

EU-ASEAN Business Council AGM and Gala Dinner
Ambassador Francisco Fontan remarks

Thank you for the introduction Donald and especially a big thank to Minister Vivian Balakrishnan for greeting this event.

As mentioned, 2017 is absolutely a remarkable year as **ASEAN and the EU celebrate the 40th anniversary of their formal relations** precisely when ASEAN itself will turn 50 years old, and the EU will celebrate the 60th anniversary of the Treaty of Rome.

Both regions can look back at 40 years of friendship characterised by their shared goal of peace and prosperity for its peoples, and look forward to further deepening relations based on trust, mutual respect, common interests and values.

Today, the ASEAN and the EU, with their own dynamics, objectives and contexts, are probably the **two most ambitious regional integration organisations in the world**.

Even during difficult economic times, trade and investment flows between the EU and ASEAN have grown substantially – showing how robust and positive our commercial relations are. **Growth in both EU exports to the ASEAN and EU investment in ASEAN has far outpaced growth in the EU's GDP.**

The **EU has become ASEAN's second largest trade partner** (after China) with a share of 13%, while **ASEAN**, as a whole, is the **EU's third largest trade partner outside Europe** (after the US and China), with trade totalling €207,9 billion in 2016. In fact, **between 2009 and 2016, our bilateral trade has grown with 75%**. This is only trade in goods, and if we **add trade in services**, which is growing rapidly, the number becomes even more impressive (€ 76.9 billion value of trade in services in 2015 according to the latest statistics).

More impressive still, the **EU is the biggest investor in ASEAN** economies, with FDI inflows from the EU accounting for € 18.1 billion¹ or 20% of total investments in 2015 (excluding intra-ASEAN investment). EU companies have been investing an **average of €15 billion annually** in the region since 2004. The EU invests 2 times more than the US, and 4 times more than China. In fact, in 2015, the EU investments in the ASEAN region almost amounted to as much as the US and China FDI combined.

¹Based on ASEAN statistics USD 20.128 billion with 2015 ECB average USD-EUR exchange rate of 0.9019 : <http://www.aseanstats.org/wp-content/uploads/2017/01/25Content-ACIF.pdf>

ASEAN has averaged an impressive annual GDP growth of around 5.5% from 2010 to 2015, making it not only one of the most **dynamic regions** in the world but also an **attractive trade partner for the EU**. The **ASEAN market today represents a population of almost 630 million** people, and with a rapidly rising middle-class. As a bloc, ASEAN represents the 5th largest economy today (2015), and it is projected to become the 4th largest economy by 2050.

This makes **ASEAN a pivotal consumer market of the future** and a prime destination for EU exports in goods and services, demanding more sophisticated products in sectors ranging from health care, agriculture and food industry, transportation, financial services, retail, leisure, and education.

In line with this growth potential, and to allow the EU industry to be able to fully tap the markets in ASEAN without lagging behind other key trading partners, **the EU has embarked in a series of ambitious bilateral FTA-negotiations with individual ASEAN countries**.

The objective of these negotiations is to further improve trade and investment flows, increase market access for European companies, and ensure a more transparent, open and predictable trade and investment environment for our exporters and investors in the region.

After the publication of the long-awaited opinion of the ECJ on the EU-Singapore FTA last month, this Agreement will be soon submitted to the Council and Parliament for ratification and will hopefully enter into force in 2018. Same calendar for the FTA agreement with Vietnam concluded in August 2015.

Negotiations with Malaysia are about to be resumed while we are waiting for some positive political developments in Thailand to re-engage with an elected Thai Government. Both Philippines and Indonesia have showed commitment to an ambitious FTA and bilateral talks with those two large economies are ongoing.

The ambition is to conclude these negotiations in the medium-term. In **the longer-term, our aim is that these agreements serve as building blocks for a broader deal with ASEAN as a whole**. To this respect, during her last consultations with the ASEAN Economic Ministers, Trade Commissioner Cecilia Malmström agreed to start the technical work to design the framework for the EU-ASEAN region to region Agreement. Senior Officials will report to Minister next spring in Singapore and we hope to receive good news by then.

But trade is not the only area where we currently engaging with the ASEAN region. **The 3rd round of negotiations of an EU-ASEAN Comprehensive Air Transport Agreement (CATA)** was held in Helsinki early last month. Developing commercial air linkages between our regions will be instrumental not only for creating more business and trade opportunities but

"open sky" policies will contribute to increase the connectivity between the people and the two regions.

Finally, let me conclude by welcoming the progress the EU-ASEAN Business Council has made ever since it was first established, and the enhanced collaboration between the various bilateral chambers within the ASEAN region.

Indeed, improved co-ordination and information-sharing between various European business associations becomes increasingly important if we are to fully tap the potential of these negotiations and ensure success for the final outcome. We as European policy-makers depend on the valuable insights on the ground and inputs from the business communities to achieve a high level of ambition and the maximum level of market access.

Ultimately, we are negotiating these FTAs on behalf of industry and thus want to ensure that you can benefit as much as possible from these markets and be ensured unhindered market access removing any discrimination or barrier that hampers trade and investment hereby creating a level-playing field not only vis-à-vis local companies but also vis-à-vis companies from other ASEAN partners countries.

Therefore, trade advocacy and lobbying efforts by the various Chambers including at the regional level, also as ASEAN advances with its ASEAN Economic Community agenda, becomes increasingly important for the EU. The EU-ABC plays and will play a key role in this process by representing the voice of the European business in the region.