multilateral agreement at the WTO, bilateral agreements, which represent a new generation of comprehensive trade agreements, are now playing a particularly important role for EU trade policy.¹⁸

Considering the situation on the global market, the WTO crisis and the position of the EU in the world economy, it is necessary to refer to the trade and investment strategy adopted in 2015 – “Trade for All,” which concerns, among others, the issue of effective implementation of trade agreements. Importantly, the strategy emphasizes the complementary nature of bilateral agreements in relation to actions taken at the WTO. On the one hand, further trade agreements are planned, but on the other hand, the strategy emphasizes the need to reinvigorate multilateral negotiations under the aegis of the WTO, which, as is already known, requires reforming the multilateral system in the first place. What is particularly important in the context of this study, this strategy strongly emphasizes the significance of the Asia-Pacific¹⁹ region to European economic interests. The importance of the ASEAN bloc itself and the implementation of a strategy towards its members based on individual agreements as the building blocks of interregional relations was underlined.²⁰ It seems, however, that the turning point in the EU activities regarding this region was the strategy “Global Europe. Competing in the

16 Now also in the EU's efforts to modernize this organization.

17 These are unilateral preferences under the Generalised System of Preferences (GSP), which includes the GSP+ preference scheme and the EBA initiative.

18 The broader scope of these agreements involves going beyond the rigid framework of trade in goods and tariff reductions that were characteristic of classic FTAs. They regulate trade cooperation according to the WTO+ or even WTO-x formula by referring to issues that are not negotiable in the multilateral forum.

19 The EU's engagement strategy in the Asia-Pacific region began over a decade ago with the signing of the Deep and Comprehensive Free Trade Agreement (DCFTA) with South Korea. In July 2018, in turn, the EU-Japan Economic Partnership Agreement (EJPEA) was signed, which is the largest bilateral free trade agreement ever. The agreement is effective as of February 2019.

20 5.2.2 Strategic engagement in Asia and the Pacific (European Commission, 2015b, p. 30).

global market” presented almost a decade earlier, because it was actually from that moment a significant role has been attributed to RTAs. What is more, already then ASEAN was identified as one of the priority partners for the conclusion of a trade agreement, which also emphasized the growing importance of this trade bloc in the global economy (COMMISSION OF THE EUROPEAN COMMUNITIES, 2006). It is important to note that this strategy sets out the main economic criteria for new FTAs. The economic size and growth and the level of protection against EU export interests (tariff and non-tariff barriers) have been indicated. The issue of negotiating trade agreements with EU competitors in each region is also important. Based on these criteria, it is ASEAN, which combines a relatively high degree of protection with a huge market and activity in concluding FTAs with EU competitors emerge as priority (COMMISSION OF THE EUROPEAN COMMUNITIES, 2006).

As far as ASEAN countries are concerned, the contents of the Commission’s communication – “A new partnership with South East Asia” is also relevant to the EU’s efforts in the region. According to the document, the strategy *should be both ‘offensive’, seeking to improve the EU’s position in this important market, and ‘defensive’, protecting its existing economic interests in the region* (COMMISSION OF THE EUROPEAN COMMUNITIES, 2003, p. 10). This is particularly significant against the background of the proliferation of RTAs in this part of the world.

The EU is the most active participant in RTAs in the global economy, and the list of trade agreements concluded by the EU is expanding year by year. This is an upward trend, especially because of the RTAs that are currently under negotiations. In 2019, the EU had 44 trade agreements with 76 partners. The value of trade with these partners exceeded €1.300 billion, representing 33% of the EU’s external trade (World Trade Organization, 2021c).

Over the last two years, the EU has made significant progress in trade policy, especially in the area of bilateral trade, as reflected, for instance, in the ratification of trade agreements with Singapore and Vietnam. At the same time, however, the COVID-19 pandemic can be expected to have a serious adverse impact on trade between the EU and its partners, including preferential partners. According to EC estimates, EU exports to third countries could fall by 9–15% and imports by 11–14% (taking goods and services together). However, the EU’s extensive network of trade agreements can effectively contribute to counteracting and mitigating these negative effects by, for example, diversifying supply chains. Therefore, it is important to redouble

efforts to further improve the implementation and enforcement of these agreements, especially in key regions for the EU, which is undoubtedly the region of South-East Asia (European Commission, 2020b, p. 6).

RTAs constitute a vital element of the trade policy of ASEAN members, which is also developing its treaty base. The array of agreements concluded by this group of countries extends on an annual basis. This trend has a growing tendency, primarily due to the great number of RTAs that are presently under negotiation or consideration (see Table 4).

Table 4. ASEAN's RTAs (as of January 2021)

RTA	Status/year
ASEAN Free Trade Area	signed and in effect: 1993
ASEAN-Australia and New Zealand Free Trade Agreement (AANZFTA)	signed and in effect: 2010
ASEAN-Canada	proposed/under study: 2017
ASEAN-EU Free Trade Agreement	proposed/under study: 2015
ASEAN-Eurasian Economic Union Free Trade Agreement	proposed/under study: 2016
ASEAN-Hong Kong, China Free Trade Agreement	signed and in effect: 2019
ASEAN-India Comprehensive Economic Cooperation Agreement	signed and in effect: 2010
ASEAN-Japan Comprehensive Economic Partnership (AJCEP)	signed and in effect: 2008
ASEAN-Pakistan Free Trade Agreement	proposed/under study: 2009
ASEAN-People's Republic of China Comprehensive Economic Cooperation Agreement	signed and in effect: 2005
ASEAN-Republic of Korea Comprehensive Economic Cooperation Agreement	signed and in effect: 2007
Comprehensive Economic Partnership for East Asia (CEPEA/ASEAN+6)*	proposed/under study: 2005
East Asia Free Trade Area (ASEAN+3)	proposed/under study: 2004
Free Trade Area of the Asia Pacific	proposed/under study: 2014
SUMMARY	
STATUS	NUMBER
Proposed/Under study	7
Signed and in effect	7
TOTAL	14

* Proposal for trade co-operation taken over by the RCEP (without India)

Source: Asia Regional Integration Center, 2021.

Trade agreements apply to the group as a whole, but agreements are also made by members individually, as evidenced by ASEAN member countries' negotiations with the EU. The situation concerning individual members of the bloc is presented below. The most active participant among the ASEAN member countries is Singapore, also considered to be one of the most open economies in the world.

Table 5. FTA Status by ASEAN Country in 2020

COUNTRY	Under Negotiation		Signed but not yet In Effect	Signed and In Effect	TOTAL
	Framework Agreement signed	Negotiations launched			
Brunei Darussalam	0	1	0	10	12
Cambodia	0	2	1	7	10
Indonesia	0	7	3	12	22
Lao PDR	0	1	0	9	10
Malaysia	1	6	1	16	25
Myanmar	1	2	0	7	10
Philippines	0	3	0	9	12
Singapore	0	7	1	25	36
Thailand	1	9	0	14	24
Vietnam	0	3	0	13	17

Explanation: Framework Agreement signed: the pre-negotiated content of the framework agreements will serve as a basis for future negotiations; Negotiations launched: the official launch of negotiations has been declared or its date has been indicated

Source: Asia Regional Integration Center, 2021.

The CPTPP²¹ and RCEP (seven countries are members of both agreements) are examples of the increasing economic integration in the area in recent years, which is significant both, for the ASEAN countries, and for the EU's position in the region. These agreements will certainly influence not only the growth in trade, but also the reinforcing of regional supply chains, and this may strengthen the economic recovery of the members of these agreements after the pandemic. Notably, the signing of the RCEP also demonstrates ASEAN's growing role as an organization that integrates and stabilizes the Asia-Pacific region (Wnukowski, 2020).

21 It is worth noting that in February 2021, the United Kingdom (UK) made a formal request to join the CPTPP, on 16 July 2023 it signed the agreement.

As for the EU, however, the entry into force of the RCEP may reduce the competitiveness of EU companies in the markets of RCEP countries, especially those with which the EU does not have a signed FTA. Thus, there will be a diversion of part of the EU's trade with signatory countries in favour of trade between RCEP members. This situation, in turn, may prompt the EU to intensify trade negotiations with Australia, New Zealand and ASEAN members with whom the EU has not yet concluded such agreements (e.g. Indonesia or the Philippines), and, in the future, also with the entire trade bloc, which, as mentioned earlier, remains among the EU's priorities (Wnukowski, 2020). This is all the more important because RCEP, as an agreement that broadens and deepens ASEAN's engagement with the five dialogue partners, is intended to complement the multilateral trading system under the WTO, building on the WTO agreement in areas where the parties have agreed to update or go beyond its provisions (ASEAN, 2020).

6. EU's RTAs with ASEAN countries – current stage and future challenges

As mentioned before, ensuring better access to the rapidly growing ASEAN market is among the EU's priorities. This objective is currently being pursued through the negotiation of bilateral agreements with members of the group, which is intended to lay the groundwork for a future agreement between the blocs.

The following is a synthetic analysis of the agreements already concluded or the status of negotiations of agreements with individual partners, ordered according to the position a given country held in EU external trade in 2020.

Vietnam

Among the wide range of trade agreements concluded by the EU in recent years, the EU-Vietnam Free Trade Agreement (EVFTA) deserves special attention, significantly expanding the catalogue of EU RTAs, confirming its commitment to the crucial Asia-Pacific region.

Bilateral trade and investment negotiations with Vietnam were launched in 2012²² and completed in 2018. The European Union and Vietnam signed EVFTA and an Investment Protection Agreement on 30 June 2019 in Hanoi. EVFTA went into effect August 1, 2020²³ (European Commission, 2020a). As the scope of the agreement falls under exclusive EU competence, its entry into force did not require signature and ratification by EU Member States. The situation is different in the case of Investment Protection Agreement, which requires ratification by the national parliaments of EU Member States²⁴ (European Commission, 2018).

In negotiating a free trade agreement with Vietnam, the EU sought to achieve two main objectives: first, to provide EU economic operators with the best possible conditions of access to the Vietnamese market, and second, to provide a valuable second point of reference (after the agreement with Singapore) for other EU negotiations in the region (European Commission, 2018).

It must be borne in mind that the agreement is not only a trade deal. Indeed, it is related to limiting and then eliminating the existing barriers. However, the most significant matters concern the so-called WTO+ or even WTO-x. The agreement, thus, goes well beyond the parties' existing WTO commitments in areas such as, for example, services, procurement, non-tariff barriers and protection of intellectual property rights, including geographical indications. In all these areas, Vietnam has also agreed to accept new commitments going beyond what it has committed to in other agreements, including the CPTPP (European Commission, 2018).

As a result of the EVFTA, access to the Vietnamese market for exporters and investors from EU member states will be simplified, mainly through the elimination or alleviation of non-tariff barriers and the reduction or elimination of customs duties on many goods. The change in customs tariffs also applies to imports into the EU of goods originating in Vietnam.

22 In 2012. The EU and Vietnam signed the Partnership and Cooperation Agreement (PCA), which was ratified in 2015 and entered into force a year later, replacing the 1995 agreement (Polish Ministry of Development, Labour and Technology, 2020).

23 The European Parliament approved the free trade agreement between the EU and Vietnam on 12.02.2020 (European Commission, 2020).

24 From the date of entry into force, the EU-Vietnam Investment Protection Agreement will replace bilateral agreements between Vietnam and EU member states. The agreement will be the third EU agreement (after the EU-Canada Comprehensive Economic and Trade Agreement and the EU-Singapore Agreement) to provide for an investment court system to settle disputes between investors and countries.

The agreement provides for the final liberalisation of customs duties for 99% of trade between the EU and Vietnam.²⁵ The remaining 1% will be partially liberalized through the introduction of tariff quotas. Upon entry into force of the FTA, 65% of tariffs on EU goods imported into Vietnam were eliminated (the remaining tariffs will be removed gradually over a maximum of 10 years) and 71% of tariffs on Vietnamese goods imported into the EU were eliminated. The remaining duties will be phased out over a maximum of 7 years (DELEGATION OF THE EUROPEAN UNION TO VIETNAM, 2019, pp. 26–27).

Accounting for 1.2% of total EU trade, Vietnam is the EU's 15th trade in goods partner and, as of 2020, the EU's largest trading partner in the ASEAN. In turn, the EU is Vietnam's fourth largest trading partner, accounting for almost 10% of the country's total trade in 2020 (after China, the US and South Korea). Trade in goods between the two partners amounted to €43.2 billion in 2020. For trade in services, turnover was almost €6 billion in 2019, with a positive balance on the EU side exceeding €1.5 billion. The EU is one of the largest foreign investors in Vietnam (€6.1 billion of total foreign direct investment outward stock in 2019), with the most important sectors being industrial processing and manufacturing (European Commission, 2021i).

It is worth noting that an important element of the growth of ties between the Vietnamese economy and the world economy was the country's accession to the WTO structures in January 2007, which also enabled it to actively operate in the sphere of RTAs.

Two years after the entry into force of the EVFTA the country will lose the GSP beneficiary status.

Singapore

Bilateral trade and investment negotiations between EU and Singapore started in 2010 and were finalized in 2017. These agreements, the first to have been concluded between the EU and a Southeast Asian country, were signed on 19 October 2018. On November 21, 2019, the free trade

.....
25 ARTICLE 2.7 EVFTA – Reduction or Elimination of Customs Duties: Except as otherwise provided for in this Agreement, each Party shall reduce or eliminate its customs duties on goods originating in the other Party in accordance with its respective schedule included in Appendices 2-A-1 (Tariff Schedule of the Union) and 2-A-2 (Tariff Schedule of Viet Nam) to Annex 2-A (Reduction or Elimination of Customs Duties) (Polish Ministry of Development, Labour and Technology, 2020).

agreement²⁶ between the European Union and the Republic of Singapore (EU-Singapore Free Trade Agreement, EUSFTA) entered into force. The agreement will foster economic relations with a country that is the 6th largest in Asia (after China, Japan, South Korea, India and Vietnam) and the 16th most important trading partner for the EU overall (European Commission, 2021m).

During the negotiations, the parties focused on far-reaching liberalisation of trade in services and the elimination of non-tariff barriers, which was crucial for the partners of the agreement. This included the fact that more than 99% of all products imported from the EU to Singapore were free of tariffs, and Singapore's abandonment of tariffs was the result of a unilateral decision by the country. Thanks to the EUSFTA, this commitment will be permanent and will give companies long-term predictability in terms of preferential access to the Singapore market. In addition, Singapore will remove tariffs on other products that are still subject to duties (e.g., alcoholic beverages). In addition to reducing customs duties and non-tariff barriers the agreement contains commitments on protecting intellectual property, liberalising investment, public procurement, competition, and sustainable development. As for the EU, since the day the agreement came into force, more than 80% of all imports from Singapore to the EU have been duty-free. Sectors that have benefited from the immediate elimination of duties include electronics, pharmaceuticals, petrochemicals and processed agricultural products. For other imports, EU tariffs will be eliminated over three to five years, depending on the product category²⁷ (European Union, 2019). Ultimately, under the agreement the EU will eliminate duties on more than 99% of tariff lines for imports from Singapore by 2025. In addition, both sides agreed to improve market access for trade in services and investment compared to their commitments under the WTO General Agreement on Trade in Services (GATS).²⁸

Singapore is the EU's 16th (2020) largest trade in goods partner with a share of 1.1% and from 2020 the EU's second largest trading partner, after Vietnam, in the ASEAN. This situation has changed, because until 2019, Singapore was the EU's largest trading partner among ASEAN countries.

.....
26 The investment protection agreement needs to be ratified by all EU Member States.

27 For instance, tariffs on certain textiles and carpets will be eliminated within three years; tariffs on bicycles, fruit, cereals and athletic shoes will be eliminated within five years (Polish Ministry of Development, Labour and Technology, 2019).

28 It is emphasized that the agreement has helped to mitigate the impact of the COVID-19 crisis on reciprocal trade (World Trade Organisation, 2021d).

The EU has a substantial positive balance in both goods and services trade with Singapore (respectively over €7 billion and almost €5 billion in 2020). That country is the main destination for EU's investments in Asia, and the third largest Asian investor in the EU (after Japan and Hong Kong). The bilateral foreign direct investment stock between the EU and Singapore exceeded €348 billion in 2020 (European Commission, 2021f).

Singapore is a very active member of the WTO. It is a founding member of the organization and an advocate of the multilateral trading system.

Malaysia

Negotiations on the EU-Malaysia FTA were launched in 2010 and suspended in 2012, at Malaysia's request, after seven rounds of negotiations. A detailed analysis was conducted in 2016–2017 to assess the prospects for resumption of negotiations. Following Malaysia's general election in May 2018, the new government has not yet taken a position on the possible resumption of negotiations (European Commission, 2021k).

The EU is Malaysia's 5th largest trading partner, accounting for nearly 7.5% of Malaysia's total trade in 2020. Malaysia, in turn, is the EU's 20th largest trading partner in the world, accounting for 1.0% of the EU's total trade. Trade in goods between the two partners amounted to over €35 billion in 2020. Although Malaysia has not been a significant partner of the EU in terms of services, this situation is changing with its liberalisation policies. For trade in services, turnover amounted to almost €7 billion in 2019, with a positive balance on the EU side of €0.7 billion. Malaysia is also an important FDI partner – the bilateral foreign direct investment stock between the EU and Malaysia exceeded €37 billion in 2019 (European Commission, 2021d).

Malaysia is a member of the WTO since its creation in 1995.

Thailand

Negotiations for a bilateral trade agreement with Thailand, the second largest economy, after Indonesia, in the region in terms of GDP, were launched in March 2013 and halted just one year later due to a military coup in that country. To this point, four rounds of negotiations have taken place, however, no new talks have been announced. The October 2019 conclusions adopted by the council highlighted the importance of taking

steps to resume negotiations on an ambitious and comprehensive trade agreement with Thailand. Before doing so, however, it is necessary to ensure that the partners agree on the essentials of a future agreement (European Commission, 2021k). Negotiations are aimed at concluding a comprehensive FTA, including issues such as tariff and non-tariff barriers, services, investment, and procurement intellectual property regulatory issues competition sustainable development.²⁹

In 2020, total bilateral trade between the EU and Thailand amounted to over €29 billion. The EU is Thailand's 4th largest trade partner (after China, Japan, and the USA), accounting for 7.5% of the country's total trade. Thailand is the EU's 26th largest trading partner worldwide. In terms of trade in services, on the other hand, turnover exceeded €10 billion in 2019. Thailand is one of the key destinations of European investments within ASEAN with almost €20 billion of outward stocks. The EU is the second-largest investor in Thailand after Japan (European Commission, 2021g).

Thailand is a member of the WTO since its creation in 1995. Thailand is also the original ASEAN member state to enter negotiations on domestic services legislation (November 2020) (World Trade Organisation, 2020).

Indonesia

The EU is negotiating a free trade agreement with Indonesia, ASEAN's largest economy, to facilitate market access, increase trade and expand direct investment. The aim of the negotiations is to conclude an agreement similar in scope to the trade agreements with Singapore and Vietnam. Therefore, prior to the talks, an analysis was conducted to determine the details of the future trade agreement (European Commission, 2021l).

Negotiations officially commenced on July 18, 2016. To date, there have been ten rounds of negotiations, the last took place in June 2020 (European Commission, 2021k).

The current relations between the partners are based on the Partnership and Cooperation Agreement, which entered into force in May 2014. The negotiated FTA will certainly contribute to develop of the overall bilateral relationships. The EU has presented preliminary drafts of provisions to

²⁹ In November 2013 Thailand and the EU have negotiated and finalised a Partnership and Cooperation Agreement (PCA), which provides a broad framework for developing mutual cooperation.

Indonesia as a basis for discussion. The actual text of the final agreement will be the result of ongoing negotiations between the EU and Indonesia. The full text of the final agreement will be published after the conclusion of the negotiations – well in advance of signature and ratification (European Commission, 2021c).

The EU is Indonesia's 5th largest trading partner, accounting for over 7% of Indonesia's total trade in 2020. Indonesia, in turn, is the EU's 31st largest trading partner worldwide, accounting for 0.6% of the EU's total trade. Trade in goods between the two partners amounted to €20.6 billion in 2020. It is worth pointing out that in the case of trade in services, turnover exceeded €26 billion in 2019, and the positive balance on the EU side of €25.4 billion was the highest among all ASEAN members. Indonesia ranks 5th among ASEAN countries in terms of FDI – the bilateral foreign direct investment stock amounted to €7.5 billion in 2019 (European Commission, 2021k).

Indonesia has been a member of the WTO since 1995 and continues to benefit from the EU's GSP, under which about 30% of Indonesia's imports are subject to lower tariffs (European Commission, 2021k).

The Philippines

Negotiations for a trade and investment agreement between the EU and the Philippines began on December 22, 2015. Two negotiating rounds have been held so far: in May 2016 and February 2017. The agreement is expected to cover a wide range of issues, including customs duties, non-tariff barriers, trade in services, investment, and trade aspects of public procurement, intellectual property, competition and sustainable development (European Commission, 2017).

As in the case of trade negotiations with other ASEAN countries that started talks earlier, the EU conducted a joint analysis with the Philippines to determine the scope and level of ambition of a future trade agreement. The negotiated agreement is intended to contribute to the overall EU-Philippines relationship, which is currently based on the EU-Philippines Framework Agreement on Partnership and Cooperation³⁰ of March 2018 (European Commission, 2021h).

30 In the Agreement, the parties reaffirm the importance of international trade rules contained in the Agreement Establishing the World Trade Organization (Official Journal of the European Union, 2017).

The EU is the Philippines' 4th largest trading partner, accounting for nearly 8.5% of the country's total trade in 2020 (after China, the US and Japan). The Philippines, in turn, is the EU's 37th largest trading partner in the world, accounting for 0.3% of the EU's total trade. Trade in goods between the two partners amounted to €12.3 billion in 2020. Total trade in services amounted to €4.3 billion in 2019 and the bilateral foreign direct investment stock amounted to €15.4 billion in 2019, ranking the Philippines 4th in this regard among ASEAN members (European Commission, 2021h).

The Philippines has been a member of the WTO since 1995 and also benefits from the EU's increased trade preferences under GSP +.

Myanmar/Burma

The re-establishment of trade and investment relations with Myanmar took place in 2011. It involved lifting the sanctions,³¹ granting preferential access to the EU market and commencing negotiations on an investment protection agreement. In mid-2016, the adopted communication (European Commission, 2016) outlined a plan for coherent EU engagement and intensified cooperation with the country. The Council adopted conclusions on an EU strategy with Myanmar highlighting that the European Union has a strategic interest in strengthening its relationship with that country.

Negotiations on an investment protection agreement between the EU and Myanmar started in 2013. The EU sent a proposed text of the agreement at the end of 2014. There have been four rounds of negotiations: three in 2015 and one at the end of 2016. Technical discussions were held in April 2017, where progress was made, but the talks need to continue. Negotiations have been halted since 2017, and a return to them is hampered by the current difficult political situation in the country (European Commission, 2021h).

The EU is Myanmar's 3rd trading partner after China and Thailand, accounting for more than 11.5% of the country's total trade in 2020. Myanmar, on the other hand, is the EU's 66th trading partner in the world, accounting for only 0.1% of the EU's total trade. Trade in goods between the two partners exceeded €3 billion in 2020 (European Commission, 2021e).

Myanmar has been a member of the WTO since 1995. As a least developed country, it benefits from the EU's EBA scheme (European Commission, 2021e).

.....
31 Except for the arms embargo.

7. Conclusions

Trade agreements are one of the key elements of the EU's trade policy and a key driver of economic growth. Therefore, the EU is active in this area, especially in the context of the crisis at the WTO, filling the resulting space in the multilateral system. The current EU policy of diversification and intensification of trade contacts emphasises the dynamically developing markets of ASEAN countries and the enormous economic potential they offer.

The analysis carried out in the study showed, however, that the process of building an EU-ASEAN regional agreement based on agreements concluded individually with this group's member countries may take decades. By mid-2021, agreements with only two of the bloc's countries had entered into force – with Singapore and Vietnam. Nevertheless, these RTAs represent a significant shift towards the region as a whole and certainly strengthen the EU's position there. However, they are also an expression of the desire of the region's heavily export-oriented economies to reduce protectionism in world trade, significantly exacerbated today by the pandemic. Despite the start of negotiations with the other 5 ASEAN members, only negotiations with Indonesia are still ongoing, but certainly not facilitated by the pandemic. This situation also shows the need for the existence of the WTO.

An efficient global organization should be paramount to every participant in world trade. It is important to remember, however, that the multilateral trading system remains the main defence against protectionism and contributes to fuelling economic growth. It is these two aspects that will be crucial in the near future, as the consequence of the COVID-19 pandemic may also be a pandemic of increased trade restrictions. Therefore, broad international cooperation will be key, including forums such as the WTO. Nevertheless, modernization of the principles of its functioning through organizational reforms is necessary.

In the face of the stalemate within the WTO, the EU, as the most active participant in RTAs in the world economy, will, therefore, focus on its existing activities – the RTAs negotiations. This solution, due to its discriminatory nature, does not facilitate world trade, but provides the Union with greater negotiating clout. However, with the current weakened role of the WTO and until it is reformed, RTAs will probably remain Brussels' focus.

To conclude, it is worth quoting the words of Josep Borrell, Commission Vice-President in charge of coordinating the external action of the European

Union: “Multilateralism matters because it works. But we cannot be ‘multilateralists’ alone. At a time of growing scepticism, we must demonstrate the benefit and relevance of the multilateral system” (EEAS, 2021).

References

- ASEAN (2020), *SUMMARY OF THE REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP AGREEMENT*, <https://asean.org/storage/2020/11/Summary-of-the-RCEP-Agreement.pdf>
- ASEAN (2021a), *About ASEAN*, <https://asean.org/asean/about-asean/>
- ASEAN (2021b), *Cooperation Agreement between Member Countries of ASEAN and European Community*, https://asean.org/?static_post=external-relations-european-union-nuremberg-declaration-on-an-eu-asean-enhanced-partnership-nuremberg-germany-15-march-2007
- Asia Regional Integration Center (2021), *Free Trade Agreements*, <https://aric.adb.org/database/fta>
- Australian Department of Foreign Affairs and Trade (2021), *Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)*, <https://www.dfat.gov.au/trade/agreements/in-force/cptpp/comprehensive-and-progressive-agreement-for-trans-pacific-partnership>
- COMMISSION OF THE EUROPEAN COMMUNITIES (2003), *A new partnership with South-East Asia*, <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2003:0399:FIN:EN:PDF>
- COMMISSION OF THE EUROPEAN COMMUNITIES (2006), *Global Europe. Competing in the world*, <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2006:0567:FIN:en:PDF>
- DELEGATION OF THE EUROPEAN UNION TO VIETNAM (2019), *Guide to the EU-Vietnam Trade and Investment Agreements, Delegation of the European Union to Vietnam*, https://trade.ec.europa.eu/doclib/docs/2016/june/tradoc_154622.pdf
- EEAS (2021), *A stronger multilateralism approach to face new challenges together*, https://eeas.europa.eu/headquarters/headquarters-homepage/93287/stronger-multilateralism-approach-face-new-challenges-together_en
- European Commission (2015a), *JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL. The EU and ASEAN: a partnership with a strategic purpose*, <https://eur-lex.europa.eu/legal-content/EN/TEXT/PDF/?uri=JOIN%3A2015%3A22%3AFIN&from=EN>
- European Commission (2015b), *Trade for all. Towards a more responsible trade and investment policy*, http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153846.pdf
- European Commission (2016), *JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL, Elements for an EU strategy vis-à-vis Myanmar/Burma: A Special Partnership for Democracy, Peace and Prosperity*, https://eeas.europa.eu/archives/docs/myanmar/docs/join_2016_24_f1_communication_from_commission_to_inst_en_v5_p1_849592.pdf
- European Commission (2017), *EU-Philippines trade negotiations*, <https://trade.ec.europa.eu/doclib/press/index.cfm?id=1637>
- European Commission (2018), *Proposal for a COUNCIL DECISION on the signing, on behalf of the European Union, of the Free Trade Agreement between the*

- European Union and the Socialist Republic of Viet Nam*, https://eur-lex.europa.eu/resource.html?uri=cellar:d82a4fef-d2e7-11e8-9424-01aa75ed71a1.0001.02/DOC_1&format=PDF
- European Commission (2020a), *Commission welcomes European Parliament's approval of EU-Vietnam trade and investment agreements*, <https://trade.ec.europa.eu/doclib/press/index.cfm?id=2114>
- European Commission (2020b), *REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS on the Implementation of EU Trade Agreements*, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0705&from=en>
- European Commission (2020c), *Top Trading Partners – Trade Statistics*, https://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_122530.pdf
- European Commission (2020d), *Trade in goods with ASEAN*, https://webgate.ec.europa.eu/isdb_results/factsheets/region/details_asean-association-of-south-east-asian-nations_en.pdf
- European Commission (2021a), *ANNEX to the COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS. Trade Policy Review – An Open, Sustainable and Assertive Trade Policy*, https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_645
- European Commission (2021b), *Countries and regions, Association of South East Asian Nations (ASEAN)*, <https://ec.europa.eu/trade/policy/countries-and-regions/regions/asean/>
- European Commission (2021c), *Countries and regions, Indonesia*, <https://ec.europa.eu/trade/policy/countries-and-regions/countries/indonesia/>
- European Commission (2021d), *Countries and regions, Malaysia*, <https://ec.europa.eu/trade/policy/countries-and-regions/countries/malaysia/>
- European Commission (2021e), *Countries and regions, Myanmar (Burma)*, <https://ec.europa.eu/trade/policy/countries-and-regions/countries/myanmar/>
- European Commission (2021f), *Countries and regions, Singapore*, <https://ec.europa.eu/trade/policy/countries-and-regions/countries/singapore/>
- European Commission (2021g), *Countries and regions, Thailand*, <https://ec.europa.eu/trade/policy/countries-and-regions/countries/thailand/>
- European Commission (2021h), *Countries and regions, The Philippines*, <https://ec.europa.eu/trade/policy/countries-and-regions/countries/philippines/>
- European Commission (2021i), *Countries and regions, Vietnam*, <https://ec.europa.eu/trade/policy/countries-and-regions/countries/vietnam/>
- European Commission (2021j), *JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL on strengthening the EU's contribution to rules-based multilateralism*, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021JC0003&from=EN>
- European Commission (2021k), *OVERVIEW OF FTA AND OTHER TRADE NEGOTIATIONS*, https://trade.ec.europa.eu/doclib/docs/2006/december/tradoc_118238.pdf
- European Commission (2021l), *The texts proposed by the EU for the trade deal with Indonesia*, <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1620>
- European Commission (2021m), *Trade in goods with Singapore*, https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_singapore_en.pdf
- European Union (2017), *40 Years of EU–ASEAN Cooperation. Key statistics*, <https://ec.europa.eu/eurostat/documents/3217494/8092219/KS-01-17-424-EN-N.pdf/8e0e728b-1d36-4aae-b742-851a73963e51>

- European Union (2019), *European Union-Singapore Trade and Investment Agreements, EC and MTI*, Publications Office of the European Union, Luxembourg 2019, https://trade.ec.europa.eu/doclib/docs/2019/february/tradoc_157684.pdf
- Lakatos C., Maliszewska M., Ohnsorge F., Petri P. & Plummer M. (2016), Potential Macroeconomic Implications of the Trans-Pacific Partnership, *Global Economic Prospects, The World Bank*, pp. 219–255.
- Majchrowska E. (2018), Perspektywy działalności Światowej Organizacji Handlu w obliczu nowych tendencji w handlu światowym – efekty XI KM WTO, *Krakowskie Studia Międzynarodowe*, No. 4, pp. 241–262.
- Majchrowska E. (2019), Asian Development Bank and its Impact on Improving Security in the Asia-Pacific Region, *Bezpieczeństwo. Teoria i Praktyka*, No. 4, pp. 119–134.
- Nawrot K. (2008), *Determinanty rozwoju gospodarczego państw ASEAN*, Warszawa: Scholar.
- Official Journal of the European Union (2017), L 343/3, *FRAMEWORK AGREEMENT on Partnership and Cooperation between the European Union and its Member States, of the one part, and the Republic of the Philippines, of the other part*, [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22017A1222\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22017A1222(01)&from=EN)
- Polish Ministry of Development, Labour and Technology (2019), *Umowa o wolnym handlu między Unią Europejską a Republiką Singapuru*, <https://www.gov.pl/web/rozwoj-praca-technologie/umowa-gospodarczo-handlowa-ue-singapur>
- Polish Ministry of Development, Labour and Technology (2020), *Umowa o wolnym handlu między Unią Europejską a Socjalistyczną Republiką Wietnamu*, <https://www.gov.pl/web/rozwoj/umowa-gospodarczo-handlowa-ue-wietnam-evfta>
- Polish Ministry of Foreign Affairs (2020), *Minister Zbigniew Rau na spotkaniu ministerialnym UE-ASEAN*, viewed 26 May 2021, <https://www.gov.pl/web/diplomacy/minister-zbigniew-rau-attends-eu-asean-ministerial-meeting>
- RCEP (2020), *RCEP: Asia-Pacific countries form world's largest trading bloc*, <https://rcepsec.org/>
- Wnukowski D. (2016), How ASEAN's Transformation Can Play Out Well for Europe, *PISM, Policy Paper*, No. 5 (146), https://www.pism.pl/files/?id_plik=21297
- Wnukowski D. (2020), Podpisanie RCEP – największej na świecie umowy o wolnym handlu, *PISM, Komentarz nr 84/2020*, <https://pism.pl/file/e2610e5f-acbd-41da-8345-7ffa51cfac32>
- World Trade Organisation (2020), *Thailand joins negotiations on services domestic regulation*, https://www.wto.org/english/news_e/news20_e/jssdr_11nov20_e.htm
- World Trade Organisation (2021a), *Facts and figures*, https://www.wto.org/english/tratop_e/region_e/regfac_e.htm
- World Trade Organisation (2021b), *Regional trade agreements and the WTO*, https://www.wto.org/english/tratop_e/region_e/scope_rta_e.htm
- World Trade Organization (2021c), *Regional Trade Agreements Information System (RTA-IS)*, <http://rtais.wto.org/UI/PublicSearchByMemberResult.aspx?MemberCode=392&lang=1&redirect=1>
- World Trade Organisation (2021d), *WTO members consider EU-Singapore, Peru-Australia trade agreements*, https://www.wto.org/english/news_e/news21_e/rta_22mar21_e.htm
- World Trade Organisation (2021e), *World trade primed for strong but uneven recovery after COVID-19 pandemic shock*, https://www.wto.org/english/news_e/pres21_e/pr876_e.htm