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**EU-Asian relations: "Policies and Perceptions of the EU in
Malaysia"**

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Ladies and gentlemen

It is my great pleasure to represent the EU in presenting the Policies and
Perceptions of the EU in Malaysia.

Introduction

I would first briefly recall where the EU itself stands. We have just celebrated our Europe Day, which marks our birthday. Just like Malaysia, we are 52 years old this year.

The EU is about regional integration. Without a doubt, notwithstanding all the problems we face—in the economy, in global affairs, on the environment—and notwithstanding the seemingly continuous constitutional and institutional debates, the EU is the world's best and most successful regional integration project.

We have developed from a war-torn Europe ravished by World War II into an integrated continent with 27 Member States. The EU's enlargement is not over, the number of Member States is continuing to go up. Currently, we have accession negotiations with Croatia and Turkey. Other countries in the Western Balkans are candidate countries and when the conditions are right we will start the accession talks with them as well. And it looks likely that Iceland will apply for EU membership in the near future.

What's more, the EU reaches out beyond its borders. The EU has a ring of friends, in the Mediterranean and on our Eastern border (we recently adopted the Eastern Partnership for political dialogue and economic convergence with our eastern neighbours). Moreover, we are reaching out to countries around the globe through cooperation and outreach for specific policy areas such as the Bologna Process for higher education, research cooperation, and migration policies.

Despite all these areas of positive progress, the EU faces a critical time. For one thing, our institutional reform, contained in the draft The Lisbon Treaty, has been in the works for a long time now (since December 2000 when EU leaders agreed to set up the consultative mechanism for designing treaty reform) , and it has created some uncertainty and has caused a risk of loss of momentum.

A second issue continues to be the EU's failure to communicate with the citizen. The EP election clearly illustrates the distance between the EU and the EU citizen. That gap exists despite the very evident, day-to-day benefits the EU has created for the EU citizen. In the economy, in social policy, in the freedom to work and reside in other Member States, with passport-free travel, and many other ways.

And, thirdly, the world's economic decline has not spared the EU. We face hard times just like most other economies. The EU and the Member States individually are working hard to implement stimulus programmes with a value of around 500 billion Euros. The EU leaders are meeting today to discuss the key topics on the economy and financial sector reform.

How does the EU see Malaysia

Though our topic today is about how Malaysia perceives the EU, I'd like to present to you how the EU sees Asia and Malaysia. There is no need to elaborate on the risen importance of Asia to EU. The EU and Asia work together in the issue of politics, economy/ trade, global and regional threats such as security, climate change, anti-terrorism, migration and trafficking, and of course piracy.

In the EU, we recognize the important of Asia. Our Asia policy was adopted in 2001, and it is still valid till now though it may need some updating. The EU-ASEAN policy was adopted in 2006. The EU is a big supporter of ASEAN, the most advanced regional integration initiative in Asia. And the EU supports the South Asian Association for Regional Cooperation (SAARC). We value ASEM –the Asia Europe Meeting— as an informal inter-governmental dialogue platform. In Brussels yesterday and today it held a ministerial meeting on energy security.

How would we describe Malaysia? Malaysia is a key partner for the EU. On the one hand, we can trace this back to historical links, going back to the 1500s. On the other, Malaysia is our number 2 trade partner in ASEAN with a trade volume of 28 billion Euros in 2008. Total EU FDI in Malaysia amounts to EUR 8 billion. Malaysia has a medium-sized market, and with its upper medium income it has the potential of being a lead country in socio-economic policies, including the environment. Malaysia also has a geographically strategic location with a lot of strategic assets such as the tropical forest and palm oil (often Malaysian call their country small; that may be partly so, but in palm oil, you are a world power). Finally, Malaysia presents religious and ethnic diversity and plays a valuable role in the Islamic world. This offers us an opportunity for access and dialogue to the wider community of Islamic countries and it gives Malaysia a chance of facilitating or leveraging peace processes.

All of these attributes and characteristics make that the EU want to engage with Malaysia in very complete relations.

EU policies towards Malaysia

Cooperation between EU and Malaysia could be seen in the EU-Malaysia policy which is divided into three big chunks, namely: (1) Political cooperation, (2) Trade, (3) Sustainable development and knowledge-based economy.

In the political area, we are preparing negotiations of a Partnership & Cooperation Agreement to further deepen our relationship with Malaysia. We work together in regional security issues such as the Middle East Peace Process. We are also working on to promote sharing of know-how with ASEAN. We do not see the EU as a model for ASEAN, but it can be a source of inspiration and of knowhow and practical experience.

In trade, the first point to make is that, seen against the sizeable volume of our trade, there are relatively few trade problems. And, the few problems that exist are all relatively minor. In general we have had a constructive trade dialogue and are able to resolve most issues. An example is the sanitary problems in the seafood and fisheries sector. This is now being resolved to the very strong efforts by the Malaysian authorities.

The only unsatisfactory issue has been the region-to-region FTA talks between ASEAN and the EU. In these talks progress has been too slow and results have been below target. Two reasons contributed to this. First, the lowest offer from one ASEAN member tended to become the common denominator for all. The results of our talks thus fell far short of the goals formulated by the EU-ASEAN Vision group. This happened

even though expert studies show a clear economic advantage for ASEAN from a broad and deep FTA.

The second reason was political, namely the EU's refusal to negotiate an FTA that includes Myanmar and Myanmar's insistence on being part of any ASEAN agreement with the EU. As a result, the FTA talks are being held hostage politically. For these reasons both sides have agreed to take a pause in the talks for the purpose of reflection and reassessment.

The third big chunk in our relations is sustainable development and creation of Malaysia's knowledge-based economy. This is a very dynamic part of our relations as the EU is keen on promoting sustainable development. We want to create a future-oriented partnership for sustainable development with Malaysia, linked to Malaysia's Vision 2020 to be a developed country in that year.

I will give you a few concrete examples of things we do to support that goal.

First, our talks about a bilateral agreement to promote trade in legal timber, the so called FLEGT Agreement (Forest Law Enforcement and Governance and Trade). These talks are approaching their final phase and hopefully this year agreement would be established. If that happens, Malaysia would be the first Asian country with a legal timber trade agreement with the EU. This would be good not just for the Malaysian forests, but also for the Malaysian timber and furniture industry, as it will create a distinct advantage for Malaysian timber on the EU market. The

agreement would be good for the region, because Malaysia would set the trend for other countries to follow.

The second example is policies to mitigate climate change. For the Copenhagen talks in December this year, the EU has put its offer on the table. It is the 20-20-20 package for 2020 (20 percent reduction of carbon emission compared to 1990 levels; 20 percent share of renewable energy in the total energy consumption; and 20 percent cut in energy consumption through improved energy efficiency by 2020. That is the EU offer.

What are we asking from Malaysia? EU is not asking for a binding commitment from Malaysia and other developing countries, but we are asking for voluntary goals. We hope that Malaysia will be ambitious in battling climate change and see this as part of mainstream economic policy. The indications begin to be positive, as there are signs that the Government will create a forward policy for energy efficiency and renewable fuels. The EU will be ready to partner on that.

I will not go further, just mention briefly there we are also embarking on cooperation on the information society, education and RTD. We also operate a developing cooperation programme in Malaysia—its size is modest because of Malaysia's middle-income status. We are setting up a new project for cooperation with Middle Income Countries and are also starting a grants programme for civil society organizations under the European Instrument for Democracy and Human Rights.

Conclusion

All in all, am I happy of what the EU is doing in Malaysia? Yes, I am, we have a good and expanding agenda.

But am I satisfied? No, I am not satisfied, for two reasons.

The first reason is that the awareness and familiarity of EU in Malaysia is still only budding. Ask people randomly what they know about the EU, and you will find that even the educated class will often have a very partial response. People just don't know that the EU has 500 million citizens, the world's largest economy, and that we have the world's largest trade volume. We need to improve this through outreach, cooperation with the education sector, and especially through expanding a concrete Malaysia-EU agenda which creates concrete results.

The second aspect is that we need to raise the level of political dialogue between the EU and Malaysia. We need more meetings between our leaders. We need more high-level visits from the EU here and likewise more high level Malaysian visits to the EU. This will help push our cooperation agenda forward, for the sake of our bilateral relations, and for addressing regional and global issues such as climate change. There are plenty of topics of common interest to talk about.

Thank You for listening.

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