

**Regional Organisations as Trade Diplomats:
Comparative Analysis of the European Union (EU) and
Association of Southeast Asian Nations (ASEAN) Trade
Diplomacy**

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Declaration

The candidate confirms that the work submitted is her own, and that appropriate credit has been given where reference has been made to the work of others

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Abstract

This thesis offers a novel way of understanding regional organisation (RO), not just as an actor in international relations, but more specifically a *trade diplomat*. States' practice of negotiating trade relations using their respective regional organisations are becoming prevalent and amongst these regional organisations, the European Union (EU) and Association of Southeast Asian Nations (ASEAN) stand out in terms of their contribution to global output and global trade growth. Coincidentally, the EU and ASEAN also represent two different spectrums of regional governance, one characterised by the transfer of limited state sovereignty to a supranational institution and the other by the continued resistance to transfer any state sovereignty to a higher institution. The EU and ASEAN, then, represent two compelling cases of RO's external trade relations.

In explaining this phenomenon, this thesis adopts the concept of *trade diplomacy* and proposes a new framework since previous studies either focus only on individual states or view trade relations independently of the political or foreign policy context. Utilising a hybrid inductive-deductive approach and building from several streams of literature, document analysis, and research interviews, this research offers a three-element framework to explain RO's trade diplomacy consisting of *trade actorness, processes, and goals*. Applying this framework to the EU and ASEAN, it identifies key differences and similarities between the two. Further examined, differences between the EU and ASEAN's practices of trade diplomacy can be attributed to three internal determinants: their *institutional, political, and economic* differences while their similarities are products of external environments, namely changes in the *global-regional landscape* and their inherent need to be recognised due to their *status as non-traditional actors* in IR.

The final research output is a comprehensive model of RO's trade diplomacy and the internal/external factors affecting the practice. Although this research contributes mostly to the field of trade & economic diplomacy, several of its outcomes will be of interest to scholars of comparative regionalism. Specifically, for its empirical findings, this research is the first to provide a comprehensive and detailed account of how and why ASEAN manages its external trade relations the way it does.

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List of Abbreviations

AANZFTA	ASEAN-Australia-New Zealand Free Trade Agreement
ABAC	ASEAN Business Advisory Council
ACP	African Caribbean and Pacific
ACTA	Anti-Counterfeiting Trade Agreement
AEC	ASEAN Economic Community
AMRO	ASEAN+3 Macroeconomic Research Office
APEC	Asia Pacific Economic Cooperation
APSC	ASEAN Political-Security Community
APT	ASEAN Plus Three
ARF	ASEAN Regional Forum
ASCC	ASEAN Socio-Cultural Community
ASEAN	Association of Southeast Asian Nations
AU	African Union
BATNA	Best Alternative to a Negotiated Agreement
CEPEA	Comprehensive Economic Partnership in East Asia
CET	Common External Tariff
CJEU	Court of Justice of the European Union
CLMV	Cambodia Laos Myanmar Vietnam
COMESA	Common Market for the Eastern and Southern Africa
COREPER	Committee of the Permanent Representatives
CSAP	Consolidated Strategic Action Plan
CSD	Civil Society Dialogue
CSDP	Common Security and Defence Policy
CSO	Civil Society Organisations
CU	Customs Union
DCFTA	Deep and Comprehensive Free Trade Agreement
DG	Directorate General
DGT	Directorate-General for Translation
DSB	Dispute Settlement Body
EAC	East African Community
EAEU	Eurasian Economic Union
EAFTA	East Asia Free Trade Area
EBA	Everything but Arms
EC	European Commission
ECJ	European Court of Justice
ECOWAS	Economic Community of West African States
EEC	European Economic Community
EER	External Economic Relations
EFSSF	European Financial Stability Facility

EIDHR	European Instruments for Democracy and Human Rights
EMU	Economic & Monetary Union
ENP	European Neighbourhood Policy
EOM	Election Observation Missions
EP	European Parliament
ERIA	Economic Research Institute for ASEAN & East Asia
ESM	European Stability Mechanism
EU	European Union
FAC	Foreign Affairs Council
FDI	Foreign Direct Investments
FEP	Foreign Economic Policy
FTA	Free Trade Agreement
GATT	General Agreement of Tariff and Trade
GDP	Gross Domestic Product
GNI	Gross National Income
GSP	Generalised System of Preferences
IAI	Initiative for ASEAN Integration
IMF	International Monetary Fund
INTA	Committee for International Trade
IPE	International Political Economy
IPR	Intellectual Property Rights
IR	International Relations
ISEAS	Institute of Southeast Asian Studies
MDSD	Most Different Systems Design
MFN	Most Favoured Nations
MS	Member State/States
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organisation
NGO	Non-Governmental Organisation
NTPO	Non-Trade Policy Objectives
OECD	Organisation for Economic Cooperation & Development
PCA	Partnership and Cooperation Agreement
PDR	People's Democratic Republic
PPP	Purchasing Power Parity
PTA	Preferential Trade Agreement
PUR	Preference Utilisation Rate
QMV	Qualified Majority Voting
RCEP	Regional Comprehensive Economic Partnership
RO	Regional Organisation
RTA	Regional Trade Agreements
SADC	Southern African Development Community
SIA	Sustainability Impact Assessment
SME	Small & Medium Enterprise
SNI	Supranational Institutions

TFEU	Treaty on the Functioning of the European Union
TNC	Trade Negotiating Committee
TPC	Trade Policy Committee
TPP	Trans-Pacific Partnership
TSD	Trade & Sustainable Development
TTIP	Transatlantic Trade and Investment Partnership
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference of Trade and Development
US	United States
WTO	World Trade Organisation
ZOPFAN	Zone of Peace, Freedom and Neutrality

Chapter 1 – Introduction: Trade Diplomacy and Regional Organisations

1.1. Introduction

Trade diplomacy is no longer the exclusive domain of individual states since regional organisations (ROs) are increasingly negotiating and acting on behalf of their member states in external trade issues. Multiple regional organisations such as the EU, ASEAN, Mercosur, ECOWAS, and SADC have been among the most active regional organisations to conduct trade diplomacy on behalf of their member states. Mercosur, for example, has completed at least four bilateral FTAs with individual countries, one FTA with another regional organisation and is currently negotiating four other FTAs, three of which are with other regional organisations (Bilaterals, 2012; Daily Star, 2014; Gallas, 2019).¹ The EU – as the most active RO – currently has more than 40 FTAs in place with individual countries & other regional organisations, in addition to those currently being negotiated (European Commission, 2019j).

The practice of trade diplomacy by regional organisations was initially started by European countries via the European Union (EU), which was then followed by many states in Asia, America, and Africa. These trade agreements are mostly signed between regional organisations and individual states, although there are also several inter-regional trade negotiations such as the EU-Mercosur, the EU-ASEAN, and the COMESA-EAC-SADC² tripartite negotiations. The increasing role of ROs in trade negotiations can be partly attributed to the acceleration of regional integration during the last few decades where economic issues were the main drivers for many of these regional groupings. Within the many different forms of economic agreements that ROs engage in (e.g. finance,

¹ Mercosur or *Mercado Comun del Sur* is one of South America's regional organisation, consisting of five states (Argentina, Brazil, Uruguay, Paraguay and Venezuela)

² COMESA stands for the *Common Market for the Eastern and Southern Africa* comprising of 19 African states. EAC stands for East African Community comprised of six African countries and SADC stands for Southern African Development Community which consists of 15 African member states.

development cooperation, investment), trade has become the most common, with almost all ROs in the world currently engaging in extra-regional trade agreements with other parties. Of the 600+ trade agreements currently in place (World Trade Organization, 2019b), cross-continent agreements are increasingly becoming the dominant form (Baccini et al., 2011).

Within these regional groupings, the EU and ASEAN are amongst the top three largest economic players in the world in terms of global output and contribution to world trade (World Trade Organization, 2017).³ Coincidentally, the EU and ASEAN also represent two different spectrums of governance in their regionalism projects – supranationalism and intergovernmentalism – which also extends to the management of their trade diplomacy. Supranationalism in trade focuses on transferring trade authority to a higher institution, while intergovernmentalism seeks to retain trade sovereignty within national boundaries and at the same time gain benefits from collective negotiation in external trade. Given that the EU and ASEAN vary greatly in their management of external trade and yet manage to conduct trade diplomacy and maintain key positioning in global trade, they represent two interesting cases in the study of trade diplomacy by regional organisations.

Observing these phenomena, the focus of this research is to explain the growing practice of regional organisations' trade diplomacy, taking the EU and ASEAN as case studies. It does so by comparing the two organisations' practices of trade diplomacy, identifying & explaining their differences and similarities, and finally, conceptualising a framework to better understand regional organisations' trade diplomacy.

1.1.1. Practice & Study of Trade Diplomacy by Regional Organisations

In his article on the relationship between diplomacy, representation, and international relations, Paul Sharp concludes that one major challenge for scholars of diplomacy is to understand that the progress of diplomatic studies should not rely only on nation-states (Sharp, 1999). In fact, the study of diplomacy could benefit more if diplomacy itself were to be perceived more as

³ The other group is North American Free Trade Agreement (NAFTA) consisting of the US, Canada and Mexico

representations and responses used to solve common problems that arise from the need to maintain relationships despite geographical distance, rather than being treated strictly as a foreign policy and state instrument (Sharp, 1999). If we accept this notion of diplomacy-as-representation, then it can be argued that within the last few decades, regional organisations have attained the role of *diplomats* since, nowadays, most states organise themselves regionally and present themselves externally through regional organisations. Regional organisations have acted on behalf of their member states in multiple forums, such as in the UN and WTO, and have established themselves as diplomats in various fields of external cooperation.

The most notable example of this diplomatic agency is the European Union, particularly when it established its institutional wing of diplomacy, the European External Action Service (EEAS) in 2011. Indeed, the establishment of EEAS was crucial for modern diplomacy since it was the first modern diplomatic entity consisting of regionally collective states, leading to what David Spence and Jozef Batora termed as ‘a catalyst of diplomatic innovation’ (Spence and Batora, 2015). By the end of 2019, EEAS employed more than 4000 personnel and ran 140 delegation offices worldwide, which shows the massive size of the EU’s diplomatic machinery (European External Action Service, 2020).

Although other regional organisations’ diplomatic machineries are not as institutionally sophisticated as the EU’s, their external presence is also noteworthy. Several studies have analysed other regional organisations’ external presence – or their actorness – such as studies that focus on ASEAN, ECOWAS and SADC’s growing presence at the international level, including in explaining the relationship between these regions (Doidge, 2008; Wunderlich, 2012b; Mattheis and Wunderlich, 2017; Hulse, 2018). Adelman (2009) documented SADC’s evolution in managing its external relations, noting the-1990s and the-2000s as the two most important decades, while Cremona et al. (2015) identified a considerable growth in ASEAN’s external relations since the 2000s. According to their research, ASEAN has finalised 175 external legal instruments, with 81% of these agreements signed after 2000 (Cremona et al., 2015), meaning that on average, ASEAN signed around 9 to 10 external agreements per year during the 15 years duration (2000-2015).

Within the various types of external cooperation, trade and economic affairs dominate many of these regional organisations' external relations. For example, Cremona et al. (2015) find that ASEAN is most active in its external economic relations, where 82% of its external agreements are within the field of economic issues. This alone indicates the significant role of trade in ASEAN's external relations, and while some may find this rather odd, seeing that ASEAN is a security-dominated regional cooperation (Narine, 2008; Koga, 2014), this should be unsurprising considering that there has been an addition of more than 500 trade agreements following the creation of the World Trade Organization in 1995 (World Trade Organization, 2019b). Trade relations have, indeed, become an important component of interstate relations, and regional organisations are progressively taking an important role.

The main advantage of having a collective regional position in external trade is clearly in the ability to offer a larger market, and thus, maintain greater bargaining power vis-à-vis negotiating partners. However, international trade is much more than about maintaining or obtaining markets, since trade has always been an important tool of interstate (and human) relations. In his book, Pigman (2016) advances the idea of 'trade as diplomacy', where he identifies the historical origins of trade as an instrument to initiate and maintain relationships between different collective entities. Pigman narrates the story of early tribal interactions, where one tribe living close to another tribe would be uncertain on whether its neighbour is hostile or not. This tribe, then, sends an emissary to leave gifts in a place frequented by the other tribe and waits to see whether the other tribe reciprocates this gesture. If the other tribe reciprocates this action, then the two parties can assume that their relationship can progress further. This interaction, while seemingly trivial, is what Sharp characterises as 'thinking diplomatically' (Sharp, 2009), and illustrates the underlying notion of economic exchanges that signify trust, mutual relationships, and long-lasting communication. In Pigman's words, the diplomatic act of trading goes far beyond its economic significance because in order for trade to take place, communication must first occur and communication is one of the core function of diplomacy (Pigman, 2016 pg. 17).

Taking this to the global level, it can be said that trade relations between states often signify more than just commercial or economic values. During the

colonial times, 'trade follows the flag' denotes a relationship between trade and colonialism expansion, and at the present, the existence or absence of trading activities may be a good indication of the quality of relationships between countries. Present-day trade relations have frequently been interrupted by a series of trade wars, trade embargoes, and trade boycotts, many of which are due to strategic rather than economic reasoning. The recent India-China, US-China, and Japan-South Korea trade wars, for example, while seemingly built on economic calculations, are also heavily laden with political and historical underpinnings, signifying trade's strategic role in global politics. Even more so for trade relations conducted by regional organisations, these relations can also indicate regional specificity and regional projection at the global scene (Tussie, 2013) since the ability (or inability) of regional organisations to manage external trade relations can be a good indicator of the power they can have over other players. In other words, not only does trade diplomacy by regional organisations forge non-economic linkages between/among regions and countries, but it can also elevate the role and positioning of their member states in the global stage.

Since the 2000s, many countries have shifted their focus to regional sites as the cornerstone of their trade diplomacy (Tussie, 2013). While bilateral channel remains an important avenue for many states, the increasing focus to utilise regional organisations as a vehicle for trade diplomacy is also apparent. The 27 member states of the EU, for example, can only rely on regional channels for their trade diplomacy and several ASEAN member states utilise regional channels more often compared to individual ones. Of the ten active FTAs that Indonesia currently has, six of them are signed through ASEAN, while the Philippines only has two non-ASEAN FTAs out of their active 8 FTAs (Asia Regional Integration Center, 2020a). Lao PDR only has one non-ASEAN FTA (out of 8 active FTAs) while both Cambodia and Myanmar has none (Asia Regional Integration Center, 2020a). Trade and economic interactions between these regional organisations have also increased, adding a new layer of global trade governance (Hanggi et al., 2006), eventually reducing the complexities and multiple overlaps in existing trade agreements (World Trade Organization, 2021).

However, considering that regional organisations are not traditional actors in IR, they often face difficulties in being accepted as 'natural' entities in interstate relations and within diplomacy itself, 'the less natural the identities of the agents

appear, the more diplomacy is needed' (Sharp, 1999). As this thesis will illustrate, regional organisations often struggle to be accepted in the legal and social realm of international relations, and thus often use trade relations to ascend their status. The 'un-naturalness' of regional organisations as trade diplomats also means that scholarships regarding this issue remain scarce since most literature tends to focus on the more 'natural' actors such as states. There are several studies on the trade diplomacy of individual states, particularly in Asia (see for example Yamamoto, 2012; Zeng, 2016; Choi, 2017), but there is very limited research on the trade diplomacy of regional organisations. Up to date, the most comprehensive work on RO's trade diplomacy is presented by Stephen Woolcock in his book, *European Union Economic Diplomacy* (Woolcock, 2012a) where he suggests six factors affecting the EU's trade diplomacy.⁴ Aside from this study, no other comprehensive research on RO's trade diplomacy can be found.

One plausible reason for the limited number of studies regarding the trade diplomacy of ROs is perhaps due to the difficulty in defining what trade diplomacy is, since up to now, scholars differ on its precise meaning. As the literature review will illustrate, the modern practice of trade diplomacy is often studied under the larger umbrella term of 'economic diplomacy' which, unfortunately, brings more confusion rather than clarity (Section 2.3.1). As a field of study, economic diplomacy is a newly developed research area with multiple definitions, approaches, epistemologies and methodologies, which are often difficult to reconcile. Okano-Heijmans, for example, lists four fields of studies that contribute to economic diplomacy including International Relations, Economics, International Political Economy and Diplomacy & Negotiation, where each field of study has its distinct epistemology and methodology (Okano-Heijmans, 2011). While these multiple disciplinary approaches can enrich the study of trade diplomacy, it nevertheless, also poses a challenge since limited debates and dialogues happen between these different disciplines. Unfortunately, as a subset of economic diplomacy, trade diplomacy is also prone to this 'eclecticism', sometimes leading to the lack of discussions between scholars, which ultimately hinders its progress as a research agenda. Thus, it is highly important for any

⁴ These six factors will be identified in the literature review in Chapter 2

research on trade diplomacy to first clarify how to define and limit the term. For this research, the definition of trade diplomacy follows Okano-Heijmans's understanding of it, which is 'a strategy and practice where trade/commercial and political interests reinforce each other, and thus, should be seen in tandem' (Okano-Heijmans, 2011). Extending this to the regional level, then trade diplomacy by regional organisations can be understood as '*strategy and practice by regional organisations where trade/commercial and political interests reinforce each other and thus, should be seen in tandem*'.

Aside from clarifying its definition, it is also crucial to denote how trade diplomacy differs from other activities relating to external trade relations. Trade diplomacy, for example, does not equate to trade *policymaking* or trade *negotiation* since trade diplomacy focuses on the *relational* (or relationship-building) aspect of trade relations (Pigman, 2018). However, this is not to say that trade diplomacy is separate from trade policymaking or negotiations but rather contrary, that trade diplomacy is strongly connected to trade policy and negotiation. Policymaking and negotiation form the core activities of diplomacy, and hence, a considerable portion of this thesis also relies on literature from these two research areas. Various areas of literature on the EU's external trade relations are particularly useful for this research, including studies on the EU's role in global trade (Meunier, 2007; Meunier and Nicolaidis, 2011; Pomorska and Vanhoonacker, 2015), the EU's practice of trade negotiations (Elsig and Dupont, 2012; da Conceicao-Heldt, 2014; Meissner, 2016) and the social dimension of EU's trade policies (Orbie et al., 2009; Van Den Putte and Orbie, 2015).

In conclusion, seeing that regional organisations are increasingly becoming important actors in trade diplomacy and yet, the explanatory tools to understand this practice remains limited, the need to conceptualise this practice is becoming more important, and this is precisely what this research aims to achieve. In conceptualising this, this research looks at two regional organisations that hold central positions in the global landscape of trade diplomacy, the EU and ASEAN.

1.1.2. The EU and ASEAN as Trade Diplomats

Among the regions involved in trade diplomacy, West Europe and East Asia stand out in terms of their contribution to total output and total trade growth, particularly within the last few decades. West Europe has been a long-standing player in trade since the-1950s and from the-1980s, East Asia also excelled to become one of the world's fastest-growing economic regions. Within Europe and East Asia, two regional organisations are at the heart of their regional integration, the European Union (EU) and the Association of Southeast Asian Nations (ASEAN). Although individual states, such as China and Japan, also actively pursue trade diplomacy, it is regional organisations that pose many challenges to the current study of trade diplomacy due to their new form of 'actorness' and independence. Actorness can be defined as 'a measure of an autonomous unit's capacity to behave actively and deliberately in relation to other actors in the international system' (Sjöstedt, 1977 pg. 16). Due to changes in global governance, regional organisations have gained positions as separate actors, and while the EU's international actorness is not new, ASEAN's actorness is relatively new, stemming from a rather informal/voluntary political integration (Wunderlich, 2012). Actorness, in this sense, can be understood as the operationalisation of *representation* in the regional context, where the higher the degree of RO's actorness, the better representation they can perform.

Historically, the study of actorness is characterised by its exclusive focus on the EU (Drieskens, 2017) and its treatment of actorness as a single dimension. However, further research has started to investigate the actorness of other regional organisations (see for example Doidge, 2008; Adelman, 2009; Murau and Spandler, 2016; Mattheis and Wunderlich, 2017) and even the actorness of non-state entities (see for example Aydinli, 2015). Another interesting development is the research by Merrian Hulse, who compared the *trade* actorness of two ROs in Africa, ECOWAS and SADC (Hulse, 2014; Hulse, 2018). Hulse's study is, by far, the only research which highlights the issue-specific nature of actorness since previous studies tend to view actorness as singular. As can be observed in several interactions, ROs can be strong (or possessing a high degree of actorness) in a certain area but weak in other external areas of cooperation, and thus, analysing the specific area of cooperation to explain actorness is reasonable. This research follows this

understanding and uses the notion of trade actorness as one core aspect of trade diplomacy, corresponding to the representation element of diplomacy. Of the various studies on actorness, the EU and ASEAN are the two ROs that have received the most attention, mostly owing to their distinct characteristics and active role in international relations.

As the first and most sophisticated regional organisation, it is no surprise that the EU is the most active regional organisation in conducting external relations, particularly in trade. In addition to being an active player in the WTO, the EU is also actively involved in bilateral, inter-regional, and multilateral trade negotiations worldwide. Regarding bilateral and inter-regional free trade agreements, the EU currently has more than 40 trade agreements in place, six agreements being negotiated and six other agreements under adoption or ratification (European Commission, 2020d). Although labelled as 'trade agreements', many of these agreements cover more than just trade, often also including investment, labour and development issues. The EU's choice of negotiating partners consists of states, mainly in Europe and the Mediterranean area, as well as regional and sub-regional organisations such as EAC and SADC. Aside from the already-completed negotiations, the EU is also still negotiating with other countries and group of countries, including reopening negotiations with the United States after the previous *Transatlantic Trade and Investment Partnership* (TTIP) negotiations were deemed obsolete.

In terms of its presence and actorness, the EU is relatively more cohesive compared to other similar organisations due to its supranational features, which delegates several elements of states' power – or competences – to the EU bodies. The Treaty of Rome provides the European Commission (EC) with the power to make trade proposals and negotiate externally (European Parliament, 2016). With this power, the EC can negotiate as a single actor at the international level, which usually involves several stages of policymaking, namely the *mandate stage*, *negotiation stage*, and *decision stage* (European Commission, 2016b). The mandate stage involves individual member states granting the EU mandate to negotiate as well as providing guidelines for negotiations. During the negotiation stage, the EU conducts the actual negotiation process and also consults widely with internal stakeholders to formulate a negotiation draft. Lastly, during the decision stage, the EU will return the agreed draft to the EU parliament

or individual member states for the final decision. Although throughout the years, there have been changes regarding the EU's trade competences, these three stages have been the core elements of EU's trade policymaking & negotiations for years.

Quite similar to the EU, ASEAN member states also pursue a regional stance in conducting trade diplomacy. To date, ASEAN has completed six trade agreements with its external partners and is currently negotiating five additional ones (Asia Regional Integration Center, 2020b). Of the five trade agreements being negotiated, one is the Regional Comprehensive Economic Partnership (RCEP), where both ASEAN member states, and the ASEAN Secretariat take part in the process. This may seem a little confusing since, unlike the EU, ASEAN does not have any institution above the state and thus relies on the ASEAN Secretariat for its day-to-day activities. The ASEAN Secretariat functions more as a facilitator for member states rather than an actual negotiator, making negotiations with ASEAN often complex. During the EU-ASEAN FTA negotiations, negotiators involved in the process have mentioned that negotiating with ASEAN is more like negotiating with ten member states rather than with ASEAN as a single organisation (Okano-Heijmans, 2014).

Furthermore, ASEAN member states' tendency to individually use bilateral channels in addition to the regional channel via ASEAN is often problematic, particularly for regional cohesiveness. Since the 1990s, many Asia-Pacific countries – including Southeast Asian states – have opted for bilateral settings (Ravenhill, 2003; Dent, 2006; Wilson, 2015) which resulted in a complex economic arrangement within the area. Multiple agreements have been discussed and agreed, making Southeast Asian countries intertwined in complex trade arrangements, creating a phenomenon commonly referred to as the 'Asian noodle bowl' of free trade agreements. Although some have argued that mega-regional agreements, such as RCEP or the Trans-Pacific Partnership, may signal the end of Asia-Pacific's FTA noodle bowl (Murphy, 2014), others contend that this mix of bilateral, regional and multilateral trade architecture may actually cause Asia-Pacific to be more fragmented (Solís and Wilson, 2017).

In fairness, ASEAN's fragmented nature is nothing new, considering its member states political, economic and historical background. From an

institutional point of view, ASEAN's integration was meant to facilitate member states' needs for sovereignty – or the Westphalian nation-state system – as opposed to the EU-style integration that seeks to overcome the Westphalian system (Wunderlich, 2012b). This resulted in strong individual voices by member states, including during trade negotiations, often making it difficult to acquire ASEAN common positions.

These divergences are further exacerbated by ASEAN member states' internal trade policies that range from highly liberal economies such as Singapore to extremely closed economies such as Cambodia. In 2016, Singapore's applied tariff rate (weighted mean for all products) was 0.07%, while Cambodia's was 9.77%, which shows a more than 9% tariff discrepancies between the two (The World Bank, 2019). Several ASEAN member states are also economically 'nationalistic', with various strategic industries highly protected by the government. Indonesia, for example, has been consistently protective of its mining industries – particularly gas, oil & minerals – while Malaysia had a history of continuously defending its national automobile industry from foreign competitors (Warburton, 2018; Mustafa, 2020). These differing positions regarding external trade, coupled with ASEAN's limited institutional capacity to overcome these differences, mean that ASEAN's trade diplomacy may not be as coherent as the EU.

However, despite this internal fragmentation, ASEAN's external representation remains relevant since actorhood does not only depend on internal cohesion but also acceptance by external parties. The fact that ASEAN is a legitimate subject of international law and can conclude agreements independently indicates its actorhood and recognition as a separate entity from its member states. While its institutional characteristics and internal cohesiveness are highly distinctive from the EU, it is nonetheless, a trade diplomat like the EU. ASEAN also utilises several internal mechanisms in trade diplomacy to create a more coherent position, such as in the use of country coordinators during trade negotiations. As this thesis will elaborate later on, the role of country coordinator in ASEAN is instrumental in consolidating these various positions and ultimately creating an ASEAN voice in trade negotiations.

Given their distinct practices and institutional differences, the EU and ASEAN signify two unique cases of regionalism projects and two regional organisations engaging in external trade diplomacy. They serve as excellent case studies since *first*, they represent the world's most economically vibrant regions and *second*, they exemplify two different models of cooperation in regional integration. However, this research does not seek to *only* explain the trade diplomacy of the EU and ASEAN but also to conceptualise a framework for explaining other regional organisations' trade diplomacy. Thus, this research utilises a *comparative approach* since it is better suited for generalisability and conceptualisation. A comparative case study can provide better outcomes compared to non-comparative cases since it sits between a large-n and single case study method, and thus, can combine a case study's empirical richness with a comparison's analytical leverage (Odell, 2001). Although this research *does not* extend its findings and conclusions regarding the EU and ASEAN to other regional organisations, the conceptual framework and the general propositions emanating from this research can be tested in the context of other regional organisations as well.

In operationalising the comparative approach, this research relies on the field of comparative regionalism to explain how and why differences and similarities occur between different regionalism projects. It relies on previous works from Lenz and Marks (2016), Borzel (2016), Risse (2016a), Börzel and Risse (2019) which sets the ground in understanding the different mechanisms at play in RO's governance of issues, including trade diplomacy. Comparative regionalism literature offers a larger lens in understanding why ROs undertake specific actions since it enables us to analyse the interconnectivity and absolute/relative gain of ROs actions which are not present in other literature.

Looking at the research background, focus, and objective of the study, this research sheds light, not only on the understudied area of trade diplomacy, but also on the external dimension of regionalism projects which tends to be overlooked particularly outside of the European Union.

1.2. Research Questions & Main Arguments

The linkage between trade and political/strategic elements in interstate relations is not new, and yet, the conceptual and theoretical instruments used to

explain this remain limited, especially when taken to the regional level. States routinely engaged in trade-political relations and many trade agreements are built on political/security concerns rather than purely economic ones. Aggarwal (2006), for example, differentiates between the economic and political-economic arguments regarding the formation of bilateral trade agreements in Asia-Pacific, where political-economic factors such as political regime, pressure groups, economic ideas, and international environment play important roles. However, this assertion is rarely found at the regional level, particularly in explaining the behaviour of regional organisations when engaging in trade agreements. Although the EU's external trade relations has been extensively studied, this cannot be said about other regional organisations. This thesis, then, seeks to offer a framework for explaining regional organisations' trade diplomacy – or the linkage between trade and political strategy – and identify whether differences and similarities occur between ROs trade diplomacy and what accounts for these differences and similarities by looking at two ROs, the EU and ASEAN.

To exemplify this, two main arguments are presented. *First*, trade diplomacy of ROs can be understood as a strategy consisting of three interrelated elements: trade actorness which denotes ROs cohesiveness and ability to function as an actor in external trade relations; processes which explain how ROs conduct their trade diplomacy pertaining to two core activities – trade decisionmaking and trade negotiation – and goals which identifies the multiple objectives that ROs seek to advance by engaging in external trade relations. These three core elements – *trade actorness, processes, and goals* – form the basic conceptual framework for describing and comparing ROs engagement in trade diplomacy. This framework is then used to describe and compare the EU and ASEAN's trade diplomacy and formulate the second argument. For the *second* argument, this thesis asserts that differences and similarities in the EU and ASEAN's trade diplomacies can be explained by looking at the endogenous and exogenous factors within the respective regions. Differences in the EU and ASEAN's trade diplomacy can be attributed to three internal factors: the institutional, political, and economic determinants, while similarities can be explained by two external factors: global-regional landscape and the EU and ASEAN's positioning as non-traditional actors in international relations. To better

frame these arguments and set the structure for this thesis, three main research questions are presented below:

1. How can trade diplomacy by regional organisations be explained and compared, particularly for the case of the EU and ASEAN?
2. What are the differences and similarities in the EU and ASEAN's practice of external trade diplomacy?
3. What factors contribute to differences and similarities in the EU and ASEAN's external trade diplomacy?

1.3. Conceptual and Empirical Significance

Based on the research outcome, this study contributes to the academic literature on trade & economic diplomacy, and to a lesser extent, the field of comparative regionalism. The proposed framework extends the current literature on trade diplomacy, which currently focuses only on the trade diplomacy of individual states. By applying this to the EU and ASEAN, this study will be amongst the first to focus solely on regional organisations' trade diplomacy. Furthermore, the comparison between the EU and ASEAN's trade diplomacy will contribute to the literature on the external dimension of regionalism which is still understudied outside of the European Union context. Trade diplomacy, as a specific aspect of RO's external relations, provides an interesting case since external trade is currently the most advanced area of external cooperation for most regional organisations.

One main empirical contribution of this thesis is in providing a comprehensive account of the EU and ASEAN's trade diplomacy, which until now have been treated separately in terms of either commercial/economic or political/strategic aspects. Specifically for ASEAN, this research is the first to provide a detailed study of its external trade relations, particularly concerning its decisionmaking and negotiation process. Considering that ASEAN tends to operate in a secretive and highly elitist manner, the data gathered during this research – particularly from elite interviews – provides a rich empirical contribution not just to ASEAN studies, but also to the study of trade negotiations and trade policy in general. Since trade policy and trade negotiations by other ROs, aside from the EU, tends to be underrepresented, the empirical contribution

of this research will be useful for scholars wanting to understand how non-EU ROs manage their external trade relations.

1.4. Research Outline

To elaborate on this research's core arguments, this thesis is structured into seven chapters, including the introduction and conclusion sections. Following *Chapter 1*, *Chapter 2* presents a systematic analysis regarding the regional organisation's trade diplomacy and the gaps within the literature. In a way, this chapter partially serves as an argument regarding the need to construct a framework for explaining the trade diplomacy of regional organisations since it highlights the limitations of existing works. Specifically, this research builds from two strands of literature, previous studies on *comparative regionalism* and *economic diplomacy*, with a specific focus on trade diplomacy by regional organisations. The comparative regionalism literature provides the basis for understanding regional comparison and the approaches used to explain differences and similarities between them while the trade/economic diplomacy literature highlights the core elements involved in explaining trade diplomacy by ROs.

Chapter 3 contains the analytical framework and operationalisation of the framework, as well as the research design and methodological choices. This chapter aims to translate the abstract concepts within this research and to justify the approach for data collection, data interpretation, and knowledge-building process, which are employed throughout the research. A section within this chapter also introduces the analytical framework that is used to compare the EU and ASEAN's trade diplomacy, consisting of three core elements: trade actorness, processes, and goals which also serve as the basis for the empirical chapters. *Chapter 4, 5, and 6* are the empirical chapters, each focusing on comparing a specific aspect of the EU and ASEAN's trade diplomacy. Chapter 4 compares the EU and ASEAN's actorness in trade, Chapter 5 focuses on the EU and ASEAN's trade diplomatic processes, and Chapter 6 elaborates on the trade diplomatic goals of the EU and ASEAN. Within each chapter, is also a brief analysis on the causes of differences and similarities in the EU and ASEAN's trade diplomacy.

Chapter 7 is a synthesis and conclusion of the main findings in the previous chapters and aims to provide a more detailed analysis on the determinants of differences and similarities in the EU and ASEAN's trade diplomacy. It also introduces a diagram which ties up the whole discussion within the thesis and summarises the overall findings. This chapter also elaborates on what these findings mean for the larger academic literature and identifies specific areas for further research.

Chapter 2 – Reviewing the Literature: External Relations and Economic Diplomacy of Regional Organisations

2.1. Introduction

As briefly mentioned in the introduction section, the growing practice of trade diplomacy by regional organisations is not matched by the academic literature in this area, which this research hopes to fill. In doing so, this research builds from two streams of literature: *comparative regionalism* and *trade & economic diplomacy*, employing several interrelated concepts from both literatures to form a general analytical framework. Within these streams of literature, no single framework can be found specifically on the study of trade diplomacy of ROs and hence, the need to combine multiple concepts to explain the research object.

The purpose of this chapter is to present a review on the existing literature regarding regional organisations' trade diplomacy, and based on the systematic analysis, *three main limitations* are identified. *First*, comparative regionalism suffers from the lack of commonly agreed 'real comparators' in doing pure comparative research, and hence, often needs to borrow concepts from other fields. While there has been some progress towards workable concepts, more analytical tools are needed, particularly in comparing the *external* dimension of regionalism projects. *Second*, although the literature on the external dimension of ROs does exist under the umbrella term 'actorness', it often fails to take into account the *issue-specific* nature of RO's external relations and so far, there are only a limited number of studies outside of the European Union context. *Third*, while trade & economic diplomacy as a practice is not new, this area of research is relatively new with many limitations in its theoretical frameworks, particularly those relating to regional organisations' external economic relations. Current frameworks focus only on states and to a certain extent, the EU, which may not always apply to other ROs.

With these limitations in mind, this research proposes a new conceptual tool to compare regional organisation's trade diplomacy by combining these two strands of literature since no single strand of literature is adequate in explaining this phenomenon. Regionalism studies offer the best explanation for regional

organisations' external behaviour, *why* they undertake specific actions and why differences or similarities exist between them while trade & economic diplomacy literature can provide detailed accounts on *how* ROs engage in these external economic relations and the foreign policy/diplomacy calculations behind it. A graphical illustration of this research's theoretical flow is depicted below:

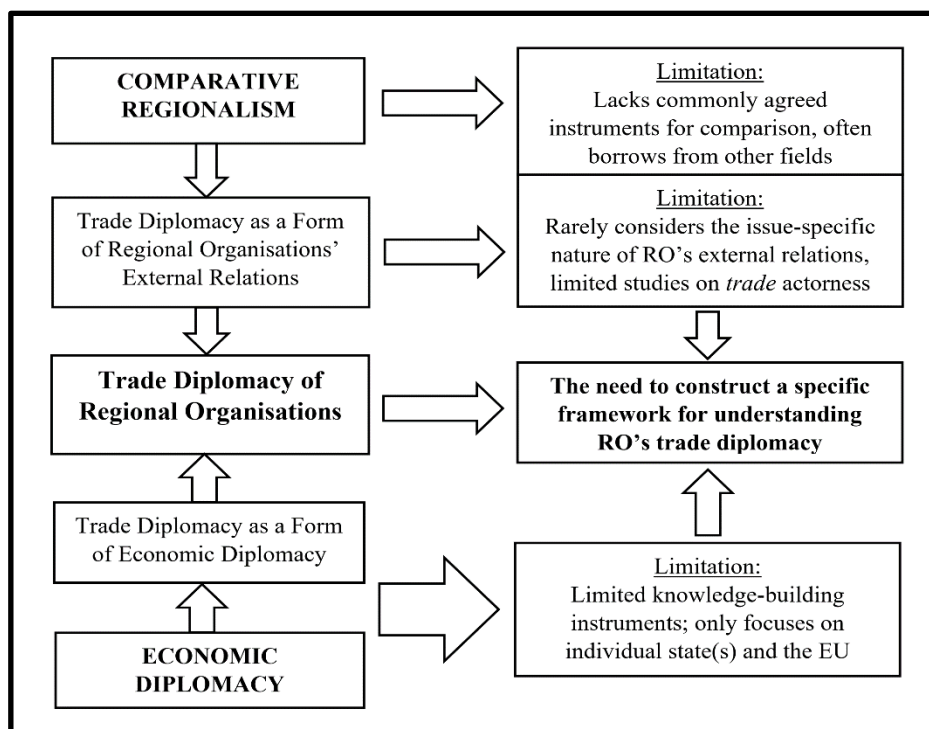


Figure 2.1. Theoretical Flow of the Literature Review

To further elaborate on this figure, this chapter is divided into three main sections. The first section explains the comparative aspect of regionalism studies by highlighting the core issues in comparative regionalism, common approaches employed to explain differences, and similarities between regional organisations and the external dimensions of regional organisations. The second section focuses on trade & economic diplomacy by explaining its core concepts, strands and main approaches, and includes a critical assessment on the specific strand of economic diplomacy – the trade diplomacy of regional organisations – which is the main focus of this research. Lastly, the final section concludes the discussion and provides background for the subsequent chapters.

2.2. Regions and Regional Organisations in Comparative Perspective

Like most comparative studies, comparing variables is often difficult due to the multiple variables involved. Specifically for comparative regionalism, scholars face three crucial problems in undertaking the comparative analysis, the *why compare*, *what to compare* and *how to compare* problems.

2.2.1. Problems of Comparison in Comparative Regionalism

The problem with comparing regions is that they are highly diverse. Regions differ in almost every aspect, making comparison nearly impossible and thus may not generate 'real' results. The logical reasoning for this rejection lies in the perceived idiosyncrasies of regions and thus each region is often considered *sui generis* – or unique – in their own right. Some scholars, however, have argued that there are enough similar traits among regions to make comparisons possible (Laurson, 2010). Generally, scholars who have tried to compare regions begin by pointing out the logical reasoning for comparison (i.e. similarities in characteristics or behaviour) before doing the 'real' comparing process (see for example Cuyvers 2002; Beeson 2006; Murray & Moxon-Browne 2013; Murau & Spandler 2016). Other scholars also point out that differences in this 'why compare' debate can be traced back to the scholars' epistemological positions, where the rejection of comparison is basically 'an idiographic defence against the generalising ambitions of deductive nomothetic social science' (Warleigh-Lack & Rosamond 2010 pg. 996). However, there seems to be a growing agreement between regionalism scholars that what is or what is not comparable depends on the research question and research design (De Lombaerde et al., 2010; Laurson, 2010). While several regional components may be difficult to compare, other components are, indeed, comparable, assuming that the overall comparison process is conducted within the scientific parameter.

Compared to the *why* question, the *what* and *how* questions pose larger challenges for scholars of comparative regionalism. The 'what' question mostly has to do with the ontology or the object of study while the 'how' question is linked to the epistemological concerns or how knowledge is generated within a field of study. These problems also exist in classic regionalism studies but become much more complex when taken into the comparative context. In terms of ontology, comparative regionalism is faced with the problem of conceptual

clarity. Earlier scholars such as Nye (1968) have pointed out the 'fuzziness' of regionalism concepts as a problem for doing comparative research since multiple terms such as 'regions', 'regionalisation' and 'regionalism' have been interpreted in multiple ways. In earlier studies, regions are based on their geographical proximity, social-political-economic interactions, cohesiveness, historical origins, shared identities, regional project-building, and other forms of similarities. However, these parsimonious attempts to define regions seem to have come to an end since researchers nowadays agree that there are indeed, no 'natural' regions and the definition of region differs according to the question being researched (Hettne, 2005). Similar to Hettne, De Lombaerde (2011) accepts the use of loose definitions in comparative studies, but argues that there is a convergence in defining and understanding regionalisation and regionalism, which adheres to Soderbaum's definition of the term:

"Regionalism' represents the *policy and project*, whereby state and non-state actors co-operate and co-ordinate strategy within a particular region or as a type of world order. It is usually associated with a formal programme and often leads to institution building. 'Regionalisation' refers to the *process* of co-operation, integration, cohesion and identity creating a regional space (issue-specific or general)" (Soderbaum 2009 in De Lombaerde 2011 pg. 678)

Although not fully resolved, it can be said that there is some degree of agreement in understanding and using the various concepts of regionalism which can help create better comparative research. In social science, comparative research can only be done if the concepts being compared are 'similar' (Basedau and Kollner, 2007) and they 'must share a set of relevant descriptive attributes or dimensions' (Gerring and Thomas, 2005). However, the problem with comparative regionalism is that despite the clear(er) definitions, it is still difficult to set clear indicators and parameters when discussing regionalism or regional integration. Nye (1968) lists three types of integration, namely economic, social and political integration with different indicators for each type. Nye's work is perhaps the first attempt to fully formulate a comparative framework in regionalism studies. However, Nye's study uses quantitative data sets such as exports, budgets, number of staff and gives little attention to the non-material elements of regionalism. As a result, other scholars have also tried to create indicators, parameters, and other forms of measurements and explanations to

understand regionalism. However, the problem is that when different scholars use similar concepts but have different interpretations and measurements, it is unlikely that these researches can complement each other since they speak a different 'language'. One way to overcome this conceptual problem is to borrow well-defined concepts from other fields, such as demonstrated by Borzel's use of the *governance* approach in explaining regionalism in the EU (Börzel, 2011; Borzel, 2016), Hameiri's use of *state theory* and *political geography* to explain comparative regionalism in Asia and Europe (Hameiri, 2013), and Murau & Spandler's use of *statehood* to explain EU and ASEAN's actorhood (Murau and Spandler, 2016). Since other fields of study often have more well-defined concepts, indicators and/or parameters, borrowing these theoretical tools may assist in creating a more defined, valid and robust research.

The last and perhaps, most difficult, is the *how* problem in comparative regionalism. Broadly speaking, the *how* problem is divided into two clusters, the *methodological* problem and the *theoretical* or framework problem. In terms of methodology, all studies on comparative regionalism will generally fall into quantitative, qualitative, or a combination of both. Any comparative study can be classified as either nomothetic or relying on numbers (quantitative) and idiographic or relying on prose (qualitative)⁵ (Gerring and Thomas, 2005). Quantitative research is potentially more precise and explicit since it is naturally comparative due to the existence of scales (Gerring and Thomas, 2005), and hence, many scholars in comparative studies favour this methodology. A quantitative approach is mostly appealing to scholars who focus on economic regionalism, given the magnitude of economic data and the number of regions or countries to be covered. However, a quantitative approach lacks the ability to explain complex changes (Hameiri, 2013) and the choice to quantify some social science concepts may actually make the concept lose its richness in meaning, and thus, the qualitative approach may be more appropriate in this case since it offers more depth (Gerring and Thomas, 2005). Since the shift from old to new regionalism, and particularly to comparative regionalism,⁶ scholars treat

⁵ A qualitative study can also rely on numbers, as long as it does not correspond to a certain scale.

⁶ Old and new regionalism denote a classification in the temporal and theoretical development of regionalism studies. Old regionalism signify regionalism projects during the 1950s up to

regionalism as a multidimensional affair (not just an economic one), and qualitative approaches seem to be used more often.

However, the qualitative approach in comparative regionalism is also problematic since it faces two major problems: the problem of sampling and interpreting results. Sampling is difficult in comparative regionalism since the size of the population itself is limited. Early regionalism scholars faced the problem of the EU as *sui generis* and often being the only case (n=1), making any form of generalisation nearly impossible. This lack of comparable cases led to the growing use of case study methods, creating tensions between regional specialisation and comparative analysis, where the former is more dominant (De Lombaerde et al., 2010). In fact, most books on comparative regionalism are a collection of multiple case studies, where 'real' comparative analysis is only done either in the introduction or conclusion of the book (Fioramonti and Mattheis, 2016).

Furthermore, the fuzziness of concepts in regionalism also creates problems when choosing case studies, particularly in deciding the appropriate boundaries and criteria for comparison (Genna and Lombaerde, 2010). In other words, comparative regionalism is also prone to selection bias or lack of objectivity in selecting samples. Due to the limited case studies, comparative regionalism may also face difficulties in interpreting and analysing results, as well as making generalisations. Most comparative studies suffer from what Lijphart (1971) defines as the 'many variables, small number of cases' problem and comparative regionalism is also susceptible to this since it deals with many theoretical explanations (Genna and Lombaerde, 2010). Many theoretical explanations mean that multiple variables need to be tested, and with a limited population, this can be quite hard to do.

In terms of theoretical explanations, the biggest concern for comparative regionalism is perhaps, in the hegemonic status of European integration, both as

early 1990s, mostly driven by geopolitical changes following the end of World-War II and during Cold War, while new regionalism indicates regionalism projects in the 1990s, created after the Cold-War and mostly driven by globalisation forces. Comparative regionalism, on the other hand, refers more to progress in the *theoretical* development of regionalism studies, where scholars move from focusing only on the EU to include other regionalism projects as well (hence the term 'comparative'). For detailed explanation between these eras, refer to Fredrik Soderbaum's article '*Old, New and Comparative Regionalism: the History and Scholarly Development of the Field*' (Soderbaum, 2016).

a theoretical and empirical model. Due to its historical origin, Europe is often seen as the 'prototype' of regional integration and regionalism studies is skewed toward it. This is particularly true for old regionalism where most theories are designed to explain European integration, although this may be justified considering the progress of Europe during that time. In practical terms, Europe is considered as the most advanced regional integration project, overlooking the fact that the term 'advanced' itself implies some kind of race (Warleigh and Rosamond, 2006) which puts Europe in a superior position. Ironically, the effort to move away from Europe also creates bias since the EU was often used as a 'negative' example. For example, Poole's comparative research on the EU and ASEAN norms concludes that ASEAN acts as a 'resister' to the EU's norms (Poole, 2015), making 'EU's norm' a concept rather than a variable to be compared. In this sense, regionalism scholars treat the EU as a yardstick, either positively or negatively (Hameiri, 2013; Borzel, 2016) and not as a case study. Hence, 'the challenge for comparative regionalism is to both include and transcend European integration theory and practice' (Söderbaum 2008 pg 17).

To address these concerns, newer theories of regionalism such as regime theory, neoliberal institutionalism, and constructivism (encapsulated in the 'new regionalism approach') seem to have gradually lessened the dominance of European-based theory (Acharya, 2012).

A more recent work by Fioramonti & Mattheis (2016) tries to combine old and new regionalism approach to create a comparative framework which can be universally applied across regions. Based on the similarities between old and new regionalism, they suggest seven concepts to be used as comparators in doing comparative studies: the process of regionalisation, institutional design, type of regional leadership, conditions for membership, approach to sovereignty, economic, political or social drivers, and type of regional identity. Fioramonti and Mattheis use this framework to compare the European Union and the African Union, concluding that there are more differences between the two than is commonly assumed. Hence, they suggest that it is necessary to develop new tools and conceptualisation for comparative regionalism to avoid superficial generalisation of similarities across regions, in order to develop comparative regionalism as a true field of study (Fioramonti and Mattheis, 2016). However, while this framework does capture both elements of old and new regionalism, it

does not provide clear conceptual definitions and operationalisations of these comparators to be applicable to other cases. For example, the assertion of the EU and the AU's regionalism processes as 'non-linear' is unclear and confusing since it assumes that there is a linear process but does not explain what a linear regionalism process looks like.

In conclusion, there have been gradual moves toward workable concepts in comparative regionalism which have enabled scholars to make valid comparisons between regions, although more works are needed particularly in designing the commonly accepted indicators, and in several cases, parameters. Scholars in this field generally have similar understandings regarding the definition of general concepts such as regions, regionalisation, regionalism or regional identity but often differ on how they operationalise these within their research. For example, the institutional design is a commonly used concept in regionalism, but indicators for examining it are often different from one scholar to another (see for example Fioramonti and Mattheis (2016) and Acharya and Johnston's (2007) operationalisation of the term). Thus, one main challenge for scholars doing comparative regionalism research is to clarify why, how, and what they are comparing in their research.

For this research, the why, how, and what questions will be elaborated in more detail in the methodological chapter of this thesis (Chapter 3). Furthermore, this research focuses on *regional organisations* which have clearer definitions, indicators and limitations – at least in the legal and institutional terms – making comparisons relatively clearer to achieve. With this in mind, the following section discusses literature on comparing regional organisations, particularly on explaining why similarities and differences exist between them.

2.2.2. Approaches in Comparing Regional Organisations

Regional organisations can be defined as 'organisations constituted by at least two contiguous states, which define their membership therein on a regional basis and are multipurpose in scope' (Jetschke et al. 2016 pg. 2). Despite being inter-state organisations, regional organisations have, at some point, exhibit state-like features such as demonstrated by the EU institutions which mimic conventional state's separation of power (*trias politica*). However, not all regional organisations behave the same way, since they are all intrinsically different. For

example, Europe is relatively more institutionalised compared to other regions such as Asia and Africa, but Asian and African institutions offer more inclusiveness and flexibility in decision-making (Acharya and Johnston, 2007). These variations lead to the question of regional organisation's efficacy and how effective they are in solving problems, which can be traced back to their institutional design (Acharya and Johnston, 2007). In explaining what institutional design is, Acharya & Johnston (2007) suggest five main features or indicators including membership, scope, formal rules, norms, and mandate. However, while these indicators are useful in identifying the main differences and similarities between regional organisations' institutional design, they cannot explain *why* certain ROs opt for a specific design, and others do not.

In addressing this, Lenz & Marks (2016) identify four main approaches in explaining why the design of regional organisations differs from one to another: *realism, neoliberal institutionalism, constructivism, and diffusion theory*. Realism, neoliberal institutionalism, and constructivism approaches trickle down from International Relations' rationalists and critical perspectives, while diffusion theory has its roots in global governance and regionalism studies. For realists, differences between regional organisations are best explained by analysing the distribution and disparities of power between them, focusing on power-operating variables, both internally (e.g. role of hegemonic leadership) and externally (e.g. changing relative capabilities of other actors/regions) (Grieco, 1997). Existence or absence of hegemonic leadership in a certain region and how this hegemon behaves can be a good indication of the relationship among countries in that region and, consequently, shapes interaction within the regional institution. Hegemon may use side payments or incentives as ways to attain 'recognition' from other members, ensuring that they benefit from the arrangement (Grieco, 1997).

Offering a different approach, neoliberal institutionalism is concerned with growing interdependence, particularly in economic relations between states, and proposes that regional institutions are solutions for common problems stemming from these complexities (Keohane, 1984). According to neoliberal institutionalism, varieties in regional organisations are best explained by the degree of interdependence between regions since higher interdependence is more likely to result in deeper institutionalism. European integration is often used

to support this approach, where increasing complexities in economic activities have led to deeper integration within the region.

Employing a non-materialistic approach, constructivists argue that differences in regional organisations are results of variances in their internal norms, ideas and regional identities. Constructivists believe that social interactions and social norms are the basis for institutional formation and rulemaking in the regional context, which determines why certain regional organisations may prefer one system of governance over another. For example, ASEAN is characterised by decision-making process rooted in the 'ASEAN Way', a practice based in Southeast Asian culture combining a high degree of consultation (*musyawarah*) and consensus (*mufakat*) based on discreetness, informality, consensus-building, and a non-confrontational bargaining style which differs from the legalistic western model (Acharya, 2001). Historical accounts also play an important role for constructivists, where past experiences affect current perceptions and actions. For example, the EU's preference for supranational arrangements, as opposed to the intergovernmental model where states dominate, is mostly due to previous experience with regional interstate wars and thus, the need to limit to states' power.

The fourth line of inquiry is the diffusion theory, developed mostly by scholars of comparative regionalism with a specific focus on global governance and international organisations. The underlying assumption of diffusion theory is that regional organisations should not be studied independently of each other (as is the case with the three previous approaches), but rather should be viewed *interdependently* since they tend to emulate each other through interactions and diffusions (Jetschke and Lenz, 2013; Jetschke et al., 2016; Risse, 2016a). There are, indeed, several common features in most ROs such as secretariats and technical committees (Jetschke et al., 2016) and the propensity that regional trade agreements tend to cluster as a result of interdependence among countries (Baccini et al., 2015). Risse (2016) also argues that regions emulate each other in three main components: ideas of regionalism, features of RO's institutional design, and regional governance pertaining to specific issues. In terms of how these components diffuse from one to another, scholars within this stream of literature suggest several channels including competition (regions compete for resources and ROs cater to this), learning (observing other ROs) and emulation

(ROs follow global trends on how to 'behave') (Jetschke and Lenz, 2013). In recent years, diffusion theory has become more influential in explaining not only similarities between ROs, but also in understanding interactions between regions (inter-regionalism) and what this means for global governance.

Comparing these four approaches, it can be observed that each approach offers different reference points for comparing ROs. Realism and neoliberal institutionalism offer material/tangible accounts as the starting point of analysis while constructivism focuses on ideational/non-tangible components in analysing ROs. Diffusion theory, on the other hand, can be seen as a combination of both, since diffusion may occur through a tangible-based process such as economic coercion/incentives or ideational forces such as the adaptation of regional/global norms by ROs. However, seeing that one feature of comparative regionalism is how it views regional governance as located between the multi-layered global governance (Soderbaum, 2016), another acceptable way to classify and operationalise these approaches is by looking at the *source*, whether *internal* or *external* to the region. For example, internal norms, regional power configurations, regional interdependence, and internal distribution of authority are determinants that can be found within the regions/ROs while diffusion from other ROs and extra-regional power configurations are external to regions/ROs. This classification also suits this research's object (RO's trade diplomacy) which sits between the national, regional and global level of governance.

Although it is still debatable as to which determinant is more dominant (internal/external), it is safe to say that both internal and external factors are important in analysing the differences and/or similarities between different ROs. Thus, this classification is useful in explaining why regional organisations differ from each other and will be integral to this research since it will be used to explain why there are similarities and differences between the EU and ASEAN's behaviour and their management of specific issues. In clustering and operationalising these determinants, a more detailed discussion will be presented in Chapter 3 regarding methodology and research design.

Summarising the last two sections (Section 2.2.1 & 2.2.2), it can be argued that there has been some progress in the study of comparative regionalism and some degree of agreements regarding core concepts. However,

divergences still occur in several aspects, particularly regarding the measurements of regionalism projects which drive scholars to borrow concepts from other fields of study. Disagreements also occur regarding the main causes of similarities and/or differences in regional organisations institutional designs, their internal workings, and collective regional governance. Another noticeable gap in this literature is also on how it focuses largely on the *internal* dimension of regionalism and tends to overlook the *external* dimension of regional projects. Addressing this limitation, the following section investigates academic literature focusing on the external dimension of regionalism projects, owing mostly to scholars within EU Studies.

2.2.3. External Dimension and Actorness of Regional Organisations

While there have been numerous studies of the *internal* dimensions of regionalism, both independently and comparatively, not much can be found on the *external* dimension of regionalism. 'External dimension' in this sense refers to the extra-regional effects that ROs have and the means through which these effects are projected. The most straightforward way of analysing an RO's external dimension is by looking at its external relations or policies to see what effect it has on its environment. However, in conducting relations with other parties, regional organisations differ from states, who are often considered as single and unitary actors and thus, is often treated as such.⁷ Regional organisations, on the other hand, are composed of many states, with multiple goals and interests and hence may not always appear single or unitary in international affairs. Even for a supranational institution like the EU, problems of coherence and cohesiveness remains a challenge, yet alone for intergovernmental organisations such as ASEAN. In explaining the position of regional organisations and the kind of external relations that they engage in, scholars have used different approaches, terminologies, and indicators, implying the complexity of the issue.

The terms 'presence', 'coherence', 'actorship', 'actorness' and 'actor capability' have all been used by various scholars to explain the regional organisation's external representation. By the 1990s, the term *actorness* was

⁷ It should be noted that not all IR approaches view the state as a unitary actor. Some view states as fragmented with different emphasis on the different actors within.

perhaps the most dominant, gaining popularity among scholars of regionalism, particularly in European integration studies. Historically, the concept of actorhood was first used to explain the increasing presence and role of the European Commission/European Union (EC/EU) in the international arena (see for example Sjöstedt, 1977; Taylor, 1982; Allen and Smith, 1990; Ginsberg, 1999; Bretherton and Vogler, 1999; Bretherton and Vogler, 2006). Initially mentioned in the 1970s, actorhood tries to capture the growing changes in the international environment where nation-states are no longer the only actors in international relations (Drieskens, 2017). Actorhood itself, is a muddy concept since its root word 'actor', is also a debatable concept in international relations as there is still no consensus on what constitutes as an actor in international relations (Drieskens, 2017). Sjöstedt (1977) defines actor capability as 'a measure of autonomous unit's capacity to behave actively and deliberately in relation to other actors in the international system' (pg.16). Despite not precisely using the term actorhood in his work, it was this definition that trickled down to form the current literature's definition of actorhood (Drieskens, 2017).

Generally, analysis of actorhood can be approached by two lenses: paradigm-driven and unit-driven (Dojdo, 2008). Paradigm-driven focuses on explaining how the international system works, whom the significant actors are and not necessarily explaining what constitutes as an actor (Dojdo, 2008). One major example of the paradigm-driven analysis is the realism approach which rests on the assumption that the international system works based on anarchy and that nation-states are the most important actors. Conversely, the unit-driven approach focuses on the actor as a unit of analysis, rather than the system. Most studies on actorhood adopt this approach by systematically trying to explain what actor and actorhood are, and by setting out pre-defined criteria. For example, in answering the fundamental question of what constitutes as an actor, Bretherton & Vogler (1999) suggest examining it through the legal-formal and political lenses. In international law, the status of 'international actor' can be attained through the conferment of legal personality to an entity since legal actorhood comes with the right to participate, to have obligations, and to be held responsible by other actors (Bretherton and Vogler, 1999). However, legal actorhood alone is not enough to guarantee an actor's influence and relevance since a legal entity can have weak or no influence at all (e.g. a failed state), while non-legal

personalities can have large influence through informal recognition by other parties (e.g. a quasi-state). Actors are also more likely to be relevant when they possess actor capability, rather than mere formal recognition (Gehring et al., 2013). Hence, aside from the legal criteria, one must also examine the behavioural or trait criteria of an actor.

In their work, Bretherton and Vogler (1999, 2006) suggest three components for assessing behavioural actorness: opportunity, capability, and presence. Opportunity captures the external dimension of actorness, referring to the material, ideational, and ideological forces which can be either conducive or detrimental to an entity's actorness. In response to this opportunity, an actor must possess the capability to respond effectively to these outside forces. Lastly, presence signifies the ability to exert influence by 'just being there'. Presence was also an important notion in Allen & Smith's (1990) work on actorness, although they slightly differ on the definition. According to Allen & Smith (1990), presence is defined by a combination of factors: 'credentials and legitimacy, the capacity to act and mobilise resources, the place it occupies in the perceptions and expectations of policymakers' (pg. 21). Factors can be either tangible or intangible, while perceptions can be either negative or positive, which then determines the position of the actor within the system. Allen & Smith also assert that presence is not the exclusive domain of 'actors' (e.g. states, individuals and institutions), but can also denote 'ideas, notions, expectations and imaginations' (pg.21). This approach differs from most accounts of presence which focus mostly on 'tangible' actors.

Due to the EU's domination in the actorness' research agenda, the subsequent research regarding actorness was mostly used to explain the EU's actorness, and most literature on actorness is really 'EU actorness'. Currently, there is very limited study on non-EU actorness, and even when there is, it is mostly *in comparison with* or *in relations to* the EU's actorness. Furthermore, non-EU studies on actorness tend to be measured on how well they conform or reject the notion of state actorness (or state-ness), which the EU seems to favour (Hulse, 2014). Several studies have indeed tried to explain the actorness of other regional organisations, such as in Asia (Doidge, 2008; Wunderlich, 2012b; Murau and Spandler, 2016; Mattheis and Wunderlich, 2017), Africa (Adelmann, 2009; Hulse, 2014) and America (Mattheis and Wunderlich, 2017), including

introducing the use of actorness in analysing non-state organisations (Aydinli, 2015). However, these studies are, once again, done in relations to the EU or in comparison to the EU.

One of the few studies which exclusively analyses regional actorness outside of the EU is Hulse's comparative research on the Southern African Development Community (SADC), and the Economic Community of West African States (ECOWAS)'s international *trade* actorness. Building on various frameworks of actorness, Hulse suggests that the 'actor quality' of ROs is a combination of presence, decision-making, preference convergence, capabilities and, identity. *Presence* in Hulse's framework follows Allen and Smith (1990) and Bretherton & Vogler's (2006) interpretation of the term, defining it as 'a consequence of being' and the acceptance of the ROs by outsiders, including in their expectations of the ROs. *Decision-making* and *preference convergence* are closely related in Hulse's framework since effective decision-making is only useful when it leads to preference convergence. While institutionalisation, supranationalism, and majority-voting are generally more useful in decision-making, this does not mean that supranationalism will automatically lead to higher actorness since there are instances where intergovernmentalism can also lead to an effective decision-making process (Hulse, 2014). Preference convergence itself stems from the basic notion of interest, which is a function of shared identity and material considerations and is closely related to unity or cohesion, which may also affect an actor's external effectiveness.

In defining *capabilities*, Hulse uses a set of external instruments, borrowed from Börzel & Risse's (2009) framework on moral diffusion, as a way to operationalise an actor's capabilities. Hulse introduces three types of mechanisms for external actions by regional organisations: coercion, incentivisation and moral suasion. Coercion includes punitive activities such as litigation and military intervention, incentivisation is positive/negative inducements such as sanctions and provisions of technical assistance, while moral suasion is dialogue-based activities such as lobbying and political workshops. For the last element, *identity*, Hulse adopts Wendt's (1994) understanding and classification of the term, by differentiating between the corporate and social identity. Corporate identity refers to the 'intrinsic, self-organising qualities that constitute actor individuality' (Wendt, 1994 pg. 385),

which for ROs are roughly the same since they all seek to consolidate regional resources to maintain international stability and obtain larger gains for their member states (Hulse, 2014). What separates ROs is their social identity, defined as the ‘meanings that an actor attributes to itself while taking the perspectives of others’ (Wendt, 1994 pg. 385), where for ROs, will vary depending on the kind of social actor the ROs wishes to be. For example, a regional organisation who champions itself as a democracy may favour international intervention in support of worldwide democratic governance, while an RO with an underlying non-interference identity may be opposed to this idea. In summary, Hulse’s framework is outlined below:

Table 2.1 Hulse’s Conceptualisation and Operationalisation of Trade Actorness

Component of Trade Actorness	Definition & Conceptualisation	Operationalisation
Presence	The impact of an RO on its external environment, simply by ‘existing’	- Global trade share - Participation in a global trade organisation
Capabilities	Institutionalised means to an end, consisting of RO’s budget and external instruments directly under the RO’s control	- RO’s budget - External instruments consisting of <i>coercion</i> (e.g. litigation, military interventions), <i>incentivization</i> (e.g. technical assistance) and <i>moral suasion</i> (e.g. lobbying & workshops)
Decision-making	Decision-making model leading to better preference convergence	- Decision-making model (e.g. intergovernmental or supranational) - Presence or absence of regional leadership
Preference Convergence	Likelihood of interest convergence, leading to a higher level of actorness	- Similarity in positions and interests
Identity	Exclusivity of the region; relating to the differentiation between ‘self’ and ‘others’	- Corporate identity - Social identity

Source: Hulse (2014)

One major distinction between Hulse’s work and other previous works is in her view regarding preference convergence, where she sees that preference convergence and interests cannot be treated as similar across different areas of

cooperation. For example, similarities in economic interest may not necessarily extend to security or political interests, meaning that actorness cannot be generalised across different areas of external cooperation. Hence, Hulse also suggests the need to treat actorness as *issue-specific* since it can vary across different aspects of regional organisations' external relations. This is the main strength of Hulse's framework since it rightfully captures variations in RO's external actorness, which is true in many cases. For example, Gehring, Urbanski and Oberthür (2017) observe that while the EU can be externally perceived as constituting a strong market power, many scholars still perceive it as a relatively weak military power. Other ROs may also have these tendencies since it is relatively scarce for any RO (or any actors, for that matter) to display strong power, presence or cohesiveness in all aspect of cooperation.

In their seminal book, Bretherton and Vogler (2006) organise the EU's actorness and external relations based on different areas of cooperation but do not take into account the issue-specific nature of the EU's actorness. Thus, Hulse's framework can be seen as a step forward in the literature of actorness, which is also relevant for this research since both Hulse's work and this research focus only on one aspect of RO's external cooperation. For this reason, this research will use Hulse's conceptualisation and operationalisation of trade actorness since it best captures the research object.

Analysing the existing literature on actorness, several observations can be made. *First*, although the term actorness seems to be the preferred concept among scholars, there is still disagreement as to what are the specific features of actorness. A commonly accepted belief is that actorness should consist of at least the *legal* and *behavioural* aspect, with the behavioural component more crucial in contemporary global relations. *Second*, actorness seems to still be exclusive for the EU with limited use outside of it, and even when scholars do use it, it is often in comparison to or in relations with the EU. So far, only one study can be found regarding the usage of actorness fully outside of the EU, with several others using it *in relation to* or *in comparison with* the EU. *Third*, literature tends to view actorness as general and comprehensive with little separation between individual issues. The only exception is a study by Hulse (2014, 2018) who, like this thesis, proposes that actorness should be treated as issue-specific

since in many cases, ROs may be strong actors in one area of external relations, but weak in the other.

It is therefore crucial to determine the area(s) of external relations being examined, which for this research is RO's *external trade* relations, falling under the larger concept of economic and trade diplomacy.

2.3. Understanding Trade and Economic Diplomacy

The core object of this research is regional organisations' external trade relations or their trade diplomacy. Trade diplomacy is a tricky concept to pinpoint since it is often studied in tandem with other economic relations such as finance, labour or investments relations, and thus, scholars generally cluster trade diplomacy under the larger umbrella term of *economic diplomacy*. However, understanding economic diplomacy itself is a difficult task since scholars of economic diplomacy vary greatly in terms of its definitions, cluster/strands and approaches/frameworks.

2.3.1. Definitions, Strands and Approaches in Economic Diplomacy

As a practice, economic diplomacy can be traced back to the, classic diplomacy of 'war and trade' (Okano-Heijmans, 2011), including in the creation of the first overseas trade representative in the Mediterranean during the Ottoman Empire (Rana and Chatterjee, 2011). In the past, trading activities were central for early political entities, and the practice of sending trade envoys was a common practice. This trickles down to the current practice of economic diplomacy by modern-day states, despite several adjustments in the practice. There are at least three main distinctions between classic and the contemporary economic diplomacy: the issues covered, channels used, and the actors involved. Current economic diplomacy covers wider issues, ranging from investment, labour, capital, intellectual property rights, and environment, which is in contrast to classic economic diplomacy which focused mostly on trade. For the channels of communication, globalisation of technology has created newer forms of communications which help in transmitting information faster between parties. Lastly, the proliferation of actors also affects the new economic diplomacy where individuals, businesses, non-governmental organisations, consumer groups and groups of states are becoming actors in contemporary

economic diplomacy (Rashid, 2005; van Bergeijk and Moons, 2009). However, despite its long practice and increasing popularity, economic diplomacy remains an elusive concept.

In terms of definition, there is currently no consensus on what 'economic diplomacy' entails since it covers various activities, issues, and understandings. There are at least four topics of discussions regarding what economic diplomacy is, covering questions on *what* it is, *who* is doing it, what is the *end goal/purpose*, and *what activities* are included. In explaining the question of what it is, scholars differ on whether it is a strategy, a policy, a process or merely a set of activities. Okano-Heijmans (2011), for example, defines economic diplomacy as 'foreign policy practice and *strategy* that is based on the premise that economic/commercial interest and political interest reinforce each other and thus should be seen as tandem' (pg.34). Contrary to this, Rana and Chatterjee (2011) offer a narrower definition of economic diplomacy as 'plural *sets of activities* aimed to advance home countries' national economic interest' (Rana & Chatterjee 2011 pg. 3). Rana goes on to explain that economic diplomacy is the *process* through which countries tackle the outside world to maximise their national gains in all activities including trade, investment, and other economically beneficial activities in which they have a comparative advantage (Rana, 2012). Along a similar line, Woolcock (2012) sees economic diplomacy as *processes*, comprising of decision-making and negotiation in economic issues. Bergeijk and Moons (2009) also share this view, defining it as 'a *set of activities* (both regarding methods and processes) related to cross-border economic activities. Rather differently, several other scholars see economic diplomacy as policies relating to external economic relations such as Berridge & James who suggest that 'economic diplomacy is concerned with *economic policy* issues, e.g. work of delegations at standard-setting organisations such as WTO and BIS' (Berridge and James, 2003 pg. 93). Rashid (2005) also follows this understanding, defining economic diplomacy as 'the formulation and advancement of policies relating to production, movement, exchange of goods, services, labours and investment in other countries' (pg. 2).

While these interpretations may seem different, the only distinction between them is in the *order* of significance of economic diplomacy. Processes and sets of activities denote a lower level of hierarchy than policies since policies

are likely to include multiple processes and activities throughout. Strategy, on the other hand, signifies the highest position amongst them all since strategy will likely include multiple policies, processes and activities. For example, a strategy to enhance trade competitiveness is likely to include specific policies on increasing productivity, reducing cost, providing incentives for exporting activities, and at the same time, consist of multiple processes/activities in order to be implemented. Thus, defining economic diplomacy as a strategy is likely to cover all other definitions, and this is also what this research believes. Economic diplomacy should be seen as a *strategy* consisting of policies, processes and sets of activities relating to external economic relations.

The second set of question relates to *who* is doing it. While it is generally accepted that states are diplomats, several scholars see that economic diplomacy can also be done by non-state actors since many economic relations now incorporate business representatives and NGOs in their interactions (van Bergeijk and Moons, 2009; van Bergeijk and Moons, 2018). For example, trade representatives and economic negotiations always include the participation and input of non-state actors' and states increasingly rely on business associations' information to undertake external economic policies. However, other scholars believe that a better term for international economic relations conducted by non-state actors would be 'business diplomacy' or 'corporate diplomacy', thus reserving the use of economic diplomacy only for states (Saner and Yiu, 2003). In agreement with this, this thesis also holds a similar belief since if economic diplomacy is defined as a strategy, then the main actor for the execution of this multi-stakeholder strategy has to be a state, although non-state actors may also take part. Thus, the focal point and leader of economic diplomacy can only be a state or its representatives/agents, which makes them the core actor.

The third issue is regarding the end goal of economic diplomacy, where scholars differ on whether economic diplomacy is only for economic ends (Rana and Chatterjee, 2011), only for political/foreign policy ends (Berridge and James, 2003) or for both political and economic ends (van Bergeijk and Moons, 2009; Okano-Heijmans, 2011; Okano-Heijmans, 2016; van Bergeijk and Moons, 2018). This separation is indeed rather confusing and, in part, can be due to the different point of departure and how economic diplomacy is studied. For example, the notion that economic diplomacy can only have foreign policy ends is closer to

the field of *economic statecraft* rather than economic diplomacy. Economic statecraft can be loosely defined as the use of economic means to achieve foreign policy goals (Baldwin, 1985) and in fact, Baldwin mentions in his book that economic diplomacy is *not* economic statecraft since economic diplomacy implies a wider meaning (Baldwin, 1985 pg. 35). Similarly, the view that economic diplomacy can only have economic ends is closer to *foreign economic policy* (FEP), which can be defined as government actions which have an impact on other countries' economies through the production and distribution of goods, services, and other economic activities which transcends domestic borders (Okamoto, 1997 pg. 5). Although economic statecraft and foreign economic policy may be considered as parts of economic diplomacy, they are not the only elements meaning that strategic, security or economic gains should not be the only ends in economic diplomacy. Thus, this research sides with Okano-Heijmans (2016) and van Bergeijk and Moons (2018), by asserting that economic diplomacy serves both the economic and political ends.

The last issue is concerning which aspect of the economy should be included in economic diplomacy since the root word 'economy' itself is rather fluid. While the classic trade, investment, and finance issues are always included, newer forms of economic-related activities are still debatable. For example, Lee & Hocking (2010) suggest the inflow of people across border as one issue in economic diplomacy, while Woolcock (2012) includes environment and development affairs in his analysis of the EU's external economic diplomacy. To overcome this problem, several scholars have tried to develop a comprehensive list of the different strands that make up economic diplomacy, by grounding their division based on the sets of activities and sometimes, on how it is studied.

Table 2.2 Strands/Modes/Content of Economic Diplomacy

Strand of Economic Diplomacy	Types of Activity or Instruments Used		
	Lee & Hocking (2010)	Rana & Chatterjee (2011)	Okano-Heijmans (2011)
Trade Diplomacy	Formulation of global trade regulation	Formulation of trade regulation, FTAs and RTAs	Formulation of trade regulations at the bilateral and multilateral level, negotiations on tariffs, quotas, trade and investment, export-import licenses and other barriers
Commercial Diplomacy	Trade promotion, investment promotion, tourism promotion	Trade promotion, investment promotion, business support (creation of domestic and global networks), country (image) promotion/ nation branding	Trade promotion, investment promotion, business advocacy, tourism promotion, promotion of socially responsible investing
Financial Diplomacy	Creation of (and the failure of) global financial institution	Formulation of finance regulation	Currency swap agreements, exchange rate policy, buying and selling of government bonds, freezing assets, withholding dues or payments
Consular Activities	Regulating the flow of people across the border	-	-
(Negative) Sanctions	-	-	Embargo, boycott, aid suspension, capital controls, blacklist
(Positive) Inducements	-	-	Aid (grants loans, debt relief, humanitarian aid), granting access to technology, granting membership of an international organization

Source: Author's Compilation

Looking at these classifications, it can be seen that among the different strands of economic diplomacy, *trade diplomacy* and commercial diplomacy provide the clearest and most compelling strands of economic diplomacy since most scholars agree on what activities they entail.

Further examined, differing understandings of economic diplomacy can also be traced to the various views on how economic diplomacy should be approached or even debates at the epistemological level. The problem with economic diplomacy as a research agenda is not because it has many debates, but rather the contrary, it has little or no debate at all. Due to its large scope (or strands), economic diplomacy has been studied from various fields of study with limited interactions between them. The earliest of these would be from a diplomatic and foreign policy approach (see for example Mastanduno, 1998; Mastanduno, 1999; Drezner, 1999; Drezner, 2003; Blanchard et al., 2008; Lee and Hocking, 2010; Mastanduno, 2012). Despite incorporating the word 'diplomacy' in its phrase, economic diplomacy is not exclusively studied within the domain of diplomatic studies but has been studied from various areas of research, employing different methodological and theoretical approaches. For example, commercial diplomacy has long been studied from an economics & business point of view (see for example Naray, 2008; van Bergeijk and Moons, 2009; Ruel and Zuidema, 2012; Lee et al., 2013; Moons and Van Bergeijk, 2016; Moons and van Bergeijk, 2017; van Bergeijk and Moons, 2018) and trade diplomacy has been studied using a negotiation approach (see for example (Odell, 2000; Rana, 2007; Woolcock, 2012b).

The different approaches used to study economic diplomacy are useful in adding to the richness and depth of analysis, but on the other hand, the interaction between these approaches is limited. There is currently very limited work which tries to bridge or combine these approaches in a single work, resulting in a more serious problem in economic diplomacy, the lack of theoretical framework. By far, the closest attempt to fully explain economic diplomacy is done by Okano-Heijmans, who offers a conceptual framework consisting of four elements, namely context, tools, theatres, and process (Okano-Heijmans, 2011). In her work, Okano-Heijmans combines approaches from IR, IPE, economics, and diplomatic studies to explain the practice of economic diplomacy. In this framework, IR studies provide the context for economic diplomacy, answering the *when* question by explaining the national-global relationship and the power interplay between multiple actors involved. IPE studies provide the analytical tool to answer the *where* question by systematically explaining the place or arena (theatre) where various players exercise power, either bilaterally or multilaterally.

This can also include institutions both at the regional or global level. The economic approach is used to answer the question of *what* by outlining the various tools employed by states to conduct their economic diplomacy, which includes policy and other forms of activities. Lastly, diplomatic studies elaborate on the question of how by pointing out the steps to achieve specific foreign policy goals. All these what, when, where and how questions together form the basics of economic diplomacy and answer the fundamental question of *why* (Okano-Heijmans, 2011). The main goal of economic diplomacy is what Okano-Heijmans terms as 'balance of national interest', which is a combination of prosperity and stability.

Okano-Heijmans' framework is, by far, the first and only attempt at introducing a comprehensive framework for the study of economic diplomacy, and unfortunately, still lacks evidence on its applicability as a general model. This framework is built from Okano-Heijmans' research on Japan's economic diplomacy and has never been tested on other countries or other non-state entities. Another problem with Okano-Heijmans framework is its rather confusing starting and ending points, which makes it quite difficult to determine where to start and to end the analysis (Bayne, 2014). It also lacks consideration on the domestic elements since it focuses much on the inter-state level (Bayne, 2014). However, despite its limitations, Okano-Heijmans' framework signals a crucial turning point since it marks the first plausible attempt to fully theorise economic diplomacy. Overall, while economic diplomacy as a practice is becoming more prevalent, the analytical tools to explain this phenomenon remain limited due to conceptual and epistemological problems.

Summarising the discussion, two main conclusions can be made. *First*, due to its multifaceted nature, economic diplomacy lacks a solid foundation in several aspects but most importantly, on the definitional and theoretical basis. Scholars mostly focus their definition on three core elements: *who* (is doing it), (what are the) *activities/processes included* and (what are the final) *goals/objectives and* since this common thread runs in all definitions of economic diplomacy, it can also be used to construct the backbone of this research's analytical framework, with several adjustments. Theoretical frameworks are also problematic where no single theory/framework can grasp the complexities of economic diplomacy and even when they do, it is only at the state/national level, and not on other levels.

Second, considering these complexities, any research on economic diplomacy should at least be clear on the *definition*, *strand*, and *framework* being used. For this research, a more detailed discussion regarding this is presented in Chapter 3 as a part of the research analytical framework.

With this clearer perspective on economic diplomacy, the next section focuses on a specific form of economic diplomacy, the *trade diplomacy of regional organisations*.

2.3.2. Trade Diplomacy by Regional Organisations

Historically, international traders have always been diplomats (Tussie, 2013) and many forms of classic diplomacy incorporate commerce as part of their interstate activities. Brown (1914) wrote about ‘fur trade diplomacy’ in America during the 1800s, but it was not until after World War II that trade diplomacy really gained prominence, mostly due to the creation of GATT and the birth of modern global trading system. Literature during this period focused mainly on either rulemaking from legal perspectives or on the economic/commercial gains acquired from trade diplomacy and pay little attention to the individual strategy of states (see for example Hudec 1975; Lipton and Bell 1970).

In general, trade diplomacy is concerned with the management of trade regimes and market factors affecting it, with market actors actively involved in the process either tacitly or explicitly (Tussie, 2013). It is often studied in tandem with – or even in exchange of – trade policy and trade negotiation, albeit with several differences among them. *First*, trade diplomacy incorporates *both* policymaking and negotiation in its analysis (among other things) and *second*, since trade relation is increasingly becoming an integral part of modern diplomacy, it is strongly tied to foreign policy goals, which trade policy and trade negotiation literature does not focus on (or focuses on minimally). In a way, trade diplomacy can be understood as a part of foreign policy practice and strategy where trade/commercial and political interests reinforce each other, and thus, should be seen as a tandem (Okano-Heijmans, 2011). This is rather different from trade negotiation studies which focus on the internal and external factors affecting outcomes of negotiations as well as trade policy literature which explains determinants and processes of policy formulation within a given system.

Trade diplomacy in this sense sees policymaking, negotiation and (achievement of) foreign policy goals as complementary within a single continuum.

As a field of study, trade diplomacy has not progressed as fast as other classic forms of diplomacy since historically, economic and commercial issues are perceived to have a 'lower' status in diplomacy (Lee and Hudson, 2004). However, during the 1990s and early 2000s, a growing literature on economic diplomacy started to emerge, with trade diplomacy being perceived as one component of it. As a subset of economic diplomacy, trade diplomacy also faces several limitations, particularly with regards to its analytical tools. Most trade diplomacy literature focuses only on individual states or the EU (see for example Benvenuti, 1999; Hamilton, 2014; Okano-Heijmans, 2014; Chen and Garcia, 2016), while the emergence of regional organisations as trade diplomats has not been supported by corresponding theories which highlight the slow progress of this field. Within the limited literature, several notable works can be highlighted, originating mostly from studies of the EU, which until now have been the most advanced regional organisations in terms of conducting trade diplomacy. While these studies do not specifically use the term trade diplomacy, they all focus on either trade policy, trade decisionmaking, trade negotiation, or a combination of these, which all form part of trade diplomacy.

There is, however, a difference between how the EU and other regional organisations indicate their external trade choices. For example, while the EU opts to use the term trade *policy*, other regional organisations choose to use the phrase trade *decisionmaking* process. The main reason for this is because, for most regional organisations, the term trade policy is reserved for individual member state's actions rather than collective actions through regional groupings. Despite this minor difference, the core activities remain the same, essentially on how external trade decisions are made involving different actors within the regional organisations. For non-EU regional organisations, the literature on external trade decisionmaking focuses solely on how trade decisions are formulated, authorities are distributed, and different actors are involved within the systems. This includes various studies on trade decisionmaking in ASEAN (Chng, 1990; Yi-Hung, 2010), SADC (Adelmann, 2009; Moyo and Manyeruke, 2015), Mercosur (Pena and Rozemberg, 2005) and sometimes, a comparison between these organisations (Hulse, 2014). These studies use various

theoretical approaches including rational choice theory (Yi-Hung, 2010), institutional-based analysis (Pena and Rozemberg, 2005) and decisionmaking models (Moyo and Manyeruke, 2015), which highlights their different analytical lens. Despite variations in their theoretical approaches and analyses, this area of research does not gain too much traction and is often outdated (as evidenced by the publication dates), perhaps owing to the slow progress of regionalism within these regions. This is in contrast with the research on EU trade policy, which is among the most vibrant area of research within the EU studies.

Within the EU, trade policy is often seen as the most integrated, independent, and prominent area of the EU's policy due to its historical role in the EU integration (Meunier and Nicolaidis, 2011; Vanhoonacker and Pomorska, 2011). Moreover, trade policy is often noted as the main source of the EU's civilian, or non-military, power on the global stage, making the EU not just a global power in trade but also through trade (Meunier and Nicolaidis, 2011). The EU's trade policy research focuses on multiple areas including the evolution and development of the EU's trade competence/authority (Meunier, 2003; Woolcock, 2011; Kleimann, 2011; Orbie and Kerremans, 2013), the role of different EU institutions in trade policy (Dür et al., 2015; Eagleton-Pierce, 2018; Nilsson, 2018; Rosen, 2018; Garcia, 2018), the social dimension of the EU trade policy (Van Den Putte, Orbie, et al., 2015; McKenzie and Meissner, 2017), and the EU in international trade negotiations (Meunier, 2007; Elsig, 2007; Elgström, 2007; Larsén, 2007; Dür, 2008; da Conceição-Heldt and Meunier, 2014; Meissner, 2016). These numerous studies and varying focuses highlight the richness and rapid progress of the EU trade policy literature.

One notable development in the EU's trade policy literature, which is relevant to this research, is in the emergence of studies that focuses on the relationship between trade policy and foreign policy which is in line with this research's underlying assumption. Smith (1994; 2001; 2018) and Peterson (2007) are amongst the first and most prominent scholars to document and advocate this relationship, and although several scholars have argued that the EU's trade and foreign policy remains incoherent and unconsolidated (Bossuyt et al., 2020), debates on the relationship between the EU's trade and foreign policy continue to develop. More recently, the term 'non-trade policy objectives' or NTPO was introduced to explain the pursuit and achievement of non-trade

goals in the EU's trade policy (see for example Basedow et al., 2020; Yildirim and Basedow, 2020; Borchert et al., 2020), which once again highlights the close linkage between trade and foreign/political goals in EU's trade policies.

Another common feature in the discussion of the EU's trade policy is the tendency to treat trade negotiations as part of the EU's trade policy, where many scholars discuss the two in close linkages with one another (see for example Damro, 2007; Dür and Zimmermann, 2007; Dür, 2008). The underlying reason for this is the EU's institutional structure where international trade negotiations by the EU are mostly shaped by the internal distribution of trade authority and thus is highly prone to shifts in trade policymaking.

This is rather different from the literature on trade negotiations of other regional organisations which tends to separate between (internal) trade decisionmaking and (external) trade negotiations. For example, Selmier and Oh (2013) discuss the strategy of value-claiming and value-creation in ASEAN's trade negotiations with little concern about their internal trade decisionmaking process. Similarly, Das's (2014) discussion on the growing use of ASEAN FTAs also focuses only on the economic gain and negotiation side of the agreements with little emphasis on the internal policymaking structure. Botto and Bianculli's (2016) study on the asymmetric negotiations by Mercosur and its external partners also continues this pattern, with analysis focusing mainly on the negotiation gains, losses, and bargaining processes.

Another stark comparison between EU and non-EU's trade decisionmaking/policy and negotiations process is in the amount of literature dedicated to each. For the EU, numerous studies can be found covering various aspects while for the non-EU studies, only few literatures can be found. This is perhaps due to the fact that the EU's historical origins predate that of most other organisations and has evolved faster in terms of its trade policymaking and negotiation processes compared to other regions. However, these differences demonstrate the fact that literature on regional organisations' trade diplomacy tends to be clustered into the EU and non-EU camps, with several differences between them. Furthermore, the EU literature also tends to dominate, both in terms of quantity and variations of analysis, which makes it rather influential for this research.

Of main importance to this thesis is Woolcock's extensive study on the economic decision-making and negotiation process of the EU or what he defines as *EU economic diplomacy* (Woolcock, 2012a). Although not specifically focusing on trade diplomacy and using a different definition of economic diplomacy from this research, Woolcock's research remains highly relevant.⁸ In his study, Woolcock argues that the EU's trade diplomacy is shaped by six factors: external drivers, economic power, recognition, normative power, decisionmaking regime, and coherence. Using these six factors as a benchmark to compare between the different EU policy areas (e.g. trade, finance, development and environment), Woolcock concludes that trade is the policy area where the EU is most effective and suggests that the EU is fairly efficient in trade decisionmaking and negotiation. These six factors which form the basic analytical framework for the EU's trade diplomacy is perhaps the first and only analytical framework to explain trade diplomacy by regional organisations. However, Woolcock did not elaborate much on the operationalisation of this framework, making it difficult to be replicated in other studies. Furthermore, it builds *only* from the EU experience, making it difficult to be tested outside of the EU. For example, normative power as one of the core factors, is highly distinctive of the EU, which is difficult to replicate by other regional organisations, and thus, while this framework may be useful, several adjustments are still required.

One interesting observation, however, is that Woolcock's six factors slightly mirror the core elements of *trade actorness*, as suggested by Bretherton & Vogler, (1999; 2006) and Hulse (2014) which indicates the close connection between trade diplomacy and regional organisations' actorness. Woolcock's 'economic power' and 'coherence' closely mimic 'trade presence' and 'preference convergence' in Hulse's interpretation of trade actorness, while 'normative power' is a combination of 'identity' and 'capabilities' in Hulse's operationalisation. Decisionmaking regime is present in both frameworks while 'external drivers' and 'recognition' correspond to Bretherton & Vogler's general understanding of actorness. As it will become more evident in the next chapters, trade actorness is one of the core elements in RO's trade diplomacy since it

⁸ Woolcock defines economic diplomacy as decisionmaking and negotiation in economic issues. Extending this to trade, then trade diplomacy by Woolcock can be interpreted as decisionmaking and negotiation in trade issues.

denotes the external façade of ROs which is less relevant in the case of an individual state. Although an individual state may also be incoherent (or less of an 'actor') at times, the degree tends to be lower compared to that of ROs therefore making trade actorness highly relevant for understanding trade diplomacy by ROs.

So far, this section has discussed literature that focuses on trade diplomacy by regional organisations, albeit not specifically using the exact term. However, these studies only explain *part of* trade diplomacy by focusing on only one or several activities of trade diplomacy (i.e. policy/decisionmaking, negotiation or both), or focusing only on the EU with little applicability outside of the region. If we take into account the definition of trade diplomacy as a practice and *strategy*, then it should at least include other components aside from these activities. Trade policy/decisionmaking and negotiations only cover activities and processes with little insights regarding political goals, and thus, illustrate the need to also add a political/foreign policy dimension to the analysis. However, since regional organisations do not behave in the same way as states, a classic foreign policy approach may also not suffice, and hence, this research also assesses the regional dimension of trade diplomacy by elaborating on the external aspect of regional integration. Thus, by evaluating and combining literature from comparative regionalism and trade & economic diplomacy, this research seeks to construct a specific framework to explain the trade diplomacy of regional organisations.

2.4. Conclusion

The purpose of this chapter has been to evaluate the existing knowledge on comparative regionalism and trade diplomacy to identify concepts, frameworks, and theories relevant for this research and assess whether gaps exist within the current literature. A systematic analysis of the literature suggests that several limitations can be identified within the literature, which this research expects to address. Two limitations are pertinent to comparative regionalism studies, the first being the absence of commonly agreed comparators amongst scholars and the second being the lack of studies on the external dimension of regionalism projects. Although the literature on actorness as a manifestation of RO's external dimensions has been developed, it tends to focus on the EU and

often fails to acknowledge the issue-specific nature of RO's external relations. A third limitation relates to the literature on trade & economic diplomacy, where existing frameworks and theoretical models are either partial or only applicable to states or the EU, with limited relevance outside of these actors.

Extending these limitations to this research, a comparative study of the EU and ASEAN's trade diplomacy would be relatively difficult to do if relying *only* on the currently existing analytical tools. While several tools and concepts may be applicable, several adjustments and expansions are also needed in order to explain the research object. Building on this, the next chapter elaborates on these by introducing this research's analytical framework and how it will be operationalised and interpreted throughout. It also discusses the methodological challenges and limitations of this research to provide a comprehensive picture regarding how the overall research is executed.

Chapter 3 – Analytical Framework and Research Design

3.1. Introduction

The previous chapter has pointed out the limitations and inadequacy of existing frameworks and literature in explaining the research questions, and therefore, justifies the need for a new framework of analysis. This chapter deals with this issue by introducing the analytical framework used for this research and how it will be operationalised throughout the thesis. The framework itself is a synthesis of several concepts drawn from economic diplomacy and regionalism literature, as well as concepts developed through this research's data-gathering and data analysis process, employing both deductive and inductive logic. The result is a framework that describes and compares regional organisations' trade diplomacy, which is then operationalised in the case of the EU and ASEAN. Similarities and differences between the two are identified via this framework, and a separate concept on determinants of regional organisations similarities and differences is employed to explain why the EU and ASEAN are similar and different in their practice of trade diplomacy. The analytical framework is designed to answer the *who*, *how* and *what* questions of the EU and ASEAN's trade diplomacy while determinants of similarities/differences are used to answer the *why* question with regards to comparisons between RO's trade diplomacy.

Closely related to a research's analytical tool is its methodological choices and research design which together determine how research is managed, scientific procedures are adhered to, and most importantly, how knowledge-building is developed throughout the research process. For this research, a comparative approach with two case studies was chosen, and qualitative data analysis with hybrid deductive-inductive reasoning was used for inference building. This approach was chosen since the research object relates more to non-numerical data, and the comparative method was the best approach to test the applicability of the framework in two least similar organisations. Furthermore, the EU and ASEAN were chosen as case studies since they best represent the overall population, owing to their distinct institutional characteristics which are often seen to sit in two separate spectrums of regional governance. Lastly, the inductive-deductive process for inference building was chosen since it best fits

the characteristics of this research which relies on pre-formulated frameworks for analysis but also needs to cater for flexibilities throughout the data collection process.

The analytical model, methodological choices, and research design will be the focus of this chapter, before moving on to the empirical chapters of this thesis.

3.2. Analytical Framework of Research

3.2.1. Conceptualisation of Research Framework

As previously mentioned, the primary purpose of this thesis is to compare, explain and analyse the trade diplomacy practices of regional organisations by looking at two major ROs, the European Union and Association of Southeast Asian Nations. In doing so, this thesis builds from two strands of literature: trade & economic diplomacy literature and studies on comparative regionalism. Trade & economic diplomacy provides the main components for comparison, while comparative regionalism literature offers the basis for comparison between regional organisations and assists in explaining why similarities and differences occur between them.

To encapsulate trade diplomacy, this research adopts the definition proposed by Okano-Heijmans (2011, 2012) who sees economic diplomacy as 'foreign policy practice and strategy that is based on the premise that economic or commercial interest and political interest reinforces each other and thus should be seen as tandem' (pg.34). The main reason Okano-Heijman's definition is preferable is due to its inclusive interpretation, which sees economics and political affairs as intertwined. As will be evident in the discussion, states and groups of states do not engage in trade activities only for economic gains, but rather with the intention of pursuing other non-economic agenda as well. Furthermore, as discussed in Chapter 2, any analysis of trade diplomacy should at least incorporate three main elements: the actors or representative agents, the processes involved, and the goals to be achieved (Section 2.3.1). Building from this understanding, this research suggests a framework consisting of the three main components – trade actorness, processes, and goals of trade

diplomacy – where each of these components relates to three specific questions: *who* does it, *how* it is done and *for what* purpose(s).

More specifically, the notion of *trade actorhood* is used to signify the 'representative agents' or actors involved in the trade diplomatic process of ROs. *Processes* of trade diplomacy provide detailed accounts on how it is done institutionally and the third component, *goals* of trade diplomacy, is the RO's equivalent of 'national interests', commonly perceived as the main objective of foreign policy strategies. Since this thesis leans toward a foreign policy perspective in explaining trade diplomacy, the formulation and achievement of foreign policy goal is also central to this research. From the regionalism literature, this research adopts the concept of trade actorhood, borrowing from Bretherton & Vogler (1999) and Hulse's (2014, 2018) interpretation of the term. Actorhood in this research is materialised through two forms: the legal actorhood and behavioural actorhood, which sets the basis for RO's credibility and capacity to act in trade. Processes in the framework use Woolcock's (2012) understanding of the term, consisting of decision-making and negotiations in trade diplomacy while goals of trade diplomacy incorporate two core components: economic/commercial goals and non-commercial goals. The choice to separate between commercial and non-commercial goals resulted from the data collection process, where official documents and interviews suggest that non-commercial goals are also highly present throughout the process.

In short, the research framework illustrated below is a synthesis of several concepts and research data:

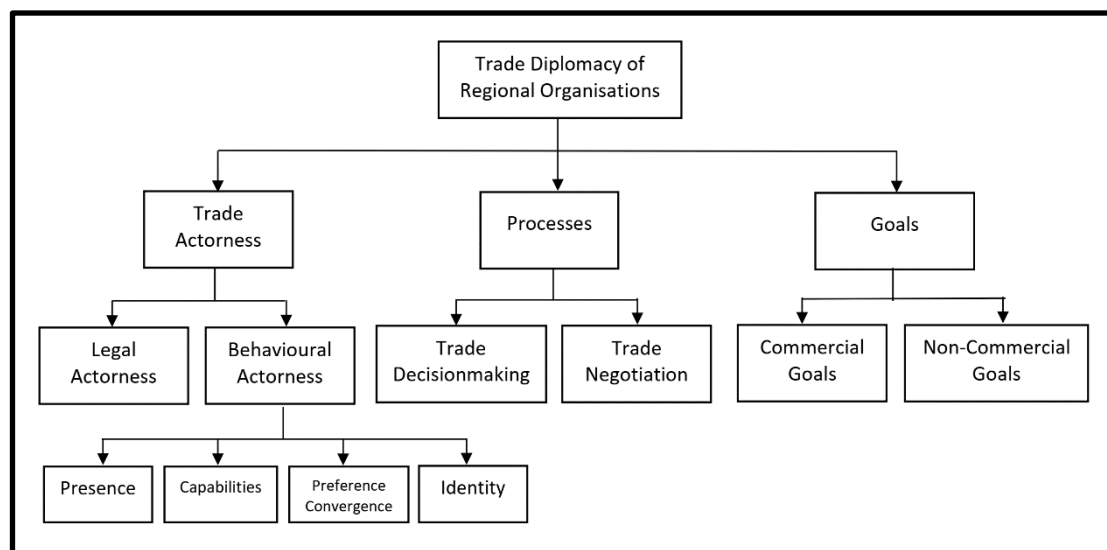


Figure 3.1 Analytical Framework of Research

This framework serves as the comparative model for assessing the EU and ASEAN's trade diplomacy and in answering the first *two research questions*. Operationalisation of this framework enables us to see what the main differences and similarities are between the two. The structure of the subsequent chapters also follows this framework, where each chapter discusses one element of this framework.

Once similarities and differences are obtained using this model, the *last research question* regarding determinants of similarities & differences will be explained using the various approaches in explaining RO's institutional design, as presented in Section 2.2.2 (Chapter 2). Generally, determinants of similarities and differences between ROs can be clustered into two primary sources: *internal* and *external* determinants, as presented by this table:

Table 3.1 Determinants of Differences/Similarities in RO's Design

Approach	Internal Determinants	External Determinants
Realism	Intra-regional power configuration	Extra-regional power configuration
Neoliberal Institutionalism	Intra-regional Interdependence	Systemic (global) interdependence
Constructivism	Regional norms, ideas & regional identities	Global norms, ideas
Diffusion Theory	-	Interactions with, and observations from, other ROs

Source: Author's Compilation from Lenz & Marks (2016)

Different approaches list different causes of similarities and differences between regional organisations, depending on their philosophical positions. As the literature review in Section 2.2.2 describes, these approaches can be partly attributed to the larger perspectives of IR, global governance and international organisations. Realism, neoliberal institutionalism, and constructivism are among the most widely used approaches in IR while diffusion theory has its roots from global governance, particularly on how the management of specific issues by countries tend to converge over time. While each of these approaches are *not* individually applied to the research, they form the building blocks for the internal and external dichotomy which guides this research's analysis of the EU and ASEAN's differences and similarities in conducting trade diplomacy. Lastly, in order for these frameworks to be applicable, they first need to be operationalised. This is discussed in the following section.

3.2.2. Operationalisation of Research Framework

One of the challenges in empirical research is to devise ways to translate abstract concepts at the theoretical level to concrete observations in order to answer research questions (Manheim et al., 2008). This process is commonly referred to as operationalisation, where concepts are interpreted into workable definitions, measurements, indicators, or parameters, in order to explain the phenomena. For this research, several main concepts need to be translated, both for clarity purposes and to determine the sets of data required to explain these concepts. The concepts used in this research include *trade actorness*,

processes and *goals*, with each concept having sub-concepts and specific indicators to follow.

The definition of actorness in this research follows Sjøstedt's explanation where he defines actor capacity as 'a measure of autonomous unit's capacity to behave actively and deliberately in relation to other actors in the international system' (Sjøstedt 1977 pg.16). To operationalise this, this research follows Bretherton and Vogler's (1999) understanding of the term actorness, which consists of legal and behavioural actorness. Legal actorness can be understood as the lawful authorisation granted to any subject of international law, and for this research, refers to any form of legal documents granting the EU and ASEAN a legal status as a subject of international law. For behavioural actorness, this research follows Hulse's criteria for trade actorness due to several reasons. *First*, Hulse's framework rightfully captures the issue-specific nature of RO's external relations which aligns with this study's focus. Her preference convergence indicator can be used to pinpoint to a specific area of cooperation and obtain more detailed analysis, which is what this study aims to do. Hulse's framework can also differentiate between regional organisations who are strong or weak in a particular area, but not in the other. *Second*, Hulse's model incorporates both the material and ideational elements of actorness, which fits with both the EU and ASEAN's model of regional integration. The 'EU values' and 'ASEAN Way' are present in many of the external activities of their respective organisation, which is why an ideational-based analysis should also be included. Thus, this research will base its behavioural actorness analyses on Hulse's five criteria which cover *presence, capabilities, decision-making, preference convergence, and identity*.

Presence is 'the impact of an RO on the external environment, simply by the fact of its existence' (Hulse, 2014 pg. 552). In a way, presence captures an RO's 'relevance' in the global environment, by assessing what impact it has by just being there. However, presence should not be understood as universally applicable to all domains since an RO can have a high degree of presence in one issue but not in the other. Thus, assessment of an RO's presence should correspond only to the issue being questioned, which for this research, is translated to 'trade presence', roughly defined as an RO's overall contribution to global trade. Closely related to an RO's presence is its capabilities, or the

'institutionalised means to an end', referring to the accessible instruments that can be used at their disposal (Hulse, 2014). These include an RO's budget and instruments for transforming policies, consisting of various tools such as litigation, military intervention, incentives, sanctions, technical assistance, political dialogue, workshops, statements, and lobbying activities (Börzel and Risse, 2009; Hulse, 2014). These instruments can be directly observed, and most are listed as part of ROs programs and activities.

Decision-making refers to procedures employed by regional organisations to achieve agreements and decisions between themselves and may be influenced by various factors including cultural identity (Wunderlich, 2012b), distribution of power and historical origins. For Hulse (2014), decision-making is only useful if it leads to preference convergence, which is the likelihood of RO's members to achieve similar voices regarding their interests and preferences. While preference convergence is more challenging to observe, decision-making procedures are clearly stated in RO's statute or charter and often acts as a guiding principle. For preference convergence, looking at published agreements, statements, or directly speaking to bureaucrats are the best options to gather data. The last indicator of behavioural actorness – identity – refers to a sense of geographically-based identity, created from a combination of cultural, economic, linguistic, or political ties (Mansfield and Milner, 1999), which determines regional organisations' exclusivity and thus, separating themselves from outsiders (Hulse, 2014). This usually comes in the form of specific values, ideas, and norms (may it be political, economic or societal) that are shared and commonly accepted throughout the region. This may be observable through repeated practices or in several regional organisations, clearly stated in their legal documents. In short, analysis of actorness should be based on two connected criteria: the entity's *legal actorness* and *behavioural actorness*, which are a combination of several criteria, observable through interactions.

Processes in trade diplomacy explain how ROs conduct their trade diplomacy and can be broken down into two main components: decision-making & negotiations, with the aim of answering the 'how' question of trade diplomacy. *Goals* refer to the formulation and achievement of commercial and non-commercial goals in trade diplomacy and correlate to the 'for what' question. Goals are often stated as specific sets of strategies and targets to be achievable

within a given time frame and are commonly present in many official publications by ROs. The summary of the concepts, definitions and their operationalisations in this research is presented below:

Table 3.2 Concepts and Operationalisations in Research

Main Concept & Sub-Concept	Conceptual Definitions	Operationalisation in Research
Trade Diplomacy	Foreign policy practice and strategy that is based on the premise that economic or commercial interest (i.e. trade) and political interest reinforce each other and thus should be seen as a tandem (Okano-Heijmans, 2011; 2016)	Consisting of three core elements: <i>trade actorness</i> , <i>processes</i> and <i>goals</i>
Trade Actorness - Legal Actorness - Behavioural Actorness	A measure of an autonomous unit's capacity to behave actively and deliberately in relation to other actors in the international system (Sjöstedt, 1977); consisting of legal and behavioural actorness (Bretherton and Vogler, 1999; 2006) specifically relating to trade	<ul style="list-style-type: none"> - Legal actorness comes in the form of legal status and/or granting of legitimate authority to the EU and ASEAN by its member states to conduct trade and other trade-related activities - Behavioural actorness in trade consists of 5 observable characteristics: the EU and ASEAN's trade <i>presence</i> or the significance of their trade contribution to total world share; their <i>capabilities</i> to undertake actions particularly those relating to trade; the existence of <i>decision-making</i> procedures in trade and that these procedures lead to <i>preference convergence</i>; and the existence of a regional (trade) <i>identity</i> that separates them from others.
Processes - Trade Decisionmaking - Trade Negotiations	Internal decision-making in trade and management of external trade negotiations by	- Trade decision-making refers to how the EU and ASEAN make collective decisions regarding trade.

	regional organisations (Woolcock, 2012a)	<p>This can be observed by looking at their legal documents and through the standard practices demonstrated by its players.</p> <p>- Trade negotiation refers to the intra and extra-regional negotiation process within the EU and ASEAN leading to trade agreements. This can be observed through legal documents and common practices within the respective organisations.</p>
<p>Goals</p> <ul style="list-style-type: none"> - Commercial - Non-Commercial 	Objectives being pursued by regional organisations through engagement in external trade relations with other parties	<p><i>Goals</i> in trade diplomacy relate to the main objectives to be pursued by the EU and ASEAN through their external trade relations. This covers both the commercial and non-commercial goals and is often explicitly stated in their legal documents and can also be observed through their interactions with other actors.</p>

These concepts also set the structure of this thesis, where each chapter discusses and compares one of these elements within the EU and ASEAN context.

In addition to conceptual clarifications, for any analytical tools to be operational and validly translated into research, it is also fundamental to define how data and information are gathered, analysed, and deducted to form arguments while also providing evidence for knowledge building. The next section deals with these issues, providing explanations on methodological challenges, choices and the overall research design.

3.3. Methodological Challenges, Choices and Reflections

In doing research, methodological choices and research designs are determined by the research question and how a researcher plans to answer it. Based on the research question and phenomena being assessed, this research

uses a *qualitative* approach and employs a *comparative* research method with two case studies. The comparative method is one of the primary tools for creating generalisations, and for case studies that seek to contribute to theory-building or 'law-like' explanations of social phenomena, the comparative analysis must be present in order for their theoretical implications to have any value (Hopkin, 2010). While this research *does not* go as far as generalising its findings regarding the EU and ASEAN for all regional organisations, it seeks to introduce a framework which can be applied to other regional organisations.

The qualitative approach is chosen since it is best at capturing details and in providing in-depth analysis of the phenomenon, which this research aims for. As the literature suggests, the qualitative approach focuses on 'detailed, text-based answers that are often historical or include personal reflections from participants in political institutions, events, issues or processes' (Vromen 2010 p.249). The object of this research is trade diplomacy, which is a political strategy involving processes and events, administered by actors in political institutions and hence require many detailed answers that only a qualitative approach can provide. However, as with all research methods and approaches, there are limitations on what they can do and thus, require careful examination and personal reflection on their utilisation as research tools. The remainder of this chapter discusses these challenges, ways to mitigate them and justifications for employing a qualitative approach in this research.

3.3.1. Challenges in Using a Comparative Regionalism Approach

As section 2.2.1 in Chapter 2 suggests, there are several problems concerning comparative regionalism research which can be clustered under three main issues: *why* compare, *what* to compare, and *how* to compare, as illustrated by the following figure.

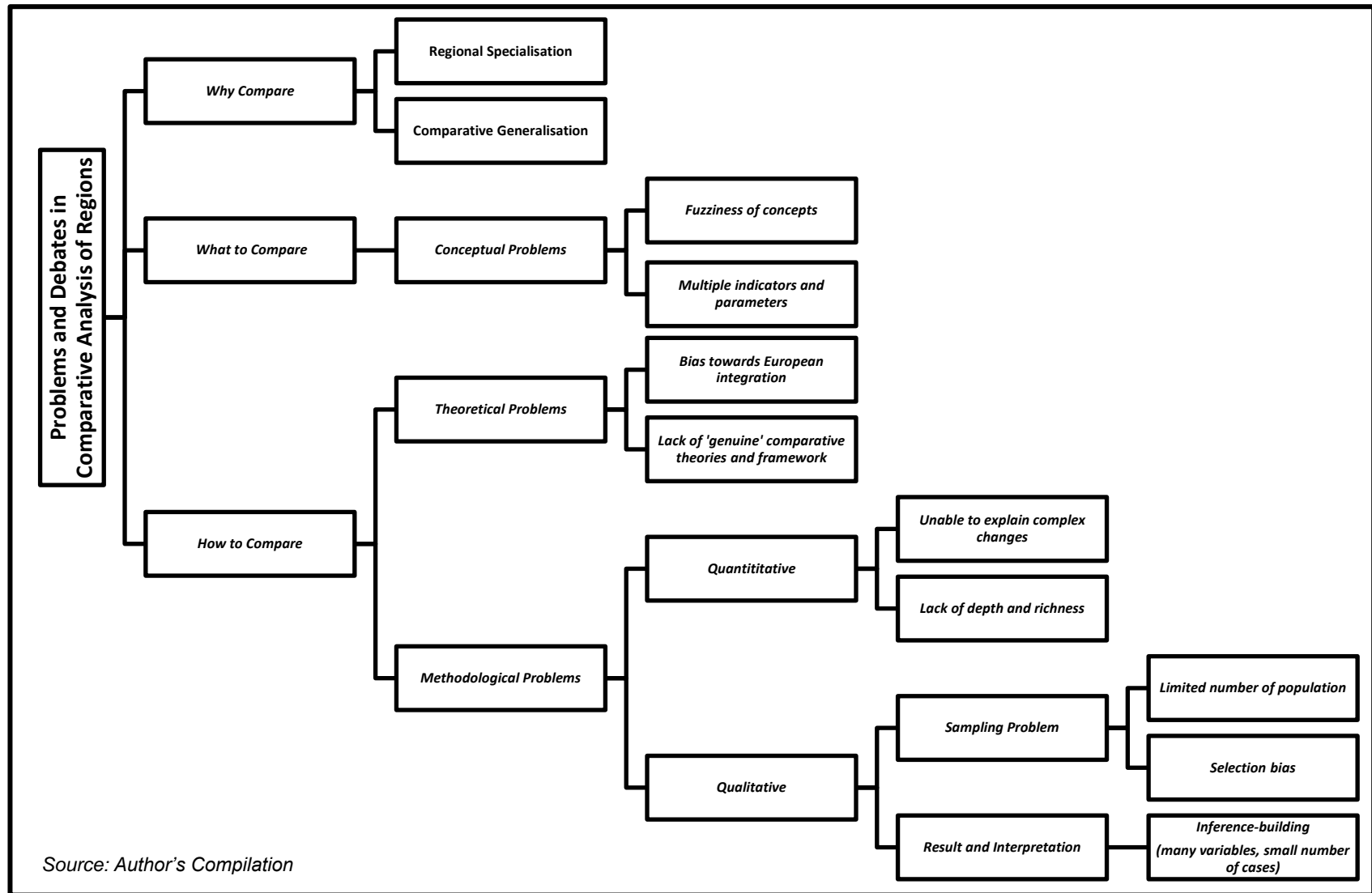


Figure 3.2 Problems and Debates in Comparative Analysis of Regions

The complexity of problems and debates indicates that one must be cautious when employing a comparative approach in regionalism since several issues remain unresolved. These problems were also taken into consideration when undertaking this research, and several necessary steps were taken to mitigate the risks of producing a biased, unempirical, unreliable or unvalidated research output.

For the problem of *why* compare, this research stands with many comparativist scholars who posit that what is comparable or not is determined by the *research object* in question, rather than a mere generalisation that all regions are *sui generis* and thus, incomparable. While several characteristics of regions are, indeed, exclusive (although this can also be tested through comparative study), several elements may be similar between regions. For this research, the object is the EU and ASEAN's trade diplomacy, where definitions and indicators have been defined in the previous section and have helped resolve the 'why compare' problem. Furthermore, the EU and ASEAN are both regional organisations with clear indicators of being so, observable through qualities such as the existence of headquarters and personnel, presence of organisational and decision-making structures, capacity in producing policy or rulemaking, and availability of internal funding, which makes the object of comparison relatively clear and well-defined.

Regarding the 'what to compare problem', this research has explicitly stated the preferred definition of trade diplomacy being used, which is the *practices* and *strategy* relating to external trade as a larger part of regional organisations' external relations. This concept is divided into three core elements: trade actorness, processes, and goals and has been explained in the previous section.

In overcoming the *how* problem, two mitigations were taken. *First*, for theoretical problems, this research borrows from concepts outside of regionalism studies (i.e. trade diplomacy) to avoid bias towards the EU theories, and at the same time, provided a 'neutral' comparator for research. Furthermore, in explaining the actorness of the EU and ASEAN, this research uses indicators which were tested outside of the EU to confirm their applicability and generalisability as part of a model. This choice ensures that the actorness concept employed in this research applies to both the EU and ASEAN. *Second*,

for methodological challenges, this research only employs a qualitative approach as its primary methods of inquiry, since trade diplomacy is best captured and explained by its qualities rather than quantities. Trade diplomacy is challenging to compare through a quantitative inquiry since not much of its essential information comes in numerical forms. Although several data pertaining to trade diplomacy may be in numbers (e.g. global/regional trade share, number of signed FTAs, number of meetings), these can only complement the majority of data which comes in a non-numerical format, and is why the qualitative inquiry is more appropriate for this research.

While this research has both qualitative and quantitative data, its data analysis method is only done qualitatively. As with most qualitative comparative research, comparative regionalism also faces the problem of inference-building (i.e. many variables but a limited number of case studies) which affects validity in making claims and in providing generalisations. Thus, this research does not generalise any findings outside of its given scope, which is the EU and ASEAN. Although this research does introduce a framework for comparing a regional organisation's trade diplomacy, more research is still needed to test its application outside of these two organisations.

Together, the why, what and how to compare questions are the main challenges in carrying out comparative regionalism research, and this thesis has taken that into account. While these methodological challenges may be problematic, with careful methodological choices, a proper analytical framework and appropriate research design, valid results are, indeed, attainable.

3.4. Research Design

A research design is a logical model of proof that allows the making of valid causal inferences (Nachmias, 1979 pg. 21 in Manheim *et al.*, 2008). For inferences and claims to be valid, proper research design must be employed, which is determined not only by the research question but also by the type of research. This research is both *descriptive*, in the sense that it provides detailed descriptions of how two regional organisations conduct their trade diplomacy, and also *explanatory* since it seeks to explain why there are similarities and differences in doing trade diplomacy between these two organisations. Both descriptive and explanatory research require unbiased and reliable observations

to ensure a strong basis for an accurate depiction of the phenomena and to infer causalities (Manheim et al., 2008). This section is dedicated for that purpose by explaining how research questions were answered, data was obtained, analysed, and lastly, how inferences were made.

3.4.1. Research Approach

This research employed a qualitative approach, using case studies to provide empirical explanations. Case studies excel in providing rich empirical data since they focus only on specific object(s). However, case studies are not a specific method *per se*, but more of a focus which aims to look at something in-depth and from many angles (Thomas, 2011). Moreover, they are a form of social science inquiry, appropriate for situations: 'where the main research questions are 'how' or 'why' and when a researcher has little or no control over behavioural events and the focus of the study is a contemporary phenomenon' (Yin 2014 pg. 2).

Considering that this research seeks to answer the 'how' and 'why' questions respectively and focuses on the contemporary phenomenon, the case study method is a logical choice. Furthermore, since this research seeks to formulate a general framework of trade diplomacy by regional organisations, a comparative or multiple case study method is the most appropriate option. For the case studies, the EU and ASEAN were carefully selected to represent the larger population of ROs since they depict the two spectrums of regionalism and regional governance (supranationalism and intergovernmental). Individually, the EU and ASEAN can each provide rich data and substantive empirical findings. However, since this research also seeks to find commonalities that can lead to further generalisations, a comparative case study also provides better outcomes compared to a single case study since it is often perceived as a middle-ground that can combine a case study's empirical richness and comparison's analytical leverage (Odell, 2001).

For the comparative method, Mill's method of agreement was chosen since it focuses more on finding and analysing similarities between two different regional organisations, although several differences between them are also discussed. Generally, most comparative research will follow either one of Mill's two methods of comparison: *method of difference*, where similar cases are

compared, and the un-similar variable(s) are examined, or *method of agreement* where different cases are chosen, and similar variable(s) between them are analysed (Ragin, 1987; Hopkin, 2010). For this research, finding similarities was of more concern due to the researcher's methodological and epistemological position that is in line with the belief that regions are, indeed, comparable since several similarities do exist between them.

Hence, for comparative research, the number and selection of cases are crucial since they determine whether real comparisons can be made and whether that comparison can lead to better generalisations or not.

3.4.2. Selection of Case Studies

Selection of cases is a crucial step in the case studies research method. For a small or very small sample size, selection of case studies must employ a purposive (non-random) selection technique to ensure that cases that are representative of the population can be adequately isolated, and at the same time, allow variations for theoretical or empirical purposes (Gerring, 2008). Generally, there are seven types of case studies: typical, diverse, extreme, deviant, influential, most similar, and most different case studies (Seawright and Gerring, 2008), which correspond to different research questions and aims.⁹ For this research, *most different* case studies were chosen for a comparative purposes on the basis that this research seeks to explain similarities and determinants of similarities between the EU and ASEAN's trade diplomacy.

Regional organisations were the overall population being researched, and two case studies of regional organisations were chosen to represent this. Methodologically, samples should fulfil two main criteria of selection: *first*, they must be able to represent the whole population and *second*, they must be different in almost every aspect, except for the variable being tested. With these criteria in mind, this research chose the European Union and ASEAN as case studies based on their internal characteristics, differences between each other. and their history of regional integration and trade diplomacy. For the representativeness criteria, the EU and ASEAN are often seen to represent two

⁹ For explanation on differences between these seven types of case studies, please refer to 'Case Selection Techniques in Case Study Research: A Menu of Qualitative and Quantitative Options' by Seawright, J. & Gerring, J. (2008)

different models of regional integration, one based on a supranationalism approach and the other on an intergovernmentalism approach. Although in practice, not many regional organisations adopt a pure supranational or intergovernmental approach, their dominant approach in their regionalism project will lean towards one of this. Hence, the EU and ASEAN are two appropriate cases to represent these camps.

For the 'most different' criteria, the EU and ASEAN differ on almost every accounts of their regionalism project from historical origins, internal norms & values, mode of governance and decision-making up to the distribution of authority between member states, so in a glance, the EU and ASEAN are 'mostly different'. However, despite all these differences, both are able to engage in trade diplomatic activities which is the main focus of this research.

Another important consideration is to ensure that enough data can be collected and compared. So far, the EU has demonstrated the most advanced practice of trade diplomacy and is the first modern regional organisations to negotiate trade agreements collectively as a regional group. ASEAN, on the other hand, started relatively late (only since the 2000s) and yet has been increasingly active in pursuing this approach, resulting in multiple trade agreements with external parties throughout the years. This ensures that enough data can be collected from both case studies. Once these case studies were established, the next step was to determine the data type and collection procedure in order to interpret these case studies.

3.4.3. Data Collection Method

This research employs a qualitative research method where document analysis and elite interviews are the dominant methods of data collection. Qualitative research refers to "a set of non-statistical inquiry for gathering data about social phenomena", relying on words, symbols or other non-numeric data collected by the researcher (McNabb, 2010 pg. 225). This method is best used to explain or understand why a political institution, event, issue or process came about (Vromen, 2010), which is in line with this research's objectives. There are two types of data collection performed in this research: documentary research to collect secondary data and elite interviews as a source of primary data.

This research collected documents in the form of official documents, newsletters, newspaper articles, and other online materials. For both the EU and ASEAN, official documents include reports, papers, statements, speeches, (transcribed) recordings, press releases and legal documents such as charters, treaties, communique, and agreements. Systematic searches to acquire various documents were utilised to ensure that multiple sources were covered, and all available documents were accessed. However, documentary research also has its limitations which includes subjectivity, unavailability, inaccuracy and the possibility of presenting information which has been curated to portray a particular view of events, activities or individuals (Fitzgerald, 2012). Hence, this research also employed an additional method of data collection, both as a way to triangulate data and to obtain additional data not acquired through documentary research.

The second set of data comes from elite interviews with government officials, private sectors, researchers, and civil society organisations. In a research context, subjects are referred to as *elite* if they have specialised knowledge regarding the issue and thus require individualised treatment (Manheim et al., 2008). Being elite in research interviews does not mean that a person should be of political, social, or economic importance (although many of them are), but rather that their access to information is crucial for the research, which gives them an elite or chosen status (Manheim et al., 2008).

Interview data was crucial for this research, especially from the ASEAN side since official documents and previous studies regarding ASEAN's external trade are very limited. Through interviews, this research uncovered many new materials including a detailed account of ASEAN's external trade decisionmaking and negotiation process, as well as views from non-state actors involved in the process, both in the EU and ASEAN. Without the interview process, it is very unlikely that these data would be available and documented. For the interview process, face-to-face and phone interviews were conducted to collect data on specific information including roles, relationships, decision-making procedures, distribution & delegation of authority, negotiation process, perspectives, views, opinions on certain issues, specific strategies, goals, and objectives relating to regional organisations' external relations and trade. Semi-structured interviews were used for all interviews to balance between the researcher's preconceived

ideas and richness of grounded empirical data. The semi-structured interview was the most appropriate technique for this research since it combines structured interviews where the researcher can get factual data based on the operationalisation of pre-existing concepts, and at the same time, unstructured interviews where the researcher can probe deeper into the respondents' perceptions and experiences to gain more depth and understanding (Halperin and Heath, 2012). All interview questions were open-ended, capturing various elements including background information, behaviours, opinions, perceptions, feelings and knowledge of informants.

The interviewees were clustered into four broad categories: national or regional level officials, private sectors, civil society organisations and researchers/academics, where each group provides different sets of data. Government officials represent formal views of the policymakers and the lead negotiators in trade diplomacy while private sectors and CSOs represent the two major stakeholders in trade diplomacy. Both the private sectors and the CSOs were crucial in providing information regarding representations, connections, transparency and inclusiveness of trade diplomacy in both the EU and ASEAN while researchers excelled in providing up-to-date research findings, opinions, and perceptions relating to trade diplomacy and in adding or providing access to key respondents. All these groups were spread out in both the EU and ASEAN and roughly distributed in equal amount between them.

Table 3.3 Distribution of Research Interviewees

Clusters/Groups	Number of Interviewees in Europe/EU	Number of Interviewees in Southeast Asia/ASEAN
Government Officials (affiliated to)	8	8
Private Sectors (affiliated to)	3	3
CSOs (based in)	1	1
Researchers/Academia (based in)*	5	1
Total = 30 interviewees	17 interviewees	13 interviewees

*Note: *) Although most researchers were based in Europe, not all of them specialised in the EU's external trade relations. Of the five Europe-based researchers interviewed, two researchers specialised in the EU's external relations, one researcher in Southeast Asia's external relations and two researchers in the EU-Asian external relations.*

These interviews were conducted in six countries from December 2017 to June 2018, with a total of 30 interviewees. Most interviews were done face-to-face (28 interviews), and two were conducted via phone, due to logistical reasons. Most of these interviews were recorded via an audio-recording device, while several others were not, due to objections by respondents to being recorded. In situations where recordings were not allowed, notetaking became the primary method for recording conversations.

For the EU, the European Commission's exclusive competence has enabled the EC to become the sole negotiator for EU's trade diplomacy, which simplified the data collection process since all officials were based in a single location. ASEAN however, posed a different situation since the ASEAN Secretariat currently does not hold any mandate in negotiation and hence, the negotiation process is performed by its member states. With regards to this, additional data were gathered from representatives of three ASEAN member states, namely Indonesia, Singapore, and Vietnam. There are several reasons why these countries were chosen for data collection, but mostly since these countries best represent ASEAN's political, economic and social conditions. *Firstly*, these countries are at three different stages of economic development which mirrors ASEAN's economic conditions. Singapore is classified as a developed country with a current GDP per capita standing at US\$65.630 (ranked 1st in ASEAN), while Indonesia and Vietnam are both developing countries with GDP per capita of US\$4.120 (ranked 5th in ASEAN) and US\$2.730 (ranked 8th in ASEAN), respectively (International Monetary Fund, 2019a). *Secondly*, these countries rightfully illustrate the two-tier ASEAN membership with Singapore and Indonesia representing the original ASEAN-5 members (or founding members) and Vietnam representing the new ASEAN member states. Being an original or new ASEAN member state means that interests, positions and views on specific matters will be different, since a member's initial starting point is also different. This choice ensures that different views and interests are rightfully captured in this research. *Thirdly*, these countries adopt different political systems with Singapore and Indonesia each classified as a 'flawed democracy' and Vietnam considered as an 'authoritarian regime' (The Economist Intelligence Unit, 2020),

which once again is an illustration of the region's political landscape.¹⁰ Lastly, these three countries account for more than half of the region's population (around 56%), which is a good approximation of ASEAN's overall population (ASEAN Secretariat, 2018c).

In several cases, interview data were compared against documentary data to ensure consistency in the data triangulation purpose. Most of these interviews were done in English with several of them done in *Bahasa Indonesia*, which is the native language of the researcher and several of the interviewees. Once interviews were completed, they were then transcribed for further analysis.

3.4.4. Data Analysis Method

This research employs thematic analysis in interpreting its data and build from hybrid deductive-inductive reasoning for inference-building. Thematic analysis can be defined as 'a method for identifying, analysing, and interpreting patterns of meaning (themes) within qualitative data', usually involving six stages/phases of the analytical process (Clarke and Braun, 2017 pg. 297). These six phases are: familiarising with data, generating codes, constructing themes, reviewing potential themes, defining & naming themes, and producing the report (Terry et al., 2017). In performing a thematic analysis, codes and themes can be derived from previous theoretical concepts (deductive coding or theory-driven), created during the analysis (inductive coding or data-driven) or a combination of both (hybrid coding).

For this research, thematic analysis was applied to the data sets, with codes and themes created both deductively and inductively. Initially, deductive coding and preconceived themes were used, derived from an initial framework of economic diplomacy using a combination of Okano-Heijman's framework and Woolcock's concepts. However, halfway through the data collection (and partial interpretation of it), the researcher realised that these codes and themes could not be applied to all the data and that several data did not fall into any specific themes within the initial framework. For example, the initial framework does not

¹⁰ The Economist Intelligence Unit classified countries into four main clusters: *full democracy*, *flawed democracy*, *hybrid regime* and *authoritarian regime*. For a more detailed information regarding this classification and the methodology of the survey, refer to "Democracy Index 2019: A Year of Democratic Setbacks and Popular Protests" by The Economist Intelligence Unit (2020)

explicitly define or cover the *specific goals* of trade diplomacy. However, during data collection, multiple interviews suggested that in many cases, non-commercial goals may outweigh commercial goals in trade diplomacy, and thus, the need to develop a separate coding and theme for differentiating between commercial and non-commercial goals.

Another inductive theme which emerged from the data was the concept of *trade actorness*, which was initially not included in the framework. However, further interpretation of the data showed that since the EU and ASEAN organise themselves differently in external trade, a separate notion on 'external trade representation' should be included in the analysis, which resulted in the inclusion of trade actorness as a variable. Fortunately, actorness was already a well-developed concept in the EU studies literature, so this research only needs to apply the pre-existing concept to the data. The decision to employ both deductive and inductive analysis in this research resulted in a better depiction of data and a refined research framework which is presented in Section 3.2.

Ultimately, one of the main strength of thematic analysis is its flexibility, not just in theoretical terms, but also in the formulation and reformulation of research questions, sample size, data collection method, and approaches to meaningful generalisation (Clarke and Braun, 2017), which this research also finds. Thus, this mode of analysis did not just rightfully capture the nature of this research but also ensured that throughout the process, all data could be correctly interpreted for knowledge-building purposes.

3.4.5. Ethical Considerations in Research

Ethical considerations were integral to this research. Before any data collection process commenced, ethical review documents were submitted to the university's Research Ethics Committee, and a favourable ethical opinion was granted in October 2017. Throughout the research process, all ethical procedures were adhered to which includes ethics in contacting and communicating with interviewees, providing a research information sheet and a consent form for interviewees, maintaining the anonymity of interviewees, and consent to use an audio-recording device during interviews. All participants were recruited voluntarily and made aware of their rights with clear information on how their information would be used in this research. Anonymity was also maintained

throughout to ensure that no information could be traced back to the corresponding informant. Management of research data followed the university's policies and procedures with strict regulations regarding storage, usage, and retainment of data. For documentary sources, digital copies were made whenever possible and were stored in pdf formats. For interview data, recordings were kept in digital audio format, which was then transcribed, and once all texts had been transcribed, all audio files were deleted. With the participants' permission, the researcher also kept several personal and professional information for future references. All data were kept in password-protected documents and were stored in a password-protected computer to ensure that no one besides the researcher, could have access to the data.

3.5. Limitations of Research

As with most research, this research also has several limitations. *First*, there are limitations relating to sample size and access to data, particularly for data regarding ASEAN. Due to its institutional structure, ASEAN trade diplomacy is mostly conducted by its member states, and this research could only choose a specific amount of member states (Indonesia, Singapore, Vietnam) as representatives of the population. However, the inclusion of more – or all – ASEAN member states may increase the validity of data and interpretation of results. Furthermore, several data and information within ASEAN were not available, either because no secondary data was available (such as the ASEAN FTA's preference utilisation rate) or because the person with the required information could not be accessed. For example, this research could not conduct any interview with the representatives from Vietnam's Ministry of Trade since the interview request was not granted. Hence, the researcher could only rely upon interview data with the two remaining member states' Ministry of Trade. While this limited access and absence of data do not diminish the validity of the findings, the inclusion of these data may provide stronger evidence for this research.

Second, personal and cultural limitations may also create bias since the researcher is originally from an ASEAN member state. This may create either a positive or negative bias towards ASEAN (and presumably the EU) although rigid measures were taken to ensure that this bias was minimised. Throughout the

research process, the researcher constantly reflected on these biases and discussed them with the research supervisors to ensure that these biases were thoroughly addressed. However, since personal and/or cultural bias is often extremely subtle, the above measures may not always overcome this, and thus, personal and/or cultural biases are worth mentioning as one limitation of the research.

3.6. Conclusion

Among the many choices that a researcher has to make, research methodology, research design, and analytical framework are among the most important, and this chapter has elaborated on these choices. In terms of methodology, there are indeed several challenges on employing a comparative approach in studying regional organisations and while there may be several pitfalls, employing a comparative method is the best approach for finding similarities between two distinct ROs and in testing a comparative framework of trade diplomacy by ROs. Based on the research questions and aims, qualitative research methods using case studies were employed, coupled with documentary research and elite interviews as the primary methods for data collection. Thematic analysis and hybrid deductive-inductive coding were used for data analysis since they offer more flexibility in interpreting multiple data. Overall, the methodology and research design were selected based on the research questions, and the analytical framework is built from a hybrid deductive-inductive process, combining both theoretical groundings and data-driven findings which resulted in the comparative framework.

The comparative framework itself consists of three core elements: trade actorness, processes and goals, which will be operationalised according to the given indicators. All these elements are used as the basis for comparison/analysis between the EU and ASEAN and are the guiding logic for the overall chapter organisation where each chapter corresponds to one element of the framework. The subsequent chapters discuss data and findings that are organised and analysed within the parameter of the analytical framework.

Chapter 4 – Actorness of the EU and ASEAN in Trade Diplomacy

4.1. Introduction

Unlike states, regional organisations are traditionally not diplomatic actors in international relations. While they may have the capacity to engage in relationships with other actors, there are limitations on the type of engagements they can have and how other actors perceive and interact with them. This external representation is often explained in the literature by several interrelated concepts such as presence, actorness, actorship, actor capability, and coherence,¹¹ all of which refer to how ROs behave, are perceived, and are treated in the international system. Actors' presence and capability are determined by many factors, both internally and externally, and can change over time. This recognition is often a prerequisite before they can engage in any meaningful external relations, including trade diplomacy.

The purpose of this chapter is to explain the notion of external representation – or the *who* question in trade diplomacy – by examining the EU and ASEAN's trade relations, building from the concept of *actorness*, introduced and elaborated in Chapter 2 and 3. External representation is the first element of RO's trade diplomacy and is perhaps the most important one since it indicates RO's ability to engage in any meaningful external trade relations with other parties. As discussed in Chapter 2 & 3 and presented in Section 3.2.1, actorness consists of two components: the *legal* and *behavioural* element of actorness (Bretherton and Vogler, 1999) which is issue-specific (Hulse, 2014), meaning that one needs to explain *trade* actorness rather than general actorness. While several aspects of trade actorness may trickle-down from general actorness, it is crucial to pinpoint specific elements which set trade actorness apart from other forms of actorness. Borrowing from Hulse (2014), behavioural actorness in this chapter is operationalised into four main components: trade presence, organisational capabilities, preference convergence, and identity. One additional component, decisionmaking, will be discussed in Chapter 5 since it links more with processes in trade diplomacy.

¹¹ This research uses the term 'actorness' to define RO's external representation since it is the most developed body of literature, and thus, is the most useful

The main argument of this chapter is that *although the EU and ASEAN both possess legal actorness in trade, the EU displays a higher level of behavioural actorness in trade compared to ASEAN*. For legal actorness, the EU and ASEAN are both legal entities, as confirmed by their treaties and charters, making them legally accepted international trade entities. However, when behavioural actorness is taken into consideration, the EU excels compared to ASEAN in three components: trade presence, organisational capabilities, and preference convergence due to its higher level of economic development and better mechanisms for overcoming regional disparities. Although divergence of preferences also occurs within the EU, it is more likely to happen between the EU institutions and the EU member states, rather than between individual member states such as in ASEAN. This is due to the EU's institutional structure, where a trade-focused supranational institution (SNI) is present. As for regional identity, both the EU and ASEAN display strong regional identities, owing to their distinct values and different modes of operation. Overall, of the five components being compared, the EU and ASEAN are similar on two fronts: the existence of legal actorness and strong regional identity, and are different on the rest: trade presence, organisational capability, and preference convergence.

This core argument is derived from various data sources including legal texts, trade data sets, opinion polls, press releases, publications from regional/international organisations, and interviews with several EU and ASEAN's officials who were/are in charge of external trade relations. Interview data were crucial to provide data unavailable within the legal texts and to give insights on the internal workings of each organisation, particularly ASEAN.

This chapter focuses on answering the second research question regarding (one aspect of) similarities and differences between the EU and ASEAN's trade diplomacy and its determinants. In explaining these similarities and differences, this chapter will be structured as follows. Following the introduction, two comparative sections on the EU and ASEAN's actorness will be presented, consisting of legal and behavioural actorness. The fourth section will be an analysis of the determinants of these differences and similarities, followed by a conclusion.

4.2. Legal Actorness of the EU and ASEAN

Analysis of the legal actorness of a regional organisation is straightforward since one only needs to check the legal status of the respective regional organisation. Legally, both the EU and ASEAN are legal entities in international relations since they have both acquired legal status through international law. The European Union was granted international legal entity through Article 47 of the Treaty on the European Union (later amended to the Treaty on the Functioning of the European Union/TFEU in 2011) which stated that “*The Union shall have legal personality*” (Official Journal of the European Union, 2012a). This Article and the subsequent amendment legally replaced the European Community as the previous holder of legal entity and gave it full rights to conduct external relations on behalf of the member states. This also means that the EU is constitutionally and legally separate from its member states which strengthens its organisational nature. In practice, conferment of legal status means that the EU has the ability to conclude and negotiate international agreements in accordance with its external commitments, become a member of international organisations, and join international conventions such as the European Convention on Human Rights (European Union, 2012).

Initially, the road to the EU’s international legal entity was not easy since member states were reluctant to grant legal personality to the EU in the fear that it could compromise their sovereignty in foreign affairs. Although the term ‘*the European Union*’ has been discussed since the mid-1970s, it was not until the Maastricht Treaty (1992) that the European Union formally became a legal term in the EU regulation (Schoutete and Andoura, 2007). However, despite it being introduced as a legal term, the EU was not yet granted legal personality until the Lisbon Treaty in 2009 since the legal entity was initially held by the European Communities. Prior to the Lisbon Treaty, the EU consisted of three interrelated pillars: *European Communities*, *Common Foreign & Security Policy*, and *Cooperation in Justice & Home Affairs*, with each of these being assigned a distinct legal identity/role. Over time, there were suggestions that a consolidated European Union legal personality was required for better functioning of the EU’s external relations. These growing suggestions culminated in the creation of a working group on legal personality, who in 2002 suggested the need to eliminate

the EU's multiple legal personalities and replace it with a single legal entity under the European Union (Schoutheete and Andoura, 2007).

This finding was taken into consideration at the 2002 European Convention in Brussels and was translated into a draft treaty, which later formed the basis of the TFEU and led to the abolition of the three pillars of the European Union. More importantly, the TFEU also introduced the different forms of the EU's authority, or *competences* in different policy areas. Competence is the EU's terminology for 'power' (Bretherton and Vogler, 1999), loosely defined as 'the legal capacity to deal with a matter' (Cini and Borrigan, 2016). Articles 2–6 of the TFEU outlines the three different types of the EU's main competences: the *exclusive* competence, *shared* competence, and *supporting* or *coordinating* competence. Exclusive competence refers to policy areas where *only* the EU can legislate and adopt binding acts; shared competence refers to policy areas where *both* the EU and member states can legislate and adopt binding regulations, under the condition that the EU chooses not to act; and supporting competence refers to policy areas where the EU's role is only to *harmonise* or *coordinate* the actions of member states (European Union, 2020). Under this classification, the member states' collective trade policy falls under the exclusive competence of the EU.

This competence includes the right to set a trade policy – or Common Commercial Policy – and to negotiate & conclude trade agreements as stipulated by Article 207 of the TFEU (Official Journal of the European Union, 2012a):

Article 207 (previously Article 133 TEC)

1. The common commercial policy shall be based on uniform principles, particularly with regard to changes in tariff rates, the conclusion of tariff and trade agreements relating to trade in goods and services, and the commercial aspects of intellectual property, foreign direct investment, the achievement of uniformity in measures of liberalisation, export policy and measures to protect trade such as those to be taken in the event of dumping or subsidies. The common commercial policy shall be conducted in the context of the principles and objectives of the Union's external action.
2. The European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure, shall adopt the measures defining the framework for implementing the common commercial policy.

3. Where agreements with one or more third countries or international organisations need to be negotiated and concluded, Article 218 shall apply, subject to the special provisions of this Article.

The Commission shall make recommendations to the Council, which shall authorise it to open the necessary negotiations. The Council and the Commission shall be responsible for ensuring that the agreements negotiated are compatible with internal Union policies and rules.

The Commission shall conduct these negotiations in consultation with a special committee appointed by the Council to assist the Commission in this task and within the framework of such directives as the Council may issue to it. The Commission shall report regularly to the special committee and to the European Parliament on the progress of negotiations.

4. For the negotiation and conclusion of the agreements referred to in paragraph 3, the Council shall act by a qualified majority.

For the negotiation and conclusion of agreements in the fields of trade in services and the commercial aspects of intellectual property, as well as foreign direct investment, the Council shall act unanimously where such agreements include provisions for which unanimity is required for the adoption of internal rules.

The Council shall also act unanimously for the negotiation and conclusion of agreements:

- a. in the field of trade in cultural and audiovisual services, where these agreements risk prejudicing the Union's cultural and linguistic diversity;
 - b. in the field of trade in social, education and health services, where these agreements risk seriously disturbing the national organisation of such services and prejudicing the responsibility of Member States to deliver them.
5. The negotiation and conclusion of international agreements in the field of transport shall be subject to Title VI of Part Three and to Article 218.
 6. The exercise of the competences conferred by this Article in the field of the common commercial policy shall not affect the delimitation of competences between the Union and the Member States and shall not lead to harmonisation of legislative or regulatory provisions of the Member States in so far as the Treaties exclude such harmonisation.

As Article 207 states, the EU institutions (consisting of the Commission, the Council, and the Parliament) oversee member states' trade policy, and when this is combined with the EU's legal status as granted by Article 47 of TEU, it can be argued that the EU holds both the *legal status* and the *capacity to act* in trade. In short, the EU is, indeed, a legal actor in trade.

Contrary to the EU, ASEAN member states do not give *de facto* power or competences to ASEAN to undertake specific tasks or actions. Instead, member states only grant international legal personality to ASEAN as a way for it to be

recognised at the international level. Legally, ASEAN was granted a legal personality through Article 3 of the ASEAN Charter which states that ‘ASEAN, as an intergovernmental organisation, is hereby conferred legal personality’ (Association of Southeast Asian Nations, 2007b).

The choice to create the ASEAN Charter and grant legal personality to ASEAN was a collective decision by member states to form a ‘rules-based’ and institutionalised ASEAN since ASEAN was previously considered a ‘relations-based’ organisation, relying mostly on informal channels and personal interactions (Leviter, 2010). The ASEAN Charter and ASEAN’s legal personality were perceived as logical consequences toward a more integrated ASEAN and were required for better internal and external functionality. In practice, the conferment of juridical personality and legal entity to ASEAN has several consequences for the organisation (Caballero-Anthony, 2008). *First*, ASEAN is now recognised as an entity under international law and thus can enter international transactions on its own. *Second*, due to ASEAN’s new status, domestic laws of member states must now acknowledge ASEAN and ASEAN can benefit from certain privileges such as tax exemption under these domestic laws. *Third*, ASEAN’s new legal status (and the Charter) provides a better legal framework for the adoption of ASEAN decisions, treaties, and conventions into the domestic legal systems of the member states (Caballero-Anthony, 2008). However, while the Charter does provide ASEAN with greater legal power, this does not mean that ASEAN was granted the capacity to act since the exercise of power is not only a matter of legal competences but also an issue of political will and the institutional capacity to use them (Cremona et al., 2015).

The persistent problem with ASEAN is that even after the granting of its international legal status, there is a gap between what it *is* and what it *can do*.¹² Scholars have pointed out that despite its legal status, ASEAN has remained a weak international actor since its actual capacity continues to be limited due to the unwillingness of member states to empower it (Chesterman, 2008; Chun Hung, 2010). In their study, Cremona et al. (2015) find that while there has been an overall increase in ASEAN’s external legal instruments following the Charter,

¹² This is often referred to as the ‘expectation-capability gap’, first observed by Christopher Hill within the EU context (1993)

there has not been an increase in treaty-making by ASEAN *per se*. Instead, the preferred method has been to sign legal instruments using the label ‘collectively ASEAN’, rather than just ASEAN, hinting that member states collectively agree *through* ASEAN rather than independently *by* ASEAN (Cremona et al., 2015). This is also apparent in the legal text of ASEAN FTAs, which were signed with the names of the individual member states, followed by either ‘collectively ASEAN’ or ‘ASEAN member states’. In a way, this is a paradox in ASEAN’s external relations where member states seek to reinforce ASEAN’s global standing but at the same time are hesitant in using ASEAN as an independent apparatus outside of their state’s control (Cremona et al., 2015).

Moreover, member states also diverge on their vision of ASEAN’s future after the ASEAN Charter, with old members (or the ASEAN-6)¹³ wanting the Charter to be an important stepping stone for a more cohesive and effective ASEAN, while new member states (CLMV countries)¹⁴ are in favour of keeping ASEAN as simply a mediator (status quo) of Southeast Asian affairs (Leviter, 2010). This divide accentuates the disparity between member states’ positions on how ASEAN should function and whether an externally cohesive ASEAN is required for effective external relations. In practice, conferment of legal status to ASEAN means little since legal personality at the international level is more of a status rather than actual capacity (Chesterman, 2008). Actual capacity to act relates more to member states’ political will and for ASEAN, political will has been a long-standing issue since member states are never interested in granting ASEAN the adequate power to take actions, and consequently, this is precisely what separates the EU and ASEAN.

Legally speaking, both the EU and ASEAN are *actors* in the international system and have demonstrated legal actorness in various affairs, including trade. However, they differ on how this legal status is translated into actions, where the EU transforms it into different modes of competences, and ASEAN defines it as a status rather than an actual capacity to act. Since a large portion of interstate relations function based on legal understandings, having an international legal

¹³ ASEAN-6 refers to the six original ASEAN members which are Indonesia, Malaysia, Singapore, Philippines, Thailand, and Brunei Darussalam

¹⁴ CLMV refers to the newer ASEAN member states incorporating Cambodia, Laos, Myanmar and Vietnam

status certainly adds weighting to both the EU and ASEAN as regional organisations. Legal actorness alone, however, is not enough to explain an actor's position and relevance in the international system, and hence, an analysis of its capabilities, or in conceptual terms, *behavioural actorness*, is more important.

4.3. Behavioural Actorness of the EU and ASEAN

For this research, the regional organisation's behavioural actorness consists of multiple indicators including presence, capabilities, decisionmaking, preference convergence, and identity (Hulse, 2014). Each of these components will be discussed and compared below *except* for trade decisionmaking since it is a part of *processes* and thus, will be discussed in the next chapter. However, preference convergence in this sub-section will slightly touch upon decisionmaking since preference convergence is a result of the collective decisionmaking process.

Based on the data collected, it can be argued that in all indicators of behavioural actorness, the EU possesses a higher level of actorness compared to ASEAN *except* for identity, where both the EU and ASEAN are equally distinct since they both display a strong sense of regional identity.

4.3.1. The EU and ASEAN's Trade Presence

Presence is the impact that ROs have simply by being present. In other words, *presence* is a 'consequence of being', without the RO needing to take any actions (Bretherton and Vogler, 1999) and is determined by external conditions and outsiders' acceptance of the actor (Allen and Smith, 1990). In certain conditions, there can be situations where an outsider's expectation of the actor does not match the actor's internal capabilities, creating what Hill (1993) terms as an 'expectation-capabilities gap'.

In trade, an RO's presence can be measured quantitatively using their global trading share, which measures their overall contribution to the global goods' exchange (Hulse, 2014). This number shows how 'relevant' an actor is in the global trading structure and how likely they are to influence global trading outcomes. Data shows that in 2016, the North American Free Trade Agreement (NAFTA), the EU, and ASEAN accounted for 58% of total world merchandise

trade, along with 56% of total world exports and 60% of total world imports (World Trade Organization, 2017), which shows the EU and ASEAN's rather influential positions in global trade. Counted individually, the EU accounts for 34.2% of total world merchandise trade with a market size of 509 million consumers, while ASEAN contributes 7.1% of total world merchandise trade and accounts for 603 million consumers (World Trade Organization, 2017). This means that globally, the EU and ASEAN are the world's *first* and *third* largest trading blocs contributing to world merchandise trade with a combined market size of more than 1 billion consumers in 2016. Their discrepancies, however, were quite large, which stood at 27.1 per cent in 2016, highlighting the EU's dominant position in global trade. However, one major difference between the EU and ASEAN's trade share is that the EU mostly trades within themselves (intra-EU trade), while ASEAN's trading activities are mostly dominated by trade with its external partners (extra-ASEAN trade). In 2018, intra-EU trade stood at 64%, while intra-ASEAN trade stood at only 24%, with ASEAN's largest trading partner being its regional Asian counterparts such as China, Japan, and South Korea, who accounted for 43% of the organisation's total trade (World Trade Organization, 2018).

Another main difference between the EU and ASEAN's trading structures is their position regarding exports. Many of the EU's dominant member states are major producers and exporters (e.g. Germany, France, Netherlands, UK), and in fact, the creation of EU's common market was a way to make the EU more competitive globally. ASEAN member states, on the other hand, were initially not exporters, especially during their early years of integration. ASEAN's increasing share of world trade is mostly due to the region's economic policy which favoured export-oriented policies in the late 1980s and early 1990s, or more than two decades after the initial integration project. ASEAN countries opt for an export-oriented policy due to the 'demonstration effect' from Northeast Asian countries,¹⁵ the increasingly liberal economic environment since the 1980s, and variations in production technology and the lump of commodity prices that forced ASEAN countries to develop new export commodities (Ariff and Hill, 2011).

¹⁵ Demonstration effect refers to Southeast Asian countries' replication of the Northeast Asian countries' (i.e. Japan, South Korea, Taiwan) development model which is a combination of the 'strong state, strong market' economic principles.

In addition to quantitative measures, the presence of the EU and ASEAN can also be observed by looking at how globally accepted they are, particularly through participation in trade-focused organisations such as WTO. In the WTO, the EU currently holds full membership status while ASEAN holds neither membership nor observer status. However, all 10 ASEAN member states are members of the WTO, which gives them an individual voice in trade-related issues. The choice to opt for an individual approach rather than a collective one is mostly due to differences in ASEAN member states' economic level and interests, making it difficult to undertake a common position in the WTO. As one interviewee asserts, with a highly developed country like Singapore and least developed one such as Cambodia, it makes more sense for ASEAN member states to engage in trade coalitions with those that are economically alike, rather than to engage in coalitions based on geographical proximity.¹⁶ Thus, ASEAN's lack of status and cohesiveness in the WTO has more to do with its internal differences and institutional choices and little to do with its acceptance by external actors.

Another qualitative feature unique to the EU – and is absent in ASEAN – is the existence of an internal market and its consequences to other parties. This is known as the 'Brussels effect' or situations when country/countries are able to externalise their laws and regulations across their borders through market mechanisms, creating a global standardisation of regulations (Bradford, 2012; Bradford, 2014). Initially, the EU's regulations and standards were meant to strengthen its internal market as a part of its integration project. However, increased economic liberalisations, including in trade, means that any economic exchanges with the EU must also adhere to these regulations, thus, creating a unilateral regulatory power for the EU. Due to its market size and level of economic growth, the EU can have massive control over economic regulations and standardisation, despite not necessarily intending to do so. Currently, the Brussels effect covers regulations and standardisation of goods such as foods and chemicals as well as economic activities like competition policy and protection of privacy (Bradford, 2012). These externalities were the by-product

¹⁶ Anonymous interview with ASEAN member state's trade official

and unintended consequences of the EU's internal market, which, until now, can not be matched by other regional organisations.

To sum up, in both quantitative and qualitative measures, the EU displays a higher trade presence compared to ASEAN.

4.3.2. The EU and ASEAN's Organisational Capabilities

The term *capabilities* refers to the institutionalised means to an end, consisting of overall budget and instruments directly under the control of the organisation (Hulse, 2014). Overall budget includes membership fees and any other forms of payment by member states as well as other external sources such as grants and financial assistance. The instruments of regional organisations cover external actions by member states, classified into three forms of mechanisms: *coercion*, *incentivisation*, and *moral suasion*, and have the ultimate goal of changing other actors' behaviour. Not all regional organisations can or will utilise these instruments since it depends on the authority delegated to them and the willingness of their member states to use these instruments. The different mechanisms of ROs' external instruments can be summarised below:

Table 4.1 Instruments for External Actions

<i>Diffusion mechanism</i>	<i>Instrument</i>
Coercion (legal or physical imposition)	Litigation, military intervention
Incentivization (manipulation of utility calculations, instrumental rationality)	Positive and negative incentives such as conditionality, sanctions, technical assistance
Moral suasion	Political dialogue, workshops, statements, lobbying
– socialization (normative rationality)	
– persuasion (communicative rationality)	

Source: Börzel & Risse (2009) in Hulse (2014)

Based on this definition, the EU and ASEAN's organisational capabilities can be compared by looking at their overall budget and external instruments available at their disposal.

As a regional organisation made up of many developed countries, the EU's budget is relatively high and has, on average, displayed an increase over time. Within the last five years, the EU reported an annual revenue of €143.940 million (2014), €146.027 million (2015), €144.089 million (2016), €139.023

million and €158.642 million (2018), with Germany, France and the UK being the top three largest contributors of the EU's income (European Commission, 2020b). For 2019, the EU reported a 3.2% increase in budget commitments, totalling to €165.8 million of available funds (European Council, 2019b). The EU allocated this revenue into different posts including smart & inclusive growth, sustainable growth, natural resources, security & citizenship, *Global Europe*, and administrative purposes. Allocation for Global Europe includes the budget for the EU's Instrument for Pre-Accession Assistance and 'other external purposes' (European Commission, 2020b). While there is no further explanation on what other external purposes entails, it can be inferred that this budget covers the EU's other external relation activities, including in the formulation and utilisation of their external instruments. In 2018, this post accounted for €8.073 million, or around 5.15%, of EU's total expenditure (European Commission, 2020b), which indicates the EU's strong budget capabilities in financing its external instruments.

From 2014 to 2020, the EU lists nine funding instruments for its external cooperation and external aid, distributed based on thematic issues and geographical areas. These range from democracy & human rights, nuclear safety, and stability & peace to European neighbourhood instruments (European Commission, 2019f). Political or economic conditionalities are also often included within these instruments, such as the 'more-for-more' clause in the EU's neighbourhood policy where recipients will get *more* economic benefit from the EU (e.g. technical assistance, financial assistance, market access), in exchange for *more* political reforms within their country (European Union External Action, 2016). Moral suasion activities such as lobbying, workshops, and dialogue are the day-to-day activities of the EU's representatives abroad and form an integral part of the EU's external instruments. During the research interview, an EU representative noted that EU representatives are roughly involved in three to four meetings per week with the host country and this number is likely to increase when EU officials from headquarters are visiting.¹⁷

Aside from these less intimidating mechanisms, the EU has also utilised several coercive mechanisms, such as military interventions (or in EU terms, 'civil and military missions') in several African, Asian, and European countries as part

¹⁷ Anonymous interview with an EU's overseas representative

of its Common Security and Defence Policy (CSDP) and in several cases, economic sanctions. Since 2003, the EU has launched more than 30 missions worldwide, and as of today, the EU has 16 CSDP operations in place (European Union External Action, 2019). Sanctions are also one of the EU's core external instruments, covering embargoes and restrictions on several aspects including financial, trade, and movement targeted for third countries, terrorist groups, or individuals. Currently, the EU lists 45 entities which are under the EU's sanction list, 35 of which are countries (European Commission, 2020c).

Comparing the scope and magnitude of the EU's external instruments, it can be argued that generally, most of the EU's external instruments fall within incentivisation and moral suasion mechanisms, covering activities such as technical and financial assistance, worldwide development and cooperation programmes, dialogues and workshops. Although the EU does employ several coercive measures such as military interventions and sanctions, its scope, magnitude, and frequency are rather limited compared to other external instruments.

Specifically, for trade, the EU's full membership in the WTO gives it access to the WTO's dispute settlement mechanisms as a form of its coercive instruments. This means that the EU, as a group, can make use of international law and (indirectly) enforce other countries to obey global trade regulations or punish others for not playing by the rules. Since the creation of WTO's Dispute Settlement Body (DSB) in 1995, the EU has been one of its most active users, being involved in 187 cases, 102 as complainants and 85 as defendants (European Parliament, 2019b). The EU even has specific trade defence policy and instruments to safeguard its trade interest against external parties and employs a dedicated sub-directorate level unit on trade defence at the DG Trade (European Commission, 2020e). Moreover, the existence of the Court of Justice of the European Union (CJEU) means that, internally, the EU also has a regional dispute settlement mechanism that can be used for trade affairs. The CJEU's General Court handles cases between the EU and other legal entities, including foreign-owned companies, which once again provides the EU with instruments to enforce trade regulations.

The EU's wide range of external instruments and willingness to utilise them corresponds directly to the EU's capabilities in managing external relations

with others. The fact that EU has a large budget, can use multiple mechanisms of external instruments and has used them in the past shows that the EU's capabilities are strong, and its member states are willing to use these instruments, which cannot be said about ASEAN.

Unfortunately, it is rather difficult to get an exact estimate of ASEAN's overall budget since no specific data regarding this could be found and hence, is difficult to infer whether there are any increases/decreases in ASEAN's budget. However, several rough estimates regarding this can be found from newspapers, journal articles, and international institutions' reports. Since most of ASEAN member states are developing countries, ASEAN has a limited budget, and conversely, a limited ability to undertake external actions. ASEAN Secretariat's annual budget was around US\$17-20 million in 2016, paid in equal amounts by the ten member states (Foo, 2016; Chalermphanupap, 2016). Aside from member states' contributions, ASEAN also receives external funding from donors amounting to US\$60 million but is mostly spent on specific projects rather than on the day-to-day operations of the Secretariat (Asian Development Bank Institute, 2012). If we total these numbers together, then ASEAN would roughly have an estimated budget of around US\$72-80 million or around €65-72 million per year, with around 75-86 per cent of this budget coming from external sources which, in a way, creates a dependency and jeopardises ASEAN's funding in the long run. Comparing this to the EU, ASEAN's annual budget accounts for only 0.04% of EU's total budget in 2018, which shows ASEAN's meagre budget capabilities.

In addition to ASEAN's limited budget, its external instruments are also restricted. Due to its core principle of non-interference and absent use of force, ASEAN cannot employ any *coercion* or *incentivization* as external instruments (or internal instruments, for that matter). Military interventions or sanctions are never on ASEAN's list of external instruments, and frankly speaking, are also never used when internal problems arise. For example, ASEAN has been pressured several times by other countries to undertake sterner action regarding Myanmar's human rights violations of the Rohingya (Heijmans, 2019) and however, until now, no coercive measures have been taken. Considering that for internal affairs ASEAN is reluctant to use any type of coercive measures, it is very unlikely that ASEAN member states would use coercive measures in

pressuring non-member states. Furthermore, since ASEAN does not have any form of a regional dispute settlement mechanism, its ability to produce any powerful legal instruments are limited, both internally and externally. While the WTO does provide a dispute settlement body for trade matters which individual ASEAN member states can access, ASEAN does not have this option collectively as a group since they are not a full member of the WTO.

Hence, ASEAN can only use *moral suasion*, which involves workshops, dialogues, statements or lobbying when faced with an external crisis. One example of employing moral suasion in external crisis is ASEAN's handling of the South China Sea territorial dispute which is only discussed in interstate summits, with the hope of finally securing a *Code of Conduct* which, essentially, has little or no binding force. Although the Philippines, as a member of ASEAN, reported an arbitration case in 2013 against China regarding the South China Sea dispute, this was done individually rather than collectively through ASEAN.

ASEAN's preference for non-binding external instruments is also visible in its external economic relations, as observed by its FTA texts. Generally, it is expected that dispute settlement provisions in political or security agreements tend to be weaker than economic agreements due to the degree of technicalities involved. However, for ASEAN, even its FTAs tend to have limited binding power, especially for provisions on non-traditional trade issues such as services, intellectual property rights and investment (Gao, 2019). Even ASEAN's newest and largest trade agreement, the RCEP, is being singled out specifically for its lack of provision on investor-state dispute settlements, which again points to ASEAN's proclivity for less coercive measures in managing its external relations.

Aside from differences in their internal capabilities, another notable difference between the EU and ASEAN is in their *willingness* to employ external instruments that correspond to their core regional values. For the EU, its external relations are based on the principle of *promotion* of human rights and democracy inspired by the Union's creation, development, and enlargement (European Parliament, 2019a). The EU has a dedicated external instrument for the promotion of democracy and human rights – the European Instruments for Democracy and Human Rights (EIDHR) – in addition to EU's Election Observation Missions (EOM) which monitor democratic practices around the globe. Moreover, the inclusion of sustainable development and good governance

principles in trade agreements can be seen as a way to *externalise* the EU's core values through economic relations, which is not evident in ASEAN. ASEAN's core values such as non-interference, absent use of force, and consensus-building are upheld for *internal purposes* and regional stability only, and not for expansive purposes. As Rumelili (2007) argues, the EU's core values have an underlying universalising aspiration, while ASEAN's core principles are regionally exclusive and are not aimed to be applied universally. This distinction between universal and regionally exclusive norms simultaneously shapes the EU's willingness to use coercive measures and positive/negative inducements in their external instruments and ASEAN's unwillingness to do so. Since ASEAN member states believe that their norms are only fit for regional purposes, there is no point in using any punitive measures to enforce these values to non-members.

To sum up, since ASEAN does not have enough financial resources and see no added value in projecting their norms externally, ASEAN is both *unable* and *unwilling* to undertake sterner forms of external instruments, which is exactly the opposite of the EU. In short, assessing ASEAN's overall budget, availability of external instruments, and willingness to use such an approach, it can be assumed that as an international actor, ASEAN has very limited capabilities compared to the EU.

4.3.3. The EU and ASEAN's Preference Convergence

Preference convergence is closely related to both the decisionmaking process and to some extent, identity. Effective decision-making procedures are important for high levels of actorship since they contribute to the convergence of preferences. The type and processes of decisionmaking can facilitate easiness of preference convergence while a relatively similar identity may signal similar ideas and similar interests, thus leading to convergence in preferences (Hulse, 2014). Several decisionmaking models may also facilitate or hinder preference convergences, such as in the EU, where policy areas that use the intergovernmental model tend to reduce the EU's preference convergence (Hulse, 2014). However, this does not necessarily mean that all intergovernmental decisionmaking models cannot lead to convergence since

they can also facilitate convergences if some form of hegemonial leadership exists within the organisation (Doidge, 2011).

For the EU, its decisionmaking structure differs based on the policy areas and for trade policy which falls under the exclusive competence of the European Commission, supranational and centralised decisionmaking is the dominant method. In trade, the EU follows the community method where the Commission has the right of initiative, and the European Council and European Parliament have shared co-decision making power.¹⁸ Under this arrangement, individual member states have limited authority since their interests are only represented through the Council and the Parliament who work in tandem with the Commission, making divergence more likely to happen between the different EU institutions rather than between member states. An example of this was in 2012 when the Commission and the Parliament's position did not align regarding the Anti-Counterfeiting Trade Agreement (ACTA) since the Parliament believed that the treaty was 'too vague and open to misinterpretation and could, therefore, jeopardise citizens' liberties' (European Parliament, 2012). This was also the first time that the Parliament used its power after changes in the Lisbon Treaty which grant them the power to reject international trade agreements. Divergences in preferences are also likely to happen internally between different directorates in the Commission where one study have noted that the Commission's position in negotiation is often characterised by rivalries among different functional divisions, with DG Development having a more development-friendly position compared to DG Trade, and DG Agriculture being the most protectionist (Dür and Zimmermann, 2007).

Although divergences still occur within the EU's external trade position, the EU has generally undergone a shift in its preference formation, leading to better convergences in the long run. Since the mid-1990s, member states have gradually added and expanded the EU's competence area in trade, initially only for trade in goods, and later expanded to include services and investment.¹⁹ The implementation of the Lisbon Treaty also increased the EU's rulemaking power

¹⁸ A more detailed explanation on this will be discussed in the subsequent chapter on the EU and ASEAN's processes of trade diplomacy

¹⁹ A more detailed explanation on this will be discussed in the subsequent chapter on the EU and ASEAN's processes of trade diplomacy

in trade, particularly for the EU parliament, which further shifted trade authority from member states to the EU institutions. This means that over time, the EU's trade decisionmaking structure has become more centralised – or supranational – and divergences are more likely to happen at the regional level, rather than national level. As a result, member states are most likely expected to diverge only when they collectively discuss the transfer of trade negotiation authority to the EU – or the granting of negotiation mandate to the Commission by the Council – and unanimity is used as the decisionmaking method. Under unanimity, all member states are expected to agree before any trade negotiation with a third-party can commence, meaning that all member states have equal power, and thus, the likelihood of disagreements is high.

However, this may also change since, in April 2019, the first incident of non-unanimity occurred when member states used qualified majority voting (QMV) on the granting of mandate to the Commission. This option was taken since France and Belgium refused to grant negotiation mandate for the opening of the EU-US trade negotiations, and yet, the mandate was still granted since the majority of member states were in support (Schreuer, 2019). The granting of the negotiation mandate resulted in the first precedent of QMV, which may have future effects for the EU's trade decisionmaking process, and subsequently, the EU's preference convergence. However, it is still too early to tell whether this will lead to a higher level of preference convergence or not since this may require an analysis of multiple case studies, which is beyond the scope of this research. Overall, while divergences still occur in the EU's external trade position, particularly between and within the EU institutions, the EU has gradually developed an institutional mechanism to facilitate better preference convergences between member states which ASEAN still lacks.

In trade, ASEAN adopts an intergovernmental decision-making model where all member states have equal power, meaning that in essence, no state has *real* power. This decisionmaking model has led to difficulties in maintaining coherence among members since practically all ASEAN member states' have veto power, and thus, any agreement can fail even if only one member-state refuses to agree. ASEAN member states do not delegate any form of trade authority to regional institutions, but rather only create a secretarial body (e.g. ASEAN Secretariat) to facilitate interactions between member states and

external partners meaning that no centralised institution nor mechanism is present to assist preference convergence in trade. As several trade officials from ASEAN member states have confirmed during the research interviews, decisions on whether to engage or not in trade negotiations are decided by the head of states, assisted by the foreign ministers, while trade ministers are only in charge of conducting trade negotiations.²⁰ Multiple interviewees also affirm that ASEAN FTAs currently only covers trade in goods and limited services, which is far from the ‘gold-standard’ FTAs that often include other areas such as intellectual property rights and government procurement. Moreover, for instances where the lowest common denominator is deemed not satisfactory enough by individual member states, there are options to conclude individual agreements outside of the ASEAN scheme, thus furthering divergences within ASEAN.²¹

Despite these divergences, one interest convergence can be identified within ASEAN. To a certain degree, all ASEAN member states agree to *some* level of economic openness and economic liberalism due to their export-oriented policies and thus, generally support free trade agreements as a group. However, they differ on the *scope* and *timing* of liberalisation due to differences in domestic conditions and socio-economic players. Jones (2016) observes that in ASEAN, domestic socio-political players need to push some degree of economic openness to generate additional wealth, but at the same time, require protectionist measures to retain wealth and eliminate social unrest, resulting in ‘a constrained, partial, and uneven liberalisation’ within ASEAN. For instance, during the research interview, an EU negotiator involved in EU-ASEAN FTA observed that several topics/issues such as investment protection or government procurement proved to be a difficult issue during collective negotiations with ASEAN, but not so much when discussed individually with corresponding member states.²² This leads to the conclusion that while ASEAN member states favour economic openness as a group, they are yet to agree on what aspects are to be liberalised.

²⁰ Anonymous interviews with several ASEAN member states’ trade officials

²¹ This will be discussed in more details in Chapter 5

²² Anonymous interview with DG Trade official

Furthermore, due to the different economic performances of ASEAN member states, the timing of liberalisation is also an issue since not all countries are equally prepared to be liberalised. In managing its economic affairs, ASEAN adopts an 'ASEAN minus X' formula where X points to the numbers (and names) of countries excluded from an agreement. Another similar form is the '2+X' formula where two or more ASEAN countries can proceed with specific economic arrangements, and other countries can follow at later dates. These formulas offer flexibility in economic decision-making within ASEAN and have been practised since the 1980s to incorporate the different economic levels of ASEAN member states. While this solution may be effective in overcoming disparities among its member states, it also creates complications for external partners since they are presented with ten different tariff schedules, which further exacerbates ASEAN's divergence problems. As one former EU negotiator involved in the EU-ASEAN FTA recalls during the interview, 'it is difficult to negotiate with ASEAN since they have ten different tariff schedules, meaning that we have to discuss it separately which is time-consuming'.²³ Overall, although all ASEAN member states can agree on some level of economic openness, they often have difficulties in maintaining similar preferences throughout the process.

Comparing the EU and ASEAN's preference convergence, two observations can be highlighted. *First*, the EU's preferences can diverge between/among member states and the EU institutions, while ASEAN tends to diverge only between its member states. *Second*, the degree of preference divergences is likely to be higher for ASEAN since its decisionmaking structure allows exceptions for member states to opt-out from agreements. Although this may seem to be *internally* cohesive since it facilitates member states' economic interests, it is *externally* incoherent since it creates multiple fronts to external parties. In summary, the EU's institutional structure and mechanisms have created better avenues for interest aggregation, leading to higher preference convergences compared to ASEAN.

4.3.4. The EU and ASEAN's Identity

²³ Anonymous interview with former EU negotiator involved in the EU-ASEAN FTA negotiations

In determining an actor's *identity*, Wendt (1994) distinguishes between *corporate identity* and *social identity*. Corporate identity is the 'intrinsic, self-organising qualities that constitute an actors' individuality' while social identity refers to the 'sets of meanings that an actor attributes to itself while taking the perspective of others. Identities determine actors' interest and are shaped (and reshaped) through social interactions in the system. For ROs, corporate identity can be easily discerned by looking at their physical resources, set of institutions, members, and the organisations' practical goals. An RO's social identity, however, is more difficult to distinguish since it requires deeper level commonalities such as shared norms, regional values, and 'imagined' communities. Regions are not geographically or culturally given, and hence, region-building involves both political and social activities, and so identity-based approach looks beyond the physical limits of the region (Acharya, 2005). Identity is what limits regions and regional organisations from their external environment, separating between 'us' and 'them' and creating a sense of exclusivity for the region. This can be shaped by geographical, cultural, or historical underpinnings, such as in Europe where historically, regional integration was perceived as a solution to wars, leading to the regionally-held belief that regionalism, a liberal market economy, and certain political values like democracy and respect for human rights should be the regional norms (Doidge, 2011; Hulse, 2014).

For corporate identity, the EU and ASEAN's general goals are rather similar such as promoting peace, fostering economic development and enhancing social progress through regional integration. The main difference though is that for economic integration, the EU mentions the aim of 'establishing an economic and monetary union whose currency is the Euro while ASEAN lists 'creating a single market and production base' as their goal for economic integration (Association of Southeast Asian Nations, 2007b; European Union, 2019). This distinction is crucial since it sets the basis for two distinct corporate *economic* identities where the EU sees itself as an 'economic and monetary union' (EMU) and ASEAN perceives itself as a 'common market and production base', each bearing different consequences for their regional economic choices. As an EMU, the EU requires an integrated fiscal and monetary policy in addition to common trade policy, and since economic and financial stability is central for this, member states also need to ensure that no economic or financial shocks

will disrupt the region. For ASEAN, a single production base and a common market will require activities aimed towards cutting production costs such as the free flow of goods, services, capitals, and labour. In this sense, both the EU and ASEAN have created distinct corporate *economic* identities for themselves, which also shape their actions, choices, and how others receive them.

For example, although the EU and ASEAN both experienced financial crises during their integration process, they responded rather differently. For ASEAN, although the 1997-1998 financial crisis hit several of its member states, ASEAN's aftermath response was only in the creation of the Chiang Mai Initiative (CMI),²⁴ which is a multilateral currency swap arrangement between ASEAN and its northern neighbours (China, Japan, and South Korea), without any formal institution to manage or oversee this fund. Although ASEAN does have the ASEAN+3 Macroeconomic Research Office (AMRO), its function is more on the regional economic surveillance side rather than on the management of the regional financial crises (AMRO, 2018). Contrary to this, the EU's response to the 2009 Eurozone crisis was to create a new intergovernmental organisation, the European Stability Mechanism (ESM) which is in charge of providing financial and technical assistance to the Eurozone countries who were/are facing liquidity problems (European Stability Mechanism, 2020). The ESM was an upgrade from the European Financial Stability Facility (EFSF) which is a temporary body initially designed as a 'crisis resolution mechanism' for debt-laden countries in the Eurozone (European Stability Mechanism, 2020). This shift from temporary to a permanent institution is in line with the EU's long-term goal and economic identity as a monetary union.

The different approaches taken by the EU and ASEAN in handling the financial crisis are indications of the different economic identities and goals being pursued. For an economic and monetary union like the EU, having a permanent institution for ensuring regional financial stability will strengthen its economic identity, while for ASEAN the creation of a permanent institution in charge of ensuring financial stability is still not high on their agenda considering that member states 'only' form a common market and production base.

²⁴ In 2009, Chiang Mai Initiative was changed to Chiang Mai Initiative and Multilateralisation (CMIM) and the foreign reserves currency pool was doubled. Initially starting at US\$ 78 billion of currency reserves, CMIM currently has a currency reserve of US\$ 240 billion

However, corporate identity alone is not enough to fully explain an actor's identity since another important point is in understanding how the EU and ASEAN's perceptions of themselves, in other words their social identities, are shaped by their interactions with other actors. In identifying the EU and ASEAN's social identities, several points of references need to be considered. *First*, whether the EU and ASEAN share any collective identity as a group, and *second*, whether either shares any common regional values which are discernible to non-members. Also, it should be noted that the EU identity does not equate to the *European* identity and ASEAN identity is not the *Southeast Asian* identity since an individual can feel like he/she is European/Southeast Asian but not an EU/ASEAN citizen.

For the EU, the shared collective identity has been captured and documented through the bi-annual Eurobarometer public opinion survey, where one aspect of the survey includes 'European citizenship', specifically answering the question of whether someone feels like a citizen of the European Union or not.

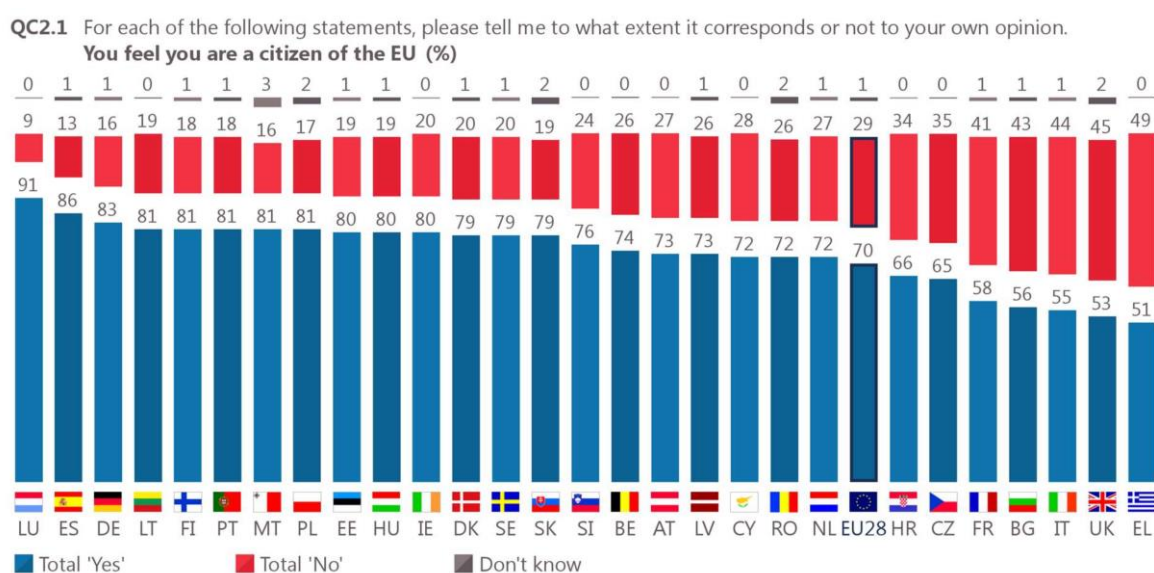


Figure 4.1 The Feeling of EU Citizenship

Source: Eurobarometer (Spring 2019)

In the 2019 Eurobarometer Spring Report, findings suggest that 70% of respondents felt that they were EU citizens and 29% indicated that they did not (European Commission, 2019). The feeling of EU citizenship has seen a decline of 3% compared to the previous report, despite five countries reporting an increase. On average, more than half of the EU population feels that they are, indeed, 'an EU citizen' and share socio-legal commonalities with other EU residents.

For ASEAN, no official polls, surveys or studies can be found regarding this although several independent polls, surveys and studies have been done. The first and perhaps earliest of these was conducted by the Institute for Southeast Asian Studies (ISEAS) in 2007 and 2014 and measured *students'* perceptions regarding ASEAN. The study concluded that overall, most students have a positive outlook regarding ASEAN and over 80% consider themselves 'ASEAN citizens' (Thuzar, 2015). Other studies also find similar results, stating that more than 75% and even 90% of the ASEAN population feels that they are, indeed, ASEAN citizens (Intal et al., 2016; Association of Southeast Asian Nations, 2019). One common thread within these surveys is that younger generations of ASEAN tend to feel more connected regionally compared to older ones, suggesting that youth interactions between ASEAN citizens may well contribute to ASEAN's citizenship building. Overall, both the EU and ASEAN's population display a 'moderately strong' to 'strong' feeling of citizenship to their respective regional organisations, indicating a strong socio-legal regional identity.

The second aspect of social identity is whether the EU and ASEAN possess any shared norms or values and whether these norms/values are perceived as being distinct to them. As a formal organisation, the EU defines its values as 'values common to the EU countries in a society in which inclusion, tolerance, justice, solidarity, and non-discrimination prevail' (European Union, 2019). The EU considers these values as an integral part of the 'European way of life' consisting of specific values including respect for human dignity, freedom, democracy, equality, the rule of law, and human rights (European Union, 2019). These regional norms are how the EU see themselves, what others should adhere to if they were to become part of the EU, and to a certain degree, what

external actors should agree to if they were to develop a relationship with the EU.

The link between the EU's norms and other external actors have been documented extensively, culminating in what Ian Manners termed as the 'normative power' of the EU. The EU as a normative power means that the EU, as an actor can exercise the ability to shape the conception of 'normal' in global affairs, or in other words, has the ability to shape global opinion (*power over opinion*) (Manners, 2002). A common feature of the EU's normative power is how the EU 'exports' its norms, or in the words of several EU's officials during the interviews – uphold global agreements – including in trade relations. In trade agreements, the EU's inclusion of its core values, usually formalised through one chapter of the agreement, has become a widely accepted practice by their negotiation partners, noting it as a distinctive EU practice in trade. Since 2009, EU trade agreements have included the Trade and Sustainable Development (TSD) chapter, which is an additional chapter containing a commitment by both parties to uphold certain standards relating to labour, human rights, environmental protection and other forms of social clauses. From 2011 onwards, most of the EU's trade agreements have also included the creation of an advisory group to advise on the implementation of these TSD chapters (European Commission, 2019h).

From the perspective of the EU's external partners, it is relatively clear from the start that any trade negotiations with EU will always involve some clauses on labour, human rights or environmental issues since these are part of the EU values. Although not all countries can accept this, it is always seen as an integral part of EU trade negotiations. As one ASEAN trade negotiator puts it during the interview, 'Not all countries are happy with the EU's inclusion of their so-called values in trade negotiations, but I think most countries know that the EU is going to ask it anyway'.²⁵ As such, most (if not all) global trade players are aware that the EU is *unique* since, in trade negotiations, the inclusion of labour, human rights or environmental clauses has in a way created a distinct *trade identity* for the EU which is different from other actors. Although the inclusion of social clauses in trade is not exclusive to the EU, since other countries such as

²⁵ Anonymous interview with ASEAN member state trade official

the US and Australia often require this as well, the EU is by far the only regional organisation to do so and is the most visible trait that separates the EU from other regional trade entities.

One reason for the EU's distinctiveness in trade identity is perhaps due to its learning curve as a long-standing trade actor, coupled with the internal pressures from domestic players. Prior to 2009, the EU was like any other trade entity, except for the fact that it was a unique political entity (e.g. not a state) which is more of a general feature rather than a trade feature. After 2009 though, the EU started to incorporate TSD chapters in their trade agreements which, until now, is the EU's trademark in trade agreements. The move to include these social clauses in trade was driven by changes following the Lisbon Treaty where the EU Parliament, who favours human rights and democratic principles, was given larger authority to supervise trade negotiations and also due to the need to win support from the public support who were increasingly becoming critical of free trade agreements (Van Den Putte and Orbie, 2015). An increase in the Parliament's power was a response to the democratic deficit that the EU was facing, and the inclusion of the Parliament in the EU's trade decisionmaking process was beneficial for many civil society groups since the Parliament is the one EU institution that is most likely to respond to public opinion.²⁶ These combined factors resulted in the ascending status of social clauses as an 'unobjectionable norm' within the EU's trading relations (Van Den Putte and Orbie, 2015), which the EU still upholds until now.

Like the EU, ASEAN also exhibits certain identity traits that separate it from its external environment, although their trade identity is less clear compared to the EU. As an organisation, ASEAN does not specifically identify any core values, but rather a set of fundamental principles which includes:

1. Mutual respect for the independence, sovereignty, equality, territorial integrity, and national identity of all nations;
2. The right of every State to lead its national existence free from external interference, subversion or coercion;
3. Non-interference in the internal affairs of one another;
4. Settlement of disputes by peaceful manner;
5. Renunciation of the threat or use of force; and

²⁶ Anonymous interview with representative from trade-focused civil society organisation in EU

6. Effective cooperation among themselves

Source: Treaty of Amity and Cooperation in Southeast Asia (1976)

These six core principles are often summed up as ASEAN's principle of *non-interference*, or *non-intervention*, and *absent use of force*, which have guided ASEAN's internal conduct throughout the decades. During their 53 years of existence, these are the most consistent principles that ASEAN has upheld and preserved, despite multiple criticisms. The sustained cases and accusations of human rights abuse (e.g. Myanmar's Rohingya case, the Philippines' war on drugs) and undemocratic government practices in Southeast Asia are often viewed as ASEAN's inability to tackle such issues due to the organisation's underlying principle of non-interference in member states' domestic issues. The closest form of 'intervention' that ASEAN has engaged in is perhaps its policy of constructive engagement used towards Myanmar in the hopes that the country's behaviour could be changed through private dialogues – or in ASEAN's terminology 'quiet diplomacy' – and continued interactions leading to socialisations of normally accepted behaviour without the use of punitive measures. Overall, ASEAN's principle of non-interference and absent use of force are, for the most part, accepted and maintained due to the 'shared understandings' of members that domestic issues should be managed domestically (Suzuki, 2019). Although many interstate relations also adhere to these principles, ASEAN's strong emphasis on non-interference, sometimes even at the expense of other issues such as human rights, is what separates it from other regional organisations.

Another distinctive norm often attributed to ASEAN is the 'ASEAN Way', which refers to specific sets of practices typical to Asian cultures. Explicitly, the ASEAN Way was never mentioned in any of ASEAN's core legal texts (unlike the principle of non-interference) although it has been used many times by ASEAN member states' officials in multiple occasions. The term 'ASEAN Way' only came into prominence during the 1990s, almost 25 years after ASEAN's creation, due to the regular use by member states' officials, and later on, was rightfully captured by academic circles (Yukawa, 2018). The ASEAN Way can often be difficult to conceptualise since it may consist of different elements depending on whom you talk to, however, the widely accepted elements are

decisionmaking procedures consisting of informality, non-confrontation, consultation & consensus, and thinking multilaterally but acting bilaterally (Acharya, 1998). In his study on the discourse analysis of the ASEAN Way, Yukawa (2018) found that the ASEAN Way was used to deliberately present the unique human rights and democratic values of ASEAN's member states' that differ from Europe and the United States', which highlight not just the ideational, but also the political function of the term. During multiple occasions, ASEAN leaders have also used the term 'ASEAN Way' to distinguish themselves from the western practice (Acharya, 2001), suggesting that ASEAN member states deliberately coined the term ASEAN Way to set up a distinct identity to separate them from the rest, particularly the western identity.

This distinction also extends to external trade relations where ASEAN member states separate themselves from other regional organisations, particularly the EU. As one official from ASEAN member states points out during the interview:

*"We are not the EU, and it is impossible to expect us to work like the EU. We have our own internal mechanisms and our external partners understand that. We need to reach consensus and find common ground first before entering into any external negotiations, and although some may find this complicated, they need to understand that this is how ASEAN works."*²⁷

In managing trade, ASEAN also adopts the ASEAN Way, particularly in using consultation & consensus, as their only method in negotiation. However, since this is used for all policy areas and not specifically for trade, it can hardly be considered a distinct *trade* identity. Furthermore, aside from its rather 'shallow' trade agreements,²⁸ no distinct trade characteristics can be observed from ASEAN. The content of ASEAN trade agreements is typical of any FTAs as consultation/consensus are also common in most trade agreement negotiations. Hence, unlike the EU, which can be easily distinguished by its TSD chapters in trade negotiations, ASEAN does not exhibit any distinctive traits that set them apart from other trade entities. Regardless of this, a common feature between the EU and ASEAN is that they both have strong and distinct *regional* identity,

²⁷ Anonymous interview with ASEAN member state's trade official

²⁸ Shallow in this sense refers to the quality of trade agreements, where 'deeper' trade agreements tend to cover more areas (goods, services, investments, governments procurement etc.) and lower tariff rates.

which can be easily distinguished from other regional organisations. Citizens of both the EU and ASEAN perceive themselves as part of a 'regional group', and each organisation exercises core values within themselves, serving as a distinct regional practice that further sets them apart from other regions. Hence, for both the EU and ASEAN, the notion of 'us' and 'them' is relatively clear, owing to both their regional sense of belonging and normative practices.

Comparing the EU and ASEAN's overall behavioural actorness, it can be concluded that in general, the EU displays a *higher* level of actorness compared to ASEAN, owing mostly to its economic capabilities, internal foundations, and regional mechanisms. The only indicator where both the EU and ASEAN are strong is in their regional identity, which explains why these two regional organisations are often compared in an opposing spectrum since they each display a distinct identity.

4.4. Comparing the EU and ASEAN's Actorness in Trade Diplomacy

Comparing the EU and ASEAN's legal and behavioural actorness, a summary of the main findings of this chapter is outlined below:

Table 4.2 Comparison of the EU and ASEAN's Actorness in Trade Diplomacy

Element of Comparison	EU	ASEAN
Legal Actorness	International actor as granted by a legal instrument	International actor as granted by a legal instrument
Behavioural Actorness		
- <i>Trade Presence</i>	Strong	Moderate
- <i>Organisational Capabilities</i>	Strong	Weak
- <i>Preference Convergence</i>	Divergences between/among MS and the EU institutions; lower level of divergences	Divergences between member states; higher level of divergences
- <i>Identity</i>	Strong	Strong

It can be observed that the EU and ASEAN are different on three elements: their trade presence, organisational capabilities, and preference convergence; while being similar on two elements: their legal actorness and identity. Closely examined, the similarities between the two organisations can be linked to how they wished to be perceived externally and whether it is possible for them to 'stand out' as an actor, which, consequently, also indicates the EU and ASEAN's quest for international recognition and regional agency. On the contrary, their differences are mostly the result of internal differences, particularly due to variations in their domestic resources, degree of liberalisation, and institutional settings.

4.4.1. Explaining Differences in the EU and ASEAN's Trade Actorness

Based on the previous discussion, differences in the EU and ASEAN's actorness in trade can be attributed to three main causes: differences in their *levels of economic development*, their *institutional settings* where a trade-focused supranational institution is present in the EU and absent in ASEAN, and the *availability of a regional mechanism* to minimise preference divergences between member states in the EU and the absence of one in ASEAN.

Differences in level of economic development affect the EU and ASEAN's trade presence, capabilities, ability to finance external instruments, and acquire solid positioning in global trade. Discrepancies in the EU and ASEAN's budget can be easily attributed to their overall GDP and the number of budget contributions that each member state can afford. In 2018, the GDP per capita (PPP) of ASEAN and the EU averaged at US\$ 4.601 and €28.280 (equivalent to US\$ 31.179), respectively (ASEAN Secretariat, 2019; Eurostat, 2020), suggesting that on average, the EU's ability to finance its external instrument is six times larger than that of ASEAN. This, in itself, is a clear indication of a massive difference in their financial capabilities and their ability to finance their respective regional organisations.

Adding to these discrepancies is the fact that, member states contribute equally to ASEAN, meaning that regardless of their economic performance, each member state is expected to contribute a similar amount to ASEAN's budget (Chalermphanupap, 2016). This is contrary to the EU, where national contributions are linked to gross national income (GNI), meaning that wealthier

countries are likely to contribute more to the EU's budget. In 2018, Germany, France and the UK were the EU's top three contributors while Estonia, Cyprus and Malta were its three smallest contributors (European Commission, 2020b). The EU's GNI-linked model of contribution means that the EU's yearly revenue may increase or decrease depending on the economic performance of member states, while ASEAN's budget can only increase or decrease if member states agree on doing so, regardless of their economic performance.

Comparing the EU and ASEAN's economic performance, as measured by GNI per capita from 1990-2018:

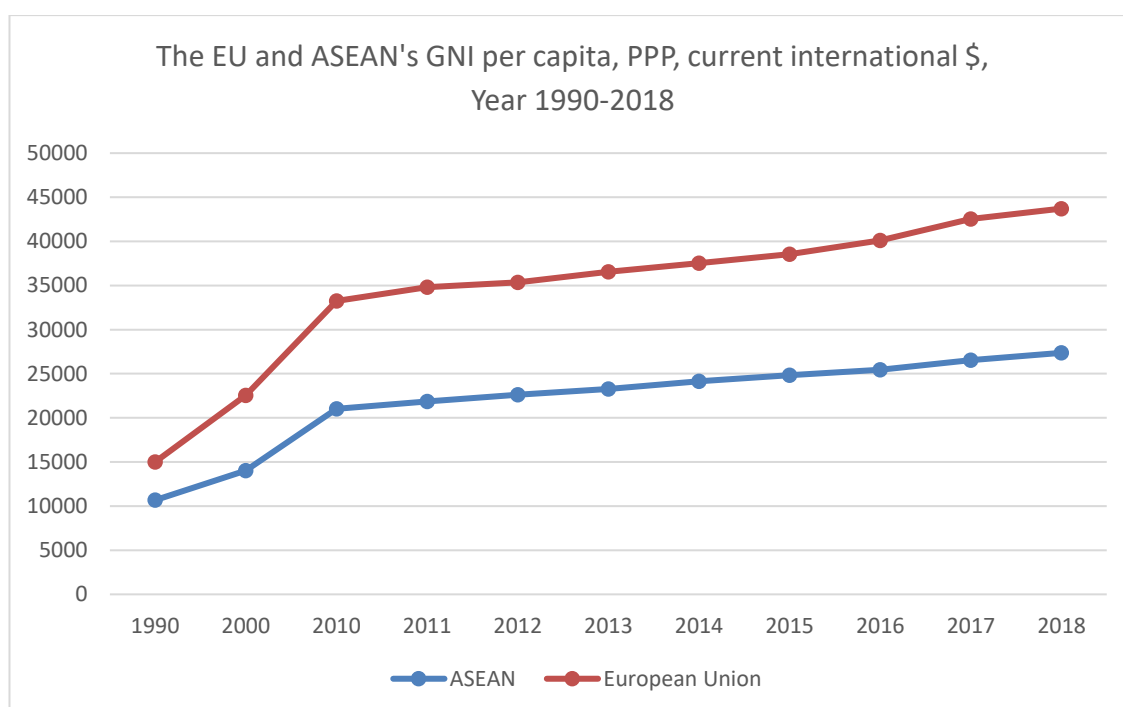


Figure 4.2 The EU and ASEAN's GNI per capita, PPP, (in current international \$), Year 1990-2018

Source: *The World Bank (2020)*

Comparing the EU and ASEAN's GNI change over the last 28 years, it can be seen that on average, the wealth of both the EU and ASEAN shows an increase over time. However, this increase will be reflected only in the EU's organisational budget, and not in ASEAN's, due to its financial arrangements. Contrary to the EU, where the wealth of member states is linked to wealth of the EU, an increase in the wealth of ASEAN member states does not mean that the organisation itself

also becomes wealthier. Thus, in addition to the EU's higher levels of economic development, this mechanism also makes the EU's overall budget more superior compared to ASEAN.

The second factor contributing to the differences in trade actorness between EU and ASEAN is the existence of a trade-focused supranational institution in the EU which is absent in ASEAN. While a trade-focused SNI may have various effects on the management of external trade,²⁹ for trade actorness, it creates additional layers of preference formulation between SNI-member states and within the SNI itself. In the EU, divergences happen within the EU institution itself and between the EU and its member states as a consequence of an additional level of governance in the organisation's trade diplomacy, which is unlikely to happen in ASEAN since no trade-focused SNI is present in ASEAN.

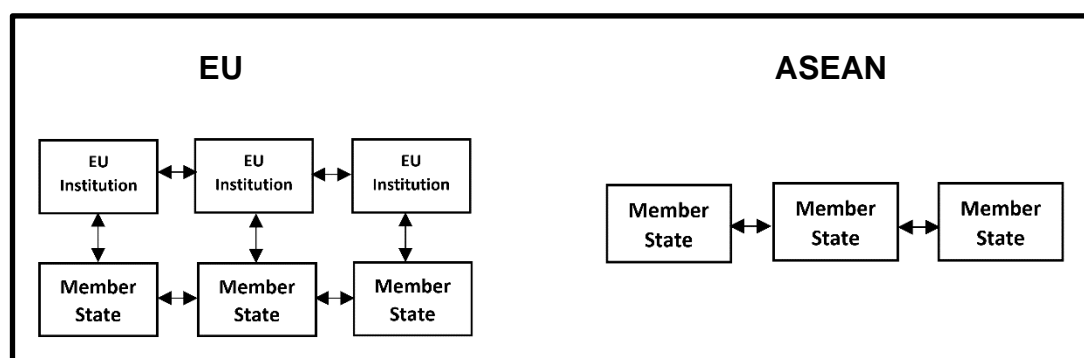


Figure 4.3 Illustration of the EU and ASEAN's Preference Divergences in Trade Diplomacy

As the illustration above shows, due to the existence of a trade-focused SNI in EU, there are at least three possible forms of preference divergences in the EU: between individual member states, between different EU institutions, and between member states and the EU institutions. On the contrary, ASEAN's preference divergences only happen in one form: between individual member states, and sometimes, between technical ministries of member states although this is less likely to happen since technical ministries have very limited power in ASEAN trade diplomacy.³⁰ Due to ASEAN's unidirectional decisionmaking

²⁹ The effect that trade focused SNI can have on trade decisionmaking and trade negotiation process is discussed in the subsequent chapter

³⁰ The relationship and distribution of authority between member states and their technical ministries are discussed in depth in the following chapter.

structure, the head of states instruct their technical ministries, thus minimising the likelihood of preference divergence *within* a state, and therefore making the only substantive divergences within ASEAN between its member states. The EU's multilevel trade governance means that divergences are likely to happen not just between levels but also within levels. However, this does not necessarily mean that the EU faces a higher level of divergences compared to ASEAN, but merely that it has more *types* of divergences compared to ASEAN. In fact, ASEAN faces a higher degree of divergences compared to the EU due to its lack of mechanisms for preference convergence.

A higher/lower level of divergence is mostly determined by the availability of relevant mechanisms to overcome this, and for the EU, several mechanisms have assisted in minimising these preference divergences. The first mechanism is the Copenhagen Criteria, which is a set of accession criteria for countries wishing to join the EU. Article 49 of the TFEU states that:

“Any European State which respects the values referred to in Article 2 and is committed to promoting them may apply to become a member of the Union.” (Official Journal of the European Union, 2012b)

Referring to Article 2 of TFEU:

“The Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail.” (Official Journal of the European Union, 2012b)

These articles set the basis for the Copenhagen criteria, which is further broken down into three main criteria: (a) *political criteria* which requires the stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities; (b) *economic criteria* relating to a functioning market economy and the capacity to cope with competition and market forces; and (c) *administrative and institutional capacity* in order to effectively implement the EU's regulations and ability to take on the obligations of membership (European Commission, 2016a). Of main importance for the external economic relations is the economic criteria which consist of a *functioning market economy* and *the capacity to cope with competition and market forces*. Each of these

criteria is further broken down into specific requirements which is reported and monitored annually through the annual progress review carried out by the Commission. The Commission also conducts medium-term economic surveillance for prospective member states to assess whether a country is prepared to join the EU.

In addition to this, the EU also has the Euro convergence criteria (or Maastricht criteria) which set out the guidelines for countries wishing to use the Euro as their currency, consisting of price stability, sound and sustainable public finances, exchange rate stability, and long-term interest rates (European Council, 2019a). What these guidelines and criteria do is set the bar for prospective countries enabling them to be at least, at the same 'level' – or process – as other EU member states. This means that from the start, all EU members belong to the same 'convergence club'. Furthermore, the EU also manages a specific program to assist in member states' accession process – the Instrument for Pre-Accession Assistance (IPA), which aims to provide technical and financial assistance to potential and candidate countries. This means that while not all member states have the same level of economic development, these criteria ensure that all member states are better attuned to the types of economic policies and targets that they should pursue. In brief, one main reason for the EU's better convergence compared to ASEAN is that it has specific mechanisms in place to mitigate the risks of having possible outliers or highly divergent member states. While divergences do occur within the EU, it is at a smaller scale since the path towards economic convergences is laid from the very beginning.

Conversely, ASEAN does not have any specific economic criteria for its prospective members, aside from the general geographical criteria and acceptance from other member states. Article 6 of the ASEAN Charter states that:

- (1) The procedure for application and admission to ASEAN shall be prescribed by the ASEAN Coordinating Council.
- (2) Admission shall be based on the following criteria:
 - (a) Location in the recognised geographical region of Southeast Asia
 - (b) Recognition by all ASEAN Member States
 - (c) Agreement to be bound and to abide by the Charter; and
 - (d) Ability and willingness to carry out the obligations of Membership
- (3) Admission shall be decided by consensus by the ASEAN Summit, upon the recommendation of the ASEAN Coordinating Council.

- (4) An applicant State shall be admitted to ASEAN upon signing an Instrument of Accession to the Charter.

(Association of Southeast Asian Nations, 2007b)

The lack of convergence criteria means that there is no bar that prospective member states need to meet, making it more difficult for member states to achieve convergence since they face large discrepancies. Adding to this is the fact that ASEAN has limited mechanisms in place to narrow the economic gap between its member states. Since the late-1990s, there have been growing concerns regarding a two-tiered ASEAN, with the original six-member countries as core states and the newer member states (the CLMV) as peripheral countries, leading to the so-called development gap within ASEAN. In 2000, ASEAN leaders adopted a special programme to narrow this development gap, the Initiative for ASEAN Integration (IAI), which is currently in its 3rd Working Plan (Association of Southeast Asian Nations, 2016). The initiative focuses on five strategic areas: food & agriculture, trade facilitation, education and health & well-being and is supported by a task force and a secretariat to provide policy guidance and assist in its implementation and monitoring process. Following this initiative, ASEAN reports that ‘the poorest countries of ASEAN have generally grown the fastest, meaning that the gaps that exist between ASEAN Member States in living standards have steadily narrowed’ (Association of Southeast Asian Nations, 2017 pg. 2). However, no quantitative datasets can be found regarding this statement or the precise contribution that AIA has made on decreasing this development gap, making it unclear whether this narrowing is due to ASEAN’s initiatives or individual countries’ economic performance.

Another component that contributes to better convergence in the EU, compared to ASEAN, is its decisionmaking model which has shifted from unanimity to QMV meaning that preference convergence is more likely to be achieved since no single country can block a decision. This is in contrast to ASEAN, which still follows the consensus procedure meaning that all member states have veto power, making it more difficult to achieve convergences.

In sum, while both the EU and ASEAN face preference divergences, the *types* of divergences are likely to be more in the EU, but the *level* of divergences

will be higher in ASEAN due to their internal mechanisms and the existence of a trade-focused SNI in the EU.

4.4.2. Explaining Similarities in the EU and ASEAN's Trade Actorness

One common feature between the EU and ASEAN is that since they are not states and are not conventional actors in international relations, possessing an international legal status increases their position and acceptability by other actors. Since most global relations rely on legal groundings, possessing an international legal personality fulfils both the legal, and to a certain degree, the political aspect of global relations. This is particularly true for ASEAN, where legal personality 'serves the purpose of *giving symbolism* and legal effect to the group's efforts in becoming an increasingly rules-based and cohesive group' (Hsu, 2008 p.74 in Lenz, 2011). In the words of the former ASEAN Secretary-General: 'the ASEAN Charter will serve the organisation well in three interrelated ways, such as, formally accord ASEAN legal personality, establish greater institutional accountability and compliance system, and *reinforce the perception* of ASEAN as a serious regional player in the future of the Asia-Pacific region' (Association of Southeast Asian Nations, 2007a). These 'giving symbolism' to ASEAN and reinforcing the 'perception' of the organisation as regional player were meant to raise ASEAN's international profile by creating the impression that ASEAN is now a legitimate *actor* on its own, despite its limited authority. So, while this is indeed a legal move from ASEAN member states, it is also a *political* one mostly linked to external perceptions of the organisation.

Similarly, the move by the EU member states to grant legal personality to the EU was also driven by the growing discourse on strengthening the EU's coherence in external affairs, in addition to maintaining its distinct international status. As previously discussed, the fact that the EU consists of multiple legal entities has created external confusions and limited the organisation's coherence in managing its external relations, and as a result, has led to demands for a more unified EU. In the Reflection Group's report for the 1995 EU's intergovernmental meeting, the team stated that '*the fact that the Union does not legally exist is a source of confusion outside and diminishes its external role*' (European Commission, 1995), which highlights the EU's need to respond to *external* demand for a more integrated EU. For the EU, its international legal status was

meant to create a unified and coherent EU image while the granting and distribution of competences were meant to support and implement this goal. This is slightly different from ASEAN member states who only seek to grant international legal status without the intent of granting any further power to its institution. Nevertheless, the EU and ASEAN member states' choice to grant international legal personality to their institutions was mostly driven by external forces and the need to take appropriate internal actions in response to this.

Correspondingly, the second similarity between the EU and ASEAN – strong regional identities – is also a product of external forces, and more specifically, as a way to maintain clear *positioning* in global affairs. In their study, Slocum and van Langenhove (2004) introduce the concept of positioning theory to the study of regional integration, arguing that regional integration should also be viewed by understanding the 'meanings attributed to spaces and interactions' and 'the process of how regions are constructed as actors and meaning is engendered'. Even the seemingly unconscious choice of labelling regional-type cooperation as *integration*, rather than *cooperation* is always connected to a specific discursive context, although factual elements are also at play (Warleigh-Lack et al., 2010). On identity, Slocum and Langenhove argue that identity is 'neither an object nor a causal force' but rather a concept used as a discursive tool by actors or agents to 'accomplish social tasks within a given context' (Slocum and van Langenhove, 2004). This means that identity is not a final product, but rather a means toward specific purposes as intended by the actors, which in this research, refers to the EU and ASEAN.

For regional organisations, the attribution of an identity is a way to *position* themselves as actors since the concept of 'regions as actors' is relatively new in contemporary discourse (Slocum and van Langenhove, 2004). The EU, as the first modern-day regional organisation, was only created in the 1950s, making it a relatively new actor, compared to nation-states. Hence, regions need to set specific identities for themselves in order to gain enough properties to be considered actors in international relations, particularly in the social sense. For the EU and ASEAN, obtaining the status of social actors complements the legal status that they have attained through the granting of legal personality, which further strengthens their position in global relations.

Another function of a strong regional identity is to create both a *barrier* and a *magnet* for other actors within the international system since actors who possess similar identities are likely to be attracted or compatible with each other while those who do not will tend to shy away. For example, ASEAN bureaucrats' first use of the ASEAN Way in the 1990s can be considered as a speech-act serving several purposes including to shield themselves from outward critiques concerning the region's human rights and democratic performance and as a way to appeal to the outside world regarding their internal workings as ASEAN was establishing itself and creating regional security cooperation in the process (Yukawa, 2018). ASEAN's general resistance to being compared to the EU's economic integration process is also an indication of this, where ASEAN promotes its own economic identity (e.g. a regional production base) in defence of its internal economic mechanisms which are often seen as 'inferior' compared to the EU.

Similar to ASEAN, the EU's distinct identity (as captured by the EU values) can be viewed as a way of creating barriers between the EU and other actors, and at the same time, attract those who share similar values. The EU's values are central to membership accession, as stipulated by the Copenhagen criteria, particularly in the political criteria which states that any country wishing to join the EU must guarantee the implementation of democracy, the rule of law, human rights and respect for and protection of minorities. This inevitably creates a barrier for non-democratic and non-liberal European countries who may want to join the EU. Another barrier which stems from the EU's distinct identity is in its FTAs and the inclusion of TSD chapters which can be interpreted as a passive-aggressive statement from the EU on their unwillingness to engage with external actors who do not share similar identities with them.

What can be concluded, then, is that similarities in the EU and ASEAN's actorness in trade diplomacy have been the result of three elements. *First*, the need to gain external recognition as legal and social actors since the EU and ASEAN are not actors in the traditional sense. *Second*, the necessity to respond to external pressures such as ASEAN's use of the ASEAN Way to defend their human rights position and the EU's granting of legal status due to external confusion; and *third*, the need to create either a barrier or magnet which

ultimately shapes their relationship with other actors. Thus, a single common thread between these causes is that they are all *exogenous* to the regions.

4.5. Conclusion

Diplomacy is strongly correlated with elements of representation, which in the traditional definition, equates to appointed delegates of individual states in the form of diplomatic missions. More recently, ROs are increasingly becoming representatives of states specifically in managing trade relations with others. Nevertheless, since not all ROs are equipped with formal diplomatic missions, the concept of representation relating to ROs cannot be perceived like that of individual states. This thesis suggests that in explaining how capable and acceptable ROs are, the concept of *actorness* should be used as an indicator, consisting of legal actorness and behavioural actorness. Even more so, actorness of RO should be specific to issues managed by regional organisations, and for this thesis, the notion of *trade actorness* is used to explain one component of the EU and ASEAN's practice of trade diplomacy. ROs should at least possess some degree of trade actorness in order to represent member states and the minimum would be a legal one. However, while legal actorness is a legitimate source of actorness, what matters most is RO's behavioural actorness or their *real* ability to engage in meaningful trade relations. So far, this chapter has compared five elements which are central to the notion of trade actorness in the EU and ASEAN's trade diplomacy (e.g. legal actorness, trade presence, organisational capabilities, preference convergence and identity) and provided explanations on the causes of similarities and differences between these elements.

From the discussion, it can be concluded that the EU and ASEAN are similar on two fronts: the existence of their legal actorness as confirmed by their corresponding legal documents and their strong regional identity which sets them apart from other entities. Apart from these two, the EU and ASEAN are different in all other aspects of their external representation which is due to several factors. Differences in the EU and ASEAN's external representation can be attributed to *internal determinants* within the regions, particularly in three core elements: levels of economic development which relates to variations in trade presence and organisational capabilities; the existence of trade-focused SNI

which links to the EU and ASEAN's variances in their preference convergence; and availability of regional mechanisms to minimise these preference divergences. In contrast, similarities between the EU and ASEAN's trade actorness can be attributed to *external causes* which force the EU and ASEAN to behave similarly.

For starters, both the EU and ASEAN member states opt to grant legal personality to their institutions since this minimises confusion and increases both the legal status and unity of their respective organisations. In addition to this, the EU and ASEAN also choose to present a strong regional identity which plays several crucial roles, including to obtain recognition as a social actor (in addition to a legal one), to protect its internal workings and behaviours from external judgement, and to create a barrier or magnet for other external actors. Each of these functions play a specific role in explaining the behaviour of the EU and ASEAN regarding their trade diplomatic activities.

To sum up, this chapter has described, compared, and explained one core element of the EU and ASEAN's trade diplomacy, as one part of the three-element framework. and additionally, has partially answered the second and third research questions regarding similarities/differences and their determinants. Following this, the next two chapters focus on the other two elements: *processes* and *goals*, which together form the core analytical framework of regional organisations' trade diplomacy.

Chapter 5 – Processes in the EU and ASEAN Trade Diplomacy

5.1. Introduction

The previous chapter has discussed the first component of the EU and ASEAN's trade diplomacy – trade actorship – which correlates to the *who* question, while this chapter focuses on explaining the second component – *processes* – which links to the *how* question in trade diplomacy. In explaining the processes of trade diplomacy, this research adopts Bayne and Woolcock's understanding of the trade diplomacy and sets out two main activities in trade diplomacy - trade *decisionmaking* and trade *negotiation*. This classification is used as the underlying structure of this chapter and is used for comparison. This chapter contributes to the second research question regarding the similarities and differences of the EU and ASEAN's trade diplomacy and partly to the third research question which looks at the determinants of these similarities and differences.

The data for this chapter are obtained through various sources, including legal texts, regional organisations' websites & press releases, newspaper & magazine articles, and interviews. Interview data are particularly important for this chapter since trade decisionmaking and negotiations tend to be done in secrecy, and thus, secondary data may not always be available. This is particularly true for ASEAN's case where limited research is available regarding this topic, making this chapter rather significant since it is the first-ever attempt to fully document ASEAN's external trade decisionmaking and negotiation process. Interviewees for this chapter include the EU and ASEAN's trade officials, representatives from business associations, trade-related NGOs, and researchers based in Europe and Southeast Asia.

Based on the data obtained, this chapter identifies numerous differences between the EU and ASEAN's trade diplomatic processes and only one similarity between them, namely their preference for bilateralism in managing external trade relations. In contrast, differences range from the type of actors involved and their degree of involvement, decisionmaking model, negotiation model, and whether flexible participation and parallel negotiations outside of their regional scheme are allowed or not. What connects all of these differences is the fact that

they all stem from two *internal determinants*: the existence of a trade-focused supranational institution in the EU and the absence of one in ASEAN, and differences in the EU and ASEAN's choice of economic integration type relating to their decision of being a customs union or not. On the contrary, the single similarity between EU and ASEAN can be attributed to *external determinants*, where changes in the global trading structure have forced the EU and ASEAN to adapt and, thus, opt for bilateralism since it offers the best outcome for them.

In explaining these arguments, this chapter is structured into five main sections. Following the introduction, two comparative sub-sections on the EU and ASEAN's trade decisionmaking and trade negotiation are presented to identify differences and similarities, followed by an analysis of what causes these differences and similarities. The final section concludes with a discussion linking this chapter's main finding to the overall result of this research.

5.2. Trade Decisionmaking in the EU and ASEAN

In explaining trade decisionmaking of regional organisations, this research defines it as the internal process of formulation and implementation of decisions taken by regional organisations or by member states relating to external trade, conducted within the confinement of regional organisations. Using this definition, then trade actions taken by member state(s) *on behalf* of the regional organisation, such as in the case of ASEAN, can also be considered as regional trade decisions.

5.2.1. Trade Decisionmaking in the EU

As a general rule, decisionmaking in the EU's trade diplomacy follows the community method where supranational institutions take the lead, and in this case, the European Commission (EC) has the right of initiative (Woolcock, 2012a). The EU trade decisionmaking can be classified into three types: decisionmaking regarding international trade negotiations, decisionmaking on unilateral actions such as giving preferential trade measures to least developed countries, and decisionmaking regarding trade defence measures like anti-dumping or anti-subsidy policies (Woolcock 2012). However, this chapter only focuses on the first decisionmaking process since ASEAN, as a comparison, does not engage in decisionmaking at the second and third types. In making

decisions regarding the EU trade negotiations, the three core EU institutions (the Council, the Commission, and the Parliament) are all involved, with the Commission being the most influential in shaping the EU's trade strategy and possessing the most considerable *de facto* competence (Woolcock, 2012a).

The legal basis for the EU's trade competence can be found in Article 207 of the Treaty of the Functioning of European Union (previously the Treaty of Rome Article 133), and with trade being the exclusive competence of the EU, most of the EU's trade decisionmaking process occurs at the regional level. Within this level, several EU actors are involved in the process, including the European Council, the European Commission, the Council of the European Union, the European Parliament, the European Court of Justice, the European Economic and Social Committee, business groups, and civil society groups.

Table 5.1 Actors in the EU Trade Decisionmaking Process

Institution	Main Role in Trade Policy	Agreement with Third Parties	Unilateral Actions
European Council	Provides overall guidelines	-	-
European Commission	Initiates proposals for policies/new agreements/unilateral actions	- Drafts negotiation mandates - Negotiates agreements with third parties	Monitors and enforces sanctions/anti-dumping and countervailing measures
Council of the EU	- Co-legislates with EP - Decides on/amends policy suggestions	- Approves mandate - Involved in negotiations through Trade Committee - Ratifies agreements with third party (unanimity required)	Consulted by commission on most important measures (imposition, amendment or termination of definitive measures) and can block them with QMV
European Parliament	Co-legislates with Council	- Informed of negotiation progress - Must give consent to agreements with third parties	-
European Court of Justice	Interpret Treaties and definitions of exclusive and mixed competence		-
Member states' national parliaments	Parliamentary scrutiny, and scrutiny of own	Ratifies agreements with third parties containing elements	-

	government's position in Council	of 'mixed competence'	
European Economic and Social Committee	Advisory body – may provide reports, participate in stakeholder fora	-	-
Business and Civil Society	Provides expertise, lobbies, participates in stakeholder meetings and Civil Society Dialogues	-	Can request the Commission to initiate an investigation, provide information for investigation

Source: Garcia (2018)

Within these groups, several actors have a higher degree of involvement and influence compared to others due to differences in authority. In practice, three EU institutions are central to the trade policymaking process: the European Commission via the Directorate General for Trade (DG Trade), the Council of the European Union via the Foreign Affairs Council (FAC),³¹ and the European Parliament via the Committee for International Trade (INTA). These actors are crucial on both trade policy formulation and trade negotiations that the EU undertakes.

One actor, who is central in the EU's diplomatic process, but tends to be absent in its trade diplomacy is the European External Action Service (EEAS). There are two main reasons why EEAS, as the main diplomatic wing of the EU, tends to be excluded from the trade diplomatic process. *First*, in practice, EEAS functions more as an assistant whose main task is to support DG Trade in preparing for meetings and coordinating with external partners and has no real power to undertake strategic actions in trade.³² EEAS focuses more on high politics and public diplomacy, with no authority in trade issues. *Second*, EEAS personnel in charge of coordinating trade negotiations with external partners are all staff of DG Trade who are on loan and must return to DG Trade once their tenure is over.³³ This means that, effectively, EEAS has no 'real' staff managing trade since only DG Trade personnel oversee all trade-related issues. In

³¹ The Foreign Affairs Council (FAC) is supported by two main bodies: the Trade Policy Committee/TPC which is in charge of monitoring the progress of trade negotiations and Coreper II who is in charge of preparing trade and development agenda for FAC's meeting (Vanhoonacker and Pomorska, 2011).

³² Anonymous interview with EEAS staff in charge of external trade relations

³³ Anonymous interview with EEAS staff in charge of external trade relations

fairness, this is a standard practice in diplomacy, especially if the Ministry of Trade and the Ministry of Foreign Affairs are separated.³⁴ If we equate the EEAS as the EU's Ministry of Foreign Affairs and the DG Trade as the EU's Ministry of Trade, then like most countries in the world, the Ministry of Trade is the core actor in trade issues while the Ministry of Foreign Affairs usually only has a coordinating role.

For the process, trade decisionmaking in the EU generally starts with the Commission assessing the impact of the agreement, doing public consultation, and engaging in informal scoping exercise,³⁵ before making a recommendation to the Council to formally start negotiations (European Commission, 2018e). The objective of trade impact assessments is to identify possible problems arising from agreements and to provide solutions for these, as well as assessing likely impacts on the economic, social, and environmental structure of the EU. Once the commission finishes an assessment and agrees on a position, it will be submitted to the Council to be considered and decided upon by member states through the Trade Policy Committee (TPC) and COREPER II of the Committee of the Permanent Representatives (COREPER). TPC usually works based on consensus, and if the commission's proposal does not gain enough support, the Commission will usually withdraw it and propose a new one. During this process, the Commission and Council also need to inform and consult with the Parliament (via INTA) on the progress of the proposal. Once the proposal is agreed on, the Council adopts a formal position and authorises a negotiation mandate (or 'negotiating directives') to the Commission, consisting of general objectives to be achieved in the negotiation. The Commission then sets up a negotiating team, consisting of experts from across the commission on the topic/area being discussed and proceeds to start negotiations (European Commission, 2018e).

Once agreements are reached between the EU and the third party, the EU still needs to go through several stages before member states can fully implement it. This involves a co-decisionmaking process by the EU Council and the EU Parliament, including the decision to provisionally implement the

³⁴ Several countries such as Australia and Canada merged their Ministry of Trade and Foreign Affairs and thus, only has one ministry overseeing these two issues.

³⁵ A scoping exercise is an informal dialogue between the EU and the third party/parties regarding the possible content of trade negotiation

agreement either partially or fully (European Commission, 2018). Since decisions by the EU parliament require a yes/no vote, there are always possibilities that the parliament may reject FTAs proposed by the commission and may request a re-negotiation with external parties. In making this decision, the parliament also consults with industries, trade unions, environmental groups and other outside experts (European Commission, 2013b). If the parliament agrees with the proposed FTAs, then it is ready to be implemented, depending on the cooperation area. Cooperation area refers to the multiple types of trade cooperation agreements that the EU can engage in such as trade in goods, trade in services, public procurement, audio-visual, foreign direct investments, and others. For cooperation areas that fall within the EU's exclusive trade competence, agreements are considered binding (*entry into force*) once the EU notifies its implementation to the third party while for cooperation areas which fall under mixed competence, implementation will require ratification by individual member states' parliaments before an agreement is legally binding.³⁶

Throughout the years, the EU trade competence has evolved due to systemic changes, and while it is generally accepted that the EC can act on behalf of member states, it is the *scope* of what they can act upon that created a problem. Since being granted the trade competence, the Commission has negotiated on behalf of member states for several decades before problems emerge in the 1980-1990s. Two issues were central to this problem: the emergence of 'new issues' in the global trade agenda, most notably regarding the liberalisation of services which previously was not included in the EC's trade competence,³⁷ and the change from GATT to the WTO which put the membership (and trade authority) of the EU/EC member states and the Commission into questions (Meunier and Nicolaidis, 2011). The issue regarding membership poses problems because the EU/EC has never formally substituted member states in GATT and replacing member states with the EC/EU means that individual states would lose their votes and will be replaced by a single

³⁶ Within the current arrangement, the EU's exclusive competence in trade includes policy areas including: trade in goods and services, the commercial aspects of intellectual property, public procurement, and foreign direct investment (European Commission, 2020f)

³⁷ Initially, the EU competence only covered trade in goods

EC/EU vote.³⁸ At the global level, trade issues also started to shift from traditional trade policies located 'at the border' (e.g. tariffs and quotas) to issues within domestic borders or 'within the state', such as national laws and domestic economic regulations (Meunier and Nicolaidis, 2011). This resulted in hesitations among the EU member states who were reluctant to delegate further trade competence to the Commission outside of what was stated in the Treaty of Rome.³⁹

Following the WTO's Uruguay Round in 1994 where the Commission concluded agreements relating to services and intellectual property rights, member states contested this action seeing that this was beyond the Commission's scope of competence. This conflict resulted in a European Court of Justice (ECJ) ruling Opinion 1/94, stating that trade competence in goods is the exclusive domain of the Commission and trade in services and intellectual property rights is a shared competence between the Commission and member states. This meant that these agreements needed to be ratified individually by each member state, rather than just by the EU. However, this ruling was deemed unsatisfactory from the Commission's point of view since it limited the Commission's competence on new trade issues (Devuyst, 2011). At the 1996 intergovernmental conference, the Commission and the EU member states tried to rectify this issue by agreeing to an amendment in the Rome Treaty, allowing an expansion of the EU's exclusive trade competence through a unanimous vote of the Council (Meunier and Nicolaidis, 2011). This solution, nevertheless, also proved to be unsustainable and the EU member states once again brought this issue to the Nice conference in December 2000. This resulted in the expansion of the EU competence to include services and intellectual property rights, based on qualified majority voting, with exceptions for provisions that requires unanimity in the adoption of internal rules and in areas where the EU had not yet exercised its power. It was not until the 2007 Lisbon Treaty (implemented in 2009) that issues on the Commission's trade competence were resolved or at least, deemed satisfactory enough.

³⁸ It should be noted though, since WTO uses a consensus-based decisionmaking process, loss of vote is more of a political issue rather than a technical one (Meunier and Nicolaidis, 2011).

³⁹ The Treaty of Rome only grants competence for trade in goods to the EU

The 2007 Lisbon Treaty introduced three major changes with regards to the EU's trade policy. *First*, the increased & clarified powers for the EU; *second*, greater power for the EU Parliament (relative to other EU institutions); and *third*, the use of qualified majority voting for most trade issues (European Commission, 2011). Increased and clarified power to the EU means that the Commission was given larger competence in trade, which covers trade in services, commercial aspects of intellectual property, public procurement, and foreign direct investments. By far, the most important change has been in the inclusion of FDI as an EU competence where previously, individual member states negotiated investment treaties on a bilateral basis. This change means that the EU needed to take into consideration the legal-political aspect of bilateral investment treaties, signed by individual member states before the Lisbon Treaty (Woolcock, 2010). With this added area of competence, it seemed as if the EU had resolved its competence issues vis-à-vis its member states.

However, as it turns out, these competence issues were once again tested in 2017 when the Commission finalised its FTA negotiations with Singapore, namely for investment provisions, when member states perceived that the EU's competence only covered specific aspects of FDI while the Commission believed that it covered all aspects of FDI (Titievskaja, 2019). This resulted in another ECJ ruling, Opinion 2/15, which ruled that only FDI belongs to the EU's exclusive competence, while portfolio investment & settlement of investment disputes are of mixed competence and hence, must be ratified individually by member states (Titievskaja, 2019). This decision also led to the separation of the FTA ratification process where the Commission sought to 'fast-track' ratification through *separate* procedures for exclusive competence and shared competence policy areas (Wąsiński and Wnukowski, 2019). Prior to this, ratification of FTA agreements is done in order, where any FTAs that has a mixed competence component can be implemented only after all member states have ratified it. This meant that even if an FTA only has a small 'mixed competence' component in it, the whole FTA can only be put into force after all member states have ratified it, which may take some time to do. Since its introduction in 2018, this 'dual-track' ratification procedure has been implemented in three EU FTAs: the EU-Singapore, EU-Vietnam, and EU-Japan FTA agreements (Titievskaja, 2019).

For institutions and policymaking, the EU Parliament now acts as a co-legislator to the EU Council on trade matters and should routinely be reported to on the progress of trade negotiations. Furthermore, all trade regulations and trade agreements must pass through, and be approved by, the Parliament to be adopted, amended, or ratified by Council and member states. Prior to the Lisbon Treaty, trade policymaking authority was mostly an executive domain, shared between the Commission and the Council. The main reason for this is because trade is often considered to be a complex and technical policy area that requires actors with high levels of specialisation, such as technocrats, yet the parliament is often seen as merely 'politicians' who pay less attention to details and are more concerned with general aspects (Rosen, 2018). Furthermore, the Commission sees the Parliament as lacking the sufficient technical expertise to understand trade policy and is easily influenced by interest groups and lobbyists (Ellinas and Suleiman, 2012). Likewise, the Council has also been reluctant to let the Parliament into their bilateral trade policy 'games' with the Commission for various reasons (Vanhoonacker and Pomorska, 2011).

Since the implementation of Lisbon Treaty, the Parliament's power has expanded and, in several occasions, the Parliament has exercised their power by rejecting or threatening to reject trade agreements proposed by the Commission. In 2012, the Parliament rejected the Anti-Counterfeiting Trade Agreement (ACTA) due to increased pressures from EU citizens, making it the first-ever rejection of international trade agreements by the EU parliament (European Parliament, 2012). As several scholars have argued, public opinion and interest groups have increasingly played an important role in the EU's trade policymaking, and the EU Parliament is an important part of this (Dür and Mateo, 2014; Dür et al., 2015). In fact, the EU parliament of the post-Lisbon era is considered to be more open and receptive to societal demands and has established itself as the 'guardian of vulnerable groups' who are negatively affected by FTAs (Richardson, 2012). Interviews conducted during this research also confirms this assertion, and a member of a trade-focused CSO affirms that the EU parliament is the most 'responsive' EU institution when it comes to public demands.⁴⁰ Indeed, the increased role of the EU Parliament has introduced an

⁴⁰ Anonymous interview with representative from trade-focused civil society organisation in EU

interesting dynamic between the EU institutions as it incorporates the previously less-acknowledged public interests into the equation.

For decision-making procedures, the Lisbon Treaty has also shifted decisionmaking procedures to mostly QMV with unanimity being used in specific circumstances. In practice, though, the Council generally works based on consensus, especially if the trade policy area is of mixed competence (Puccio, 2016). However, in April 2019, the first incident of non-unanimous trade decisionmaking occurred when France and Belgium openly opposed the granting of a negotiation mandate to the Commission to re-open trade talks with the United States and yet, a mandate was still given (Walker, 2019). Other member states outvoted France and Belgium, and this is the first-ever QMV decision on trade taken by the Council, and can set a precedent for future trade decisionmaking procedures.

Aside from member states and the EU institutions, trade decisionmaking in the EU also involves non-state actors such as CSOs and business entities. Since 1998, the Commission engages in Civil Society Dialogue on Trade (CSD), which is a multi-stakeholder platform used to discuss issues and progress relating to the EU's trade policies and negotiations. Activities under this scheme include meetings on general trade policy, trade negotiations, Sustainability Impact Assessment (SIA), and CSD seminars (Directorate-General for Trade, 2011). The Commission also sets up an Expert Group on Trade Agreements, consisting of multiple stakeholders including employers' organisations, trade unions, representative associations, consumers groups, and other civil society organisations (European Commission, 2017b). In their 2015 *Trade for All* policy communication paper, the Commission lists *transparency* and a *value-based* approach as two of their core pillars in managing the EU's trade, allowing increased involvement of civil society groups in order to increase the transparency and accountability of the trade negotiation process. The Commission also reports that in 2017, they held more than 20 meetings with civil society groups, mostly regarding trade negotiations that they are currently involved in (European Commission, 2018e). Due to the EU's institutional set-up, non-state actors have the option to engage with the EU at either the national or regional level since they can lobby their national governments (who will channel this concern through the Council) or directly lobby the EU institutions. However,

this option will mostly depend on the CSOs' resources and strategic choices. A study on business lobbying indicates that the largest spenders for business lobbying are Brussels-based lobbyists, accounting for around €427 million per year (Cooper et al., 2017), indicating that regional-level business players mostly dominate the EU's trade decisionmaking process.

In summary, the EU trade policymaking process has gradually shifted from the national capitals to the EU capital (the so-called 'Brusselisation process') where trade policy is mostly formulated at the EU level, and member states commit fewer resources to trade policymaking (Woolcock, 2012a). The increased role of the EU Parliament in trade policymaking also means that legislative scrutiny on trade deals has shifted from national parliaments to the EU parliament, which further strengthens the EU institutions. From a managerial point of view, this process has indeed simplified and centralised the EU's trade decisionmaking throughout the years, making it more efficient over time although, from a political point of view, these changes have weakened member states' power vis-à-vis the EU.

5.2.2. Trade Decisionmaking in ASEAN

With the absence of a supranational institution in the region, ASEAN's decisions and policies are the results of collective compromise between its member states, and hence its trade decisionmaking authority still lies at the national level. While ASEAN countries do have a regional-level organisation, it is hardly a supranational one like the EU. In terms of trade authority, ASEAN Secretariat is in charge of supporting and facilitating ASEAN's external economic relations, including assisting in preparing for meetings, formulating agendas, giving technical inputs and providing resource persons, if required.⁴¹ As one interviewee from the ASEAN Secretariat suggests, the name ASEAN Secretariat itself already indicates its role which is a *secretary* and thus, is not granted any authority to negotiate or undertake policies relating to trade since this is a national authority/competence.⁴² At the national level, trade authority belongs to the corresponding sectoral ministries, usually the Ministry of Trade, Industry, or Commerce. ASEAN member state's Ministry of Trade and Industry acts as the

⁴¹ Anonymous interview with official from ASEAN Secretariat

⁴² Anonymous interview with official from ASEAN Secretariat

focal point for all trade negotiations on behalf of ASEAN and is in charge of coordinating with other sectoral ministries which are likely to be affected by FTA negotiations, such as the Ministry of Agriculture or the Ministry of Labour. However, the authority of ASEAN trade ministers is only limited to conducting *actual negotiations* rather than *strategic policymaking* in ASEAN's external trade. The strategic authority to select negotiating partners and commence negotiations still relies on policies made by the head of states/governments with the help of their respective Ministers of Foreign Affairs.

In ASEAN's organisational and policymaking structure, the Ministers of Trade, Industry and/or Commerce are a part of the ASEAN Economic Community Council (AECC) which reports and coordinates with ASEAN Coordinating Council (composed of ASEAN's Ministers of Foreign Affairs). ASEAN Coordinating Council (ACC) then prepares the relevant agenda and provides reports for the ASEAN Summit, which is a bi-annual meeting attended by ASEAN's head of states/governments. Decisionmaking in ASEAN is also unidirectional, where the head of states direct, guide, and make decisions to be followed by other bodies. A graphical representation of ASEAN's policymaking can be seen below:

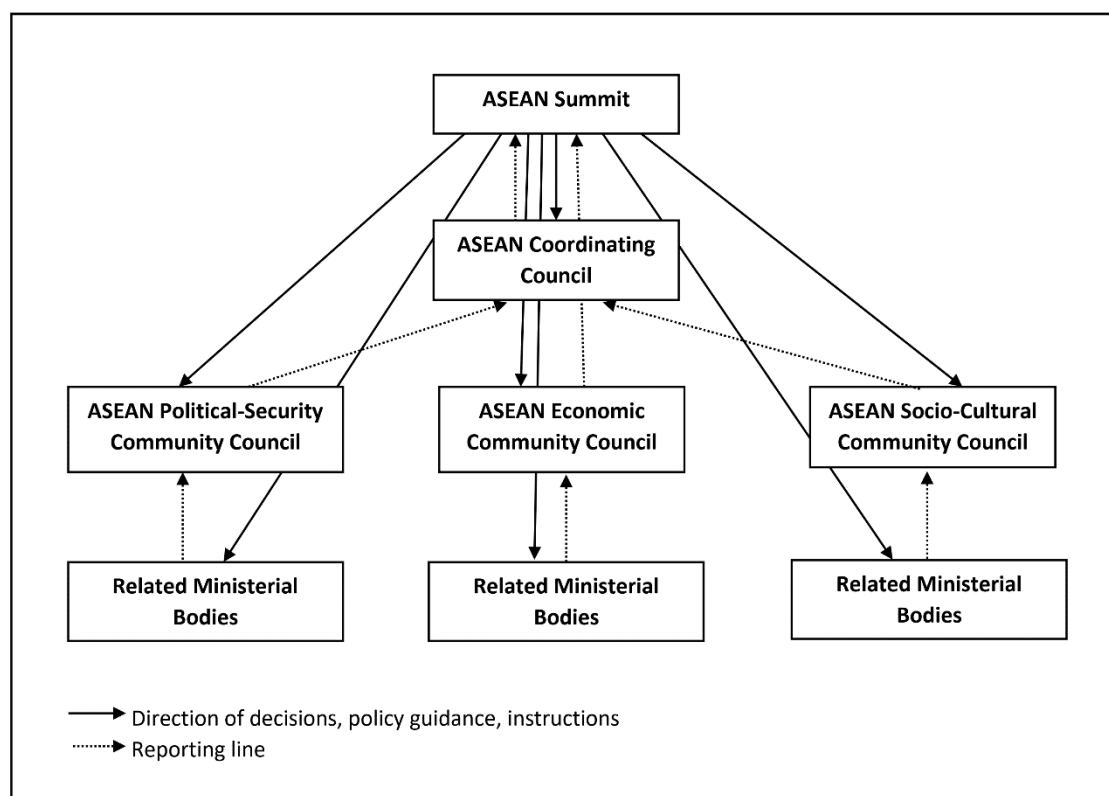


Figure 5.1 ASEAN Policymaking Structure

Source: Reproduced from Feraru (2015)

Under this policymaking structure, strategic decisions can only be made and agreed on by head of states through the ASEAN Summit, while other bodies only have a reporting or coordinating function, as symbolised by the dashed line in the above figure. Trade issues which fall under the purview of the ASEAN Economic Community Council are merely an extension of decisions made by the head of states, with the corresponding ministries acting as executors. This type of decisionmaking significantly limits the authority of individual trade ministries to take initiatives and make strategic decisions in trade. Hence, while an individual ASEAN trade ministry has the authority to negotiate, they do not have the authority to make external trade commitments via ASEAN or to change what has been (externally) agreed on at the head-of-state level.

With no central authority to determine the course of their trade relations, strategic decisions on trade are taken by the head of states during the ASEAN Summit. Relevant information, technical details, and general considerations regarding these decisions are usually prepared by relevant ministries and the

ASEAN Secretariat, before being finalised in the summit by the head of states. For their day-to-day trade decisionmaking, ASEAN relies on individual member states who each take turns to coordinate and manage external trade relations. In doing so, ASEAN assigns one country coordinator for each FTA partner who is in charge of handling communications, scheduling meetings and leading negotiations between ASEAN and their respective dialogue partners.⁴³ However, as one interviewee states, the position of an FTA coordinator can sometimes be difficult as it also functions as a 'middleman' between ASEAN and external parties'.⁴⁴ Since ASEAN's decisionmaking practice tends to be top-down, where the head of states *instruct* technical ministries, not all ASEAN technical ministries are content with these arrangements and may sometimes postpone making real commitments.

One interviewee from the ASEAN Ministry of Trade recalls a situation when the internal team needed to make multiple phone calls to their ASEAN counterparts because they felt that their counterparts were not responding well or fast enough. As a member of the FTA coordinator, the team needs to communicate the progress to external partners but at the same time, must maintain the impression that ASEAN is internally united which is difficult to do when other technical ministries are not fully on board.⁴⁵

Another example is during the initial stage of the ASEAN-Canada FTA in 2018, when ASEAN member states' trade officials were quite reluctant to follow it up since they were still focused on the Regional Comprehensive Economic Partnership (RCEP) negotiations. Interviewees assert that communications and coordination between ASEAN trade officials became difficult because several trade officials seemed to slow the process down deliberately.⁴⁶ While this 'silent' rejection never leads to anything major, it portrays a good picture of the mismatch between what ASEAN leaders aim for and what sectoral ministries can cope with. In the words of an ASEAN member states' trade official:

⁴³ Anonymous interview with ASEAN Member state trade official

⁴⁴ Anonymous interview with ASEAN member state trade official

⁴⁵ Anonymous interview with ASEAN member state trade official

⁴⁶ Anonymous interview with ASEAN member state trade official

"I understand the reason why they (other member states' trade officials) are reluctant to follow-up this trade agreement, but it has been agreed at the head of states' meeting so what can we do but go on with it?"⁴⁷

This statement perfectly sums up ASEAN's arrangement of trade authority, which is split between the head of states, who makes external commitments, and the technical ministries who actually negotiates the trade agreements. It also hints at the exclusion of non-state actors in ASEAN's trade decisionmaking since it is mostly a unidirectional process which is typical of authoritarian and semi-authoritarian states.

Within ASEAN, regional-level CSOs and business associations that focus on trade are scarce, and even when they do exist, they are mostly an organisation set up by member states to play a specific role rather than a pure bottom-up entity. ASEAN provides an official guideline entitled 'ASEAN Engagement with Entities' that lists five types of entities that ASEAN engages with: parliamentarians & judiciary, business organisations, civil society organisations, think tanks & academic institutions, and other stakeholders in ASEAN (ASEAN Secretariat, 2020). For trade issues, business institutions and trade-related CSOs are among the most important. ASEAN currently acknowledges 15 business organisations, two of which are business councils concerned with ASEAN's economic relations with other states or group of states.⁴⁸ Within the remaining 13, most of them were formed within 1976-1978 to accompany the increased initiative of ASEAN economic integration (e.g. ASEAN Automotive Federation, ASEAN Bankers Association, ASEAN Insurance Council). Moreover, several of these organisations were formed by member states as a way to link government efforts with the private sectors (i.e. ASEAN Business Advisory Council, ASEAN Insurance Council). An online check on these business associations also shows that many of their listed websites are no longer available or has been inactive for at least two years, which makes it difficult to conclude whether these organisations still exist. This suggests that business entities who are associated with ASEAN are often created *by* or *with*

⁴⁷ Anonymous interview with ASEAN member state trade official

⁴⁸ These two business entities are the EU-ASEAN Business Advisory Council (EU-ASEAN BAC) and the US-ASEAN Business Advisory Council (US-ASEAN BAC)

governments and are not pure initiatives from the private sectors, which signals a low level of independent involvement by ASEAN private sectors.

Further interviews with private sectors in ASEAN also confirm this low or near-absence level of involvement in trade decisionmaking. For example, interviews with business representatives in Indonesia and Vietnam suggest that the private sectors of these countries are only called when needed by the government or requested by negotiating partners and are mostly kept in the dark regarding the progress of trade negotiations.⁴⁹ The only exception is Singapore, where an official from Singapore business association asserts that private sectors are regularly involved and updated on the progress of economic negotiations. In Singapore, private sectors are usually distributed with online questionnaires before any FTA negotiations. The government will then communicate their plans and ask for any concerns or suggestions from the private sectors, and this whole process alone can sometimes take up to six months in total.⁵⁰ Nevertheless, Singapore may be an outlier here, given its historically strong and unique business-government relationship which may not be present in other ASEAN member states.⁵¹

Like private sectors, CSOs' involvement in trade decisionmaking of ASEAN is also practically non-existent since the presence of trade-related CSOs itself is rare in ASEAN. Trade-related CSOs are only available in several ASEAN countries, such as in Indonesia and the Philippines, and even in Indonesia only one CSO focuses specifically on trade. The interview with a representative from this CSO also confirms the limited involvement of CSOs in ASEAN's trade decisionmaking although there is one exception.⁵² During two ASEAN FTA negotiations (e.g. ASEAN-Australia-New Zealand FTA and RCEP), civil society organisations were invited and called in for opinions since ASEAN's external partners request for their involvement. However, this is more of a one-off rather

⁴⁹ Anonymous interview with representatives from Indonesia and Vietnam business association

⁵⁰ Anonymous interview with representative from Singapore business association

⁵¹ It should be noted that several ASEAN member states also have strong business-government relationships such as Indonesia, Malaysia or Thailand. However, the nature of these relationships tends to vary from one country to another with many of them leaning towards the oligarchic or oligopolistic relationship which limits the kind of business and personnels involved in the economy

⁵² Anonymous interview with member of trade related CSO in ASEAN member state

than a regular process.⁵³ Moreover, CSOs also rely significantly on who the lead negotiator is since different negotiators will have a different approach to CSO involvement. Due to this, CSOs have pushed for the creation of formalised mechanisms and regulations which can guarantee a larger degree of involvement for them. However, despite the constant requests from CSOs to amend the regulation, no substantial changes have been made so far.⁵⁴

Another interesting feature of ASEAN's trade decisionmaking process is its strong linkage with the political and strategic decisionmaking structure. For example, ASEAN only negotiates FTA agreements with its *dialogue partners* who are chosen based on historical, political, and strategic considerations. All of ASEAN's external partners are granted specific statuses based on the degree of relationships which includes: *dialogue partner*, *sectoral dialogue partner*, *development partner*, *special observer* and *guest* (ASEAN Secretariat, 2018b). Conferment of status by ASEAN, especially the *dialogue partner*, is based on long historical interactions, often dating back to decades of bilateral relationships. Historically, the conferment of even the least binding statuses, such as observer or guest, by ASEAN has always been a strategic or practical move and, in fact, since 1999, ASEAN has imposed a moratorium on dialogue partnerships with external partners (Thuzar, 2017). Up to date, ASEAN has listed ten countries as dialogue partners, four countries as sectoral dialogue partners, one country as a development partner, and one country as an observer (Thuzar, 2017; ASEAN Secretariat, 2018a). Since all of ASEAN's FTA partners are also dialogue partners, it is merely an extension of the existing cooperation frameworks already in place, meaning that in reality, ASEAN FTAs are 'political-economic agreements', rather than *pure* FTAs.⁵⁵ Furthermore, since ASEAN has imposed a moratorium on the status of 'dialogue partner' since 1999 (Thuzar, 2017; Haacke and Breen, 2018), it seems that no further FTA negotiations can be conducted outside of those currently listed, thus limiting the FTA partners that ASEAN member states can have.

⁵³ Anonymous interview with member of trade related CSO in ASEAN member state

⁵⁴ Anonymous interview with member of trade related CSO in ASEAN member state

⁵⁵ Due to this, ASEAN FTAs are also referred to as ASEAN-plus FTAs since they link to the 'ASEAN-plus' type political cooperation

Regarding its decisionmaking *model*, most scholars agree that ASEAN's decision-making model is rooted in the 'ASEAN Way', a distinctive decision-making practice of Southeast Asia, which combines a high degree of consultation (*musyawarah*) and consensus (*mufakat*). The ASEAN Way can be understood as the '*process of regional interaction and cooperation based on discreetness, informality, consensus-building and non-confrontational bargaining*' which differs from the legalistic western model (Acharya, 2001). Legally, ASEAN Charter Article 20 states that:

1. As a basic principle, decision-making in ASEAN shall be based on consultation and consensus.
2. Where consensus cannot be achieved, the ASEAN Summit may decide how a specific decision can be made.
3. Nothing in paragraphs 1 and 2 of this Article shall affect the modes of decisionmaking as contained in the relevant ASEAN legal instruments.
4. In the case of a serious breach of the Charter or non-compliance, the matter shall be referred to the ASEAN Summit decision.

As the main method of decisionmaking, consensus is often considered to be both a blessing, since it manages to keep the organisation intact for more than five decades, and a curse, since it often leads to deadlocks when discussing crucial issues (Luqman, 2015). As a result, decisionmaking in ASEAN is often slow and time-consuming as all decisions require having a common position. As a subset of its external policies, trade policymaking in ASEAN also follows this model despite several adjustments. In Article 21 of the ASEAN Charter:

1. Each ASEAN Community Council shall prescribe its own rules of procedure.
2. In the implementation of economic commitments, a formula for flexible participation, including the ASEAN Minus X formula, may be applied where there is a consensus to do so.

Under this regulation, ASEAN allows *flexible participation* in economic commitments or the ASEAN minus X formula, as long as all member states agree (Association of Southeast Asian Nations, 2007b). Flexible participation is implemented in both internal and external economic agreements of ASEAN and is generally the only exception that differentiates economic cooperation with

other areas of external cooperation. The logic behind this approach is in the high economic disparity between ASEAN member states and the need to accommodate different levels of economic development. However, from the perspective of external parties, flexible participation often adds extra problems to economic cooperation since they could be faced with ten different situations and positions, compared to just one. In 2006, ASEAN utilised the ASEAN-minus-X principle during the ASEAN-Korea FTA, when other member states allowed Thailand to opt out of the agreement, due to South Korea's refusal to include rice in the exclusion list (Associated Press, 2007). Thailand later joined in 2009 after further negotiations with South Korea (Bangkok Post, 2008). In 2017, Philippines also suggested to implement this principle to fast-track the RCEP negotiations, seeing that the parties involved were having difficulties to reach agreements (Pillas, 2017).

This decisionmaking model, coupled with ASEAN's institutional structure, means that trade decisionmaking in ASEAN is generally complex and time-consuming. Consensus is, by design, more time-consuming compared to other decisionmaking models such as voting. Even more so, a consensus in economic issues tends to be more complex due to the various sectors, codes, details, and schedules⁵⁶ that need to be synchronised between ASEAN member states themselves, and between ASEAN and its external parties. Furthermore, the use of FTA coordinators in managing ASEAN's external economic relations means that the *quality* of management will be dependent on the country that is in charge and may differ from one partner to another. As one research interviewee observes, it is evident that several ASEAN member states are more capable of organising meetings, convening panels and leading discussions towards consensus compared to others, which inevitably, affects trade negotiations.⁵⁷

In short, ASEAN decisionmaking in trade is mostly a state-driven process where national players play dominant roles, and although several ASEAN member states are considered semi-democratic countries, trade decisionmaking

⁵⁶ For example, in negotiations on tariff reductions for goods, countries classify commodities based on a harmonized system (HS) code composed of six-digit numbers that corresponds to the commodity.

⁵⁷ Anonymous interview with former EU negotiator involved in EU-ASEAN FTA negotiations

in ASEAN still follows a rigid top-down structure, with a minimum role for non-state actors.

5.3. Trade Negotiations in the EU and ASEAN

Negotiation here is defined as both internal negotiations within the EU and ASEAN's member states and external negotiations between the EU/ASEAN and its external partners.

5.3.1. Trade Negotiations in the EU

In managing trade relations with external parties, the EU lists three types of trade agreements: (a) *customs unions* (CU) which seeks to eliminate customs duties and create joint custom; (b) *association agreements* (AA), *stabilisation agreements* (SA), *FTAs & economic partnership agreements* (EPA) which aim to reduce or remove customs tariffs in bilateral trade and; (c) *partnership and cooperation agreements* (PCA) that focus on developing a general framework for bilateral economic relations without changing any tariffs or customs duties (European Commission, 2018f). As the names and definitions suggest, these agreements play a different role in trade and economic cooperation, with Association Agreements and FTAs being the most common one (Ahearn, 2011). However, since the EU has no 'model FTA' in negotiations, the content of FTAs is likely to vary from one partner to another (Woolcock, 2007).

As the EU's sole negotiator, the Commission via DG Trade leads all of the EU's trade negotiations except for agricultural issues where DG Agriculture takes the lead (Woolcock, 2012a). In managing these negotiations, the Commission usually undergoes various steps, often consisting of more than 30 stages including preparing, negotiating, finalising, signing, decisionmaking, application, conclusion, and entry into force (European Commission, 2018e). The *preparation* stage involves impact assessment, public consultation, and getting authorisation from the Council before entering the actual *negotiation* stage. The *finalising* and *signing* stages consist of legal tasks such as legal review, text translation and obtaining relevant signatures. The next stage is the *co-decisionmaking* process by the Council and the Parliament to approve/reject the agreement before deciding on the *application* process of the agreements (whether it is a full or provisional application and if it includes 'mixed agreement'

components). *Conclusion and entry into force* is the final stage where the EU publishes the final agreement and puts it into force. The overall negotiation process may take several years to complete and DG Trade is required to consult and update on the progress of the negotiations to the Council and the Parliament, and at the same time, receive inputs from other stakeholders such as business and civil society organisations.

Table 5.2 Stages of Activities in the EU's Trade Negotiations

Stage	Types of Activities Involved
<i>Preparing</i>	<ul style="list-style-type: none"> - Analysing a deal's likely impact - Consulting the public - Setting out areas to negotiate - Getting the Council authorization
<i>Negotiating</i>	<ul style="list-style-type: none"> - Holding trade talks - Reporting to the Council & the Parliament - Publishing texts online
<i>Finalising</i>	<ul style="list-style-type: none"> - Signing the negotiation text - Legal review and formatting
<i>Signing</i>	<ul style="list-style-type: none"> - Translating the text - Checking by the Commission departments - Formally asking for EU signature
<i>Decision-making</i>	The Council & the Parliament jointly deciding whether to approve
<i>Full or provisional application</i>	Depending on whether responsibility for the deal's content lies solely with EU institutions or jointly with EU states
<i>For 'mixed' agreements only</i>	Ratifying in EU countries, using their own procedure
<i>Conclusion</i>	Signing by partner country(ies); Publishing in the EU's Official Journal
<i>Entry into force</i>	

Source: European Commission, 2018a

During these negotiations, the team is led by a chief negotiator (usually from DG Trade), who sets up negotiation schedules and determines the location of negotiations, typically alternating between the EU and the third party's location. As an 'agent' of its member states, the EU is required to speak with a single voice and defend the position of its 'principals' without straying too far from the agreed line since the EU negotiators work based on the negotiation mandate given by the Council which sets out the specific authority allowed by its member states. However, there have been instances where the Commission is deemed to have either strayed or gone beyond their competence, such as during the 1990 Brussels GATT Ministerial Meeting where the Commission was considered to have given more concessions on agricultural issues than the member states were willing to accept (Bayne and Woolcock, 2012). Furthermore, due to several preference divergences between member states, the Commission has been able to increase their agency power and autonomous capacity to act (Elsig, 2007), which illustrates a classic problem in agent-principal relationships.⁵⁸ This situation can happen since, in actual negotiations, member state representatives are usually not present, and the Commission is expected to coordinate their position and provide updates to the member states representatives before starting another negotiation session. However, national representatives are likely to be present when the issues being discussed are considered important and during final negotiating sessions where key bargaining and issue linkages are most likely to happen (Woolcock, 2012a).

For FTA negotiations, the duration will vary according to the partner and content of negotiation, but can generally take 2-3 years or longer (Nilsson, 2018). Comparing the EU and the US on similar partners and negotiations, the EU took an average of 2,5 to 3 years to complete negotiations whereas the US took 1,5 to 2 years. Moreover, the signing of negotiations took 1,5 years for the EU and six months for the US, while the 'entry into force' took about two years for both the EU and the US (Nilsson, 2018). Generally, the EU's duration of signing is three times that of the US due to its institutional set-up which requires authorisation from both the Council and the Parliament, in addition to member states' national parliaments if it includes a mixed agreement component.

⁵⁸ Agent-principal problem refers to the probability of an agent to act on their own interest which may be different from its principal's interest

However, the EU's dual-track ratification process, which started in 2018 is likely to speed up this process and put agreements into force at a faster rate than before.

In terms of the levels of engagement, the EU engages in various 'venues' or levels which includes doing negotiations *bilaterally*, *plurilaterally*, and *multilaterally*. EU bilateral negotiations include concluding trade agreements with individual third countries or group of countries through region-to-region arrangements, such as with ASEAN or Mercosur, while plurilateral negotiations are exclusive negotiations (limited membership) with like-minded countries on specific topics, such as the WTO's Agreement on Trade in Civil Aircraft and Agreement on Government Procurement. Multilateral negotiations are non-exclusive (open membership) negotiations done under the auspices of the WTO and each of this venue offers different benefits, and thus, players often need to choose which best fits their interests.

Generally speaking, plurilateral agreements are never a priority for the EU since its policy areas and membership are rather limited and offers little commercial benefits compared to bilateral and multilateral ones. This position is stated in several of their official documents, including in their latest trade communication paper. In the 2017 trade communication paper: *A Balanced and Progressive Trade Policy to Harness Globalisation*, the EU states that it is 'committed to open trade anchored in the rules-based *multilateral* trading system' and that 'the EU seeks out partners who want to team up to build open and progressive rules for the realities of 21st-century trade, and thereby strengthen global governance' (European Commission, 2017a). At the same time, the EU also seeks to open up new markets by pursuing 'a comprehensive negotiating agenda at both *multilateral* and *bilateral* levels to secure reciprocal market access' (European Commission, 2017a).

On paper, this ambition is a well-intended one, where multiple bilateral trade agreements may function as the 'building blocks' for a final multilateral trade agreement through the WTO. However, this may be different in practice since not all bilateral agreements are similar, and thus, may be difficult to be brought up to the multilateral level. Also, since the EU only chooses specific countries or regions for its negotiation partners, it will likely take an extended amount of time before a global agreement can be reached. In the communication

paper, the EU lists 'future growth engines' in Asia and South America as its targeted partners, specifically for several countries and two regional organisations: ASEAN and Mercosur, which reflect the EU's larger commercial goals and not merely its support for the multilateral trading regime.

In a way, the EU is caught between two of its goals in trade diplomatic relations: the need to uphold its 'obligation' to the WTO and at the same time, to maintain its global competitiveness relative to other partners. Initially, bilateralism was not the EU's preferred choice since the EU sees itself as a supporter of the multilateral trading system. In 1999, the EU even imposed a moratorium on bilateral trade negotiations, choosing to prioritise the multilateral venue and considering the region-to-region approach as the second-best option (Elsig, 2007). However, it soon became evident that this option was not sustainable since, despite the EU's focus on WTO negotiations, it was struggling to influence WTO's negotiation. At the same time, its existing FTAs did not bring enough commercial gains and more importantly, other countries were pursuing FTAs while the EU was restraining itself (Woolcock, 2009). There were also growing pressures from the EU's domestic economic players, who felt that they were losing out to their competitors (Woll, 2007; Elsig and Dupont, 2012), leading to the abolishment of this moratorium. As a result, in October 2006, the EU launched the '*Global Europe: Competing in the World*' strategy paper, where it once again welcomed the bilateral channel in their trade negotiations, stating that both multilateralism and bilateralism are crucial in ensuring the EU's economic competitiveness (Commission of the European Communities, 2006).

Under this new trade strategy, the EU adopted a more aggressive stance on bilateral trade policy and introduced the EU's 'new generation' FTAs, covering deeper and more comprehensive FTAs that targeted several specific countries/regions including South Korea, ASEAN, Mercosur, India, Russia and Gulf Cooperation Council (Commission of the European Communities, 2006). While the EU's 'first generation' FTAs focused more on tariff elimination, its new generation FTAs covered newer trade issues including trade in services, public procurement, and intellectual property rights. Following this, the EU switched more to bilateral agreements, especially with Asian countries (Elsig, 2007; Heydon and Woolcock, 2009). Since the EU revitalised its bilateral trade strategy in 2006, it has completed at least ten FTAs under this scheme and is currently

under negotiations with at least nine other partners (European Commission, 2019j). In total, the EU currently has 41 free trade agreements, covering 75 partner countries (European Commission, 2019c), which shows the EU's aggressive approach in trade bilateralism.

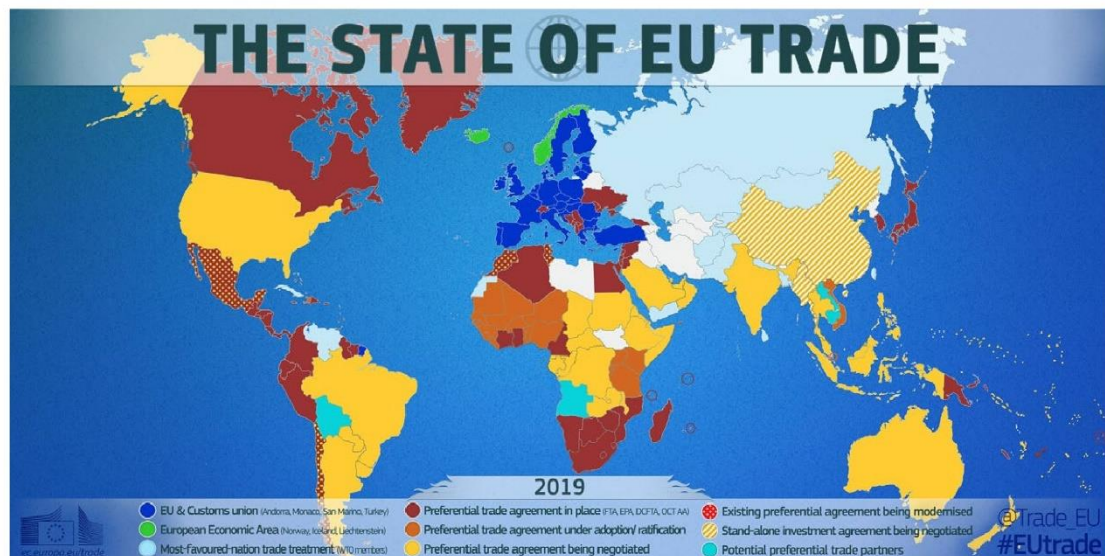


Figure 5.2 The State of the EU Trade (as of 2019)

Source: European Commission (2019b)

In contrast to the EU's bilateral stance, its position on trade multilateralism seems to have been weakening in recent years, and despite the EU's continued support for trade multilateralism through the WTO, the progress and future of trade multilateralism remain bleak. Since the stagnation of the Doha Round, the EU has been active in promoting the modernisation of the WTO, centred around three key issues: updating the international trading rules to capture the current global economy, strengthening WTO's monitoring role, and overcoming the deadlock in the WTO's dispute settlement mechanism (European Commission, 2018b). In taking these objectives into actions, the EU has developed partnerships with other countries such as Japan, China, the US, and the G-20 countries. The EU also presented a concept paper on the WTO's modernisation in 2018, where it listed actions needed to reform the WTO, including creating rules that 'rebalance the system and levels the playing field', establishing new rules to address service and investment barriers, and lastly, including

sustainability in the WTO's trade agenda (European Commission, 2018a). However, these efforts remain rather fruitless considering that no major changes occurred in the WTO, and in fact, the WTO is currently facing one of its largest crises after its Appellate Body came to a halt in December 2019 having not met the minimum quorum required for reviewing appeals.⁵⁹ This happened after the US blocked the appointment of new Appellate Body members, stating that the Appellate Body has often overstepped its power and thus, puts the US at a disadvantage (Beattie, 2019). Since Donald Trump came into power, the US has effectively rejected every single nomination for Appellate body member since he believes that 'the United States loses cases because other countries have most of the judges' (Miles, 2018).

Considering the stagnation of the Doha Round, the US's unilateral action that has crippled the Appellate Body, and the fact that this body is currently the largest global trade dispute mechanism, it is safe to assume that trade multilateralism is currently at its lowest point despite the EU's continued support for it. The point is that although the EU may *legally* state its continued support for the WTO in its documents, the *reality* is that trade multilateralism is not the EU's best choice for trade engagement level which explains why the EU aggressively pursues trade bilateralism. Furthermore, since there is no evidence that trade bilateralism may eventually lead to larger multilateralism, it is safe to assume that the EU has favoured bilateralism over multilateralism since the mid-2000s as demonstrated by its numerous FTA agreements.

5.3.2. Trade Negotiations in ASEAN

As the previous section on ASEAN's trade decisionmaking process has elaborated, ASEAN's FTAs are closely linked to its political/strategic ties, and thus, political cooperation is the starting point for all ASEAN FTAs. Following an informal agreement by the head of states to engage in FTA negotiations, further instructions will be given to the member states' senior economic ministers and the ASEAN Secretariat for a follow-up and a joint feasibility study.⁶⁰ The result of

⁵⁹ The WTO Appellate Body requires a minimum of three members to review an appeal and since two of the member's tenure ended in December 2019 and no new members have been appointed, it effectively halted the WTO's dispute settlement system.

⁶⁰ It should be noted though that the joint feasibility study is more of a formality rather than an actual one since it always generates positive results and even if it does generate negative ones, this is unlikely to change the initial commitment to start FTA negotiations.

this study will then be presented to the head of states, and the formal start date of negotiation will be officially announced, usually during the ASEAN Summit. Once it is agreed that the negotiations will proceed, ASEAN member states will create a Trade Negotiating Committee (TNC), consisting of the representatives from the ten member states. Once the TNC is formed, they will develop guidelines for negotiations which they will submit to their respective technical ministers and after these guidelines are approved, TNCs will start creating working groups to discuss specific issues of the negotiation.⁶¹

During the actual negotiation, ASEAN is represented by ten individual member states with one representative from the country coordinator, leading the delegation. Negotiations by ASEAN are generally more complex than the EU since they require having a common regional position before every negotiation. It means that in every stage of negotiations, ASEAN member states need to simultaneously consider and consult their *domestic*, *regional*, and *extra-regional* stakeholders which significantly limits their choices and increases negotiation times and complexities. At the domestic level, ASEAN member states need to consider the position of domestic stakeholders particularly other technical ministries such as Ministry of Agriculture, Ministry of Labour, Ministry of Small-Medium Enterprise etc. and must ensure that agreements are in line with their interests. Internal ministries are perhaps the most important domestic stakeholders since ASEAN's trade negotiations rarely include non-state actors. Although there were special cases where third parties requested the involvement of business or civil society organisations, such as during AANZFTA and RCEP negotiations, these businesses and CSOs were never notified on the progress of negotiations, meaning that the impact and follow-ups of their involvement were never clear.⁶²

Adding to the challenges of always needing to have a common regional position in every negotiation, is the fact that ASEAN member states also often engage in *parallel negotiations*, or state-to-state trade agreements, with a similar partner(s) outside of the ASEAN framework. For example, Japan currently has an Economic Partnership Agreement (EPA) with ASEAN as a region and at the

⁶¹ Anonymous interview with ASEAN Member States' trade official

⁶² Anonymous interview with representatives from business associations and CSO in ASEAN member states

same time has seven bilateral EPAs with individual ASEAN member states. India, Australia, and China also display similar patterns and the EU are likely to follow this trend having concluded negotiations with Singapore and Vietnam, and at the same time, having started negotiations with the Philippines, Indonesia, and re-opening one with ASEAN. In total, almost all ASEAN member states, except for Cambodia, Laos and Myanmar, have at least one state-to-state agreement with their external partners, in addition to those initiated by ASEAN (Asia Regional Integration Center, 2018).

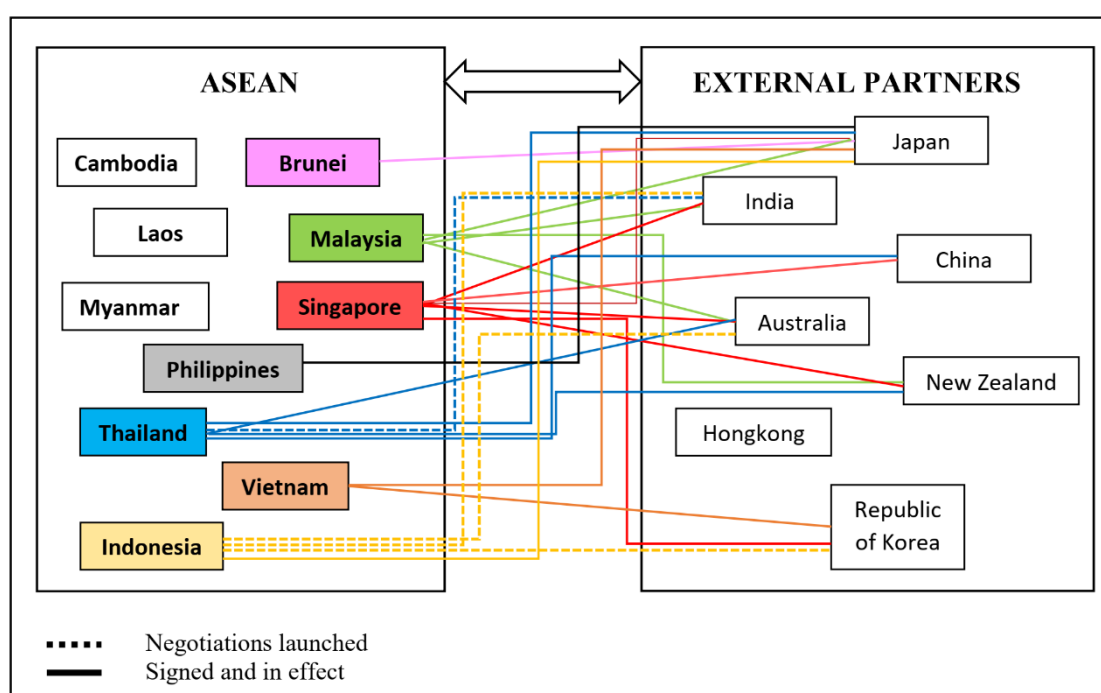


Figure 5.3 ASEAN and ASEAN Member States' FTAs with External Partners

Source: Compiled from Asia Regional Integration Center (2018)

The main problem with these parallel negotiations is that it is inefficient for ASEAN member states since they need to negotiate twice with a similar partner(s) and agree on two different legal texts. Although the governments see this as a positive thing since it provides multiple instruments for private sectors to choose from and gain trade preferences,⁶³ these multiple FTA are deemed unnecessary by private sectors since what they prefer is a single comprehensive

⁶³ Anonymous interview with ASEAN Member States' trade official

FTA with each partner, rather than having to choose between multiple FTAs for one partner.⁶⁴ Furthermore, parallel negotiations provide leeway for ASEAN member states to have an alternative negotiation avenue outside of the ASEAN scheme, thus jeopardizing ASEAN's coherence in trade negotiations. Since member states will always have the option to negotiate further issues individually with an external partner(s), they will have fewer incentives to agree collectively through ASEAN. The only exception to this will be if any ASEAN member state negotiates individual FTAs *prior to* negotiating collective ASEAN FTAs, thus limiting the probability of gaining additional benefits outside of the ASEAN scheme. However, early individual negotiations may also be problematic since if individual FTAs already offer comprehensive agreements, member states would have even fewer incentives to start any collective negotiations through ASEAN.

In terms of agreement ratification, ASEAN also differs with the EU since ASEAN FTAs require ratification by each member states individually. Differences in the law and system of governance mean that ASEAN member states will differ on how they adopt international agreements, including free trade agreements, into their domestic law. Depending on their legal system, several countries may require ratification of FTAs by their parliaments such as in Indonesia, Malaysia, and the Philippines, while other countries require no ratification at all like Singapore. On average, the ratification process in individual ASEAN countries will roughly take around five months or up to one year, depending on the agreement (Malaysia Ministry of International Trade and Industry, 2009), which can be considered relatively short compared to the EU.⁶⁵ In part, this is also due to ASEAN member states' political systems where many of them adopt authoritarianism, and thus, do not face any significant challenges from their legislative bodies.

For trade negotiation levels, ASEAN currently only engages in two venues of negotiations: the *bilateral* and *plurilateral level*. Bilateral negotiations have been completed with China, Japan, India, South Korea, Hongkong and Australia-

⁶⁴ Anonymous interview with representative from business association in ASEAN member state

⁶⁵ The shortest time required for full ratification by all ASEAN member states is the ASEAN-India FTA which takes around five months, while the longest one is ASEAN-China FTA and ASEAN-Republic of Korea FTA which takes roughly about a year.

New Zealand.⁶⁶ Plurilateral negotiation is conducted under the Regional Comprehensive Economic Partnership (RCEP) framework, which is currently under progress and is expected to be completed by the end of 2020. Looking at this number, all of ASEAN's current FTAs were completed under the bilateral frameworks with plurilateral scheme still in progress. The RCEP negotiation itself may also prove to be problematic after India's withdrawal from the negotiation during the RCEP Summit in November 2019. Although this does not mean that RCEP negotiations are likely to stop, India's withdrawal from the negotiation was a major blow since it is currently the world's second-largest market after China. With India's withdrawal, RCEP now only accounts for around 30% of the world population (from previously over 50%) and less than 30% of the world economy (from previously 39%) (Ribka and Yulisman, 2016; Tani, 2020). Nevertheless, RCEP will still be ASEAN's biggest test in plurilateral negotiations since it is the first and the only plurilateral FTA that ASEAN has so far.

For multilateral negotiations, ASEAN does not engage in collective negotiation at any trade multilateral forums since its member states still negotiate individually in the WTO. The main reason for this is the large economic differences between ASEAN member states which makes it ineffective for them to negotiate as a group, and hence, ASEAN member states opt to form trade coalitions with other countries rather than with their ASEAN counterparts.⁶⁷ For example, the positions of ASEAN member states differ greatly on agricultural sectors since it is a sensitive commodity for several ASEAN countries like Indonesia, Thailand, the Philippines, and Vietnam but are irrelevant for Singapore who does not own any agricultural land. Furthermore, since ASEAN has no common external tariff, engaging in collective negotiation in the WTO makes little sense for its member states, especially since ASEAN requires achieving a common position for every negotiation.

In sum, similar to its trade decisionmaking process, ASEAN's negotiation process is a state-driven process involving multiple levels of negotiations (domestic, regional, and extra-regional) coupled with multiple parallel negotiations outside of the ASEAN scheme. ASEAN also uses a country

⁶⁶ Although Australia-New Zealand (ANZ) are two countries, the negotiation is done collectively and simultaneously, so is more appropriate to be classified as bilateral negotiation

⁶⁷ Anonymous interview with ASEAN member state's trade official

coordinator system to manage its relationship with external partners, and like the EU, ASEAN also prefers bilateralism over other levels of engagement.

5.4. Comparing the EU and ASEAN's Processes in Trade Diplomacy

Looking at the EU and ASEAN's processes in trade diplomacy, a comparison between the two organisations' can be summarised below:

Table 5.3 Comparison of the EU and ASEAN's Processes in Trade Diplomacy

Main Component	EU	ASEAN
Decisionmaking		
Decisionmaking model	Led by EU institutions; Unanimity & QMV	Led by member states; Unanimity only
Involvement of non-state actors	Availability of formal mechanism	No formal mechanism for involvement
Ratification & implementation process	Issue-dependent	Country-dependent
Allows flexible participation in external trade relations	No	Yes
Negotiation		
Lead Negotiator	DG Trade	Country coordinator
Negotiation model	Two-level game	Three-level game
Allows parallel negotiations outside of RO	No	Yes
Negotiation levels	Preference for bilateralism	Preference for bilateralism

As the table shows, the EU and ASEAN are different in almost all aspects of their trade diplomatic process and only similar in one: their preference for bilateralism in managing external trade relations.

5.4.1. Explaining Differences in the EU and ASEAN's Trade Diplomatic Process

In explaining differences in the EU and ASEAN's processes in trade diplomacy, two main causes can be identified. *First*, the existence of a trade-focused supranational institution in the EU and the absence of one in ASEAN and *second*, differences in their depth of economic integration. Each of these determinants will be discussed below.

5.4.1.1. Effects of Trade-Focused SNI on Trade Decisionmaking and Negotiation

Debates on the origins, practicalities, and limitations of supranational institutions were concerns of the first wave regionalism theorists. The first wave of regionalism theory or 'old regionalism' is mostly sceptical of the nation-state and views the state as the problem rather than the solution, and hence, posits that the best way is to 'go beyond the state' (Hettne, 2005). Central to the debate is the role of state and sovereignty, thus establishing a distinction between the supranationalism and intergovernmentalism schools of thought in the old regionalism debate (Wunderlich, 2012a). Supranationalism aims at limiting the state's sovereignty through the creation of regional institutions which supersede nation-states while intergovernmentalism tends to emphasise and centralise the nation state's sovereignty in regionalism projects. While critics have pointed out that regional projects will often incorporate both models rather than just one (Tsebelis and Garrett, 2001) and that an oversimplification of supranationalism versus intergovernmentalism debate should be avoided, several aspects of regionalism projects can still be explained through the supranationalism versus intergovernmental lens, such as in the case of trade diplomacy.

In explaining the differences between the EU and ASEAN's processes in trade diplomacy, this research finds that the design of regional integration significantly affects how the EU and ASEAN behave, particularly in managing their external trade relations. The most noticeable difference between a supranational and an intergovernmental model of integration is clearly in the presence of a supranational institution (SNI), in which the EU is a clear example of one and ASEAN is not. When applied to processes in trade diplomacy, supranationalism means that the EU has an institution beyond the state that is in charge of managing external trade and member states surrender parts of its sovereignty and authoritative power to this institution. For member states, having an institution like the EU means that they must give up their authority to make independent trade policy and surrender this power to the EU, albeit with several exceptions.⁶⁸ For the EU, DG Trade plays this role, with the continuous

⁶⁸ Exceptions here refers to trade policy areas which fall within the mixed competence of the EU such as audio-visual and education services.

monitoring process from its member states through the Council and the Parliament. The EU's choice to create a supranational institution *in trade* was a deliberate one, which separates them from ASEAN's institutional design.

Contrary to the EU, ASEAN opts for an intergovernmental model, meaning that its trade diplomacy is driven by individual member states, acting together to manage their collective external trade relations. While ASEAN Secretariat does exist, it is in no way influential in affecting its trade diplomacy. In other words, a *trade-focused supranational institution* is present in the EU and is absent in ASEAN, which affects how trade authority is distributed between their member states.

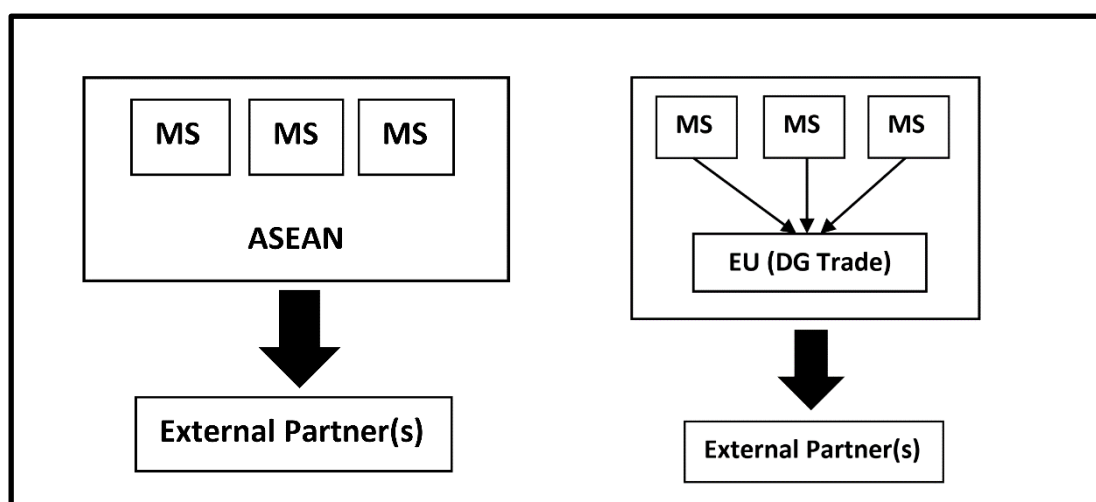


Figure 5.4 Illustration of the EU and ASEAN's Distribution of Authority in Trade Diplomacy

One major consequence of establishing a trade-focused supranational institution is that regional players will be more dominant compared to national-level ones since they hold more, or at least equal power, vis-à-vis member states. As Section 5.2.1. shows, the EU's trade policymaking process has shifted to become more centralised throughout the years, leading to the 'Brusselisation' of the EU trade policy. Alongside the EU's centralisation of trade policy is the 'fast-tracking' process of its trade agreements, where the Commission introduced a dual-track approval procedure to speed-up the EU's FTA ratification process to prevent individual member states from blocking the EU's trade agreements

(Wąsiński and Wnukowski, 2019). This decision further weakens the centrality of member states in the EU's trade decisionmaking process. While there are, indeed, several channels for national players to affect the EU's trade diplomatic process, their influence is limited compared to regional-level players.

Furthermore, multiple levels of trade governance, such as in the EU, tend to open up more opportunities for players to be involved since they have multiple channels to influence policy outcomes. As Section 5.2.1. illustrates, private sectors and CSOs in the EU can lobby both the EU and their national governments since member states can still exert power over the EU through the Council, although this may not be the most effective method for them. Regional players in the EU also have the option to form business coalitions among themselves (i.e. Business Europe or *Eurochambres*), adding weight to their demands, which is unlikely to happen in ASEAN.

Contrary to the EU, ASEAN's choice of intergovernmental model means that regional players are practically irrelevant in their trade diplomacy since member states take centre stage. Technical ministries represent member states externally and negotiate on behalf of their respective states, meaning that discrepancies are more likely to happen between individual member states rather than between regional institution vis-à-vis member states such as in the EU. Furthermore, domination by member states also means that non-governmental players can only have one channel to influence trade policy, which is through their national governments and this may not work well if their respective country adopts an authoritarian regime which is the case for many ASEAN countries. Section 5.2.2. highlights this by drawing examples of the limited participation by private sectors and CSOs in ASEAN's decisionmaking process, and that even when they are involved, it is due to requests by the third party and within a monitored participation. For all ASEAN member states except Singapore, no formal mechanism of trade interest articulation is present, and even if there are some forms of communication, it is mostly an informal one or on an *ad hoc* basis. From a private sector and civil society perspective, it makes no sense for them to lobby regional bodies such as ASEAN Secretariat, since it adds no value to their cause which explains why no regional level lobby groups or trade-focused CSOs can be found in ASEAN.

Another consequence of having a trade-focused supranational institution in trade diplomacy is in their role during trade negotiations, where they are likely to be in charge of external trade negotiations. For the EU, the existence of DG Trade means that *first*, DG Trade will initiate any decisionmaking process relating to external trade and *second* it will take the lead in any trade negotiations with third parties, as mandated by Article 207 of TFEU. In contrast, since a trade-focused supranational institution is not present in ASEAN, any trade decisionmaking in ASEAN will generally be initiated by the head of states, and a designated country coordinator will act as a lead negotiator in every external trade negotiation by ASEAN. Furthermore, since no external trade authority is being transferred to a higher institution in ASEAN, trade decisionmaking tends to follow the generally accepted model of the *ASEAN Way*, where consensus and consultation between member states prevail and thus tends to slow the negotiation. Although the EU's overall trade negotiation process can be lengthy as well, the organization has managed to cut several processes down, particularly in national interest aggregation since DG Trade functions as an *aggregator* for multiple national interests. Perhaps, the most important consequence of trade-focused SNI for trade negotiation is on how trade-focused SNIs can simplify the level of negotiations by collating multiple countries' win-sets and present them as one to external parties.

The EU is an example of a national interest 'aggregator' where DG Trade represents member states' collective trade interests after taking into account the multiple national interests in trade affairs. Although in practice, internal bargaining within the EU may happen simultaneously at national, regional, extra-regional, and even sub-national level, once DG Trade received a negotiation mandate/directive from the Council, the national-level win-sets are eliminated (or shifted) into regional win-sets which are used as the basis for negotiations with external parties (Woolcock, 2012a). Even in situations where adjustments are needed, these can only be made to *regional win-sets* rather than national ones in order to be able to have real effects for external negotiations with a third party. Changes in the EU's executive process relating to trade, which have resulted in a shift from unanimity to qualified majority voting, also strengthen this 'regional win-sets' formulation, where it becomes more difficult for one or two countries to block the signing or granting of negotiation directives to the Commission.

Moreover, the EU's introduction of the 'fast-track' ratification process further reduces the influence of national players in FTA implementation since only trade policy areas of mixed competence require national-level ratification, meaning that for everything else, only approval and ratification by the EU-level institutions are required.

Considering that a larger portion of EU FTAs is of exclusive competence rather than mixed, this decision practically strengthens the nature of the EU's two-level game in negotiation. This means that for the EU, once negotiation mandate is received, it is set to engage in a two-level game of negotiations (except for a small percentage of FTA content which falls under the area of mixed competence), which from an external point of view, minimises negotiation complexities and increases the likelihood to achieve agreements since only two win-sets need to overlap. Although during negotiations, the Commission also needs to consider the likelihood of refusal to ratify by the EU parliament, these still counts as 'regional win-sets' since for it to be applicable, more than half of the EU parliamentarians need to agree. Put differently, for the EU's regional win-sets to be *affected* by any national win-sets, the respective member state(s) must gain at least 55% of support from the EU's total member states, representing at least 65% of the EU's population, or obtain more than 50% of votes in parliament.⁶⁹

On the other hand, intergovernmental organisations like ASEAN will always engage in three-level game negotiations since no supranational institution or formal mechanism is present to simplify the process of formulating regional win-sets. Contrary to the EU, where the granting of a negotiation mandate 'authorises' the merge of multiple national win-sets into one regional win-sets, ASEAN does not have any mechanisms of this sort, meaning that its regional win-sets will always remain adjustable and fluid depending on individual member states' national win-sets. In every FTA negotiation, representatives from ten ASEAN member states are always present, and need to achieve a common position before engaging in (or continuing) negotiations with external partners.⁷⁰ This means that in every FTA negotiation, ASEAN negotiators are dealing with

⁶⁹ This calculation is based on the EU's standard qualified majority voting rules for decisions taken in the Council and simple majority rule for decisions taken in the EU parliament.

⁷⁰ Anonymous interview with ASEAN Member States' trade official

three sets of win-sets simultaneously. In other words, if, during a negotiation, even just one ASEAN member state feels that the external FTA agreement falls outside of their national win-sets, they may cancel their engagement directly, and the whole agreement can collapse.

This is unlikely to happen in the EU since refusal by one EU member state can only have an impact only if it happens either *before* the negotiation mandate is given or *after* external negotiation is completed (through a refusal of ratification by the EU or national parliament). Although in practice EU member states can request a suspension or withdrawal of ongoing trade negotiations, they still need to acquire a majority of approval from other member states, as stipulated by Article 218 of TFEU.⁷¹

From an external parties' point of view, ASEAN's negotiation procedures are more complicated since more wins-sets (and levels) are involved meaning that it is more difficult to reach agreements. For example, during the initial EU-ASEAN FTA negotiations, one EU negotiator highlighted the difficulties in reaching agreements with ASEAN due to the multiple different positions between individual member states and the difficulty to reconcile these often divergent positions.⁷²

⁷¹ Article 218 TFEU states that "The Council shall act by a qualified majority throughout the procedure"

⁷² Anonymous interview with former EU negotiator involved in EU-ASEAN FTA negotiations

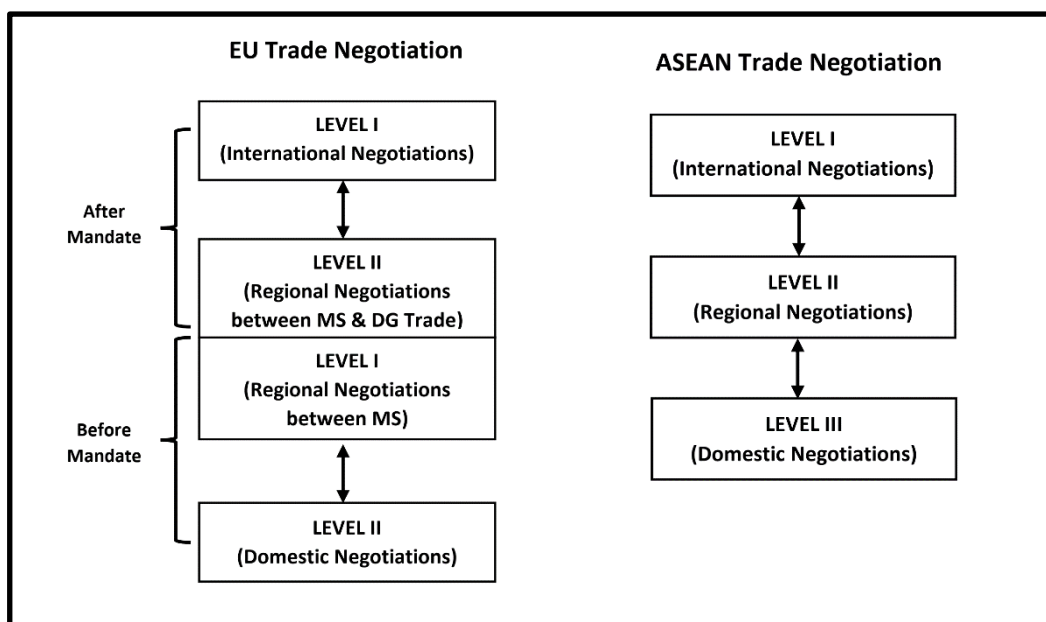


Figure 5.5 Illustration of the EU and ASEAN's Multi-Level-Game in Trade Negotiations

As per the illustration above, the existence of a trade-focused SNI in the EU eliminates one level of negotiation since the granting of a negotiation mandate to DG Trade from member states shifts Level I (regional negotiation between internal member states) to Level II negotiations (regional negotiations between DG Trade and member states) which means that, effectively, DG Trade only engages with member states and third parties simultaneously. Although DG Trade often also needs to negotiate with other DGs (Larsén, 2007), this is more of an *intra*-level negotiation, rather than *inter*-level negotiation, and thus, does not add any new level of negotiation. For ASEAN, however, negotiators simultaneously need to negotiate on three levels (as illustrated) therefore making negotiations more complex.

5.4.1.2. Effects of Depth of Economic Integration on Trade Decisionmaking and Negotiation

The second determinant relating to differences in the EU and ASEAN's processes in trade diplomacy is their differences in the depth or degree of economic integration, specifically on whether that regionalism project forms a *customs union* or not. Balassa (1961) defines economic integration as a process consisting of 'measures designed to abolish discrimination between economic units belonging to different national states', viewed as a state of affairs represented by 'the absence of various forms of discrimination between national

economies' (pg. 1). In his book, Balassa offers five categories or levels of economic integration, ranging from free trade area to total economic integration, each being more economically integrated than the previous one. Although not all regional integration strictly follows this category,⁷³ and there have been various critiques regarding it, Balassa's category is the most widely used model to explain and measure the depth of economic integration. Within this categorisation, of main importance to the EU and ASEAN's external trade diplomacy is the second category, *customs union*, which separates between economic integration arrangement that imposes a common external tariff (CET) to non-members and ones that do not. Having a CET means that member states can no longer apply individual tariff rate outside of those that were collectively agreed on and when applied to trade diplomacy, this means that no parallel negotiations by individual member states are allowed. Since a large portion of FTA negotiations involve tariffs, being in a customs union or not highly affects how ROs conduct FTA negotiation.

In fairness, ASEAN's avoidance of a CET may not be a deliberate one since there have been several internal attempts to consolidate their external tariffs but always came short. During the research interview, a high-ranking trade official from an ASEAN member state recalled that in 2010, ASEAN trade ministers tried discussing the possibility of having a CET but failed to reach a consensus.⁷⁴ This statement was also confirmed by an ASEAN scholar who was familiar with the process. The interviewee also added that later on, in 2015, Malaysia, who held ASEAN's chairmanship that year, also conducted an internal exercise to see whether it was possible to achieve an ASEAN CET yet the study failed to achieve satisfactory results.⁷⁵ The cause of this issue lies in the high tariff discrepancies between ASEAN member states, making it difficult to reach agreements on this front. The measurement of tariffs is usually computed using the weighted average tariff rate, defined as "the average of effectively applied rates weighted by the product import shares corresponding to each partner country" (The World Bank, 2019) and is a good indicator of how open or

⁷³ For example, under Balassa's category, ASEAN would be considered as an ambiguous entity since it is moving towards becoming a common market (which is a higher level than a customs union) but has no intention of creating a customs union yet.

⁷⁴ Anonymous interview with ASEAN Member States' trade official

⁷⁵ Anonymous interview with an ASEAN-based researcher

protectionist countries are. Comparing ASEAN member states weighted average tariff rates:

Table 5.4 ASEAN Member States' Weighted Mean Tariff Rate (%) & GDP Per Capita

Country	Year	Tariff Rate (%)	GDP Per Capita - PPP (US\$,2018)
Brunei Darussalam	2017	0.03	79,530
Cambodia	2016	9.77	4,335
Indonesia	2017	2.06	13,230
Lao, PDR	2017	1.47	7,925
Malaysia	2016	4.02	30,860
Myanmar	2015	4.56	6,511
Philippines	2017	1.66	8,936
Singapore	2017	0.07	100,345
Thailand	2015	3.52	19,476
Vietnam	2017	2.69	7,510

Source: *The World Bank (2019) and International Monetary Fund (2019)*

Looking at these tariff rates, ASEAN member states differ greatly ranging from countries who impose a near-zero tariff rate, such as Brunei and Singapore, to high tariff-imposing countries such as Cambodia (close to 10%). In 2017, the global average tariff rate was 2.59%, meaning that within ASEAN itself, half of its member states record a higher than global tariff rate and the other half impose a lower than global tariff rate. This contrasts with the EU, which recorded an average tariff rate below the world average of 1.79% in 2017. A large discrepancy in tariffs is ultimately one of the most crucial factors contributing to ASEAN's inability to apply a CET and also makes it difficult for it to become a customs union.

Another interesting insight from the data is that countries with higher GDP do not necessarily have lower tariff rates (e.g. Malaysia and Thailand) and also lower GDP countries do not always have higher tariff rates (e.g. Lao PDR, Indonesia, Philippines and Vietnam). This distinction between GDP per capita and tariff rate is important since, for internal economic integration, level of economic development (as measured by GDP per capita) is often seen as one the most important indicator in determining the likelihood of success in economic integration. However, with regards to external trade diplomacy, having similarities in external tariff is more important since it increases the likelihood of

achieving a customs union. The larger the gap in tariff rate between member states, the less likely they are to form a customs union and thus are less likely to achieve cohesiveness in their external trade diplomacy.

These two determinants (the existence of trade-focused SNI and depth of economic integration) are central in explaining differences in the EU and ASEAN's processes in trade diplomacy and are inherent within the region making them unlikely to be replicated by other ROs. However, despite all their differences, the EU and ASEAN display one common trait in their trade diplomatic process, their *preference for trade bilateralism*, which, unlike their differences, is best explained by looking at the *external* factors outside of the region.

5.4.2. Explaining Similarities in the EU and ASEAN's Trade Diplomatic Process

Within the last three decades, globalisation of trade has grown at a faster rate than the production rate itself (World Trade Organization, 2013). Before 1980, international trade and global output both grew at a relatively similar rate of roughly 3% annually, but since 1985 international trade has been almost twice as high as global output at an annual growth rate of 5.6% and 3.1% respectively (World Trade Organization, 2013). Although trade tensions in recent years have slightly hampered global trade growth (World Trade Organization, 2019a), the average global trade growth has increased significantly since the late 1980s and early 1990s. While many factors can explain this increase including the expansion of technology and newer methods of production and transportation, one of the most important factors is the continuously decreasing barriers to trade, as a result of larger cooperation efforts between states. Barriers to trade can include high transportation costs or policy barriers such as tariff and non-tariff measures and domestic transaction costs like customs clearance and administrative red tapes (World Trade Organization, 2013). In order to eliminate these barriers, countries work at the global level through multilateral cooperation, centralised at the WTO or previously, GATT.

The need for a better functioning trading system led to the transformation of GATT forum to the WTO, which added several main features, including the existence of a dispute settlement body. Prior to the WTO, member states negotiated through GATT where *trade rounds* were held, and specific issue(s)

were discussed. However, within each round, trade issues became more complicated. At the 8th GATT round in Uruguay, member states agreed that a forum is no longer adequate to accommodate the growing demands of trade issues and must transform GATT into a fully functioning international organisation in the form of the WTO. However, after the WTO's creation in 1993, multilateral trade talks ironically became more difficult, and until now, the WTO has only ever had one trade round, the Doha Round, which has been ongoing ever since.

Table 5.5 List of GATT and WTO Trade Rounds

Year	Name	Subjects Covered	Number of Countries
1947	Geneva	Tariffs	23
1949	Annecy	Tariffs	34
1951	Torquay	Tariffs	34
1956	Geneva II	Tariffs	22
1960-1961	Dillon	Tariffs	45
1964-1967	Kennedy	Tariffs and anti-dumping measures	48
1973-1979	Tokyo	Tariffs, non-tariff measures, framework agreements	102
1986-1994	Uruguay	Tariffs, non-tariff measures, rules, services, intellectual property, dispute settlement, textiles, agriculture, creation of WTO etc.	123
2001-present	Doha	Tariffs, non-tariff measures, agriculture, labour standards, environment, competition, investment, transparency, patents etc.	164

Source: World Trade Organisation (2019)

Compared to only having 23 states in 1947, the WTO now has more than 160 member states which complicate negotiation processes and consensus-building. Furthermore, despite initially starting with only tariffs, WTO trade negotiations now cover numerous issues such as services, labour standards, environment, competition, and transparency, which as a result, adds to the complexity of trade negotiations. These complexities can partly explain the stagnation of the Doha Round, which has been in motion for almost 20 years. As a result, countries now realise that it is more difficult to advance their interests and achieve global trade agreements via the WTO, making them resort to other

options available outside of the multilateral trading system, and this is precisely where trade diplomacy comes into play. Initially, regional trade agreements were considered as complementary (or ‘building blocks’) to revive and rebuild multilateralism (De Melo et al., 1992).

However, despite increased regionalism and PTA/FTA projects worldwide, trade multilateralism regimes have grown at a slower rate than expected with the only substantial progress in the Doha Round being the Bali Conference (2013) and Nairobi Conference (2015), where several concessions were made on bureaucratic red tapes and safeguard mechanisms for developing & least-developing countries (World Trade Organization, 2019c). Furthermore, trade barriers have also shifted from tariff and quota barriers (the so-called ‘at the border’ issues) to the more complicated ‘inside the states’ issues, such as national policies and regulations (Meunier and Nicolaidis, 2011), making WTO negotiations more difficult.

For ROs like the EU and ASEAN, where most member states are either liberal-oriented or export-oriented, stagnation in multilateralism means that they need to acquire new channels to maintain their economic advantages, and as a result, have resorted to bilateralism as their preferred method. One major consequence of the WTO’s stagnation for the EU is the increased competition from main economic rivals such as the US, China, and India, who started to pursue bilateral channels once it became apparent that trade multilateralism was no longer viable. However, since the EU initially favoured multilateralism and even imposed a moratorium on bilateral FTAs, it was seen that the EU had lost ‘precious time’ and missed out on opportunities since it has lost several key markets to their global competitors.⁷⁶

During the EU’s moratorium, EU competitors signed bilateral FTAs with other countries, benefitting their private sectors, while the EU’s private sectors were left behind.⁷⁷ In a way, the EU’s aggressive stance on bilateralism can be seen as an effort to catch up and jumpstart the EU’s overall competitiveness after the moratorium. The EU’s renewed interest in region-to-region FTA was also shaped by fear of losing strategic markets to its competitors, such as in the case

⁷⁶ Anonymous interview with DG Trade official

⁷⁷ Anonymous interview with representative from business association in the EU

of the EU-ASEAN and the EU-Mercosur agreements.⁷⁸ Specifically for the EU-ASEAN FTA, the EU's interests were mostly driven by the presence of several major players within the region, including US, Japan, China, India, and the possibility of the EU's economic interests being threatened (Cuyvers, 2007). Thus, the EU's bilateral FTA ambitions, especially for a deep and comprehensive one, are often 'systemic' (Meissner, 2016).

Like the EU, ASEAN's preference for bilateralism is also linked to shifts in global trade issues and stagnation in WTO negotiations, however, ASEAN's response has been less far-reaching compared to the EU. Due to its institutional settings and economic discrepancies, ASEAN member states always negotiate *individually* in the WTO and often form separate alliances with different WTO members. Negotiation coalitions in the WTO can be classified based on regional or specific interests (e.g. non-agricultural market access economies, agricultural producers' countries, group of least developing countries etc.), where individual ASEAN member states can choose any coalitions they want. This contrasts with the EU, where due to its customs union, all member states will always be in the same coalition at all times. As a result, ASEAN member states often have opposing views regarding specific trade issues (Tsai, 2007), and thus, find it difficult to negotiate as a group. For example, Malaysia, Thailand, and Vietnam are members of the Cairns group which seeks to liberalise agricultural products, Laos is a member of G-33 who advocates for special safeguards in the liberalisation of sensitive agricultural products, and interestingly, Indonesia and the Philippines are members of both groups.⁷⁹ Consequently, multilateralism is never the preferred method for ASEAN, and with WTO's stagnation, ASEAN found more impetus to pursue other levels of trade diplomacy.

In resorting to bilateralism, ASEAN can be considered reactive rather than proactive, although this in no way implies that ASEAN is passive and has no overall strategy. In general, ASEAN's choice to engage in bilateral relations is *a/ways* in response to the requests of external parties rather than by internal motivation. The first country to engage in FTA with ASEAN was China, doing so not purely on economic reasonings but also based on a 'political, strategic and

⁷⁸ Anonymous interview with DG Trade official

⁷⁹ In fairness, Indonesia and the Philippines inclusion in both groups can be explained by their agricultural trading profile since they are both exporters and importers of agricultural products

intellectual basis' (Lijun, 2003). China's accession into the WTO in 2001 was considered to have posed a threat to ASEAN member states ultimately leading to diverted trade and investment from ASEAN to China, and thus, the ASEAN-China FTA was perceived as a way to minimise ASEAN member states' negative perception of the 'China threat' and improve China's relations with its neighbouring countries (Cheng, 2004). From ASEAN's perspective, collective engagement through ASEAN was the best option to counterbalance China's growing power and economic influence within the region, which explains ASEAN member states' acceptance of China's offer.

As one ASEAN member states' diplomat points out during the interview, collective negotiation is considered good for ASEAN since it provides more economic power for its member states considering that they can 'offer more' and 'ask for more' in negotiations.⁸⁰ However, due to China's economic weight and political position, its actions often have consequences for other countries. China's decision to engage in FTA with ASEANs also led Japan and India to establish FTAs with ASEAN in the same week as China's agreement (Cheng, 2004). This agreement was subsequently followed by requests from other ASEAN dialogue partners, including South Korea, Australia, New Zealand, the EU, Canada, and Russia.⁸¹ As a result, ASEAN is always in the position of accepting, rejecting or postponing bilateral requests from its dialogue partners rather than pursuing them meaning that it needs to selectively prioritise requests. Therefore, it can be said, that ASEAN's preference for bilateralism was driven by regional *systemic* competition between its dialogue partners, who feared missing out ASEAN's market to other competitors.

While the EU's bilateralism is driven by stagnation in the WTO and the need to secure key market areas by actively engaging in systemic competition, ASEAN's bilateralism is a by-product of systemic competitions between its dialogue partners and ASEAN's inability to pursue any meaningful results through the WTO collectively. Due to their internal differences, the EU and ASEAN are differently affected by systemic competitions, although their actions and results are rather similar. To put this in context with trade diplomacy, when

⁸⁰ Anonymous interview with official from ASEAN member state's Ministry of Foreign Affairs

⁸¹ Anonymous interview with official from ASEAN Secretariat

global trade games change, it is 'all hands on deck, a red-alert phase for economic diplomacy' that lasts until new rules are agreed upon by the world's most significant players' (Coolsaet, 2004). Extending this to trade, it can be argued that when the WTO cannot provide certainty for countries, those countries resort to the safest option available to them, the bilateral channel.

In conclusion, the EU and ASEAN's similar preference for bilateralism is a strategic move in their trade diplomacy used to offset the negative impact of the WTO's stagnation, coupled with increased systemic competitions from other countries.

5.5. Conclusion

The main purpose of this chapter is to explain and compare one component of the EU and ASEAN's trade diplomacy, the *process*. This consists of trade decisionmaking and trade negotiations, which relates to the second and third research questions. Based on the findings and discussions, it can be argued that the EU and ASEAN are strikingly different in almost all components, except for their preference for trade bilateralism. The EU and ASEAN's differences in trade decisionmaking include variations in their decisionmaking model, the involvement of non-state actors, ratification, implementation process, and whether the EU and ASEAN allow flexible participation in their external trade relations or not.

Dissimilarities in the EU and ASEAN's trade negotiations include who acts as negotiators throughout the process, how their negotiation model works, and whether the EU and ASEAN allows parallel negotiations outside of the regional scheme. For trade negotiations, since the EU has a trade-focused supranational institution in place, the EU institution (through DG Trade) handles all of the EU's trade negotiations, whereas for ASEAN, the absence of a trade-focused SNI means that individual member states handle negotiations. Under this arrangement, the EU institution acts as an agent of the member states, while for ASEAN, no agent is present since member states are represented by their technical ministries. Furthermore, ASEAN also allows its member states to have other trade agreements outside of the ASEAN framework resulting in multiple parallel negotiations involving individual member states which is in contrasts to

the EU where no individual member state can make commitments with external partners outside of the EU framework.

Assessing the causes of these differences, two main *internal determinants* can be identified. *First*, the existence of a trade-focused supranational institution in the EU and the absence of one in ASEAN and *second*, variations in the EU and ASEAN's choice of economic integration where the EU opt for a customs union and ASEAN does not. Considering all the differences between the EU and ASEAN's trade diplomacy, the contrast between their processes is perhaps the most striking since this relates mostly to their *internal* mechanisms and conditions. In explaining the EU and ASEAN's similarities in trade negotiation, *external factors* play a dominant role where both the EU and ASEAN's preference for bilateralism is shaped by changes in their external environment, specifically due to stagnation in WTO negotiations and the increase of global economic competition. Despite their various internal differences, the EU and ASEAN operate in a similar environment and are affected by similar pressures, and thus, may respond similarly, as the discussion shows.

So far, this chapter and the previous one (Chapter 4) have answered the *who* and *how* questions of the EU and ASEAN's trade diplomacy, forming two of the three core elements in trade diplomacy. The next chapter elaborates on the final question – *why* – by examining the last component of the EU and ASEAN's trade diplomacy, their *trade diplomatic goals*.

Chapter 6 – Goals in the EU and ASEAN Trade Diplomacy

6.1. Introduction

The previous two chapters have elaborated on the first two questions of trade diplomacy – the *who* and *how* questions. This chapter focuses on the last question – the *why* question – and elaborates on the final component of the framework: goals of trade diplomacy. Goals in trade diplomacy refer to the ultimate objectives being pursued, either pure commercial/economic goals or non-commercial goals resulting from trade agreements. Commercial goals are the tangible advantages of trade agreements such as the increase in exports or market shares, GDP growth, and rise in employment levels resulting from trade. Non-commercial gains refer to the non-economic impact of trade agreements such as stronger bilateral/multilateral ties, larger global/regional presence, and power or norm projection to other parties. As this thesis asserts, trade relations are integral to ROs' external relations, and thus, the inclusion of both commercial and non-commercial goals in the analysis is necessary. The choice to separate between commercial and non-commercial goals stems from the research findings which suggest that the EU and ASEAN differ in their emphasis on commercial and non-commercial goals, and that one goal tends to be more dominant than the other.

As with the previous two chapters, this chapter focuses on answering the second research question regarding differences and similarities of the EU and ASEAN's trade diplomacy, and to a certain degree, the third research question pertaining to the determinants of these differences and similarities. The data for this chapter is derived from multiple sources including the EU and ASEAN's legal documents (e.g. treaties and charters), publications (e.g. action plans, communique, press releases, leaders' statements), trade data and interviews with multiple trade officials, business representatives, and NGO members. Like the previous chapter, interview data is also integral here, particularly for ASEAN, since several secondary data were not readily available. Furthermore, information and opinions from trade and foreign policy officials and non-state actors assist in explaining several actions (or inactions) within both regional organisations, which would not be evident without the interviews.

Deducing from this data, the central idea of this chapter is that *although the EU and ASEAN both seek to achieve commercial and non-commercial goals through their trade diplomacy, the EU is more invested in achieving commercial goals compared to ASEAN*. This is due to the structure of the EU's economic integration where the customs union limits the possibility of member states to acquire commercial goals from other avenues, hence creating the need for member states to maximise their gains from the EU's trade agreements. Contrary to the EU, ASEAN is more invested in acquiring non-commercial goals since, *first*, its member states can still attain commercial goals through individual trade relations outside of the ASEAN scheme, and *second*, because ASEAN links its external trade with political-strategic relations where it positions its external trade as a way to support ASEAN's internal integration project and to 'reward' its external partners.

The trade diplomacy-regional integration linkage in ASEAN is apparent through ASEAN's choice to negotiate trade agreements *only* with its dialogue partners, who are by default, countries with the highest level of political and strategic importance to ASEAN. Since most of ASEAN's dialogues partners are either global or regional major powers, ASEAN member states' collective choice to grant larger market access can also be interpreted as a way to ensure that so long as these global/regional powers support ASEAN's integration project – either financially or through political acknowledgement – they will have exclusive access to ASEAN economies. It is not a coincidence that these dialogue partners are also ASEAN's largest donors and main proponents of its integration project, which illustrates how ASEAN utilises its trade agreements strategically.

In comparing and explaining these goals, this chapter is divided into five main sections. The next section identifies and compares the EU and ASEAN's general trade goals by examining their legal documents, followed by a section on the comparison of the EU and ASEAN's commercial goals in trade. The third section compares the EU and ASEAN's non-commercial goals in trade, while the fourth section explains the determinants of differences and similarities in the EU and ASEAN's trade diplomatic goals. Finally, the last section concludes the discussion and highlights what this chapter's findings mean for the overall research.

6.2. Identifying the Trade Diplomatic Goals of the EU and ASEAN

In identifying the trade diplomatic goals of the EU and ASEAN, this research looks at the formal documents outlining each organisation's specific aims, objectives, targets and milestones directly relating to external trading activities. For the EU, this is specified in DG Trade's *Strategic Plan 2016-2020* while for ASEAN, the defining document is the *2025 ASEAN Economic Community (AEC) Blueprint* and its *Consolidated Strategic Plan*. Both of these documents are derived from larger priorities/goals of their respective organisations which for the EU, is derived from the ten political priorities of the Juncker Commission,⁸² and for ASEAN, is translated from the ASEAN Economic Community Blueprint 2025.⁸³ In setting out the EU's specific trade goals, DG Trade follows the Juncker Commission's priorities, number 1 (*boosting jobs, growth and investment*), number 6 (*a reasonable and balanced free trade agreement with the US*) and number 9 (*a stronger global actor*).⁸⁴ These general priorities are then operationalised through DG Trade's *Strategic Plan 2016-2020* and broken down into specific objectives, interim milestones, and targets to be achieved by 2020 (European Commission, 2016c).

⁸² The Juncker Commission refers to the EU Commission under the Presidentship of Jean-Paul Juncker. Based on the EU's regulations, every serving President and their cabinet members are required to have a political strategy, guidelines, and priorities during their tenure which will serve as EU's direction for the following five years.

⁸³ The ASEAN Economic Community Blueprint is the core document which sets out the objectives, directions, and strategies for ASEAN's economic integration from 2015 to 2025.

⁸⁴ It should be noted that on November 2019, a change in the Commission's leadership from Jean Paul Juncker to Ursula von der Leyen occurred which resulted in new priorities within the Commission. However, the DG Trade's Strategic Plan still runs until 2020 and the priorities of the new Commission have been rightfully reflected within the Plan (European Commission, 2016c).

Table 6.1 DG Trade's Specific Objectives in Trade

1. A New Boost for Jobs, Growth and Investment	6. A Reasonable and Balanced Free Trade Agreement with the U.S	9. A Stronger Global Actor
<p>Specific objective 1: Trade Negotiations A wide coverage of the world's trade through regional, multi-, pluri- and bilateral agreements concluded by the EU ensuring the best economic conditions and opportunities for consumers, workers, citizens and enterprises, including SMEs, in the EU and non-EU Member States, particularly in Developing Countries</p> <p>Specific objective 2: Effective implementation Effective implementation of the EU's trade and investment policies secured, amongst other, through proper monitoring, enforcement and support</p> <p>Specific objective 3: Tackling unfair trade Maintain and improve a transparent, efficient and effective system to combat distortions and unfair trade practices in international trade</p>	<p>Specific objective 1: Trade Negotiations A wide coverage of the world's trade through regional, multi-, pluri- and bilateral agreements concluded by the EU ensuring the best economic conditions and opportunities for consumers, workers, citizens and enterprises, including SMEs, in the EU and non-EU Member States <i>[in particular the US]</i></p> <p>Specific objective 2: Effective implementation Effective implementation of the EU's trade and investment policies secured, amongst other, through proper monitoring, enforcement and support</p>	<p>Specific objective 1: Trade Negotiations A wide coverage of the world's trade through regional, multi-, pluri- and bilateral agreements concluded by the EU ensuring the best economic conditions and opportunities for consumers, workers, citizens and enterprises, including SMEs, in the EU and non-EU Member States, particularly in Developing Countries</p> <p>Specific objective 2: Effective implementation Effective implementation of the EU's trade and investment policies secured, amongst other, through proper monitoring, enforcement and support</p> <p>Specific objective 4: A sustainable approach to trade Improved sustainable economic, social and environmental conditions for consumers, workers, citizens and businesses in the EU and in non-EU countries and a special focus on human rights, responsible management of supply chains and good governance</p>

Source: European Commission (2016)

Among these three objectives, two are directly linked to commercial goals (number 1 and 6), while objective 9 is more general and places the EU as a stronger global actor through trade. Under priority number 9 and *Specific Objective 4: A Sustainable Approach to Trade*, DG Trade lists 'improved sustainable economic, social and environmental conditions for consumers, workers, citizens and businesses in the EU and non-EU countries (personal emphasis) and a special focus on human rights, responsible management of supply chains and good governance' as one of its goals, which indicates the EU's *external* ambition. Under this objective, the EU believes that its approach and guidelines on trade must be implemented both internally and *externally*, which hints the inclusion of non-commercial goals in the EU's strategic trade plan.

Translating these general trade objectives into actions, DG Trade publishes a *communication paper* which lists specific trade policy strategy that it will follow during a course of time. Since 2006, the EU has published four communication papers: *Global Europe: Competing in the World* in 2006; *Trade, Growth and World Affairs* in 2010; *Trade for All Strategy* in 2015; and most recently, *A Balanced and Progressive Trade Policy to Harness Globalisation* in 2017. Each of this communication papers introduces a new aspect, approach, or strategy in the EU's external trade. This includes the 2006 communication paper which signifies the end of EU's self-imposed ban on bilateral trade agreements and sets out the basis of the EU's 'new generation FTAs. Also, the *Trade for All* communication paper which introduces three new principles of the EU's trade strategy: effectiveness, transparency, and values (Commission, 2015).

This communication paper is often seen as the EU's response to the growing criticism of its trade policy from other stakeholders, particularly from business sectors and civil society groups. For example, the effectiveness strategy, refers to the EU's targeted approach in tackling modern trade issues, and is expected to answer the main concern of business groups, particularly SMEs, while transparency is designed to increase stakeholder's involvement and is primarily about larger scrutiny and public involvement in the EU's trade negotiations.

Looking at the frequency and content of the multiple DG Trade's documents on external trade, it can be seen that the EU's approach to external trade is rather dynamic and responsive to internal and external shifts. For example, the inclusion of 'EU values' and increased transparency in FTA negotiations was the EU's response to internal demands by CSOs, while the lift on the EU's bilateral FTA moratorium in 2006 was due to stagnation in multilateralism and internal pressures from private sectors since the EU was losing international markets to its competitors.⁸⁵ This was also the cases for the inclusion of new trading partners and revitalisation of existing FTAs, which were shaped by both internal demands and the pressure of global competition. On average, the EU is likely to publish a communication paper and set a new direction for its external trade every 2-3 years, which can be considered quite frequent compared to ASEAN.

⁸⁵ Anonymous interview with official from DG Trade

Contrary to the EU, ASEAN's trade goals and strategy tend to be long-term, and thus, often less responsive. As a general rule, ASEAN's overarching guidelines for its external economic relations is the ASEAN Economic Community (AEC) Blueprint 2025. It is then operationalised through the *Consolidated Strategic Action Plan (CSAP)* which runs from 2016-2025 or is set up in a 10-year increment which contrasts to the EU's President political priority which runs for five years. This action plan consists of strategic measures and key actions lines to be pursued by different ASEAN sectoral bodies and sectoral work plans (ASEAN Secretariat, 2017). Sectoral bodies refer to the different ASEAN institutions involved, while sectoral work plans refer to the different activities such as dialogues, meetings, and forums held by ASEAN member states to undertake strategic decisions that cannot be done independently by the ASEAN Secretariat. This may involve meeting with senior economic/technical ministers of ASEAN MS or with country coordinator representatives. With regards to ASEAN's external trade, several key action lines are to be pursued within the 2016-2025 time frame, these includes: concluding ongoing FTA negotiations, continuing and reviewing current FTAs, and implementing several trade and investment agreements with ASEAN's non-FTA partners (i.e. EU, Russia, Canada and USA).

The CSAP is designed to complement the ASEAN Economic Community Blueprint and thus, follows similar goals as stated in the AEC Blueprint which reinforce ASEAN's five main characteristics: (i) a highly integrated and cohesive economy; (ii) competitive, innovative and dynamic ASEAN; (iii) enhanced connectivity and sectoral cooperation; (iv) a resilient, inclusive, people-oriented and people-centred ASEAN; and (v) a global ASEAN. Of these five characteristics, four are related only to *internal* objectives, and one characteristic relates to ASEAN's external relations (*A Global ASEAN*). In operationalising 'A Global ASEAN', ASEAN positions its external FTAs as one of the building blocks where ASEAN seeks to:

- a. Develop a more strategic and coherent approach towards external economic relations with a view to adopting a common position in regional and global economic fora;
- b. Continue to review and improve ASEAN FTAs and CEPs to ensure that they remain modern, comprehensive, of high-quality and more

- responsive to the needs of businesses operating the production networks in ASEAN;
- c. Enhance economic partnerships with non-FTA Dialogue Partners by upgrading and strengthening trade and investment work programmes/plans;
 - d. Engage with regional and global partners to explore strategic engagement to pursue economic partnerships with emerging economies and/or regional groupings that share the same values and principles on improving the lives of their people through economic integration;
 - e. Continue strongly supporting the multilateral trading system and actively participating in regional fora; and
 - f. Continue to promote engagement with global and regional institutions (ASEAN Secretariat, 2017)

Reflecting on these six objectives, one objective is aimed at building internal cohesion (goal A), two goals focus on improving ASEAN FTAs and CEPs (goals B & C), and three objectives are targeted towards wider global engagements (goals D, E & F). As a whole these objectives show an interesting sketch of ASEAN's trade diplomatic directions. The first important point is on how ASEAN places internal cohesion (or 'adopting a common position') as the first objective in their external economic relations which is an indication of the shortcomings in their internal mechanisms. As many research interviewees have confirmed, in many cases, ASEAN is struggling to achieve a common position in economic issues due to the wide economic differences between its member states, and hence, achieving this should be their priority before any further external economic relations can take place.⁸⁶ Another important point is in ASEAN's emphasis on the wider global engagements, taking three out of its six objectives, which is a testament to ASEAN's interest in being globally active. These objectives are the most telling aspect of ASEAN's strong emphasis on non-commercial goals in trade diplomacy, where they affirm the use of multiple venues (bilateral, inter-regional and multilateral), not necessarily as a way to gain tangible commercial benefits, but mostly as a way to '*explore strategic engagement*', '*strongly support*' and '*promote engagement*' which, together, are more of a political statement rather than carrying any economic weightings. This observation also relates to the last and most important point in ASEAN's trade

⁸⁶ Anonymous interview with several ASEAN member states' trade officials

diplomacy goals: the lack of any tangible or measurable commercial goals in its external trade objectives.

Unlike the EU, ASEAN's external trade objectives do not mention any specific commercial goals such as market expansion, export growth, job creation or anything specifically connected to tangible commercial goals. In contrast, the EU's documents regarding trade goals are filled with detailed descriptions of how and when to achieve a specific objective and include quantitative measurements for each milestone. For example, under *Specific Objective 1: Trade Negotiations*, the EU lists its targets for 'percentage of trade covered by applied bi-lateral and regional agreements' from 26% (total) in 2015 to 33% in 2018 and 58% in 2020. This is the general pattern for most of the EU's strategic plan, with several qualitative indicators such as the quality of web platforms and positive developments in dispute settlement cases. For ASEAN, however, the closest commercial goal is perhaps in ensuring that ASEAN FTAs are '*modern, comprehensive, of high-quality and more responsive to the needs of businesses operating the production networks in ASEAN*' which is more of a description on what an FTA should look like and not on what it should bring to the economy.

Contrasting this with the EU, ASEAN tends to be more abstract on what commercial goals they are aiming for. For the EU, the fulfilment of targets and achievement of goals are measured numerically through careful calculations of market/export share, the number of jobs created, and the number of FTAs signed that have incorporated the EU values. DG Trade's mantra of 'the more ambitious the agreement, the larger the gain' is translated into measurable outcomes which set directions on how to achieve the EU's specific trade goals. To put it short, while ASEAN lists specific commercial goals in its trade diplomacy, these are not adequately translated or quantified, making them difficult to measure and achieve.

ASEAN's lukewarm attitude towards achieving commercial goals is also apparent in their overall approach to external trade. While the EU is relatively *proactive* in designing its trade goals with the general aim of expanding its FTA scope and market share, ASEAN tends to be *reactive*, where its trade goals are mostly designed as a response to external parties actions, rather than being based on its internal conditions. In its strategic plan, the EU lists specific target countries for FTA negotiation partners, complete with how many increases are

expected each year. ASEAN, on the other hand, works based on requests from external partners rather than proactively deciding which FTA partners to pursue. In their documents, ASEAN's objectives for its external trade are directed towards 'signing', 'finalising', 'concluding' and 'implementing' existing negotiations or agreements rather than exploring new ones (ASEAN Economic Community 2025 - Consolidated Strategic Action Plan pg. 47). While ASEAN does list 'exploring strategic engagements' with regional groupings like the Asia Pacific Economic Cooperation (APEC) and Eurasian Economic Union (EAEU), it is unclear on what kind of strategic engagement this entails.

Interviews with officials also confirm ASEAN's less proactive stance on trade diplomacy, where for all of its trade agreements, ASEAN is always in the position of accepting, postponing, or rejecting offers and has never initiated one.⁸⁷ Currently, ASEAN is also juggling requests from several countries and other regional organisations and is struggling to respond to these requests due to limited resources.⁸⁸

Comparing the EU and ASEAN's official documents, it can be observed that while the EU and ASEAN identify both commercial and non-commercial goals in their external trade relations, the EU tends to be more invested in acquiring commercial goals while ASEAN leans more toward achieving non-commercial goals. However, despite these differences, one major similarity in their documents prevails, the need to strengthen their position in the global arena. In their documents, both the EU and ASEAN explicitly state their intentions of being global players, with the EU listing *A Stronger Global Actor* as one of its main objectives and ASEAN asserting *A Global ASEAN* as one of its main characteristics. For the EU, a stronger global actor is presented through multiple actions including reinforcing the EU's position as a global trade player; increasing market share & effective implementation of trade deals; and implementing a sustainable approach to trade (European Commission, 2016c). Rather similarly, ASEAN also aims to strengthen its global presence through multiple external trade agreements, active contribution to trade regime formation, and continued

⁸⁷ Anonymous interviews with official from ASEAN Secretariat and several ASEAN Member States' trade officials

⁸⁸ Anonymous interviews with official from ASEAN Secretariat and several ASEAN Member States' trade officials

engagements with multiple regional organisations and economic institutions (ASEAN Secretariat, 2017). In a way, external trade can be seen as a mean for both the EU and ASEAN to reassert their presence and reinforce their power in global relations. This statement was, in fact, one of the most identifiable and explicit non-commercial goals in their documents.

Nevertheless, while official documents may provide a good initial picture of the EU and ASEAN's trade diplomatic goals, it is crucial to analyse how these trade objectives are translated into actions which is the focus of the following sub-sections.

6.3. Commercial Goals in the EU and ASEAN's Trade Diplomacy

By default, *trade* diplomacy is generally aimed towards acquiring commercial gains in order to maximise overall economic outcomes. Since Adam Smith, many trade theorists have long advocated the benefits of having barrier-free trade on the grounds that free trade minimises efficiency loss and thus, produces better outcomes for the overall economy. Other arguments in support of free trade include gaining additional external economies of scale resulting from trade, increasing domestic firms productivity through external competition, and removing rent-seeking behaviour resulting from the imposition of import quotas (Krugman et al., 2015).

However, while there are many perceived benefits from free trade, only a few countries in the world have approached a truly free trade condition (one notably being Hongkong, which is technically a part of China but maintains a separate economic policy). The main reason for this is that free trade requires national policy to implement and policymaking itself is a political process which involves multiple players and interests. For example, many countries have maintained protectionist trade policies in fear of losing popular support from their constituents, and others have opted for selective protectionist policy to benefit domestic key players who are central for maintaining power. However, due to global competition and the need to acquire wealth, most countries tend to balance between obtaining advantages from free trade and at the same, minimise conflicts with domestic stakeholders. This has resulted in a mix of different trade policies between countries, depending on their domestic situations and international preferences.

Taking this mix into the regional level, regional organisations' choices on trade policies, particularly on deciding whether to engage or not in free trade agreements, are a compromise between different countries' positions on trade, where RO's member states may not benefit equally. However, from a rationalist point of view, all FTAs agreed to by ROs should ensure the delivery of maximum gains for all or most of member states, and at the same time, the losses of not engaging in FTAs should be minimised. It is also the case for the EU and ASEAN where logically, commercial goals should be present in their trade diplomacy, although with different weightings.

From a purely economic standpoint, the most direct way to compare the EU and ASEAN's commercial goals in trade diplomacy would be to look at the quantifiable benefits resulting from the elimination of trade barriers. However, this may be unfitting to do considering the EU and ASEAN's differing circumstances since *first*, these indicators only measure outputs and pay little attention to actions and processes leading to these outputs and *second*, since ASEAN member states can still negotiate FTAs individually, any gain from free trade by ASEAN may be a result of individual member states' actions rather than a collective one. Looking at these limitations, a more appropriate way to compare the EU and ASEAN's commercial goals would be to look at the *likelihood* of acquiring commercial benefits resulting from collective actions, rather than individual ones. For this research, we look at two sets of data: the *trade preference utilisation rate* (PUR) which is the value of trade that takes place under preferences as a share of the total value of trade that is preference-eligible in an FTA (The Federation of German Industries, 2018) and distribution of *organisational capacity allocated for acquiring commercial goals*.

The trade PUR is a measurement of how likely it is for private sectors to utilise the FTA agreements completed by their respective regional organisations. Calculations of trade PUR can be done at either the firm-level by asking firms whether they use specific FTAs or at the national-level by looking at the official Certificates of Origin (CoO). Each of these calculations has its advantages & disadvantages, and although this number may not always accurately represent the actual rate, it is a good approximation of how often businesses use these FTAs. This data is a measurement of how *effective* an FTA is in fulfilling the needs of the private sectors, meaning that the higher the trade PUR is, the more

effective the FTAs are and vice versa. Distribution of organisational capacity refers to the choice by regional organisations to allocate their resources to a specific task(s), which in this research refers to the task of acquiring commercial gains through external trade. The general understanding is that the larger the resources allocated for that specific task/purpose, the more *invested* the organisation is in obtaining that purpose and vice versa. With this definition in mind, the following two sections compare these two indicators.

6.3.1. Collective Versus Individual Commercial Goals in the EU and ASEAN Trade Diplomacy

As previously discussed, one of the major distinctions between the EU and ASEAN is that the EU is a customs union and ASEAN is not, which means that ASEAN member state can still negotiate individually while EU members states cannot. As a result, ASEAN member states are often involved in multiple FTA arrangements outside of the ASEAN scheme (see Figure 5.2. in Chapter 5) which makes it difficult to precisely calculate whether the specific trade benefit comes from ASEAN or individual member states' FTAs. In contrast, since the EU must always negotiate collectively, it is easier to calculate the overall benefit from its FTAs. Each year, the EU publishes a report on the implementation of the EU's FTAs covering updates on each FTA, including the progress achieved, implementation of the TSD chapters, and dispute settlement processes (if any). This report also contains the trade preference utilisation rate of the EU's exports, which measures the percentage of EU's private sectors that utilise FTAs. The EU's trade PUR (export)⁸⁹ based on the latest report (published in October 2019) can be found below:

⁸⁹ Data on PUR is divided into two groups: *export* PUR which measures the percentage of exporters utilising the FTA and *import* PUR which measures the percentage of importers utilising the FTA. For this research, the more relevant group would be export PUR since it captures the *internal* private sectors' usage of the FTA

Table 6.2 Preference Utilisation Rate of the EU's Exports

Importing country	2015	2016	2017	2018
'New generation' Free Trade Agreements				
Colombia	63%	71%	70%	72%
Peru	28%	47%	52%	56%
Costa Rica	n/a	38%	n/a	59%
El Salvador	21%	26%	27%	33%
Guatemala	21%	32%	31%	33%
Honduras	40%	56%	55%	55%
Ecuador	n/a	n/a	57%	68%
South Korea	68%	71%	74%	81%
Canada	n/a	n/a	n/a	37%
DCFTAs				
Georgia	72%	81%	83%	83%
Ukraine	n/a	n/a	70%	74%
'First generation' Free Trade Agreements				
Mediterranean Partners				
Turkey	n/a	95%	94%	90%
Egypt	36%	66%	64%	67%
Israel	n/a	89%	86%	n/a
Lebanon	74%	74%	58%	n/a
Morocco	n/a	76%	77%	77%
Jordan	n/a	78%	72%	76%
Western Balkans				
Albania	77%	80%	78%	80%
Bosnia-Herzegovina	91%	88%	88%	86%
North Macedonia	n/a	90%	89%	n/a
Kosovo	n/a	44%	60%	66%
Montenegro	86%	85%	86%	86%
Serbia	89%	91%	91%	90%
Latin American Partners				
Chile	77%	87%	88%	85%
Mexico	76%	76%	75%	70%
EFTA States				
Switzerland	79%	79%	78%	77%
EPAs				
Dominican Republic	46%	49%	62%	58%
Mauritius	n/a	n/a	n/a	28%
South Africa	60%	63%	60%	64%

Source: European Commission (2019d)

Based on the data, it can be seen that on average there is an increase on the PUR of the EU's export from 2015 to 2018 meaning that more businesses

are using the EU's FTAs for their exporting activities. There are, of course, several exceptions where decreases or stagnancies occur such as for Turkey, Israel, Bosnia-Herzegovina, North Macedonia, Mexico, and Switzerland although on average, the rate is still more than 50%. Looking at these numbers, the lowest PUR for the EU in 2018 is at 28% (Mauritius), the highest is at 90% (Turkey and Serbia), and the overall average is at 66% (own calculation), meaning that in 2018, more than half of the EU's private sector utilised FTAs in their exporting activities to these countries. Although this number may seem 'average', this is a relatively high number compared to ASEAN.

Within the ASEAN member states themselves, Singapore leads in terms of the numbers of FTAs signed, launched, or proposed with a total of 43 FTAs, 29 of which are signed outside of the ASEAN scheme (Asia Regional Integration Center, 2019). Within these 29 agreements, eight are proposed, negotiated, or signed in addition to the already existing ASEAN FTAs with dialogue partners. Aside from Singapore, every other ASEAN member state (except for Cambodia, Laos, and Myanmar) also have at least one FTA in place with their dialogue partners, in addition to the already existing ASEAN FTAs. As a result, ASEAN private sectors have several options in utilising FTAs, in addition to the existing trade preferences offered by the WTO through the Most-Favoured Nations (MFN) tariff rate which ASEAN member states can also access. Unfortunately, ASEAN does not publish any specific reports on their trade PUR, and thus, estimates can only be made by outside entities. There are also limitations on the availability of data since only a few ASEAN countries have a complete record of their certificate of origin issuance, which is the instrument used to measure trade PUR (Ing et al., 2015).

In a 2015 report, the Economic Research Institute for ASEAN and East Asia (ERIA) estimated that the preference utilisation rate of ASEAN-led FTAs averaged at around 21.4%, with the ASEAN-China FTA and ASEAN-Korea FTA being the highest, estimated at 25.6% and 20%, respectively (Ing et al., 2015). Furthermore, this rate is skewed towards large and multinational corporations with micro, small, and medium enterprises not utilising much of the agreements (Tambunan and Chandra, 2014). The high utilisation rate of the ASEAN-China FTA is perhaps not a coincidence, given the fact that China is ASEAN's largest trading partner and only two ASEAN member states have a national-level FTA

with the country. In comparison, the ASEAN-Japan FTA only recorded a PUR of 6.6% (Ing et al., 2015) despite Japan's status as one of ASEAN's top trading partners. The most probable explanation for this is the high number of national-level FTAs that individual ASEAN member states have with Japan (Ing et al., 2015), where currently seven ASEAN member states have individual FTAs with Japan outside of the ASEAN scheme. Although this number may not be fully accurate, an interview with trade official in one ASEAN member state confirms that ASEAN-led FTAs tend to have a lower PUR compared to the national-led ones.⁹⁰ These data suggest that for ASEAN, individual FTAs are often used as a *substitute* rather than a *complement* to ASEAN-led ones, which suggests a middle-ground between ASEAN member states strong nationalistic stance and the need to utilise regional organisations as an external trade diplomatic tools.

There are several plausible reasons as to why private sectors prefer national-level FTAs than ASEAN-level FTAs. *First*, national-level FTAs are by default, deeper and more comprehensive than ASEAN-led ones and thus, can offer more advantages to private sectors. *Second*, if the cost of shifting from national-level FTAs or other types of trade preferences (e.g. MFN rate)⁹¹ to regional-level FTAs outweighs the benefits, then businesses are less likely to change the type of FTAs or preferences that they currently use. Ing, Urata and Fukunaga (2015) refer to this situation as the 'benefit margin', defined as 'the difference between the benefits arising from, and costs of, using FTAs. For private sectors, benefits arise from the margin between the MFN rate (or in this case, national-level FTA's preference rates) and ASEAN FTA's preference rates, while costs refer to the cost of obtaining CoO for ASEAN-led FTAs.

In their firm-level survey, Ing, Urata and Fukunaga (2015) find that the initial MFN rate for most ASEAN member states is already low due to unilateral tariff reductions from international commitments in the 2000s, meaning that FTAs that offer tariff preferences *only* (such as ASEAN-led FTAs) are less attractive for private sectors since the tariff rate is already low. In other words, ASEAN private sectors see that the cost of shifting from MFN rate (or national-level FTAs)

⁹⁰ Anonymous interview with ASEAN Member State trade official

⁹¹ Most Favoured Nation (MFN) tariff rate is the tariff rate that countries promise to impose on imports from other members of the WTO (unless the country is part of a preferential trade agreement such as a free trade area or customs union). In other words, MFN rates are the highest tariff rate that WTO members can charge to one another

to ASEAN FTAs does not offer sufficient benefits compared to the costs of obtaining CoO, or in the words of one interviewee: ‘the benefits of ASEAN FTAs are not even worth the paper it was written on’.⁹²

Third, ASEAN private sectors are often not fully aware of the trade preferences that they can utilise since there are only limited efforts to inform them. Ing, Urata and Fukunaga (2015) suggest that more than 60 per cent of businesses in ASEAN’s manufacturing sector claimed that the information about FTAs and how to use them are still limited or very limited. This is also confirmed by interviews with several representatives from ASEAN member states’ business associations who claimed that they often did not receive complete information regarding FTAs from the government.⁹³ Other business associations, such as in Indonesia, even mentioned that they often conduct information sharing session regarding FTAs within themselves since no adequate information was given to them by the government.⁹⁴

Adding to these problems is the lack of consensus (or discourse, to the least) on economic viewpoints between ASEAN member states, meaning that ASEAN’s external trade relations are driven by many ideas and viewpoints on how to best approach external trade. While neoliberal ideas generally guide the EU’s approach to external trade (Bossuyt et al., 2020), ASEAN does not have this since each member state has its own views on external trade. While there are highly liberal and open economies like Singapore and Vietnam, there are also semi-protectionist countries like Malaysia, Thailand, and Indonesia.⁹⁵ This makes discussion and compromise on collectively pure commercial goals difficult to achieve in ASEAN since member states are more interested in pursuing individual commercial goals. As a region, ASEAN lack a common economic idea which affects their trade diplomatic process, making it difficult to achieve common positions on trade issues and in deciding which commercial goals would best serve the region.

⁹² Anonymous interview with representative from business association in ASEAN member state

⁹³ Anonymous interview with representative from business association in ASEAN member states

⁹⁴ Anonymous interview with representative from business association in Indonesia

⁹⁵ By many accounts and measurements, Singapore always sit at the top 3 most open countries in the world, Vietnam is also considered relatively open, while Malaysia, Thailand, and Indonesia usually sit on the moderately open economies (see for example World Bank’s data on Trade Openness Index and International Chamber of Commerce’s rankings on Open Market Index).

Therefore, it is difficult to assert that ASEAN-led FTAs bring large commercial gain for member states, and even when it does, it is still at a minimum scale compared to national-level FTAs (or MFN rate). What this finding suggests then, is that for the EU, FTAs are well utilised and can bring considerable economic benefit for member states while for ASEAN, FTAs are often not fully utilised since they are either in competition with national-level FTAs or that the benefits are too low that private sectors prefer to use the MFN rate instead. This means that for ASEAN member states, there is still a high incentive to pursue *individual* commercial goals rather than *collective* ones agreed through ASEAN, while for EU, member states must always collectively pursue trade gains via the regional channel, making them highly invested in acquiring commercial goals through trade compared. Although this is in no way arguing that the ASEAN FTAs do not offer *any* commercial benefits, it does stress that, compared to the EU, ASEAN FTAs lack the commercial usefulness and regional collectivity that EU FTAs possess.

6.3.2. Distribution of Institutional Resources in the Pursuit of Commercial Goals Within the EU and ASEAN

In creating and putting written goals into actions, institutions, and the multiple players within them play a central role. For both the EU and ASEAN, a designated unit within the institution has been allocated for the specific tasks of managing external trade and the central proposition is that the larger the resources allocated to its external trade, the more devoted the institution is at attaining commercial goals through trade.

For the governance of external trade relations, the EU member states have delegated this function to Directorate-General for Trade (DG Trade), which is currently staffed by 686 personnel or around 2.1% of the total European Commission's workforce (European Commission, 2019g). This is an increase from the previous year's number of 682 personnel, although the overall percentage remains the same (European Commission, 2018d). In 2019, the distribution of EU personnel was as follows:

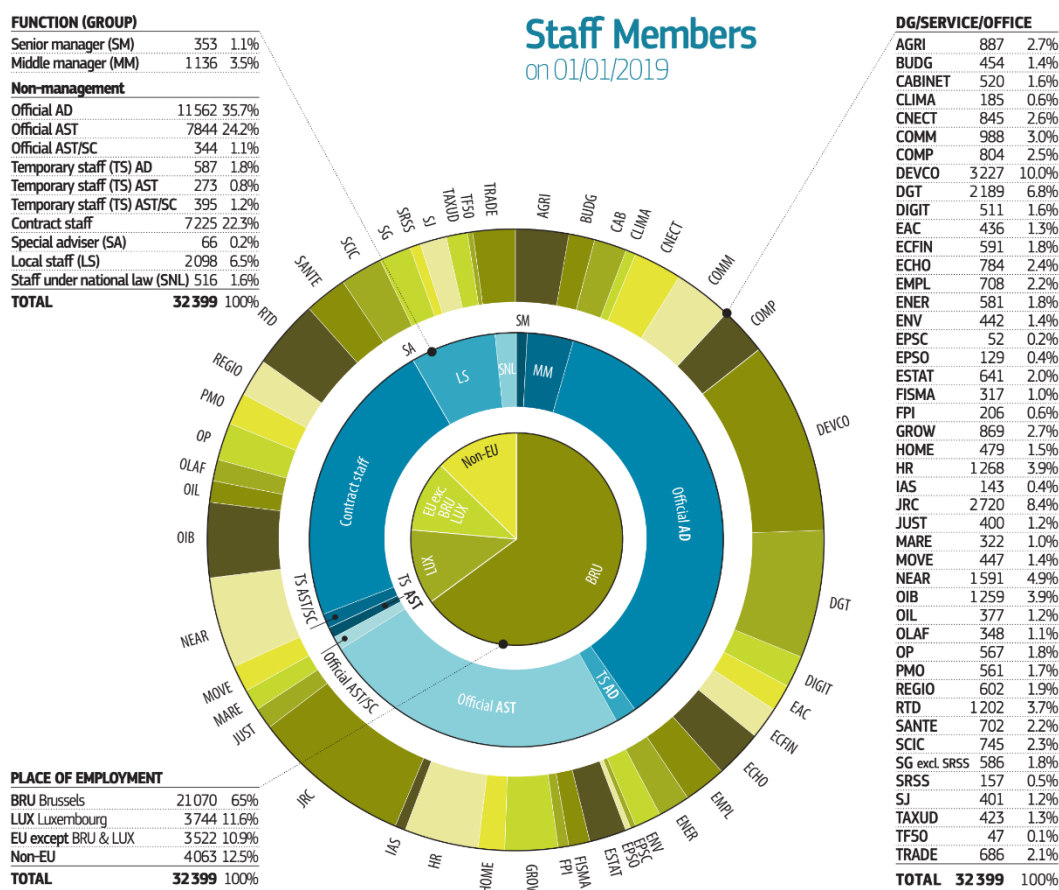


Figure 6.1 Distribution of the EU Staff Members (2019)

Source: European Commission (2019)

Out of the 45 directorates, offices and services, DG Trade (labelled as TRADE in the diagram) is in 17th position for the number of staff, which may seem average compared to other DGs, offices, and services. In comparison, the Directorate-General for International Cooperation and Development (DG Devco) employs the highest number of staff each year with its current staff totalling at 3227 or around 10% of the total EU Commission's workforce, and the Directorate-General for Translation (DG DGT) employs 2189 personnel or around 6.8% of the total EU staff. However, when non-quantitative factors are taken into consideration, DG Trade may be considered as one of the most powerful and influential DGs in the EU.

For starters, DG Trade is the most *politically independent* DG in the Commission since external trade has always been the exclusive competence of the EU. For example, although DG Devco may employ the most staff which

correlates to the largest human resources allocated, development is technically an area of mixed competence, meaning that member states also have power over this affair. Thus, while it is technically larger in numbers compared to DG Trade, its institutional independence is smaller.

Over time, DG Trade has also been considered to be among the most powerful DGs in the Commission having amassed considerable power vis-à-vis EU member states or its 'principals' (Elsig, 2007; Meunier and Nicolaidis, 2011; Vanhoonacker and Pomorska, 2011; Bossuyt et al., 2020). There are several explanations on why this is the case. *First*, trade has historically played an important role in the EU's regionalism project, and DG Trade has benefitted from this inclination. Since the very beginning, the Common Commercial Policy was the EU's most prominent policy area, and the commission was granted exclusive competence since early on. As a result, trade policy within the EU is a highly self-contained policy area (Bossuyt et al., 2020), making DG Trade a rather independent directorate compared to others. *Second*, external changes have greatly assisted in justifying DG Trade's increasing competence over time.

As discussed in earlier chapters, global trade issues have shifted over time from negotiating 'border issues' like tariffs and quotas to within border issues like national laws and domestic regulations (Meunier and Nicolaidis, 2011), creating problems for the scope of the EU's competence. Over time, member states have agreed to widen the EU's trade competence, and despite changes in the Lisbon Treaty to include the EU parliament in balancing the trade policymaking process, the Commission and the Council have a massive historical advantage over the Parliament for any substantial changes to take place. This means that as the grantee of the EU's trade competence, DG Trade is becoming more powerful and resourceful over time.

Third, ideological debate within the EU tends to favour a neoliberal and free-trade paradigm, which is a departure from its protectionist trade policy in the 1980s, and partly fuels DG Trade's growing power overtime. Since the mid-1990s, the Commission has embraced a neoliberal trade strategy, starting from the Commission's 'new market access strategy' in 1996, and has reinforced this position through the 2006 communication paper: *Global Europe*, and the 2010 communication paper: *Trade, Growth and World Affairs* strategy (Bossuyt et al., 2020). Within this worldview, external trade relations should only be used to

defend and further the EU's commercial interest, and inclusion of other dimensions (security, foreign policy or social) may impede this. Advocates of this view are often dubbed as the 'trade purists' as opposed to the 'foreign policy specialists' who see external trade as part of the EU's foreign policy (Peterson, 2007). Echoing these neoliberal views are the EU's private sectors who believe that while EU trade agreements should consider environmental, labour, and other social dimensions, it should also be noted that trade agreement is a 'business-first' activity since there is no point in forwarding a non-trade agenda if it means losing the whole trade agreement.⁹⁶ Given their line of work, DG Trade will naturally tend to favour and advocate a neoliberal viewpoint, which furthers their institutional supremacy and power. Consequently, not only has DG Trade accumulated greater influence and power over time, but it also managed to bring 'real' commercial interests back to the EU's trade diplomacy.

What this means is that while, effectively, other DGs may have more *tangible* resources in the form of staff personnel compared to DG Trade,⁹⁷ DG Trade possesses more in terms of *intangible* resources, most notably in the ability to undertake independent actions, rally private sectors' support, and influence the EU's trade and economic discourse. This means that within the EU, the institutions in charge of managing external trade are equipped with 'average' tangible resources and powerful intangible resources, making them relatively more well-equipped. In contrast, ASEAN institutions in charge of external trade lack both the tangible resources, capabilities, and ideological underpinnings to be able to take any meaningful actions.

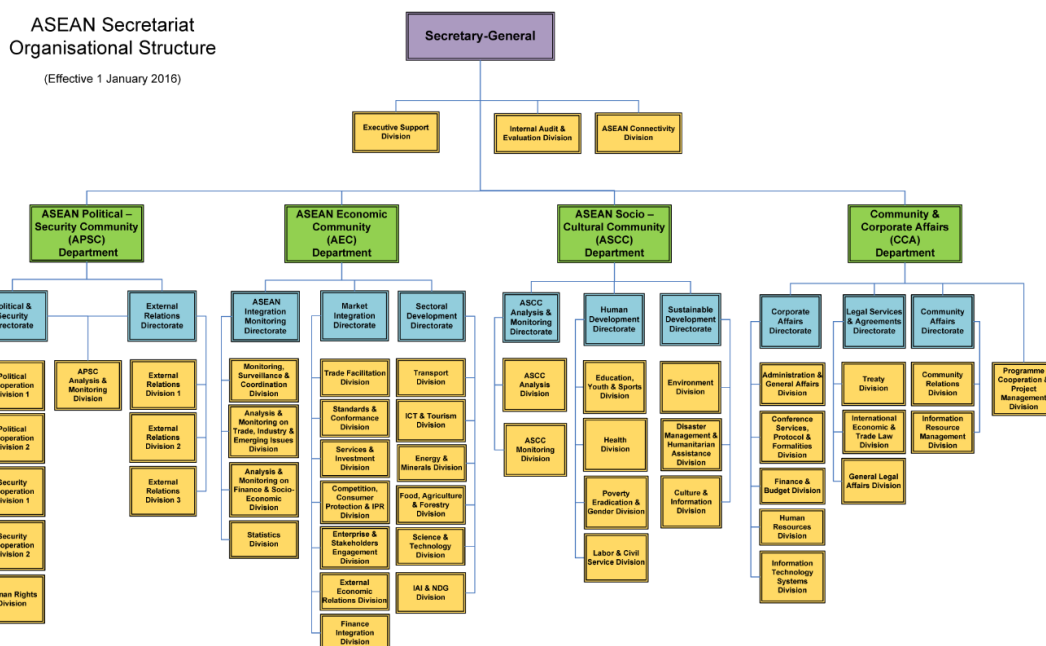
In practice, there are two main institutions in charge of ASEAN trade diplomacy: the ASEAN Secretariat as the regional body and national ministries as the executor of regional commitments. Another powerful and yet, less practical actor, is the head of states who are in charge of finalising and signing

⁹⁶ Anonymous interview with representative from business association in the EU

⁹⁷ Another appropriate indicator for tangible resources would be the overall budget, more precisely by looking at the budget distribution within the Commission's DGs, offices and services. However, no specific data can be found regarding this since the EU's budget is allocated and reported based on policy and cooperation area with different DG's expenditure simply stated as 'administrative purposes' (refer to Section 4.3.2 for the different posts on the EU's budget).

commitments agreed at the regional level.⁹⁸ The ASEAN Secretariat is headed by a secretary-general and is supported by four departments which are clustered based on the three pillars of the ASEAN Community: ASEAN Political-Security Community (APSC), ASEAN Economic Community (AEC), and ASEAN Socio-Cultural Community (ASCC). Within this structure, external trade falls under the dominion of the *ASEAN Economic Community Department*, more specifically under the external market integration directorate and the *External Economic Relations (EER) Division*.

⁹⁸ A more detailed explanation on the different actors and roles within ASEAN's trade diplomacy is discussed in Chapter 4.



1 of 1

Figure 6.2 ASEAN Secretariat Organisational Structure

Source: ASEAN Secretariat (2018)

If we compare the APSC and AEC structure, external relations under the APSC are at a higher level of authority (directorate), whereas in AEC, External Economic Relations are at a lower level of authority (division). Under this structure, the political-security affairs of ASEAN are mostly geared towards 'real' *external* relations while ASEAN's economic affairs are only geared to strengthen *internal* relations, with external economic relations merely acting as a support for further internal integration. Furthermore, the APSC Department has *three* divisions focusing on external relations in contrast to the AEC Department's single division on external economic relations. This itself can explain the direction of external relations and the role that external trade play in ASEAN. Unfortunately, no exact data regarding the distribution of ASEAN staff can be found, although it is estimated that the ASEAN Secretariat currently employs more than 300 personnel (The Insider Stories, 2018).

The EER Division itself is a relatively small division with no more than five personnel overseeing all of ASEAN's external trade relations,⁹⁹ which is

⁹⁹ Anonymous interview with official from ASEAN Secretariat

miniscule compared to the EU's gigantic DG Trade. This number of staff equates to less than 1% of ASEAN Secretariat's workforce (more precisely to around 0,01%) and barely covers the day-to-day activity of the division, let alone be able to take any decisive actions in ASEAN's external trade relations.¹⁰⁰ Moreover, within the institutions that can take strategic actions, such as national technical ministries, there is a strict hierarchy that limits the role and independence of these institutions.

As Chapter 5 illustrates, strategic decisions in ASEAN's external trade can only be made by Heads of State with input from the ASEAN Coordinating Council, consisting of Member States' Foreign Ministers who then transfers regionally agreed decisions to corresponding ministries, including the Ministry of Trade. This is a top-down hierarchical structure meaning that technical ministries have no or little room to manoeuvre and are generally expected to follow decisions made at higher levels. Although trade ministries may be allocated substantial resources, without the independence and freedom to utilise these resources, they are practically useless. In conclusion, due to the limited human resources of the ASEAN Secretariat and the top-down hierarchical decisionmaking structure, the institutional resources and capacity of ASEAN to pursue commercial goals are highly limited compared to the EU.

Summarising the last two sections (6.3.1. & 6.3.2), it can be concluded that for the EU, trade diplomacy is aimed towards acquiring the largest commercial benefits possible as evidenced by the organisation's unified regional trade goals and strong presence of DG Trade. In comparison, ASEAN's trade diplomacy is characterised by little regards on the commercial benefits of trade diplomacy as suggested by less unified regional trade goals and the relatively weak ASEAN institutions involved in external trade. Differing from the EU, the ASEAN Secretariat's organisational structure is more concerned with its external relations in *political-security affairs* rather than economic ones. With this in mind, the next section focuses on this aspect by elaborating on the non-commercial goals of the EU and ASEAN trade diplomacy.

¹⁰⁰ Anonymous interview with official from ASEAN Secretariat

6.4. Non-Commercial Goals in the EU and ASEAN's Trade Diplomacy

As Section 6.2 illustrates, both the EU and ASEAN have outlined non-commercial, trade diplomatic goals, with the EU stating a *Stronger Global Actor* as its core objective and ASEAN aiming for a *Global ASEAN*. For the EU, this objective is implemented through several actions including reinforcing its position as a global trade player; increasing market share & effective implementation of trade deals; and implementing a sustainable approach to trade (European Commission, 2016c). For ASEAN, this ambition is operationalised through several mechanisms including engagements in multiple external trade agreements, active contribution to trade regime formation, and continued participation in multiple regional organisations and economic institutions (ASEAN Secretariat, 2017).

In explaining these non-commercial goals, this research identifies two central goals which are in line with these stated objectives and one additional goal which is not explicitly stated but is present in both the EU and ASEAN's trade diplomatic practices. These three non-commercial goals include *maintaining strategic position, sustaining key relationship/alliances* and *strengthening regionalism and regionalist values* through external trade. The first two are manifestations of the 'global player' ambitions that both the EU and ASEAN strive for while the latter is a rather implicit goal, shaped mostly by their unique characteristics as non-traditional actors in international relations.

6.4.1. Maintaining Strategic Position & Sustaining Key Relationships Through External Trade

As discussed in section 6.2, both the EU and ASEAN list being a global player as one of their goals in managing their external trade relations and is by far the most telling aspect of their non-commercial goals. The extent to which the EU and ASEAN aim to become global players can be broken down and analysed within two distinct geographical classifications: the intent of becoming an influential *regional* and *global* player through external trade. Essentially, the EU and ASEAN operate in vastly different regional environments, which affects the way they respond to this. The most apparent difference between the two is in the EU's central and hegemonic role in the region, while in contrast, ASEAN has

vulnerable regional position due to threat of domination by many great regional powers.

For the EU, the need to become an influential regional player is no longer among its main political goal since the EU has achieved regional domination in Europe due to its size and collective resources. Regional hegemons such as Germany are already members of the EU so collectively speaking, the EU does not face any significant regional challengers. Although there is, of course, Russia, but Russia operates more in Central Asia and Eastern Europe, while historically, the EU operates more in Western Europe.

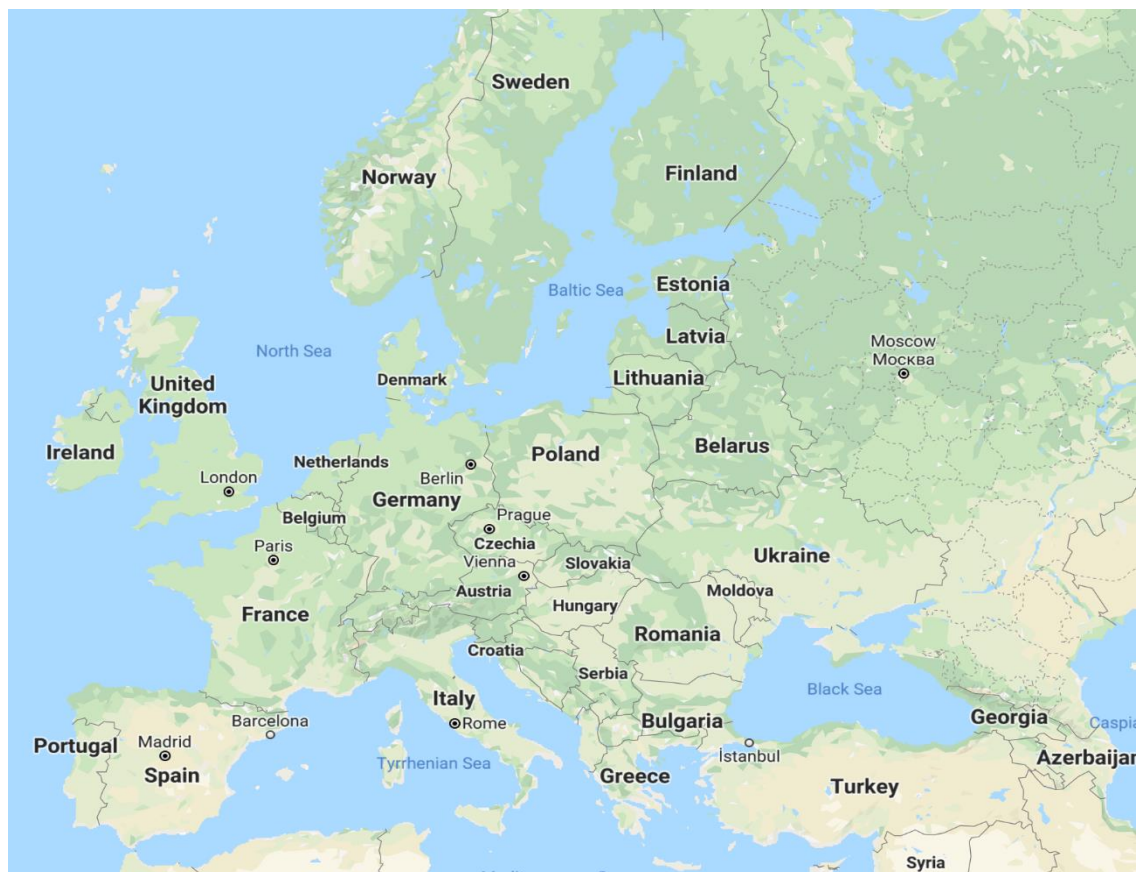


Figure 6.3 Map of the EU and its Neighbouring Countries

Source: Google Maps (2020)

At present, the EU is more concerned about maintaining regional stability since it is surrounded by several unstable regions, such as the Middle East and Eastern Europe, and has done so through external cooperations and peaceful means including trade preferences. Smith (2018) identifies four key relationships

that the EU has, which link its trade policy with foreign policy goals: (a) the EU's relationship with strategic partners and rising powers, (b) relationships with developing countries, (c) connections through interregional & multilateral relationships, and (d) the EU's enlargement & relationships with its Eastern and Southern Neighbourhoods. Among these four relationships, three are targeted toward global relations, and one is focused on maintaining regional relationships (relationship d). Obviously, the EU's enlargement process means that any eligible neighbouring countries who are willing to join the EU will need to fulfil the minimum standards and are required to accept the EU's rules and regulations, including the EU's exclusive trade competence.

This goes without saying then, that in order to gain trade and other economic preferences from the EU (among others), EU-eligible countries can choose to join the EU and surrender some parts of their political and economic sovereignty. Although this can be considered as the obvious consequences of joining a regional integration project, the EU's enlargement process can also be seen as one of its most effective foreign policy tools (Smith, 2018), which highlight the political-economic linkage.

For non-eligible, neighbouring countries, the EU uses its European Neighbourhood Policy (ENP) which, in itself, is not a pure trade instrument but comprises of a substantial trade component. The ENP's trade component is utilised through several agreements including Association Agreements (AA), Partnership and Cooperation agreements (PCA), and Deep & Comprehensive Free Trade Area (DCFTA), where third countries can gain market access and trade preferences to the EU in exchange for several political, social, and security conditionalities. Under these agreements, trade preferences are treated as a *reward* to the EU's neighbouring countries for behaving in a way that is in line with the EU's external goals and are used as political instruments to achieve regional stability and maintain the EU's strategic position in the region. In 2010, the EU introduced the 'more-for-more' principle in its neighbourhood program, where for every progress in democratic reform made by neighbouring countries, the EU will develop stronger partnerships with them (European Commission, 2013a). In other words, a clear tit-for-tat strategy is exhibited by the EU in the form of market access and further economic integration rewarded in exchange for the 'good behaviour' of neighbouring countries.

There are also instances where the EU's actions relating to external trade are interpreted as bold political and security moves such as in the EU's Eastern Partnership (EaP) initiative, which is a part of ENP. Russia perceived this initiative as a geopolitical move from the EU, seeing it as an effort to rival the Russia-backed Eurasian Economic Union (EEU) and so, pressured several Eastern European states to reject the EU's DCFTA under the EaP scheme (Smith, 2017). This shows that while the EU may or may not deliberately use its external trade relations for political goals, other actors may perceive it that way and thus is impossible to disregard the EU's non-commercial goals in its trade diplomacy. So far, these external instruments have been the cornerstone of the EU's continued presence and domination in the region. In addition to these regional ambitions, the EU has also utilised its external trade to fulfil its global ambitions.

For the EU, the aim to be globally influential tends to be focused and targeted towards two (group of) countries: *the US* and *developing countries*. In the EU's priority programs, 'a reasonable and balanced trade agreement with the US' is one of the Commission's priorities, with the EU expecting to achieve this through the Transatlantic Trade and Investment Partnership (TTIP) agreement. Although President Trump's rise to power has halted TTIP and the negotiations were deemed obsolete and no longer relevant by the EU Council (Council of the European Union, 2019),¹⁰¹ TTIP was initially designed to combine two main global players in the world's largest-ever free trade agreements. While on the surface this may look like a regular trade agreement, the EU's trade agreement with the US has larger political and strategic importance, closely related to their global positioning. Globally, the EU and the US are not only intertwined in multiple trade, investment, and institutional commitments but also embody the 'western alliance' (Smith, 2018), which shapes many global outcomes. The TTIP is envisioned to reinvigorate the transatlantic alliance, with former US Secretary of State, Hillary Clinton, labelling the TTIP as the 'economic NATO' (De Ville and Siles-Brugge, 2016) and thus securing this agreement would undoubtedly mean, a better EU-US diplomatic relation.

¹⁰¹ It should be noted that on April 2019, the Council granted a new negotiation mandate to the Commission to once again open the EU-US FTA negotiation although with less ambitious trade targets compared to the TTIP.

In addition to the US, the EU also seeks to maintain influential relationships with the so-called 'rising powers' and developing countries, often linking its development policy with trade preferences. The EU's relationship with rising powers is usually formalised through 'strategic partnership' agreements, covering multiple areas of cooperation such as in the EU-Brazil, EU-South Korea, and EU-Russia Strategic Partnerships. While the content of these agreements may differ from one to another, the common thread between them is that they include a considerable component of trade preferences.

For developing countries, the EU adopts a rather similar approach with its neighbouring countries, where trade preferences can be suspended or cut if target countries misbehave politically. Examples of this would be the EU's Generalised Scheme of Preference (GSP), GSP+ and Everything but Arms (EBA) mechanism where around 70 least-developed and developing countries are granted preferential trading access to the EU market, conditional on effective implementation of the 27 international conventions on human rights, environmental protection and good governance by these countries (European Commission, 2019a). This means that the EU can withhold its trade preferences to more than a third of the total countries in the world if these countries 'misbehave'. The EU also monitors participating countries' performance on these issues and may suspend trade preferences if required, such as in the case of Cambodia.

On February 2019, the EU initiated an investigation on Cambodia, believing that the Cambodian government had seriously violated the UN's core conventions on human and labour rights. This includes systematic harassment targeted at trade unions and employees, land grabbing and the shutdown of several media outlets. After almost a year of investigation, the Commission decided to partially withdraw Cambodia's trade preferences starting from August 2020, pending approval from the Council and the Parliament (Russell, 2019; European Commission, 2020a). This withdrawal of trade preferences amounts to around €1 billion or one-fifth of Cambodia's yearly exports to the EU covering various goods such as garments, footwear products, travel goods, and sugar (European Commission, 2020a). Other countries that are currently under the EU's watch are Bangladesh and Myanmar due to their treatment of the Rohingya minority, which is considered as genocide (Russell, 2019).

In many ways, the EU has used its trade preferences as instruments to enhance (or limit) ties with strategic partners and maximise its influence and position, which is also similar to ASEAN, although ASEAN tends to be more subtle in its approach.

Unlike the EU, ASEAN was and is still trying to achieve and maintain regional positioning, due to its geographical location which sits between multiple regional hegemons. Geographically, ASEAN sits between Northeast Asia, South Asia, and Oceania which are home to multiple regional hegemons like China, India and Japan, while also being relatively close to several middle power countries like South Korea and Australia.

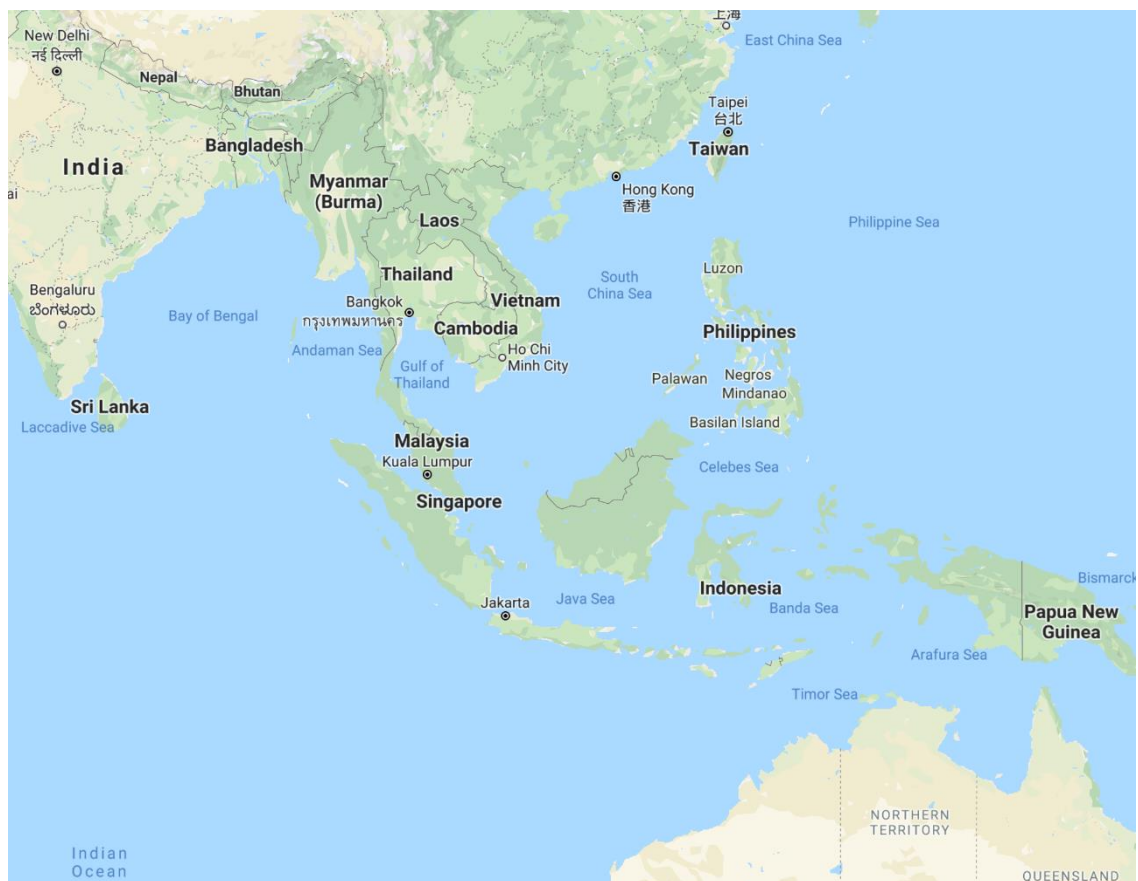


Figure 6.4 Map of ASEAN and its Neighbouring Countries

Source: Google Maps (2020)

Historically, ASEAN was also home to several proxy wars, leading to regional divide and, in fact, ASEAN was initially formed to contain ideological

divide within the region.¹⁰² Individually, ASEAN member states are either small or medium-sized countries with limited political and economic power which makes them vulnerable to domination by other regional hegemons. By strengthening ASEAN, its member states expect to play the stabilising role within the region, so, in essence, ASEAN is 'an association of weak states created to achieve the limited purpose of maintaining regional order' (Jones, 2015).

However, despite their limited power, ASEAN is the only regional organisation which has successfully combined three regional powers (China, Japan, and India) within the same forum and managed to initiate cooperation between East Asian states, which previously seemed impossible to do. Despite several debates on whether ASEAN's role and relevance have had any considerable impact on the wider region (see for example Beeson, 2019; Jetschke and Theiner, 2019; Stubbs, 2019), it is undeniable that for ASEAN, being globally, and more importantly, regionally relevant is crucial in order to maintain a stable Southeast Asia. To do this, ASEAN uses regional political medium such as the ASEAN Regional Forum to stay relevant (Ba, 1997), and this is also what ASEAN is trying to achieve through its external trade.

Section 6.3 shows that ASEAN's external trade bore little commercial goals which begs the question of why ASEAN insists on continuing their practice of collective trade negotiations. One assertion is that ASEAN member states need to continuously maintain a cohesive front to external partners, including in trade, in order to remain *politically significant*. During the research interviews, one pressing question was regarding why liberal ASEAN economies like Singapore and more recently, Vietnam still choose to negotiate a more shallow FTA through ASEAN although they already have individual FTAs in place with similar countries.¹⁰³ While collective ASEAN negotiations have certain advantages such as a larger market size, wider coverage of rules/country of origin, and greater negotiating leverage, the depth and degree of these agreements are often too shallow to offer any real benefits, especially considering that these FTAs are also minimally utilised. Economically speaking, there is very little added-value in securing an ASEAN-led FTA after an individual

¹⁰² A detailed explanation on ASEAN's historical origin will be discussed in the following chapter.

¹⁰³ This include the EU-Vietnam, EU-Singapore and the more recent EU-ASEAN FTA

FTA is signed, making ASEAN-led negotiations rather inefficient and ineffective for several ASEAN member states. However, when questioned regarding this choice, a trade official from the corresponding country mentioned that since ASEAN is their country's 'inner circle' in foreign policy, it is important to follow what ASEAN does to maintain the *unity* of the organisation and forward the country's foreign policy goals.¹⁰⁴ The interviewee went further to conclude that, in essence, ASEAN FTAs should also be perceived as *symbolic* region-to-region political gestures rather than purely economic ones, and since ASEAN works on the basis of 'brotherhood', being supportive of other ASEAN countries, including in external trade, is important.¹⁰⁵

For ASEAN, the 'appearance of unity' is crucial in maintaining the impression that they are a functioning regional organisation that is capable of keeping order within the region. One example of ASEAN maintaining the 'regional order' in trade cooperation is through the Regional Comprehensive Economic Partnership (RCEP), where ASEAN seeks to unite the FTAs of its dialogue partners through a single framework. Historically, RCEP was not the framework that ASEAN dialogue partners suggested, since initially, the proposed framework was either the East Asia Free Trade Area (EAFTA) or Japan's-backed ASEAN+6 Comprehensive Economic Partnership in East Asia (CEPEA), which would also include non-East Asian states like Australia and New Zealand.

However, in November 2011, ASEAN proposed its own model of ASEAN-centred FTA – the RCEP – which was later accepted by its dialogue partners and launched in 2012 (Australian Government Department of Foreign Affairs and Trade, 2020). Currently, RCEP is high on ASEAN's FTA agenda, with several ASEAN member states postponing other FTA negotiations to give way for the finalisation of the RCEP.¹⁰⁶ Although India's withdrawal from this negotiation may have hindered ASEAN's ambition in securing one of the largest FTAs in the world, RCEP has nonetheless been central to ASEAN's desire in being the central player in Asia-Pacific's trade architecture. Interestingly, several interviewees noted that RCEP actually benefits non-ASEAN states more than

¹⁰⁴ Anonymous interview with official from ASEAN Member State's Ministry of Trade

¹⁰⁵ Anonymous interviews with official from ASEAN Member State's Ministry of Trade and Ministry of Foreign Affairs

¹⁰⁶ Anonymous interviews with official from ASEAN Member State's Ministry of Trade and ASEAN Secretariat

ASEAN member states since ASEAN member states already have FTAs in place with these partners and thus, RCEP functions more to connect non-ASEAN members with one another, rather than with ASEAN itself.¹⁰⁷ What can be inferred then, is that for ASEAN, its collective FTAs and accompanying economic agreements are tools to both uphold its 'unity of appearance' and maintain its central position within the region.

In addition to using its external trade to maintain a strategic position, ASEAN also uses its external trade to maintain close or strategic relationships with several key countries. For many Asia-Pacific countries, including ASEAN, the need to secure FTAs has more to do with 'strengthening diplomatic relations' with key partners than for any other reasons (Dent, 2006). For ASEAN, this works both externally and internally where collective FTA negotiation is a way to strengthen ASEAN's *internal* diplomatic relations and to further *external* diplomatic ties with its strategic partners. One interesting feature of ASEAN's external trade is in the careful choice of negotiating partners, where ASEAN chooses trade cooperation partners based on their 'closeness' meaning that requests from countries who are long time partners of ASEAN (the so-called dialogue or sectoral partners) are more likely to be prioritised.¹⁰⁸

Research interviews also confirm this practice where several interviewees acknowledge that for FTA requests from countries who are considered less close, ASEAN will suggest to first engage in deeper bilateral relations before discussing deeper trade cooperation.¹⁰⁹ This choice can be explained both politically and culturally, where deeper trade relations with ASEAN can be viewed as a 'reward' to third-parties for their continued support in ASEAN's region-building process,¹¹⁰ and at the same time reflect ASEAN's corporate culture which sometimes emphasises long-lasting relationships over substance. Since all of ASEAN's FTA partners are also their dialogue partners, and the granting of dialogue partners is based on long-term relationships & support of ASEAN's

¹⁰⁷ Anonymous interviews with researchers in ASEAN economic relation

¹⁰⁸ Anonymous interviews with official from ASEAN Member State's Ministry of Trade and Ministry of Foreign Affairs

¹⁰⁹ Anonymous interviews with official from ASEAN Member State's Ministry of Trade and ASEAN Secretariat

¹¹⁰ Anonymous interview with researcher in ASEAN economic relations

integration (both financially and technically), these FTAs are in many ways, a highly transactional process.

For example, the signing of ACFTA in 2002 served several purposes for both China and ASEAN. For China, it serves as a way to minimise Southeast Asian countries' perception of the China threat and provide the external image of China as a responsible great power who focuses more on cooperation, rather than coercion (Goh, 2007). China's less threatening image was instrumental for gaining larger access to individual ASEAN member states' since it can ensure a more sustainable economic and political cooperation. Following ACFTA, China signed FTAs with Thailand in 2003 and with Singapore in 2008 and continuously increased its export and investment share in Southeast Asia. Although China still lacks behind Japan for inward investment to Southeast Asia, there has been a threefold increase in China's investment to Southeast Asia from 2010 to 2018 (Lim and Camba, 2020).¹¹¹

ACFTA was also unique, in the sense that it was negotiated using a sequential approach, meaning that additional points of agreements can be discussed and added later on. In August 2014, ASEAN and China decided to upgrade ACFTA and trade negotiations have been ongoing up until the time of the research interviews in 2018. From the ASEAN side, the timing of ACFTA was also strategic, considering that ASEAN's centrality was being questioned during the early 2000s and ACFTA assisted in reinstating ASEAN's relevance back, which eventually led to the signing of other ASEAN-plus FTAs (Ravenhill, 2006). ACFTA, thus, can be interpreted as a transactional process between ASEAN and China, where both parties seek political and economic gains through FTA.

External FTAs can also be seen as ASEAN's way of strengthening existing relationships with its dialogue partners. Currently, the RCEP is ASEAN's top priority for external FTAs since it aims to bind together ASEAN's FTA with multiple partners and in fact, ASEAN has chosen to postpone other requests from external parties to focus on RCEP.¹¹² RCEP is an ASEAN-led negotiation which started in 2012 and included six of ASEAN's dialogue partners including

¹¹¹ Although the ACFTA framework was signed in 2000, the Investment Agreement Chapter was not signed until August 2009.

¹¹² Anonymous interviews with officials from ASEAN Member State's Ministry of Trade and ASEAN Secretariat

China, Japan, South Korea, Australia, India, and New Zealand. Economically speaking, RCEP itself has little added-value for ASEAN, considering that the organisation has already secured FTAs with all these partners and several ASEAN countries even have additional arrangements in place.¹¹³

In a way, RCEP is more beneficial for non-ASEAN member states rather than for ASEAN, since several of these non-ASEAN states have no FTAs with one another. Politically, however, RCEP makes much more sense since it creates a forum for several regional hegemony to discuss regional economic issues, with ASEAN being the manager and norm-setter. ASEAN has the authority to lead the negotiation, set the content of the proposed FTAs, and at the same time, enhance its political and economic ties with these partners. RCEP also adds to the list of ASEAN-led initiatives, such as the ASEAN Regional Forum and East Asia Summit, where regional hegemony discuss various issues under ASEAN's 'management', meaning that ASEAN will remain *central* in Asia-Pacific affairs. This also closely links to ASEAN's desire to be a relevant regional player because, in order to do so, it requires support and close ties from the regional hegemony. Assuming that ASEAN remains united (even though only at the surface level), it can use its external trade strategically to maintain close ties with regional powers and retain its central position in Asia-Pacific.

Frankly speaking, ASEAN strategically uses its FTAs as a 'reward' for other countries in exchange for either their continued support in the organisation's regionalism project or acknowledgement of its central position within the region.

6.4.2. Strengthening Regionalism and Regional Values Through External Trade

The second non-commercial goal in the EU and ASEAN's trade diplomacy is the inherent need to strengthen their regionalism project, including their regionalist ideologies and regional values via external trade. Regionalist ideology refers to the belief that pooling resources through regional cooperation will eventually lead to better outcomes for those involved, and this is basically the justification for why regionalism should exist. Without the explicit advantage and

¹¹³ It should be noted though that RCEP can also bring economic benefits for ASEAN as a group since it may offer deeper and more comprehensive FTAs compared to existing ASEAN-led ones, although it seems unlikely that it will exceed the national-level FTAs.

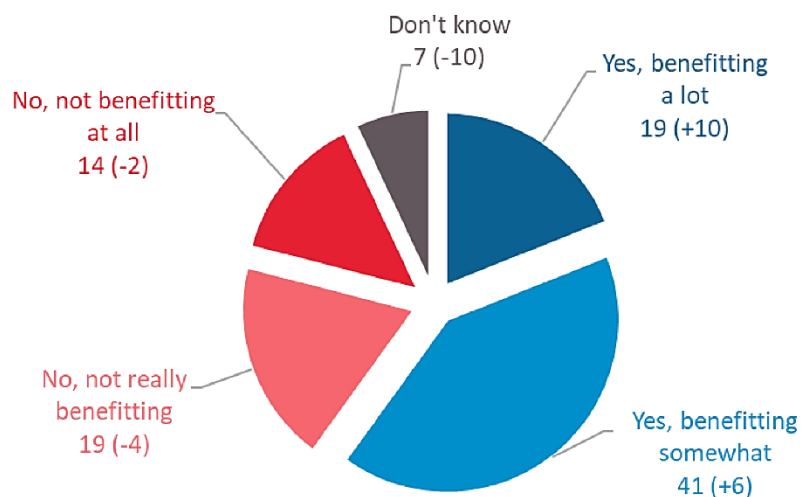
implicit belief that ROs will do more good than harm, ROs are unlikely to have achieved so much until now.

Although the EU and ASEAN have been thriving for more than 50 years, one crucial issue remains central to their regional integration – *legitimacy* as an organisation – especially on whether they genuinely represent the people’s need or not. The EU, for example, has long been criticised for its ‘democratic deficit’ (Featherstone, 1994; Koenig-Archibugi, 2008; Decker, 2011) and ASEAN has always been considered as an ‘elitist club’ (Nesadurai, 2008; Gerard, 2014; Benny et al., 2015), with limited accountability and relevance to their community. Against this backdrop, the EU and ASEAN are challenged, both internally and externally, to validate that regionalism, regional organisations and regionalist ideas are still relevant, and this is precisely where external trade plays an important role.

For the EU, trade is one of the most reliable and tangible results that regionalism can offer since the internal economic gain from the EU common market is tremendous, and this advantage is replicated externally through the collective negotiation of FTAs. From January 2016 to April 2019, DG Trade reported an average of 4.4.% export growth to non-EU countries, with the EU recording a positive growth rate in export share in 2017-2018 with most of its FTA partners (European Commission, 2019b).¹¹⁴ The preference utilisation rate of EU FTAs also remain high for both EU exports and imports, ranging at around 21-90% and 49-97%, respectively (European Commission, 2019b), meaning that private sectors are largely benefitting from EU FTAs. These positive results were also felt by the EU consumers and the larger citizens in general, which is reflected in their satisfaction with the EU’s trade performance. A 2019 survey on the public attitudes regarding the EU’s trade policy reported a positive overall outlook, with a majority of respondent (71%) believing that the EU is collectively more effective in defending their countries’ trade interests rather than if their countries were to act on their own (European Commission, 2019e). Furthermore, more than half of respondents (60%) agree that they are benefitting more from the EU’s trade, which is a 16% increase from the last survey in 2010.

¹¹⁴ EU only recorded negative export growth rates with three of its FTA partners: Peru-Colombia-Ecuador, South Korea and Euro-Mediterranean (Euromed).

QA1 Nowadays, international trade has an important place in the EU: this means that goods and services from outside are imported into the EU, while goods and services are exported around the world. Could you tell me whether you are currently benefitting from international trade or not? (% - EU)



QA7 To what extent do you agree or disagree with the following statement: the EU is more effective in defending the trade interests of its Member States in the world than Member States are when they act on their own. (% - EU)

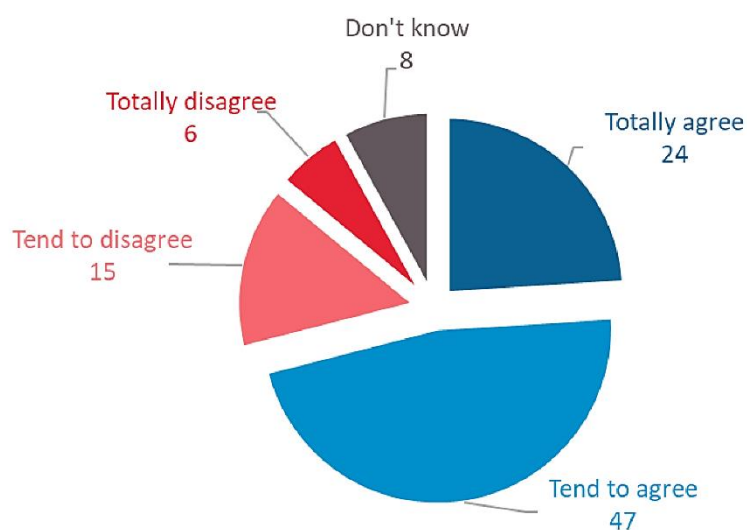


Figure 6.5 Europeans' Attitudes Regarding the EU's Trade Policy

Source: Eurobarometer (2019)

The percentage of respondents who believe that the EU is more effective *collectively rather than individually* in trade is a good indicator of how trade

functions positively in enhancing the collective and regionalist ideology within the EU. Also, since trade benefits are directly felt by citizens (as the first figure has shown), as long as the EU can keep providing net positive results from its trade, regionalist ideology (at least in economic terms) will always have its place within the EU. Closely linked to the EU's regionalist ideology is its regional values and norms which are often embedded in the EU's FTAs with external parties. These 'social dimensions' of the EU FTAs have been well documented in the EU's trade literature and have achieved considerable discussions (see for example Orbie, Vos and Taverniers, 2005; Orbie and Babarinde, 2008; Orbie, Gistelinck and Kerremans, 2009; Van Den Putte *et al.*, 2015).

In practice, all EU FTAs will include a trade and sustainable development chapter, listing several non-commercial components (yet considered as trade-related) deemed crucial by the EU, and must be agreed to by third party/parties as an integral part of FTAs. Scholars have also identified the EU's practise of using TSD chapters not only as a way to export its regional values but also to achieve global power – mostly a normative one – and to formulate global norms, creating the so-called notion of the 'EU as a power *in* trade and *through* trade' (Meunier and Nicolaidis, 2011). Comparing this to ASEAN, ASEAN clearly has limited global trade power compared to the EU, although just like the EU, ASEAN also uses its external trade to strengthen its internal regionalism projects.

For ASEAN, one of its main non-commercial goals in trade diplomacy is to reinforce its regionalist perspective, particularly in deepening and strengthening its internal integration. Looking at Figure 6.2 which depicts ASEAN's organisational structure, it can be seen that ASEAN's *External Economic Relations* division, which is in charge of external trade, is a part of the Market Integration Directorate, under the ASEAN Economic Community Department, which focuses more on internal integration, rather than on pure external relations. Under this structure, external trade is positioned to support ASEAN's *internal economic integration* and not purely to advance ASEAN's overall external relations. This can also be linked back to ASEAN's political use of FTAs as 'rewards' for its dialogue partners where based on the discussion in Section 4.3.2 in Chapter 4, more than half of ASEAN's budget (around US\$ 60 million) originated from external donors, illustrating that ASEAN's regionalism project is strongly tied – and perhaps, dependent on – its external partners. This

means that as long as ASEAN can continue offering its external FTAs as rewards, its internal economic integration project will survive (at least in financial terms). Research interviews also confirm this external trade-internal integration linkage, with several ASEAN member states' trade officials believing that external trade and conducting collective negotiations are good practice for ASEAN to achieve a common position in order to advance their economic integration project.¹¹⁵

To put it differently, while the EU uses external trade to strengthen its *regionalist ideology and values*, ASEAN uses external trade to strengthen its *regionalism project*, and although this may seem different on the surface, both interests encapsulate the basic belief on the primacy of having a regionalism project. For ASEAN, internally promoting a regionalist perspective is not a major concern for its member states since many of them are either authoritarian or semi-democratic states, meaning that central government can undertake any regionalist policy without necessarily having to go through rigid public scrutiny, and thus, can focus more on gaining material and tangible benefits.

In terms of regional values and ideology, ASEAN does not formally exhibit any efforts in 'promoting' their values externally (in comparison to the EU which actively promotes its values), but rather it 'invites' external partners to understand the internal workings of ASEAN. Third-parties have often complained about ASEAN's slow and time-consuming decisionmaking processes but are incapable of changing things since they must accept that this is how ASEAN works.¹¹⁶ While this is not an 'active' way of promoting norms, this can be understood as ASEAN's 'soft' approach in projecting its internal norms: not necessarily forcing others to follow it but expecting others to behave in accordance with ASEAN's rule book if they were to be included. This is a standard practice in many of ASEAN's FTA negotiations where external parties are expected to understand ASEAN's commitment to consultation and consensus-building that are also apparent in forums where ASEAN takes the lead (i.e. RCEP, ARF). Interestingly, these norms can also be seen as one of ASEAN's appeals to non-members, attracting countries such as China, Russia, and India who are all intent in

¹¹⁵ Anonymous interviews with several ASEAN Member State's trade officials

¹¹⁶ Anonymous interviews with several officials from DG Trade

protecting their sovereignty and policy autonomy, but at the same time feel the need to participate in interstate organisations (Nesadurai, 2008).

In short, the EU and ASEAN both pursue commercial and non-commercial goals through their external trade, although the EU is more invested in achieving commercial goals and ASEAN leans more toward accomplishing non-commercial ones.

6.5. Comparing the EU and ASEAN's Goals in Trade Diplomacy

Based on the discussion, a summary of the differences and similarities in the EU and ASEAN's trade diplomatic goals can be outlined below:

Table 6.3 Comparison of the EU and ASEAN's Goals in Trade Diplomacy

Main Component	EU	ASEAN
Commercial Goals	Regionally driven	Nationally driven
	More invested	Less invested
Non-Commercial Goals	Use of trade/market access to maintain strategic position & strategic relations	Use of trade/market access to maintain strategic position & strategic relations
	Use of external trade to strengthen regionalism & regionalist values	Use of external trade to strengthen regionalism & regionalist values

As the table illustrates, the EU and ASEAN are different in their commercial goals where the EU is more invested and regionally coherent compared to ASEAN. On the other hand, both the EU and ASEAN display similarities in their non-commercial goals where FTAs and market access are used to maintain strategic position and relations as well as instruments for validation and consolidation of the organisation's regionalism projects and values.

6.5.1. Explaining Differences in the EU and ASEAN's Trade Diplomatic Goals

In explaining differences between the EU and ASEAN's trade diplomacy, this research identifies three main determinants: differences in the *depth* of their *economic integration & degree of liberalisation*, the *availability of a regional mechanism* to minimise economic divergences, and the differing roles of *political-economic players* within the region.

As a customs union, EU member states are expected to have a regionally coherent trade outlook towards external parties compared to ASEAN, which Section 5.4.1.2 in Chapter 5 has clearly illustrated. Since the absence of a customs union generally means that individual member state can impose an individual tariff, the likelihood to achieve common commercial goals is decreased since member states are more likely to pursue individual commercial goals. Furthermore, ASEAN's divergences in external tariff rates (Table 5.4.) and the multiple failed efforts to consolidate this have indicated that within the short and medium-run, ASEAN may still face difficulties in formulating and maintaining regional commercial goals due to discrepancies in their degree of liberalisation.

While several ASEAN countries may pursue full trade liberalisation, others may be reluctant to do so and will prefer protectionism for several areas of their economies. In addition to this, the difference in the EU and ASEAN's trade decisionmaking structure, which allows flexible participation in external trade agreements, means that convergence in ASEAN is less likely to be achieved. While the internal economic gap can partly explain ASEAN's difficulty in maintaining a regionally cohesive trade position, it is the lack of regional mechanisms to unify these differences that matters the most (Section 4.3.3 in Chapter 4).

In comparison, although the EU also faces large economic gaps, the availability of mechanisms such as Copenhagen criteria, Euro convergence criteria, and the accession assistance have helped mitigate and reduce the likelihood of economic divergences between member states. In sum, explanations on why the EU is regionally driven in its commercial goals while ASEAN is not have been extensively discussed in previous chapters and hence, will not be discussed in detail here. The more interesting explanation here would be on why the EU is more invested in commercial goals compared to ASEAN, considering that external trade relations should, by default, be more about bringing commercial gains to the region. One reason for this is due to differences in the EU and ASEAN's socio-economic and political players where the EU's trade diplomatic goals are mostly shaped by economic players and liberal ideologies while for ASEAN, political players with less-liberal ideologies tend to dominate.

For starters, private sectors and the EU's trade policymakers are relatively close and often engaged in a mutualistic relationship where businesses provide first-hand information, expertise, and strategic insights to EU policymakers in exchange of direct access to policymaking (Bouwen, 2002). During the research interview, one of the two interviewees representing business associations in the EU was a former staff in DG Trade, which seems to be a common occurrence in the EU-private sector relations. One interviewee from the civil society groups also suggests that private sectors, especially business lobbyists, often have special relationships with trade policymakers where other stakeholders are often excluded. The interviewee showed an email invitation to several business associations from one EU negotiator who wanted to discuss the progress of an ongoing negotiation, but this invitation was not extended to civil society groups. Furthermore, the interviewee added that despite the regulation that EU officials need to disclose meetings with private sectors or other entities, several meetings between DG Trade and business lobbyists are sometimes not documented.¹¹⁷ The practice of private sectors' lobbying in the EU's trade policymaking is also well-documented in the literature,¹¹⁸ and given the private sectors' historical advantage in lobbying over other stakeholders such as CSOs, it is no surprise that businesses mostly shape the EU's trade diplomatic goals.

Generally speaking, CSOs are more successful in lobbying *the EU parliament* with regards to trade issues, compared to other EU institutions and is perhaps the only situation where CSO lobbying is more effective than business lobbying (Dür et al., 2015). However, before the Lisbon Treaty, the EU parliament's involvement in trade policymaking was limited, where the Commission and the Council took prominent roles and even when the parliament were involved through Lisbon Treaty, FTAs were still considered a bilateral policy game between the Commission and Council (Vanhoonacker and Pomorska, 2011). This has put other actors at a disadvantaged position compared to private sectors, and given that the main goal of businesses is to make a profit, it is no surprise that the EU's trade diplomacy is geared towards commercial purposes. Furthermore, ideologically speaking, businesses have advantages over other

¹¹⁷ Anonymous interview with representative from an EU-based CSO.

¹¹⁸ See for example Bouwen (2002, 2011); Ehrlich and Jones (2016); Cooper et al. (2017)

actors since neoliberalism, and free-market capitalism are the preferred ideologies in the EU, and most businesses operate and thrive by these ideas.

Private sectors are at the core of neoliberalism and are considered the natural allies of government officials working under this ideology. Within the EU itself, businesses can be classified as either favouring protectionism or liberalism, where liberal-minded businesses tend to dominate. Upon completing the EU internal market in 1992, the EU shifted from being a defensive and protectionist trading bloc to an offensive and free-trade oriented one, mostly resulting from the side effects of regulation where national economies could no longer enact trade barriers, creating a liberal bias in the EU (Winters, 1998).

In contrast to the EU, ASEAN's external trade diplomacy is a state-led, top-down process where political players hold dominant roles, aided by coalitions with large corporations. Ruland (2016) describes ASEAN's economic interest representation as a form of 'regional corporatism', where state-level corporatism is exported to the regional level. State corporatism itself can be understood as an arrangement where few articulate interest groups demand participatory rights, resulting in an 'institutionalised participation', strongly controlled by governments (Ruland, 2016). For ASEAN, asymmetries occur between interest groups, where businesses gain better access to policymakers, compared to CSOs and labour organisations. However, political access is also skewed towards large and foreign corporations since they have better access to governments. An interviewee from a business association in ASEAN pointed out that large corporations often bypass business associations since they have the resources to directly lobby national governments while small and medium enterprises need to pool their resources together and can only rely on collective voices through business associations.¹¹⁹

However, the interviewee also explained that, ironically, many leaders and key officials of business associations in ASEAN also hold strategic positions in large companies, meaning that one way or another, large companies will always have access to the government. For example, the head of Indonesia's business association is an active chairman of a large financial company while the head of Malaysia's business association is the chairman of a real estate company. Also,

¹¹⁹ Anonymous interview with representative from ASEAN member state's business association

the head of the Philippines business association is an executive at a retail & publishing company, and the head of Singapore's business association is a managing director at a multinational shipping company.

'Institutionalised participation' in ASEAN also means that governments get to choose which actors they want to include in the policymaking process, inevitably shifting economic and societal actors to become agents of governments, and thus, become political players. This means that for any economic or social actors to be included in the policymaking process of ASEAN, they must at least adhere to the political rules, play the political games, and thus, either advertently or inadvertently, shift to become political players. An example of this is the ASEAN Business Advisory Council (ABAC), where its members are *appointed* by individual ASEAN member states, delegated with the task of 'providing private sector feedback on the implementation of ASEAN economic cooperation' and 'identifying priority areas for consideration of the ASEAN leaders' (ASEAN Business Advisory Council, 2019).

On its website, ABAC states that one of its mission is to '*assist relevant ASEAN bodies to institutionalise within each body, a consultative process with lead private sector entities*' (ASEAN Business Advisory Council, 2019), which begs the question on whether ABAC represents private sectors or, paradoxically, ASEAN. Institutionalised participation in ASEAN is also evident in CSOs, where involvement is only possible through a 'created space', where governments limit the kind of societal actors who can participate and the type of participation that they can do (Gerard, 2014). Regionally, CSOs focusing on ASEAN trade are very limited, with several of these only involved and called upon if third-party requests it, with close monitoring from the government.¹²⁰

With political players taking the lead, ASEAN trade diplomacy is also geared towards political outcomes, rather than economic ones. In explaining ASEAN's pursuit of multiple FTAs, Ravenhill (2010) pointed out that ASEAN's tendency to engage in multiple FTAs is a result of a 'political domino' effect, rather than economic ones since this behaviour is not due to economic calculations, but in member states' political-strategic considerations. ASEAN member states engage in various FTAs in fear of 'potential exclusion from a new

¹²⁰ Anonymous interview with member of ASEAN-based civil society organisation

dimension of regional economic diplomacy' (pg. 199-120), which explains more about political players' strategic choices, rather than economic ones. While there are indeed economic motives, such as the deepening of the regional production network and widening of market access, these is rather minimal compared to political ones (Ravenhill, 2010). Domination of strong, political players also means that liberal economic ideologies can only thrive if permitted by the political players, which seems rather unlikely for ASEAN.

Looking at ASEAN's average tariff rate which stood at around 2.98% (based on Table 5.4 in Chapter 5), which is slightly higher than the average global tariff rate of 2.59%, it can be assumed that on average, ASEAN member states are more protectionist compared to other countries/regions. On an individual level, more than half of ASEAN member states have a tariff rate above the global level with Cambodia recording the highest rate at 9.77% (The World Bank, 2019). ASEAN's higher-than-average tariff rate is in contrast to the EU's rate of 1.79% which, once again, is a testament to the EU's strong trade liberalism ideology and ASEAN's slight resistance to full-liberalism in trade.

In sum, regional socio-political and economic actors play a decisive role in explaining variations in the EU and ASEAN's emphasis (or non-emphasis) on commercial goals. However, despite their discrepancies in this area, both the EU and ASEAN display similarities on how they use external trade to pursue non-commercial goals.

6.5.2. Explaining Similarities in the EU and ASEAN's Trade Diplomatic Goals

Similarities in the EU and ASEAN's non-commercial goals can be attributed to several factors outside of the region, including geopolitical concerns and regional positioning in global relations. Although the EU and ASEAN operate in different regional spaces, both are affected by a rather similar security pressure, and thus, have strategically used trade relations to mitigate this. For the EU, their main security problem lies in their proximity to several conflict-prone countries/regions while for ASEAN, domination by regional hegemon and rivalries between these hegemon are of main concern. These external security threats (either in the traditional or non-traditional sense) are what drives the EU and ASEAN to use their trade relations for non-commercial purposes.

The use of trade and economic relations for security, political, or strategic purposes – or trade-security nexus – is not new and can be traced back to the mercantilist era in the sixteenth and seventeenth century (Aggarwal and Govella, 2013). The historical notion that ‘trade follows the flag’ was popular during the heyday of the British Empire, with many believing that colonies would promote their mother countries’ trade relations. In modern times, this trade-security nexus has been expanded and is now built on two underlying assumptions. *First*, that countries are less likely to go into conflict with one another if they have strong trade/economic relations (one prime example is the EU’s economic integration as peace project) and *second*, that trade is more likely to happen between countries with strong political/security ties. Despite the inconclusive findings regarding these propositions (Aggarwal and Govella, 2013), there is a tendency for modern countries to believe that links between the two are still valid which explains why trade is often used as a foreign policy tool. For both the EU and ASEAN, *geopolitical concerns* are at the heart of their trade-security nexus, as both aim to secure their positions and maintain global & regional stability through trade.

Historically, the EU has a long practice of using trade instruments and market access as a response to the shifting global and regional landscape, even dating back to the EU’s initial creation. During its formation, two considerations were of main importance for the EU’s members states: *first*, the need to make EC a customs union with a common external tariff rather than just a free trade area and *second*, demands by several member states to grant trade concessions for their colonies so they could still have continued access with them (Edwards, 2011). Consequently, African, Caribbean and Pacific (ACP) states enjoyed a strong and institutionalised network with the EU in trade & aid relations since the very beginning as a part of the EU’s former colonies (Edwards, 2011). In the present day, EU-ACP relationships have been formalised and reinvigorated several times through the Yaoundé agreements, Lomé conventions, and Cotonou agreement. Although geopolitical changes in the 1990s drove the EU to shift its attention to neighbouring countries, ACP countries still retain special status in the EU’s external relations due to historical ties.

The next geopolitical shift was the end of the Cold War in the 1990s, where former communist countries in Europe were trying to consolidate their positions

and the EU responded with its Central & Eastern European enlargement policy which offered political-economic inclusion within a democratic and trade-barrier free Europe. Considering that the EU was a massive common market entity, the attractiveness of its market was one of the major impetus for these countries to join the EU.

The 2000s were another decisive moment for the EU when a new global security threat emerged in the form of terrorism and the EU, once again, found itself close to the new source of instability, the Middle East. In response, the EU decided to deepen its socio-political and economic ties with Middle Eastern countries through the Euro-Mediterranean (Euromed) partnership, resulting in the establishment of the Union for the Mediterranean (UfM) in 2008, which is an upgrade from the 1995 Barcelona Process.¹²¹ Prior to UfM's creation, the EU declared 2005 as the Year of the Mediterranean which signaled their renewed interest in the region, citing that 'the world has changed' and 'both the EU and many of its Mediterranean partners have suffered directly from the impact of terrorism' (Ministerio de la Presidencia, 2005). The UfM partnership included a large trade component and nearly all Mediterranean countries – except for Syria – have signed an association agreement with the EU (European Commission, 2019d).

In addition to these regionally-focused strategies, the EU also deploys a global strategy that links trade and security with geopolitical considerations in mind, including the GSP, GSP+ and Everything but Arms. The EU's GSP policy started in 1971 following a recommendation from the United Nations Conference on Trade and Development (UNCTAD), when several ex-colonies have successfully consolidated themselves and brought forward the issues of trade, aid, debt and development. The GSP is a special trade preference for low and low-middle income countries on the condition that they implement several international conventions on human rights, labour rights, protection of the environment, and good governance (European Commission, 2018c). Everything but Arms (EBA), which is duty-free and quota-free trade access for all products except arms and ammunition given to least developed countries, is of main

¹²¹ The Barcelona Process was a cooperation initiated in 1995 by the EU with countries in the Mediterranean region and had the general aim of deepening strategic ties with these countries.

importance since it implies a security dimension and foreign policy overtones from the EU's side (Smith, 2018). Compared to the EU's standard FTAs, which also include non-trade clauses (i.e. TSD chapter), GSP+ and EBA have stronger trade-political ties since their enforcement methods are more consistent.

Overall, the EU's use of trade relations has been conditional on the changes in the geopolitical and global landscape, which are also evident in ASEAN's external trade relations. However, ASEAN does not have a long experience with trade-security nexus and thus, it is more difficult to observe a pattern. Historically, ASEAN only engages in pure political/security cooperation with its external partners (e.g. ASEAN Regional Forum and Treaty of Amity and Cooperation) while economic cooperation is reserved for intra-ASEAN integration.¹²² However, since the late 1990s and early 2000s, ASEAN started to engage in talks regarding extra-ASEAN economic cooperation, resulting in the creation of ASEAN Plus Three (APT) and later, ASEAN Plus Six cooperation.¹²³ However, these cooperation were not trade-intensive and also covered various non-economic issues. Factually, the first extra-ASEAN trade cooperation only took off in 2002 when ASEAN signed its first FTA with China, following a series of talks since 2000. This move from China was both, intended by China and perceived by its rivals, as a political and strategic move, prompting Japan and India to propose an FTA with ASEAN within the same week of China (Lijun, 2003; Cheng, 2004). Rivalry for regional leadership was central in taking this decision, particularly from Japan's side since Japan believed that in order to court ASEAN states to support them, it must balance China's effort in maintaining strategic ties with ASEAN (Koo, 2013).

From ASEAN member states' perspective, they are now challenged with the growing rivalries between their northern neighbours to which they need to respond accordingly. Since ASEAN is more of the reactive kind as opposed to proactive in managing its FTAs, the only option available for them is to either accept or reject FTA offers from its external partners. Strategically speaking, it would be unacceptable from any external partners' point of view if ASEAN were

¹²² There is, of course Asia-Pacific Economic Cooperation (APEC) which started in 1989, but this was not an ASEAN-led initiative and ASEAN only has an observer role in it.

¹²³ ASEAN+3 is an economic cooperation consisting of ASEAN member states, Japan, China and South Korea while ASEAN+6 adds India, Australia and New Zealand to the group.

to reject their offer and accept other partners offer since this would constitute as a political move rather an economic one. Considering that ASEAN's FTA decisions are taken by the head of states and its foreign ministers as opposed to trade ministers (Chapter 5), the decision to reject or accept this offer is more of a geopolitical move based on careful considerations of the regional security architecture rather than pure commercial calculations.

In other words, since all of ASEAN's current external trade partners are in close proximity, every decision that ASEAN has ever taken regarding its external FTAs are in fact, a strategic response to its geopolitical surroundings. Given its vulnerable position within the region, ASEAN is very unlikely to reject FTA offers from its external partners.

Aside from the EU and ASEAN's use of trade as a 'reward' and other strategic purposes, another similarity between the EU and ASEAN is on how they use external trade to strengthen their integration project and justify regionalist ideas which, once again, can be interpreted as a reflection of their 'discomfort' on being non-traditional actors in international relations. The notion of *positioning* by regional organisations has been discussed in Chapter 4 (Section 4.4.2.) to explain why similarities occur in the EU and ASEAN's legal actorness & strong identity and are also applicable to this case.

Positioning theory argues that regional integration should be viewed by understanding 'the process of how regions are constructed as actors and meaning is engendered' (Slocum and van Langenhove, 2004), which relates to the EU and ASEAN's continued effort to 'paint' a positive image of their trade relations and integration projects. The EU's use of external trade to portray tangible benefits from economic integration and ASEAN's use of 'external trade-internal integration linkage' to gain more tangible benefits from its partners are one way to of do this. Acquiring a positive image of regional integration and receiving internal recognition from its citizens is crucial for non-traditional actors like the EU and ASEAN to *position* themselves globally and attain the recognition as a global actor.

Conversely, negative representation, either internally through the lack of legitimacy or externally by rejection as an acceptable entity, is detrimental to the EU and ASEAN's positioning in the global stage. As a result, both the EU and

ASEAN need to ensure that at least one facet of their integration project (which in this case is their external trade relations), must bring tangible benefits to the region. Similarly, the EU and ASEAN's projection of regional norms through trade (i.e. the EU values and the ASEAN Way) are another way to ensure their distinctiveness and regional identity, which once again correlates to the identity-positioning linkage discussed in Chapter 4.

In conclusion, similarities in the EU and ASEAN's pursuit of non-commercial goals through trade relations can be summed up to two main causes: regional responses to geopolitical shifts and the need to maintain their positioning as separate actors in international relations.

6.6. Conclusion

The purpose of this chapter is to compare the last component of the EU and ASEAN's trade diplomacy – their trade diplomatic *goals* – and partly elaborate on the causes of these differences and similarities. Findings suggest that for both the EU and ASEAN, commercial and non-commercial goals are present but with differing degrees where the EU strives more to achieve commercial goals and ASEAN focuses more on achieving non-commercial ones. There are several main causes for these differences, including variances in their degree of integration and role of different political and economic players within the region.

For commercial goals, the EU and ASEAN both gain economically from their trade diplomacy although the EU tends to gain more collectively since ASEAN member states opt to either use national-level FTAs or resort to the MFN rate rather than utilise ASEAN-led FTAs. For non-commercial goals, this research identifies two main goals for both the EU and ASEAN: the need to acquire strategic position & maintain key relationships and to strengthen their regionalist ideology and regional values. The need to achieve this goal is stronger in ASEAN compared to the EU due to the organisation's geopolitical position and the need to survive amidst great regional powers. In this sense, trade relations are being used to achieve (part of) its external relations' goals.

Based on this research's analytical framework, this chapter is the last one to identify and compare similarities and differences in EU and ASEAN trade diplomacy and has fully answered the second research question. Inferring from the key findings of these three chapters, one common thread can be identified where differences in the EU and ASEAN's trade diplomacy all stems from *internal* sources while similarities are best explained by *external* determinants. For the next and final analytical chapter, this thesis groups these similarities and differences to explain which determinants are relevant and link these findings to the larger academic literature introduced in Chapter 2 & 3 of this thesis.

Chapter 7 – Analysis & Conclusion: Determinants of Differences and Similarities in the EU and ASEAN's Trade Diplomacy

7.1. Introduction

This thesis started with three research questions, all relating to how trade diplomacy by the EU and ASEAN can be explained, compared, and analysed. The preceding three chapters have answered the first two questions, and the focus of this chapter is to answer the final research question, relating to the determinants of differences and similarities in the EU and ASEAN's trade diplomacy and what this means for the wider literature. Findings suggest that while the EU and ASEAN are mostly different in their conduct of trade diplomacy, several similarities can also be identified. Previous chapters of this thesis have also briefly identified what causes these similarities and differences and this chapter aims to elaborate on these causes by clustering them into either *internal* or *external* determinants to provide better conceptualisation on how trade diplomacy by regional organisations can be explained. Generally, regional projects, such as the EU and ASEAN, are shaped by both endogenous and exogenous factors, and sometimes, it may be difficult to separate the two (Hettne, 2002). However, several characteristics or practices are often highly innate to a region, which sets them apart from one another and hence, can easily be distinguished as endogenous or exogenous to the region.

Building from previous chapters' discussions, a comprehensive summary of the EU and ASEAN's differences and similarities in trade diplomacy is outlined below:

Table 7.1 Comparison of the EU and ASEAN Trade Diplomacy

		EU	ASEAN	Similar/Different
Actorness	Legal Actorness	International actor as granted by a legal instrument	International actor as granted by a legal instrument	Similar
	Behavioural Actorness			
	Trade presence	Strong	Moderate	Different
	Capabilities	Strong	Weak	Different
	Preference Convergence	Divergences between/among MS and the EU institutions; lower level of divergences	Divergences between member states; higher level of divergences	Different
Identity	Strong	Strong	Similar	
Process	Decisionmaking			
	Decisionmaking model	Led by EU institutions; Unanimity & QMV	Led by member states; Unanimity only	Different
	Involvement of non-state actors	Availability of formal mechanism	No formal mechanism	Different
	Ratification & implementation process	Issue-dependent	Country-dependent	Different
	Allows flexible participation in external trade relations	No	Yes	Different
	Negotiation			
	Negotiation model	Two-Level Game; EC as lead negotiator	Three-Level Game; Individual MS as lead negotiator	Different
	Allows parallel negotiations outside of RO	No	Yes	Different
Negotiation levels	Preference for bilateralism	Preference for bilateralism	Similar	
Goals	Economic Goals	Regionally driven (more unified)	Nationally driven (less unified)	Different
		More invested	Less invested	Different
	Non-Economic Goals	Use of trade/market access to maintain strategic position & strategic relations	Use of trade/market access to maintain strategic position & strategic relations	Similar
		Use of external trade to strengthen regionalism & regionalist values	Use of external trade to strengthen regionalism & regionalist values	Similar

Out of the 16 components being compared, the EU and ASEAN are different in 11 and similar in 5 components. Previous chapters have also identified the determinants of these differences and similarities which can be classified into either *external* or *internal*.

Table 7.2 Determinants of Differences and Similarities in the EU & ASEAN's Trade Diplomacy

Components	Similar/Different	Determinants of Differences or Similarities	Sources of Determinants (Internal/External)
Legal Actorness	Similar	The need to be recognised externally	External
Behavioural Actorness	-		
Trade presence	Different	Level of economic development	Internal
Capabilities	Different	Level of economic development	Internal
Preference Convergence	Different	Existence of trade-focused SNI; Regional mechanisms for convergence; Degree of economic liberalisation	Internal
Identity	Similar	The need to be recognised externally	External
Decisionmaking	-		
Decisionmaking model	Different	Existence of trade-focused SNI	Internal
Involvement of non-state actors	Different	Existence of trade-focused SNI; Role of socio-economic-political player	Internal
Ratification & implementation process	Different	Existence of trade-focused SNI	Internal
Allows flexible participation in external trade relations	Different	Existence of customs union	Internal
Negotiation	-		
Negotiation model	Different	Existence of trade-focused SNI	Internal
Allows parallel negotiations outside of RO	Different	Existence of customs union	Internal
Negotiation levels	Similar	Changes in the global trade regime	External
Economic Goals	Different	Degree of economic liberalisation; Existence of customs union; Regional mechanisms for convergence; Role of socio-economic-political player	Internal
Non-Economic Goals	Similar	Geopolitical and regional security concerns; The need to be recognised externally	External

Linking these findings back to the research's framework in Chapter 3, it can be concluded that these differences and similarities can be explained by either

internal factors (or endogenous) within the regional organisation or *external* factors (or exogenous), not present within the organisation. Table 3.1 in Chapter 3 also identifies these internal and external determinants, building from different approaches, including realism, liberalism, and constructivism.

For this research, rather than using a specific theory or approach (i.e. realism, liberalism, or constructivism), analysis of the EU and ASEAN's trade diplomacy is explained through an *internal* and *external* dichotomy. *First*, since this research aims to develop a general framework of comparison in trade diplomacy, it is expected to offer more *breadth* than depth, making an internal/external dichotomy more suitable since it can provide broader explanations for trade diplomacy. *Second*, as a part of RO's external relations, trade diplomacy sits between the national, regional, and global processes which make multilevel explanations highly suitable. While a single theory or approach is undoubtedly useful in explaining the specific element of regionalism projects, it may be challenging to capture a wide range of multiple activities and regional processes, such as in the case of trade diplomacy.

Graphically, the relationship between internal/external determinants and RO's trade diplomacy can be illustrated by this framework of analysis:

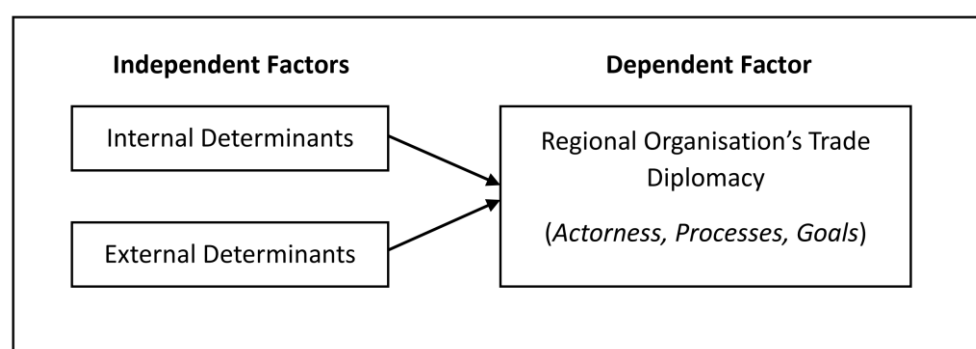


Figure 7.1 Framework of Analysis

Previous chapters have discussed the relationships between these independent and dependent factors separately, while this chapter focuses on compiling, clustering, and elaborating these determinants to provide a higher-level generalisation and link these findings to the corresponding academic literature. Building on the findings from previous chapters, this thesis argues that

internal determinants best explain why differences occur between the EU and ASEAN's trade diplomacy while external determinants best account for similarities between them. The main reason for this is that internal determinants of trade diplomacy originate from member states economic conditions, national & regional power configurations, and the institutional choices made by member states which are difficult to be replicated by other regions. For the EU and ASEAN's trade diplomacy, three internal determinants are central in explaining their differences: (a) their institutional choice, particularly in the existence of a trade-focused supranational institution in the EU and absence of one in ASEAN; (b) differences in their economic level & position on trade liberalism; and (c) their political configurations involving member states' political systems & the role of political players within these systems.

On the contrary, similarities between the EU and ASEAN's trade diplomacy are best explained by external determinants since the EU and ASEAN both operate in a similar global environment, are shaped by similar external pressures, and thus, often respond in a similar fashion. Two main external determinants are central to this: (a) shifts & changes in the global and regional landscape and (b) the need for the EU and ASEAN to position themselves strategically within the international system due to their status as non-traditional actors. The practice of collective trade diplomacy through ROs, mainly via bilateral channels, has proven to be an effective instrument in responding to these global changes and the continued use of trade instruments for political/strategic purposes have helped mitigate several of the security challenges that the EU and ASEAN face. Furthermore, the EU and ASEAN's strong regional identity and their strategic use of trade to strengthen regionalist values are essential in ensuring that they maintain a good positioning as non-traditional actors in IR.

Elaborating on ROs differences and similarities enables us to generalise (up to a certain degree) on RO's practice of trade diplomacy and their ascending role as trade diplomats. Although the EU has long enjoyed this actor/diplomat status, other ROs do not have this privilege, and hence, this research offers a novel way of understanding and interpreting them as such. The dichotomy between internal-external determinants also best situates ROs within the global landscape and thus, provides better visualisation of the role of ROs within the

international system. In explaining this argument, this chapter is structured into four sections. The introduction section summarises previous findings and clarify this chapter & thesis' assertion, and the second section will discuss the internal and external determinants of differences and similarities, respectively. The third section provides a short discussion on what these research outcomes mean for the larger academic literature and the final section concludes discussions.

7.2. Internal and External Determinants in the EU and ASEAN's Trade Diplomacy

Based on the general findings presented in Table 7.1 and 7.2, it can be seen that internal determinants account for differences in the EU and ASEAN's trade diplomacy while external determinants are responsible for similarities.

7.2.1. Internal Factors as Determinants of Differences in the EU and ASEAN Trade Diplomacy

The notion that internal factors are the leading causes of ROs differences has been relatively well established in the literature and various studies that use sociological viewpoints have pointed out the idiosyncratic factors that make specific regions highly distinctive (Warleigh-Lack and Rosamond, 2010; De Lombaerde et al., 2010). Indeed, regions and regional organisations do exhibit high degrees of differences, as this research also finds, but they also have certain degrees of similarities when assessed through the comparative lens. From a comparative viewpoint, differences in the EU and ASEAN's trade diplomacy are a direct result of their internal characteristics which are non-replicable and often stem from their historical integration processes. Generally speaking, causes of differences between the EU and ASEAN's trade diplomacy can be clustered into three main groups: *institutional determinants*, *economic determinants*, and *political determinants*.

7.2.1.1. Institutional Determinants of Differences

Debates on the institutions and types of cooperation in regional integration is perhaps the oldest debate in comparative regionalism studies and mostly centres around the *supranationalism* versus *intergovernmentalism* debate. In fact, it can be argued that the first wave of theorising on regionalism,

which lasted from the end of World War II until the late 1980s, was basically a debate on supranationalism versus intergovernmentalism (Wunderlich, 2007). When applied to trade diplomacy, supranationalism means that the EU has an institution beyond the state in charge of managing external trade and where, notably, member states surrender parts of their sovereignty and authoritative power to this institution.

For member states, having an institution like the EU means that they must give up their authority to make independent trade policy and surrender this power to the EU, albeit with several exceptions.¹²⁴ Within the EU, DG Trade plays this role, with the continuous monitoring process from its member states through the Council and the Parliament. The EU's choice to create a supranational institution was a deliberate one, which separates the organisation from ASEAN's institutional design in trade diplomacy. Contrary to the EU, ASEAN opts for an intergovernmentalism model in external trade meaning that its trade diplomacy is driven by individual member states, acting together to manage their collective trade relations and although ASEAN Secretariat does exist, it is in no way influential in affecting ASEAN's trade diplomacy.

As Chapter 4 & 5 illustrate, the existence of a trade-focused SNI has affected multiple components of RO's trade diplomacy, including preference convergence, decisionmaking, and negotiation process. One prime example is that a trade-focused SNI eliminates one level of negotiation, shifting an otherwise three-level game negotiation to a two-level one. It also adds new levels of divergences in trade policymaking, between the EU institutions and its member states and within the EU institutions themselves. Seeing that the existence of trade-focused SNI is crucial to the management of trade diplomacy, it is worth looking at the central cause of this difference, which can be traced back to the EU and ASEAN's historical origins and the role that trade plays in their overall integration projects.

As mentioned before, trade is the EU's 'reason for being' (Meunier and Nicolaidis, 2011), while for ASEAN, it can be said that diplomatic, political and regional stability are its *raison d'être* (Kurus, 1993; Narine, 2008) and this

¹²⁴ Exceptions here refers to trade policy areas that fall within the mixed competence of EU such as audio-visual and education services.

ultimately shapes the organisation's regionalism trajectory. Comparing the EU and ASEAN's founding treaty, the two ROs put different emphasis on trade and economic cooperation in their legal text, where the EU states that:

“The Community shall have as its task, by establishing a common market and progressively approximating the economic policies of Member States, to promote throughout the Community, a harmonious development of economic activities, a continuous and balanced expansion, an increase in stability, an accelerated raising of the standard of living and closer relations between the States belonging to it”. (Article 2 The Treaty of Rome, 1957)

and ASEAN asserts that:

“The aims and purposes of the Association will be:

- 1. To accelerate the economic growth, social progress and cultural development in the region through joint endeavours in the spirit of equality and partnership in order to strengthen the foundation for a prosperous and peaceful community of South-East Asian Nations;*
- 2. To promote regional peace and stability through abiding respect for justice and rule of law in the relationship among countries of the region and adherence to the principles of the United Nations Charter;*
- 3. To promote active collaboration and assistance on matters of common interest in the economic, social, cultural, technical, scientific and administrative fields;*
- 4. To provide assistance to each other in the form of training and research facilities in the educational, professional, technical and administrative spheres;*
- 5. To collaborate more effectively for the greater utilisation of their agriculture and industries, the expansion of their trade, including the study of the problems of international commodity trade, the improvement of their transportation and communication facilities and the raising of the living standards of their peoples;*
- 6. To promote South-East Asian studies*
- 7. To maintain close and beneficial cooperation with existing international and regional organisations with similar aims and purposes, and explore all avenues for even closer cooperation among themselves.” (Association of Southeast Asian Nations, 1967)*

Since its inception, the EU has been clear regarding the focus of its regionalism project (i.e. *common market*), while ASEAN focuses on multiple concerns including economic growth, social progress, cultural development, and peaceful community. Although the EU was created following a massive scale of destruction after the Second World War, and is often seen as a peace project to make war ‘not merely unthinkable, but materially impossible’ (Schuman, 1950), its political and security goals were never explicitly mentioned in its early legal

texts. Only after more than a decade did security and foreign policy cooperation make it into the EU's mainstream agenda, starting from the 1970s onward where member states formally exchanged and coordinated political positions, resulting in the Maastricht Treaty where member states agreed to the creation of a common foreign and political security pillar within the EU (Vanhoonacker and Pomorska, 2011).

However, by this time, economic cooperation and its corresponding institutions had been well established within the EU, and the Maastricht Treaty further reinforced this as evidenced by the creation of an EU common currency which then came into force in 1999. Therefore, despite the inclusion of political, security and other forms of cooperation within the EU, trade and economic cooperation have always held a central place. Basically, historical accounts demonstrate that the EU built its institutions, policymaking and integration processes against a strong economic background which has trickled down to its modern-day trade diplomacy and explains the EU's creation of a trade-focused SNI. Even after establishing the EU's diplomatic body in 2010, the EEAS, external trade issues remained largely centralised within the DG Trade, with EEAS only having a supporting role.

Furthermore, due to its historical origins, the EU has also granted specific 'trade rule-making' power to several of its member states, enabling them to shape present-day EU trade diplomacy. For any member state, the ability to shape regional rules is a significant advantage (and hence, power) that not all member states can acquire, and for the EU, its historical background partly determines this. For starters, the EU's trade competence was granted early on during the integration process, and despite multiple changes to this competence, the foundation for this competence was a historical advantage only available to early members of the EU. The historical origin of the EU's trade competence can be traced back to the Treaty of Rome which was the first legal document to regulate how member states should impose an external tariff, including a common commercial policy to non-members. Specifically, Article 3(b) of the Treaty of Rome states that:

For the purposes set out in Article 2, the activities of the Community shall include, as provided in this Treaty and in accordance with the timetable set out therein:

(b) the establishment of a common customs tariff and of a common commercial policy towards third countries (European Economic Community, 1957)

This treaty, which created the European Economic Community (EEC) and the EU's customs union,¹²⁵ was the most important milestone in the EU's internal and external trade since it set the rules on whether individual member states could have an independent trade policy and conduct external trade negotiations on their own or not. Most importantly, it also set the legal basis for the transfer of member states' trade sovereignty to a higher supranational institution.

Although this treaty does not (yet) mention any specific phrasing on trade negotiation competence, the creation of a customs union generally means that all member states will adopt a common external tariff. Simply put, from this point onward, all potential members of the EEC (and later EU) must adhere to this rule and transfer their trade policymaking and negotiation power to the EU. The Treaty of Rome was signed by the six original EU members consisting of Belgium, France, Germany (previously West Germany), Italy, Luxembourg, and the Netherlands which, perhaps inadvertently,¹²⁶ granted them the initial power to shape the EU's external trade relations until now. Although the EU's enlargement (and when finalised, the UK's withdrawal) may nevertheless change power dynamics within the EU, this initial decision has massively shaped the EU's external trade relations, and even with further changes to the EU's trade competence, this historical power privilege remains valid since successive amendments only grant larger power to the EU.

Among these six original members, Germany and France were considered to possess the largest relational power vis-à-vis other players due to their

¹²⁵ It should be noted that the full implementation of EU customs union only happened after 1968.

¹²⁶ Inadvertently in this sense refers to the fact that initially, the EU was not designed to be an outward-looking economic bloc and the purpose of having a customs union was to create a cohesive internal market. Only later did EU start to expand externally and become an outward-looking economic bloc.

population, economic size, political capability, and geographical size. However, trade negotiations are highly issue-specific and are very dependent on the negotiating partner, meaning that a state will only exercise its power if it feels that the content or partner of negotiation will threaten its economic interests. Thus, while Germany or France are seemingly powerful states in the EU and can influence trade diplomatic outcomes, this hypothesis should be tested on *specific* trade agreements and thus, is beyond the scope of this research.

Contrary to the EU, while ASEAN seemingly puts equal emphasis on multiple issues as stated in their declaration, ASEAN was established against the backdrop of an escalating Cold War and was cautious about the impact it could have on the region. Historically, ASEAN's *raison d'être* was to create a conducive regional environment for development and state-building (Narine, 2008), which highlights their concern for regional security. While ASEAN believes that regional development should be the final goal, its member states believe that they can only foster development *if* regional security and political environment permit it. During its early years, ASEAN was mostly shaped by regional security concerns and extra-regional political shifts which ultimately shaped how ASEAN institutions evolved over time (Koga, 2014).

From 1967-1976, ASEAN was occupied by intra-regional security issues including the Vietnam war and presence of extra-regional powers within the region. This led to the creation of the Zone of Peace, Freedom and Neutrality declaration (ZOPFAN) in 1971 and as a result, economic cooperation was not ASEAN's primary concern during this era. Economic cooperation only became a mainstream agenda for ASEAN after more than a decade of its creation. During the Bali Concord I in 1976, member states agreed on a deeper economic integration, mostly fueled by the increasing economic performance of several of its member states. However, this initiative was also foreshadowed by another security cooperation agenda, the Treaty of Amity and Cooperation (TAC), signed alongside the Bali Concord I in 1976, which once again re-emphasises the dominant role of security in ASEAN cooperation. Although in later years, economic cooperation also progressed significantly, security cooperation has always foreshadowed it due to ASEAN's geopolitical position within Asia.

In terms of member states' historical advantage on trade rulemaking power, ASEAN member states rarely have one since trade was never meant to be ASEAN's primary concern. Although like the EU, ASEAN does have original members and founders, who set ASEAN's fundamental rules, these rules do not cover external trade since ASEAN was initially not meant to be a trading bloc. External trade only became ASEAN's concern later on, and by this time, ASEAN had already completed its enlargement process, and a working mechanism of external relations was already in place, thus limiting the historical advantage of its original member states. The latest member to join ASEAN, Cambodia, was accepted in 1999 while ASEAN's first FTA negotiation was with China in the early 2000s. By this time, China was already one of ASEAN's dialogue partners and ASEAN-China relationship has been strong, being built on previous non-trade cooperation and thus, the ASEAN-China FTA was treated as an additional form of economic cooperation with limited needs to develop new mechanisms to regulate it.

Following China, ASEAN has continued to negotiate FTAs with other dialogue partners and even after almost two decades of this, ASEAN member states still use similar mechanisms, with two slight changes in their trade diplomacy. The first is in the creation of a *country coordinator*-ship system as mandated by Article 42 of the ASEAN Charter (signed on 2007), which stated that member states should 'take turns to take overall responsibility in coordinating and promoting the interest of ASEAN in its relations with the relevant Dialogue Partners, regional and international organisations and institutions' (Association of Southeast Asian Nations, 2007b). The country coordinator-ship system was required to manage increasing cooperation with external partners, and its responsibilities included managing external trade relations with dialogue partners, more specifically in leading and directing trade negotiations. The second change is in ASEAN's negotiation model, which has gradually shifted from *sequential* to the *single undertaking* model in order to increase efficiency and accommodate global changes.¹²⁷ Since most trade negotiations have shifted to a single undertaking model and external partners

¹²⁷ Sequential approach focuses on creating a framework agreement which serves as the basis for future agreements while single undertaking approach are sets of negotiations aimed at creating a comprehensive agreement since the very beginning

often request this, ASEAN saw the need to adapt and thus, opted to move to the single undertaking model, as was the case with the last four ASEAN FTAs.¹²⁸

Indeed, these two changes have slightly altered ASEAN's trade diplomacy and yet, within these changes, no dominant player can be observed since these changes still maintain equal positioning between member states. Although the country coordinator may at times take advantage of its position (Pitakdumrongkit, 2016), rotation of this role means that all member states will have equal opportunity to make use of this advantage and thus, is more of a relational power rather than a structural one.¹²⁹ The shift from sequential to the single undertaking also does not affect ASEAN's power configuration since it is mostly related to technical details of trade negotiations rather than the regional power play. Furthermore, as one interviewee declared during the research interview, ASEAN functions on the basis of 'ASEAN brotherhood', where member states collectively act towards the progression of common goals by respecting each other's sovereignty,¹³⁰ and while this may sound very rhetoric, it nevertheless bears some truth since for a long time, ASEAN has been considered to be lacking leadership. In fact, even when there are potentially dominant players within the organisation, they are either reluctant or unable to use this advantage.

Since its inception in 1967, Indonesia has been considered as the natural or *de facto* leader of ASEAN (often referred to as 'first among equals' or *primus inter pares*) due to its geographic size, population, military power and position in international affairs (Smith, 1999; Rattanasevee, 2014; Emmers, 2014; Roberts and Widyaningsih, 2015). Early ASEAN formation was also successful due to Indonesia's attitude as the strongest and largest member state who displayed a willingness to compromise and resisted on imposing its will to other member states (Feraru, 2015). However, Indonesia's leadership does not extend to economic affairs since Indonesia leaves this role to Singapore and to a lesser extent, Malaysia and Thailand, although in several cases it can still block economic decisions made by other states (Emmers, 2014).

¹²⁸ Interview with official from ASEAN Secretariat

¹²⁹ Borrowing from Susan Strange (1988), relational power refers to an actor's ability to influence other players with whom they have *relations* with, while structural power refers to the ability in influencing the *structure* where other actors operate in.

¹³⁰ Anonymous interview with official from ASEAN member state's Ministry of Foreign Affairs

Factually, Indonesia's market size and economic positioning alone can warrant a dominant place in ASEAN's external economic relations,¹³¹ but until now no economic leadership from Indonesia can be observed, including in ASEAN's external trade. Part of this can be attributed to Indonesia's inherent lack of strategy regarding FTAs and the strategic role it can play. Like ASEAN, Indonesia is always in the position to accept, reject or postpone FTA requests.¹³² Furthermore, the economic & political mismatch between ministries and lack of public support often hinders Indonesia's ambition to play larger economic roles within ASEAN.¹³³ One higher-ranking trade official from Indonesia states that Indonesia's strong nationalistic stance and anti-liberalism sentiment often preclude the ministry to engage in deeper economic ties through FTAs due to the fear of being criticised by the general public.¹³⁴

With regards to ASEAN's external trade, Singapore is better compared to Indonesia in terms of its overall vision and strategy on managing FTAs and thus *could* rightfully lead ASEAN's external trade relations. However, due to Indonesia's economic positioning and power, Singapore cannot bring ASEAN forward without Indonesia being on board since for many external partners, there is no point in signing FTAs with ASEAN if Indonesia is not included.¹³⁵ This creates a complicated situation for ASEAN where its *de facto* leader is reluctant to progress ASEAN's external trade and yet those who are eager to do so, do not have the capability. This dilemma, coupled with ASEAN's historical ignorance on external trade, creates stagnancy in ASEAN's external trade relations, resulting in shallow and limited progress in ASEAN trade diplomacy.

The EU and ASEAN's historical and institutional differences, particularly on how they put (or did not put) emphasis on trade/economic cooperation and its subsequent developments, have strongly influenced their conduct of trade diplomacy particularly in explaining the existence of the trade-focused SNI in the EU and the absence of one in ASEAN. Thus, the EU's sophisticated external

¹³¹ Indonesia is currently placed among the top 20 global economic powerhouses and is the only ASEAN member state to be included in the G-20. Furthermore, Indonesia covers more than 40% of ASEAN's population and accounts for almost 50% of ASEAN's market size.

¹³² Anonymous interview with official from Indonesia's Ministry of Trade

¹³³ Anonymous interview with official from Indonesia's Ministry of Trade

¹³⁴ Anonymous interview with official from Indonesia's Ministry of Trade

¹³⁵ Anonymous interview with official from DG Trade

trade mechanism and ASEAN's less complicated machinery are not just a product of present choices and rational decisionmaking but are also a by-product of their historical origins and past choices. Either advertently or inadvertently, the EU and ASEAN have historically digressed on how they position trade within their overall external relations, and these historical choices set the basis for their current institutional structure which ultimately affect differences in their trade diplomacy.

7.2.1.2. Economic Determinants of Differences

Closely related to the institutional determinants are the economic determinants, which underpin the working of the said institutions, particularly on how their economic rules govern extra-regional trade relations. Economic determinants here refer to the three underlying causes mentioned above: the existence of a *customs union* within the specified regional organisations, the *level of economic development*, and the *degree of economic liberalism*. The difference in the existence of a customs union is, once again, a direct consequence of the EU and ASEAN's historical origins where the EU sought to establish a customs union early on as stated in Article 3(b) of the Treaty of Rome: "*the establishment of a common customs tariff and of a common commercial policy towards third countries*" (European Economic Community, 1957), while ASEAN does not seek to do so. The level of economic development, which corresponds to the EU and ASEAN's trade presence and organisational capabilities are inherent conditions within the region and is highly conditional upon the individual member states.

Different theories of economic development may offer conflicting explanations and thus, is beyond the scope of this research.¹³⁶ What matters most for this research is how these different levels of economic development affect the regionalism project, which for this case, *only* correlates to trade actorness. Furthermore, although there seems to be a widely held belief that a large gap in the level of economic development between member states may

¹³⁶ For example, post-colonial analysis may attribute a nation's less-developed state to its colonial origins and colonial heritage while Marxist-based analysis may credit the unfavourable structure of the international capitalist system as the underlying cause.

hinder regional integration, this research finds that for external trade relations, differences in the levels of economic development matter *less* compared to the degree of economic liberalisation between member states.

To put this into perspective, while the level of intra-regional development gap can matter significantly for *internal* trade/economic integration, this gap matters less for *external* trade relations since external trade relations rely more on similarities in the degree of economic openness/protectionism. Furthermore, since a country's level of economic development is also *not* a good indication of its position on economic openness (Section 5.4.1.2 in Chapter 5), disparities in the level of economic development matter even less for external trade relations. For example, a more developed country in ASEAN may be more resistant to opening their economy compared to a less developed one (e.g. Malaysia/Thailand versus Philippines/ Vietnam, as evidenced by their tariff rate) and countries with different levels of development may have closer tariff rates (e.g. Malaysia and Myanmar).¹³⁷

Thus, the degree of trade liberalism/protectionism is a better predictor for cohesiveness in external trade diplomacy, rather than the level of economic development which only corresponds to a small portion of trade actorness. However, the question on why several countries are more protectionist than others is also beyond the scope of this research since this relates more to *individual* choices made by states, rather than *collective* ones made through regional groupings. For the EU and ASEAN, regional decisions relating to their trade openness and protectionism tendencies have been discussed in Chapter 5 and thus will not be explored further. However, it can be concluded that the EU's historical origins, institutional mechanisms, and ideological underpinnings have shifted its member states to become collectively more liberal which is in contrast to ASEAN, where due to its institutional mechanisms, is struggling to achieve a regionally cohesive position on trade liberalism.

¹³⁷ Refer to Table 5.4. in Chapter 5 for a complete list of ASEAN Member State's tariff rate

7.2.1.3. Political Determinants of Differences

The third determinant of differences between the EU and ASEAN is the political determinants, mostly relating to the role that different players have within the political system. As Chapter 5 and 6 point out, the EU and ASEAN differ on the kind of involvement and inclusion of their stakeholders in trade diplomacy, where the EU facilitates a specific mechanism for non-state actors' involvement that economic players tend to dominate. In contrast, ASEAN does not have any mechanism in place, and the overall process tends to be dominated by political players. The underlying cause for this is variances in their political systems, where the EU is dominated by democratic countries and ASEAN, on the other hand, is mostly driven by authoritarian-leaning countries. To a certain extent, the EU's management of its external trade relations is an extension of its region-wide democratic governance while ASEAN's management is a compromise of semi-democratic and authoritarian regimes within the region.

Within a country, the political system determines how decisions are made, legal systems are created (and upheld), resources are distributed, and for most modern countries, their political system will lie somewhere between the democratic and autocratic system axis with minimal countries sitting at the furthest end of either democracy or autocracy. Taking this to the regional level, regional organisations will ultimately consist of countries with different spectrums of political systems, either full democracy, full autocracy or somewhere in between with the main challenge being to reconcile these differences at the regional level. For the EU, the Copenhagen criteria sets specific guidelines for prospective EU members, where upholding democratic governance is one of the three criteria to be fulfilled before a country is eligible to become an EU member.¹³⁸ This means that in terms of national governance and acceptance of regional rules, the EU does not face any significant discrepancies between its

¹³⁸ The Copenhagen criteria sets three criteria for countries to be eligible as EU members: stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities; a functioning market economy and the ability to cope with competitive pressure and market forces within the EU; and ability to take on the obligations of membership, including the capacity to effectively implement the rules, standards and policies that make up the body of EU law and adherence to the aims of political, economic and monetary union (European Commission, 2016a).

member states since basically all countries have agreed to a democratic rule and thus, adopt a somewhat similar political system. Contrary to the EU, ASEAN member states do not impose any rules on political systems, and therefore, variances between member states' political systems can be overwhelming. ASEAN's member states political systems vary from authoritarianism, semi-authoritarianism to semi-democracy, which is often difficult to reconcile.

Based on the Economist Intelligence Unit's Democracy Index 2019, 11 of the EU member states are categorised as full democracies, 16 are flawed democracies, and no member states are considered as hybrid or authoritarian regime (The Economist Intelligence Unit, 2020). In contrast, of the 10 ASEAN member states, no country is considered as a full democracy, five countries are classified as flawed democracies, no country is a hybrid regime, four countries are authoritarian regimes and one country (Brunei Darussalam),¹³⁹ is excluded from the dataset (The Economist Intelligence Unit, 2020). This means that on average, ASEAN member states tend to lean more towards authoritarianism rather than democracy. Authoritarianism tends to concentrate power, and for ASEAN member states, this power is centralised at the national level with the limited intention of power-sharing or creating additional check-and-balances mechanisms, both domestically or regionally. States deliberately maintain a strong nationalist position, as evidenced by ASEAN's long-lasting principle of non-interference and the pretence of ASEAN 'brotherhood' as a way to maintain internal cohesion and solidarity by positioning member states as equal relatives.

At the regional level, ASEAN's mix of the semi-democratic and authoritarian political system is demonstrated through the limited involvement of non-state actors in its trade diplomacy (Chapter 5) and the 'shifting' of economic actors to become political players (Chapter 6). Since power is concentrated under only a few who are mostly political players, economic actors respond by altering their actions to become more political (e.g. ABAC and CSOs 'institutionalised participation' in Chapter 6). On the contrary, the EU's democratic system has open up more channels for non-state actors' involvement

¹³⁹ Brunei Darussalam adopts a national monarchy as its political system with Sultan (king) being the head of state, head of government, Prime Minister, Defense Minister and Finance Minister. Brunei has no election and power is highly concentrated under its Sultanate, making Brunei very likely to be on the authoritarian regime classification of the EIU's report.

(e.g. greater power for the Parliament; an enhanced mechanism for civil society dialogue), and has extended channels for economic players to better communicate their interests to influence trade diplomacy (i.e. close links and ideologies between business players and the Commission).

In sum, while institutional and economic determinants play significant roles in understanding differences in the EU and ASEAN's trade diplomacy, political determinants also shape several aspects of it, since trade diplomacy is still a political process.

7.2.2. External Factors as Determinants of Similarities in the EU and ASEAN Trade Diplomacy

Although most scholars agree that external factors affect the formation of regional integration, the mainstream approaches differ on *which* external determinants are the most influential.¹⁴⁰ Neorealism focuses on the effect of external powers on the formation of regionalism projects (Hurrell, 1995; Grieco, 1996; Grieco, 1997),¹⁴¹ while neoliberal institutionalism emphasises that complex interdependence accounts for the establishment of regional institutions (Keohane and Nye, 1973; Keohane, 1988) and that globalisation, economic competition, and domino effects have often resulted in the proliferation of trade agreements and regionalism projects worldwide (De Melo et al., 1992; Sbragia, 2009).

More recently, a newer external-determinant stream of literature has emerged – *diffusion theory* – which suggests a novel way of explaining similarities between ROs (see for example Börzel and Risse, 2009; Lenz, 2011; Jetschke and Lenz, 2013; Jetschke *et al.*, 2016; Risse, 2016a). The underlying assumption of diffusion theory is that regional organisations should not be viewed independently of each other, but rather *dependent* on each other and thus, several traits of similarities between them can be explained by processes of diffusion (Lenz, 2011; Jetschke and Lenz, 2013). However, since diffusion only relates to processes, rather than results or outcomes, the opposite of diffusion is

¹⁴⁰ For a detailed discussion on these approaches, refer to Chapter 2 & 3

¹⁴¹ It should be noted though that variants of realism also focus on internal/regional power configuration, particularly on the existence of a hegemon, acting as 'paymaster' within the region (Börzel, 2016).

not differences among regional institutions, but rather processes of independent and isolated decisionmaking between them (Risse, 2016a). While diffusion theory offers a fresh way of analysing ROs, its basic view regarding formation or changes within ROs is an externally driven one and thus, is in line with several previous approaches.¹⁴²

Applying this ‘external determinants’ approach to this research, findings suggest that while the neorealism and neoliberal institutionalism approaches can explain several similarities in the EU and ASEAN’s trade diplomacy, there is no evidence of the diffusion process occurring between the two. Although a high level of interaction in trade diplomacy does occur between the two, as evidenced by the failed, and currently revived, EU-ASEAN FTA negotiations and multiple EU-ASEAN cooperation framework, the diffusion process leading to similarities in trade diplomacy is not evident. One possible explanation for this is perhaps due to the multiple trade interactions between different players, where the EU or ASEAN are more likely to emulate other players’ actions or behaviours, rather than each other’s. For example, the EU tends to view itself as closer to having ‘state-like’ properties including in trade (Laursen, 2008; Sbragia, 2009; Warleigh-Lack and Rosamond, 2010; Meissner, 2016) and thus, may emulate other states behaviour, such as the US, rather than other regional organisations’.

This is perhaps the case for the EU’s shift to a bilateral approach in Asia and Latin America which follows the US’s lead (Sbragia, 2009), suggesting that although the EU and ASEAN’s similarities are not results of diffusion *between* each other, it may still be due to diffusion from other actors, despite it not necessarily being a regional organisation. Since trade relations are highly interdependent and are often results of domino effects, ROs are likely to internalise multiple ideas and practices, and thus, the diffusion process is more difficult to detect and may warrant further investigation which is beyond the scope of this study.

Overall, referring to the findings and discussions from previous chapters, external determinants of similarities between the EU and ASEAN’s trade

¹⁴² It is worth noting that diffusion theorists do not completely reject internal determinants, but rather that internal determinants often compromise with external ones, resulting in processes of selective adoption, adaptation and transformation within the given RO (Risse, 2016b).

diplomacy can be clustered into two leading causes: *shifts in the global and regional landscape*, consisting of changes in global trading regime and global & regional security landscape, and the need for the EU and ASEAN to *position themselves as actors*, in both the material and ideational sense.

7.2.2.1. Global and Regional Landscape as a Determinant of Similarities

Literature review in Chapter 2 shows that trade and economic diplomacy are likely to be prominent when economic globalisation occurs but are not equipped with adequate global mechanism. As countries need to protect their interest against uncertainty, economic diplomacy can be used as a safeguard mechanism to achieve this (Coolsaet, 2004). Affirming this, this research also finds that for both the EU and ASEAN, the complementary use of trade instruments & political goals increases when globalisation of trade increases along with changes in the overall global and regional political-economic landscape. More specifically, the EU and ASEAN both resorted to bilateral trade relations when it became evident that the WTO, as the primary regulator of the trading regime, could not assure certainties for many states. Both the EU and ASEAN resorted to the bilateral channels to ensure that they had better control of trade relationships compared to those offered by WTO.

The discussion in Chapter 5 (Section 5.4.2) also shows that the move to bilateralism by the EU and ASEAN was due to systemic forces, particularly the increase of global trade competition and pressure to maintain or pursue new markets. Although ASEAN's bilateral choice was more of a *reactive* rather than a proactive one, this choice also resulted in a shift within their dialogue partners' behaviours, triggered by the need to acquire better benefits from global trade. As such, whether changes and shifts in the global trading landscape can (or cannot) provide certainties for countries may be a good indication on how ROs will behave, and more specifically on whether they are *more* likely to behave similarly to one another with regards to their external trade.

Another similarity between the EU and ASEAN is on how they use external trade relations to respond to systemic changes within their external environment, both regionally and globally. The EU offers a clear case for this where its external trade instruments are tailored to respond to external shifts. Section 6.5.2 in Chapter 6 provides examples that illustrate the EU's trade

diplomacy shift from its early establishment to post-Cold War approach and further shifts after the global terrorism threat. During each of these times, the EU's trade actions were responses to emerging threats and were used strategically to mitigate the impact of regional and geopolitical shifts. Similarly, ASEAN also has these underlying tones in their external trade relations, with the primary intention of satisfying its dialogue partners. Due to ASEAN's geographical position which sits between major regional powers, it is often used as a proxy between great powers making it highly prone to regional instability.

Moreover, for long time, ASEAN has assumed the role of regional anchor for both politics & security and more recently, economics. ASEAN's decisions to accept, reject or postpone FTA offers are not based on pure economic calculations (Chapter 6), but also on the political need to 'reward' its neighbouring countries as a way to maintain ASEAN's strategic positions and as a medium to strengthen diplomatic ties. Specifically, the global shift that most affected ASEAN's external trade relations has been the political-economic rise of China, which poses threats to other ASEAN partners. China's political and strategic motivation for engaging in FTAs with ASEAN has ultimately led other ASEAN's partners in a race to pursue similar FTAs with ASEAN (Chapter 6).

In sum, although factually, the EU and ASEAN operate in different regional environments, they react similarly to shifts in their regional political-security landscape by using external trade to mitigate risks. Since trade and economic affairs are becoming increasingly important, the choice to use trade as an instrument (or 'weapon') is the most sensible thing to do for many countries, including those who are members of regional groupings. Although the use of economic incentives in foreign policy is not new (e.g. trade embargo), FTAs offer a new spectrum of this since they tend to be 'softer' and less coercive compared to the traditional instruments.

7.2.2.2. Actor Positioning as Determinant of Similarities

The second determinant of similarities in the EU and ASEAN's trade diplomacy relates to the EU and ASEAN's need to 'position' themselves both regionally and globally. As Chapter 4 discusses, the EU and ASEAN's similarities in their legal actorness and strong identity can be attributed to their needs to maintain 'status' within the international system in order to attain international

recognition. The EU member states' decision to grant legal status to the EU was driven by the need to be externally coherent and avoid 'external confusion' (European Commission, 1995) while the granting of international legal personality to ASEAN by its member states was aimed to 'reinforce the perception of ASEAN as a serious regional player in the future of the Asia-Pacific region' (Association of Southeast Asian Nations, 2007a). Both of these goals were results of external pressures, where the EU and ASEAN felt the need to legally *strengthen* their position since they are, fundamentally, not traditional actors in IR.

Within the international legal system, states have always been the core entities and the 'heart of the international legal system' (Higgins, 1993 pg. 39), and even when non-state actors now participate more in the international legal system, this is only because states 'allow' them to do so (Aust, 2005). However, technically, states and international organisations are both *subjects* of international law, although historically, states have a better advantage since international organisations are products of modern-day politics. International organisations were born around the late nineteenth century, while early states or state-like entities have been around for longer than that. For comparison, the Westphalian system, which sets the legal basis for modern-day state sovereignty, can be traced back to the Peace of Westphalia in 1648 while the oldest international organisation, The International Telegraphic Union (later changed to International Telecommunication Union), was established in 1865, displaying a more than 200 years gap between the two.

Among these international organisations, those that are regional-based can be considered as the most recent one, borne out of the hype in regionalism projects worldwide with the first modern-day regional organisation established around the 1950s. The EU, as the first modern-day regional integration project, was only established in 1957 (Treaty of Rome) and even until now, can still be considered a work in progress (particularly following the UK's withdrawal) reinforcing the fluid characteristics of regional organisations and their 'unnaturalness' within the international system. Thus, compared to states and other international organisations, regional organisations can be considered as latecomers in international relations and thus may lack acceptance from other actors.

The EU's reason of 'avoiding external confusion' and ASEAN's goal of 'reinforcing the perception' (Chapter 4) can be interpreted as another way of saying that due to their unique characteristics, other actors often find it difficult to perceive and treat them as *natural* international actors. Thus, legal statuses can function as instruments to assist the EU and ASEAN to be accepted internationally, at least in the legal terms. At a more profound level, since the EU and ASEAN are not traditional actors, they also need to position themselves as something natural and acceptable within the minds and perception of other actors. In their writing, Slocum and van Langenhove (2004) introduced the concept of 'integration-speak' in explaining how different issues in regional integration are constructed, discussed, and represented through various discourses by multiple actors to create reality. They provide an example in the EU, where words such as 'democratic deficit', 'subsidiarity' and 'deepening and widening' are used as *Euro-speak* to describe and shape the EU's reality.

This is also the case with ASEAN's use of the 'ASEAN Way', 'consultation and consensus', 'ASEAN brotherhood', 'non-interference', and 'ASEAN minus-X' as *ASEAN-speak* which is deliberately used by ASEAN officials to rationalise ASEAN's behaviour not just internally but also externally (Section 4.3.4 & 4.4.2 in Chapter 4).¹⁴³ For example, the fact that 'ASEAN Way' never made it into the ASEAN lexicon until the 1990s, or almost 25 years after ASEAN's establishment, and approximately around the time when ASEAN was expanding its integration project (Yukawa, 2018), can be interpreted as a deliberate action to legitimise ASEAN's regionalist ideology and behaviours. These discursive tools were used to 'normalise' the existence and reality of regional organisations, in addition to their physical being and other material capabilities.

Putting all this together, the EU and ASEAN's granting of international legal personality and their use of speech-act to construct the reality of their regional integration practices are correlated with their inherent need and desire to be positioned as actors in international relations. Since legally, they are considered to only have 'supporting roles' in international law (Aust, 2005) and are not considered natural actors in international relations, the EU and ASEAN

¹⁴³ During the research interviews, many ASEAN and ASEAN member states' officials also used these terminologies frequently.

need to undertake actions that can strengthen their existence and social acceptance. In other words, similarities in the EU and ASEAN's legal trade actorness, strong regional identity, and inclusion of regionalist values in their trade relations are all shaped by their internal needs to be recognised as separate actors from states, and the need to maintain positioning within the international system.

So far, this chapter has outlined and answered the last research question relating to the underlying factors in the EU and ASEAN's differences and similarities in trade diplomacy. The main argument for this chapter is that differences in the EU and ASEAN's trade diplomacy are due to internal determinants while similarities are products of external pressures exogenous to the regions. Although several findings within this chapter are not new within the literature (e.g. existence of SNI causes differences between ROs), the choice to separate between internal/external determinants and to assert that differences & similarities are best explained by this internal/external dichotomy is. This is in addition to the fact that this research is the first study to compare ROs trade diplomacy.

In short, this chapter – and the thesis as a whole – suggest that since ROs are increasingly becoming trade diplomats in their own rights, the need for analytical tools to explain this phenomenon is becoming more relevant. Based on the overall discussion presented in Chapter 4,5,6 and 7, a graphical summary of this research's framework and main findings is illustrated below:

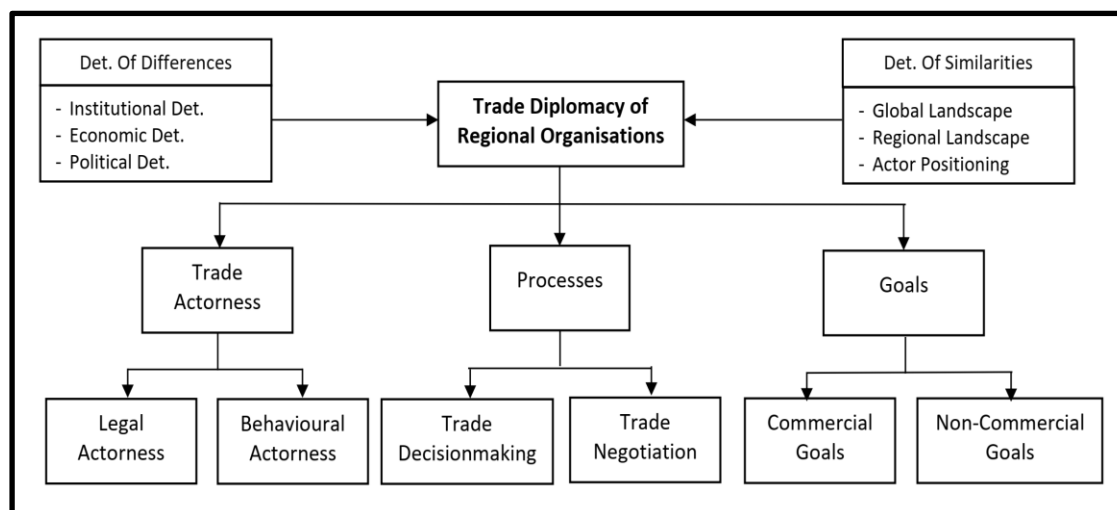


Figure 7.2 Conceptual Representation of Research Framework & Finding

Chapters within this thesis have discussed these components extensively, where Chapter 4,5 and 6 are dedicated to the second and third row while Chapter 7 focuses on the first row. Linking this to the literature, the first row connects to the comparative regionalism literature while the second and third row link to the trade diplomacy literature, except for trade actorness which links more to comparative regionalism, and to a certain extent, the EU studies.

7.3. Extending the Research: Explaining the External Dimension of Regionalism Through Trade Diplomacy

This research is built from two strands of literature, the comparative regionalism and trade & economic diplomacy literature, where each of these relate to specific findings and aspect of this research. The comparative regionalism literature provides the general context for comparison, determinants of similarities/differences, and understanding of RO's actorness in IR while the trade & economic diplomacy literature offers the conceptual definition and operationalisation of the research object.

7.3.1. Findings & Contributions Relating to Comparative Regionalism

Building from the discussion in literature review and Figure 2.1. in Chapter 2, this research seeks to extend the existing literature on the external dimension of regional organisations by examining one specific aspect, the external trade relations or trade diplomacy. It does so by comparing the EU and ASEAN's trade diplomacy, outlining its differences/similarities and explaining the main

determinants for these similarities and differences. The main findings relating to comparative regionalism are regarding the internal/external dichotomy and which determinants contribute to similarities and differences in trade diplomacy. These findings extend the current literature on comparative regionalism in two ways.

First, they offer a novel way of viewing regional organisations not just as actors, but *trade diplomats*, with several similarities (and differences) between them. Although the conception of the EU as a trade actor is not new (see for example (Meunier and Nicolaïdis, 1999; Young and Peterson, 2006; Meunier, 2007; Meunier and Nicolaidis, 2011; da Conceicao-Heldt, 2014; Van Den Putte, De Ville, et al., 2015), this conception does not cover the diplomatic element and cannot be found in other regional organisations. Given the fact that almost all regional organisations have by now, engaged in some form of external trade, there is a growing need to formulate conceptual/theoretical explanations for understanding this phenomenon. Regional organisations are increasingly becoming trade diplomats in their own rights, both to replace state practice (such as in the EU) or to complement it (such as in ASEAN).

Second, the research findings suggest that almost all mainstream approaches in regionalism studies (realism, liberalism, constructivism) can explain one or two similarities/differences of RO's trade diplomacy, but do not tell the whole story. Each determinant corresponds to a different perspective since their point of departure are mostly different. For example, the similarity in the EU and ASEAN's preference for bilateralism relates more to liberal interdependence's viewpoint regarding global economic interconnections, while variations in the EU and ASEAN's political structure – leading to differing levels of players' involvement in trade diplomacy – may be best viewed by the realist notion of internal power distribution. Of the four approaches discussed in the literature review, only diffusion theory fails to explain similarities between the EU and ASEAN since no evidence can be found on any similarities originating from the process of diffusion between the two. However, as previously mentioned, this may be because the EU or ASEAN absorb practices from other actors rather than from one another.

Another core finding relating to comparative regionalism is in the application of the trade actorness concept to compare the EU and ASEAN. For

ASEAN itself, although the concept of actorness has been applied before (see for example (Wunderlich, 2012a; Wunderlich, 2012b; Murau and Spandler, 2016; Mattheis and Wunderlich, 2017), it has never been used for a specific aspect of ASEAN's actorness or external relations. Even though economic cooperation is ASEAN's most progressive area of external relations,¹⁴⁴ it rarely receives enough attention since most scholars focus on ASEAN's internal economic integration, rather than its external economic relations. This research is the first to fully consider ASEAN's external trade relations and introduce it as a separate activity by providing a detailed analysis of its processes, goals, and the actors involved.

7.3.2. Findings & Contributions Relating to Trade & Economic Diplomacy

The main findings and contribution of this research for the field of trade and economic diplomacy is in the formulation and application of the research framework to the EU and ASEAN's trade diplomacy. Empirical findings from the fieldwork suggest that differentiation between how ROs organise themselves externally is crucial, as is the separation between commercial and non-commercial goals. The framework from Chapter 3 is, thus, a good representation of these considerations and reflects the development of a framework built on pure academic literature to one that incorporates findings from empirical work. The move to introduce *other regional organisation* is also a departure from the current literature, which focuses mostly on states or the EU. Although several previous studies have discussed trade & economic diplomacy by ASEAN (see for example Selmier and Oh, 2013; Das, 2014), they examine trade & economic diplomacy as a part of a broader concept (e.g. international trade) and primarily takes economic diplomacy as given without fully elaborating on its complexities and multifaceted nature. Given this understanding, this research is the first to fully introduce a general framework of trade diplomacy by regional organisations, which applies to both the EU and ASEAN.

Other empirical findings include the relationship between commercial and non-commercial goals in RO's trade diplomacy and how trade policies often intertwine with foreign policies (Okano-Heijmans, 2011). One new finding from this research is that non-commercial goals may be more dominant compared to

¹⁴⁴ Cremona *et al.* (2015) find that ASEAN is externally most active in the economic front, where 82% of its external agreements are in the field of economic cooperation.

commercial ones in trade diplomacy, as is evident in ASEAN's case. This may be different from individual states since, for states, external trade relations are generally directed at fulfilling commercial goals before any other goals. For most states, the function of FTAs, or other types of external trade agreements, is to gain market preferences in order to boost the economy, while other goals are secondary.

However, as this research shows, regional organisations that do not have a customs union, such as ASEAN, may be directed more towards achieving non-commercial goals rather than commercial ones since, economically, they can obtain more through individual trade relations rather than collectively through their respective regional organisations. Hence, the main conclusion here is that ROs are more likely to behave and undertake economic calculations like individual state *if* they are engaged in some form of a regional customs union which causes the economic loss/gain from external trade relations to be evenly felt by all member states. So long as no customs union is present, member states are more likely to use external trade through ROs only if it adds commercial value to their existing individual trade relations *or* if it offers a larger non-commercial goal which also benefits the member states.

One instance where individual member states utilise regional organisations to obtain additional goals is during the palm oil dispute between several ASEAN member states and the European Union. Initially, the palm oil dispute was limited to individual disagreements between the EU and two ASEAN member states, Indonesia and Malaysia, which was triggered by the EU's restrictions on palm oil use due to social and environmental concerns. As the world's largest palm oil producer, Indonesia and Malaysia perceived this action as an unfair trade practice and both countries filed individual lawsuits against the EU to the WTO in 2019 and 2021, respectively (Iswara, 2019; Raghu, 2021). Indonesia and Malaysia also lobbied other ASEAN member states to include palm oil in the EU-ASEAN inter-regional meetings, and the dispute soon escalated to the regional level.

During the 22nd EU-ASEAN Ministerial Meeting in 2019, the EU and ASEAN agreed to establish a joint working group on palm oil, which was reiterated once again during the 23rd Ministerial Meeting in 2020, despite slightly

altering the phrase to 'sustainable vegetable oil', rather than just palm oil (European Council, 2019c; European Council, 2020). The ongoing palm oil dispute is also likely to be an issue for the ongoing EU-ASEAN FTA negotiations, seeing that it remains a sticking point during the EU-Indonesia and EU-Malaysia FTA negotiation (Yusof, 2019; Rahman, 2020). Considering Indonesia and Malaysia's position in ASEAN, it is very likely that these two countries will use ASEAN as a diplomatic vehicle to defend their commercial interests and, thus, reinforce regional organisations' strategic role as trade diplomats.

In sum, this research has benefitted from both the comparative regionalism and trade & economic diplomacy literature and has also offered findings and frameworks to extend this body of knowledge further. Reflecting on the findings and contributions, several areas for future research and ways to increase the applicability of this research's framework can be identified. *First*, there is a need to conduct a single or multiple case study research on regional organisations trade diplomacy utilising the proposed framework to test the applicability of this framework. This can be done on other regional organisations which are actively engaged in external trade relations such as Mercosur, SADC or ECOWAS. *Second*, given the limitations in this research's methodology (Section 3.5. in Chapter 3), a more detailed study regarding ASEAN's trade diplomacy would be of interest, particularly within ASEAN member states who were not covered in this research. Of main interest would be to see whether there are variations in how individual ASEAN member states utilise ASEAN as their trade diplomatic avenue. *Lastly*, research on the different facets/strands of economic diplomacy (aside from trade) may also be pursued considering that recently, regional organisations also engage in commercial diplomacy, financial diplomacy and even development diplomacy. Although currently, this may be dominated by the EU, several other regional organisations also seem to have followed this trend.

7.4. Conclusion

The purpose of this chapter is to answer the final research question regarding the main determinants of the EU and ASEAN's differences and similarities in conducting trade diplomacy. It starts by clustering the commonalities and divergences in the EU and ASEAN's trade diplomacy before

identifying the main determinants of these similarities & differences. In identifying these determinants, this chapter categorises three internal sources of differences: institutional, economic, and political sources where each of these internal determinants relate to a specific aspect of trade diplomacy. Also, it elaborates the two external determinants of similarities: changes in the global & regional landscape and the need for actor positioning within the international system. What can be inferred from this, then, is that despite their internal differences, the EU and ASEAN exhibit several similarities which are due to systemic pressures – both global and regional – and their distinct characteristics as non-traditional actors in IR which force them to utilise their trade relations to attain a distinct role and position within the international system. This is in line with the general assertion in comparative regionalism studies that regionalism projects can be explained by looking at the intra-regional and extra-regional factors within the region.

However, the main difference between this research and previous studies is that it is the first to identify differences and similarities in ROs based on the dichotomy of internal/external determinants and doing so by using trade diplomacy of regional organisations as a core research object. In a way, this research extends the existing knowledge for comparative regionalism and most importantly, contributes to trade & economic diplomacy literature.

To conclude, this thesis demonstrates that regional organisations are becoming *trade diplomats* in international relations and yet, the existing analytical tools remain limited to explain this phenomenon. Thus, this research offers a novel conceptual framework for understanding regional organisations' trade diplomacy using the EU and ASEAN as case studies. Even more so for ASEAN, this research is the first to thoroughly examine ASEAN's trade diplomacy on its own, providing a level of details that is not present in previous studies. Within the literature, this research expands the current discussion on trade diplomacy, not just by states and the EU, but also by other regional organisations and therefore, provides a useful step towards understanding the growing practice of regional organisation's external trade relations.

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