



# Focus on Thailand, Malaysia and the Philippines

EU trade agreements with Southeast Asia

**DIHK**

German Chamber of  
Commerce and Industry

## Imprint

### German Chamber of Commerce and Industry

Breite Straße 29  
D-10178 Berlin  
Telephone +49 30 20308 0  
Email [info@dihk.de](mailto:info@dihk.de)

### DIHK Online

[Homepage](#) | [Facebook](#) | [X \(Twitter\)](#) | [Linkedin](#) | [Instagram](#) | [Youtube](#)

**Editor:** Klemens Kober, DIHK

**Graphics:** Sebastian Titze, DIHK

**As of:** February 2026

# EU trade agreements with Southeast Asia

## Focus on Thailand, Malaysia and the Philippines

- The swift conclusion of comprehensive EU trade agreements with Thailand, Malaysia and the Philippines with regard to market access, investment and trade rules is important for the German economy. These countries' market opening towards the EU should be more comprehensive than towards competitors such as the US or China.
- Following the conclusion of these agreements and the swift ratification of the EU-Indonesia agreement, the EU should expand the bilateral trade agreements into a regional agreement with ASEAN (Brunei, Indonesia, Cambodia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam, East Timor). The aim is to improve trade relations with the entire region and to diversify supply chains.
- The EU and ASEAN countries should also work closely together to preserve and reform the World Trade Organisation, as well as on issues of economic security. EU cooperation with the Trans-Pacific Partnership, of which Malaysia is a member, can also be of particular importance here<sup>1</sup>.

### General

The German economy supports the negotiation of ambitious EU trade agreements with Thailand, Malaysia and the Philippines in the booming region of Southeast Asia. Expanding economic relations with the three ASEAN countries can make an important contribution to diversifying the supply chains of German companies and de-risking the German economy in terms of strategic dependencies. The German economy expects the three countries to open their markets to EU companies to at least the same extent as the US was recently granted.

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<sup>1</sup> DIHK analysis of EU-CPTPP cooperation in 2025: <https://www.dihk.de/dihk-en-legacy/international/reshaping-the-global-trade-order-eu-and-cptpp-take-the-lead-139450>

The EU and the ASEAN Economic Community began negotiations on a region-to-region agreement back in 2007. After making little progress, both sides agreed in 2009 to pause the negotiations in order to push ahead with bilateral agreements instead. In 2013, the EU started trade negotiations with Thailand, but these were suspended in 2014 after the military took power. Negotiations with Thailand resumed in September 2023. Bilateral negotiations with Malaysia began in 2010. They were paused again in 2012 due to differing expectations, including on market access and regulatory issues. Negotiations have been back on track since 20 January 2025. Bilateral negotiations with the Philippines began on 22 December 2015, were paused in 2017 due to domestic political developments in the Philippines, and have been ongoing since March 2024. The EU negotiation documents are available to the public.<sup>2</sup>

The level of ambition is important for the economy in the negotiations: instead of superficial agreements, a commitment to ambitious market access in all economically relevant areas, such as the removal of tariffs and other trade barriers, regulatory cooperation and intellectual property protection, is necessary. Trade agreements with important markets are particularly important in view of the goal of diversifying the German economy and making it more resilient. In view of the increasing erosion of the World Trade Organisation (WTO), also as a result of current US trade policy, the EU and the three Southeast Asian countries should agree to work constructively to preserve and reform the WTO and not to undermine it by concluding agreements that are contrary to WTO rules. In view of the current impairment of WTO dispute settlement, enforceable bilateral agreements offer important planning security for the German economy. Regardless of this, the EU should encourage Thailand and the ASEAN countries Brunei, Indonesia, Cambodia, Laos, Myanmar and East Timor to join the MPIA (Multi-Party Interim Appeal Arbitration Arrangement) replacement mechanism for WTO dispute settlement.

The three trade agreements would send a strong signal in favour of open markets, rules-based trade and against protectionism and isolationism. The EU should also quickly conclude further agreements in the Indo-Pacific, such as with Australia, or ratify the EU-Mercosur agreement as soon as possible in order to support the diversification of German companies' supply chains and strengthen planning security in foreign trade.

## Existing trade barriers

In the course of trade negotiations, the EU and the various ASEAN countries should agree on the removal of existing trade barriers. The EU currently lists eleven official trade barriers in Malaysia<sup>3</sup>, ten official trade barriers in Thailand<sup>4</sup> and six official trade barriers in the Philippines<sup>5</sup> which place a burden on European companies. Thailand imposes investment barriers through measures such as the Foreign Business Act, which restricts foreign investment. Import duties, import and export restrictions, localisation requirements and closed procurement and service sectors are particularly relevant for the German economy. In Malaysia, companies are increasingly reporting trade barriers with regard to halal certification requirements, which affect not only the food sector, but also chemical products, logistics services and cosmetics. An ambitious anti-corruption chapter in the trade agreements would also be useful in making it easier for companies to do business locally. Finally, there are many trade barriers between ASEAN countries, the removal of which

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<sup>2</sup> [https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/thailand/eu-thailand-agreement/documents\\_en](https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/thailand/eu-thailand-agreement/documents_en), [https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/malaysia/eu-malaysia-agreement/documents\\_en](https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/malaysia/eu-malaysia-agreement/documents_en), [https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/philippines/eu-philippines-agreement/documents\\_en](https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/philippines/eu-philippines-agreement/documents_en)

<sup>3</sup> <https://trade.ec.europa.eu/access-to-markets/en/barriers/results?isSps=false&countries=MY>

<sup>4</sup> <https://trade.ec.europa.eu/access-to-markets/en/barriers/results?isSps=false&countries=TH>

<sup>5</sup> <https://trade.ec.europa.eu/access-to-markets/en/barriers/results?isSps=false&countries=PH>

outside of bilateral agreements through a deepening of the ASEAN market would also benefit German companies.

## Market access

Customs duties, excise taxes and trade barriers such as import taxes and import duties make it difficult for companies to sell their latest innovations in Thailand, Malaysia and the Philippines. They should be completely eliminated. Similarly, bilateral market access in the increasingly important trade in services should be facilitated and public procurement markets – including at the sub-federal level – should be opened up. The focus here should be on electronic procurement procedures, standard tender documents and open data in procurement (including addendum/change management).

International standards used within the EU, such as the CE mark, are often not fully adopted and accepted in partner countries. Agreements should remedy this situation through regulatory cooperation. Mutual recognition agreements (MRAs) should also be promoted in order to facilitate cross-border trade. In particular, Southeast Asian countries should fully recognise UNECE vehicle type approvals. Products that are already halal-certified should not require additional halal certificates for export.

The agreements should also provide for close cooperation in the areas of technical barriers to trade (TBT) and sanitary and phytosanitary measures (SPS) in order to remove further barriers to trade. In particular, recognition of the regionalisation principle by trading partners facilitates exports in that trade restrictions would apply only to the region affected, e.g. by animal diseases, rather than to the entire country. With regard to regulatory transparency, binding deadlines and the digital publication of rules and guidelines (especially in federal/sub-federal jurisdictions) as well as one-stop shops for approval and licensing processes should be promoted.

## Raw materials

The agreements should put a stop to the use of export bans and taxes in order to strengthen supply chain security.

## Customs and rules of origin

Trade agreements should contain clear and harmonised rules on the origin of goods, which could also be applied to future EU-ASEAN or EU-CPTPP agreements. Where possible, evidence should be standardised for agreements and based on other current agreements. The DIHK has summarised relevant proposals in a paper.<sup>6</sup> These rules have a significant impact on the use, implementation and application of the agreements. A utilisation rate of at least 85% for agreed tariff preferences should be targeted. Instead of the direct transport principle, the principle of non-manipulation should apply so that consignments of goods that are not transported directly from the EU to the trading partner, but rather with a stopover, are also covered by the agreements. In addition, uniform single-window interfaces are particularly important for SMEs. Strengthening paperless trade would be very beneficial: formal proofs of preference issued by customs authorities and other official documents such as phytosanitary certificates and veterinary certificates should

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<sup>6</sup> DIHK concept paper on modern trade agreements: <https://www.dihk.de/resource/blob/13324/19105e109bcd5a9a16acb8196e5dc96c/dihk-ideenpapier-handelsabkommen-data.pdf>

be issued digitally and recognised by the partner country. New customs bureaucracy for proof of origin, as agreed in the EU-India agreement, must not become part of other EU trade agreements under any circumstances.

### **Investment protection, intellectual property, subsidies**

To facilitate investment, bilateral investment restrictions in Thailand, Malaysia and the Philippines should be removed and safeguards agreed that give companies planning and legal certainty. Intellectual property protection in Thailand, Malaysia and the Philippines should also be strengthened, including the protection of geographical indications of origin. All sides should agree on a ban on practices that distort competition and trade, particularly with regard to industrial subsidies, especially for state-owned enterprises.

### **Skilled worker mobility**

Temporary entry for professional purposes should be made easier for skilled workers and business travellers in both directions. Agreements that simplify the mobility of skilled workers make an important contribution to the internationalisation of German companies, especially with regard to the service sector. Skilled worker mobility should not depend on university degrees. It would be more important for companies to be able to send employees with dual training (e.g. mechatronics) on maintenance assignments, etc. using simplified procedures. The mutual recognition of professional qualifications should be promoted, covering not only university degrees but also dual training qualifications. Modern production processes and services often require highly qualified personnel. Complications in the mutual recognition of qualifications and relevant industry experience can be a significant barrier to trade and investment. Companies also need fast and transparent visa issuance in both directions, which requires efficient administration and digitised procedures.

### **SME chapter**

The agreements should include a chapter on small and medium-sized enterprises (SMEs) that makes it easier for them to benefit from the agreements. This is because trade barriers disproportionately affect SMEs.

### **Digital trade**

The rules to be agreed on digital trade should aim to ensure the cross-border flow of data streams, protect companies' data and intellectual property, and harmonise standards and norms for digital trade. European requirements, such as those relating to the General Data Protection Regulation, must be safeguarded. The focus should be on legal certainty for cloud use, interoperability in areas particularly relevant to logistics, such as e-signatures, e-invoicing and e-bills of lading, and comprehensive cybersecurity cooperation with a focus on standards and incident reporting interfaces, without using these as hidden market barriers.

### **Sustainability**

The agreements should incorporate internationally agreed standards in the areas of climate and environmental protection as well as ILO core labour standards in order to align bilateral trade with these jointly agreed rules rather than unilateral measures. The ability to conclude the agreements should be the guiding principle here. In order to reduce new trade restrictions in the wake of the EU's Carbon Border Adjustment

Mechanism (CBAM), it would be important for Thailand, Malaysia and the EU, as members of the Climate Club in the area of ETS, to work closely together, for example with regard to joint programmes for measurement/reporting standards (carbon accounting along the supply chain). The aim should also be for the Philippines to join the Climate Club for this purpose. In addition, transparent licensing and ESG requirements in the raw materials sector, including traceability standards, are important to enable companies to efficiently comply with EU due diligence obligations. For the metal and electronics industries, close cooperation in the areas of recycling/secondary raw materials and the circular economy is relevant.

## Trade data

### Thailand:

German companies have been represented in Thailand by the German Chamber of Commerce Abroad since 1962. The German–Thai Chamber of Commerce (GTCC) has 560 member companies, making it one of the largest bilateral chambers in Thailand. The trade volume in 2025 amounted to 14.4 billion euros (+6.1% compared to the previous year). This included 4.9 billion euros in German exports and 9.5 billion euros in German imports. Germany mainly exports machinery (19%), data processing equipment (16%) and chemical products (14%). Germany mainly imports data processing equipment (42%) and electrical equipment (11%). The German economy has built up an investment stock of €5.4 billion in Thailand. This is offset by €251 million in investments from Thailand in Germany. German foreign trade promotion organisations estimate the number of German companies in Thailand (branches with German financial participation) at around 600. These have created approximately 200,000 jobs.

### Malaysia:

German companies have been represented in Malaysia by the German Chamber of Commerce Abroad since 1991. The volume of trade in 2025 amounted to €16.6 billion (–4.3% compared to the previous year). This included €5.9 billion in German exports and €10.7 billion in German imports. Germany mainly exports data processing equipment (30%), machinery (15%) and motor vehicles and motor vehicle parts (12%). Germany mainly imports data processing equipment (52%), machinery (12%) and electrical equipment (12%). The German economy has built up an investment portfolio of €8 billion in Malaysia. This compares with €643 million in investments from Malaysia in Germany.

### Philippines:

German companies have been represented in the Philippines by the German Chamber of Commerce Abroad since 2008. The German–Philippine Chamber of Commerce has around 290 member companies, making it one of the largest European bilateral chambers in the Philippines. The trade volume in 2025 amounted to €6.4 billion. This included €1.9 billion in German exports and €4.6 billion in German imports. Germany mainly exports data processing equipment (25%), machinery (15%) and other vehicles such as aircraft, ships and trains (14%). Germany mainly imports data processing equipment (62%) and electrical equipment (21%). The German economy has built up an investment portfolio of €1.5 billion in the Philippines. German foreign trade promotion organisations estimate the number of German companies in the Philippines (branches with German financial participation) at over 300. These have created almost 80,000 direct jobs.

## Who we are:

The 79 chambers of industry and commerce (IHKs) are united under the umbrella of the German Chamber of Commerce and Industry (DIHK). Our common goal: to create the best conditions for successful business.

At federal and European level, the DIHK represents the interests of the entire commercial economy vis-à-vis politicians, administrators and the public. This is because several million companies from the trade, industry and service sectors are statutory members of an IHK – from kiosk owners to DAX-listed corporations. The DIHK and IHKs thus serve as a platform for the diverse interests of companies. We bundle these interests in a constitution.

Procedures based on legal foundations in the overall interest of the commercial economy, thereby contributing to the economic policy opinion-forming process.

Our statements are based on the economic policy positions and position papers adopted by the DIHK, taking into account the comments received by the DIHK from the IHKs and their member companies prior to the submission of the statement.

In addition, the DIHK coordinates the network of 150 foreign chambers of commerce, delegations and representative offices of German industry in 93 countries.