

The Impact of Regional Economic Integration on International Commercial Law: The Cases of the EU and ASEAN

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Abstract: This paper explores the profound impact of regional economic integration on international commercial law by analyzing the cases of the European Union (EU) and the Association of Southeast Asian Nations (ASEAN). The study first outlines the theoretical foundations and main types of regional economic integration. It then delves into the high degree of legal unification in the EU and the flexible legal coordination in ASEAN. By comparing their legal systems, corporate law, contract law, and dispute resolution mechanisms, the paper reveals how the EU plays a leading role in international commercial law through its strict legal framework, while ASEAN achieves regional cooperation through non-binding consensus mechanisms. The research finds that regional economic integration not only enhances legal standards and innovation in international commercial law but also significantly impacts the legal compliance and business operations of multinational enterprises. The paper concludes with policy recommendations to strengthen regional legal cooperation and further harmonize international commercial law, and it suggests future research directions, including the impact of other regional economic integration organizations and deeper studies into specific legal fields.

Keywords: Regional Economic Integration; International Commercial Law; EU; ASEAN.

1. Introduction

1.1. Research Background and Significance

With the ongoing advancement of globalization, regional economic integration has become an essential trend in international economic cooperation and development. Regional economic integration not only enhances the economic competitiveness of countries within the region but also promotes the unification and coordination of international commercial law to a certain extent. The European Union (EU) and the Association of Southeast Asian Nations (ASEAN) are the two most representative organizations of regional economic integration. Through their unique legal frameworks and policy practices, they have played significant roles in promoting legal coordination within the region and facilitating international trade and investment. Therefore, studying the impact of regional economic integration on international commercial law holds important theoretical and practical significance.

1.2. Research Objectives

This paper aims to explore the impact of regional economic integration on the development of international commercial law by analyzing the integration processes and legal systems of the EU and ASEAN. By comparing these two organizations in terms of legal unification, corporate law, contract law, and dispute resolution mechanisms, the paper seeks to reveal how regional economic integration promotes the harmonization and unification of international commercial law and the opportunities and challenges it presents to multinational enterprises, international trade, and investment.

1.3. Research Methods

This study primarily employs literature analysis, comparative research, and case study methods. By extensively reviewing and analyzing domestic and

international academic literature, combined with actual cases from the EU and ASEAN, the study compares the differences in their legal systems and practices. Additionally, specific case analyses are conducted to deeply investigate the concrete impact of regional economic integration on international commercial law.

2. Theoretical Foundations of Regional Economic Integration

2.1. Definition and Types of Regional Economic Integration

Regional economic integration refers to the process by which geographically adjacent countries progressively eliminate trade barriers through agreements and cooperation, thereby achieving the free movement of goods, services, capital, and labor to attain economic integration. Depending on the degree of integration, regional economic integration is typically categorized into the following types:

Free Trade Area: Member countries eliminate tariffs and trade restrictions among themselves but maintain their own trade policies toward non-member countries. For example, the North American Free Trade Agreement (NAFTA).

Customs Union: Building on a free trade area, member countries adopt a unified tariff policy toward non-member countries. For instance, the Southern African Customs Union (SACU).

Common Market: In addition to the features of a customs union, it allows for the free movement of factors of production among member countries, such as the EU's common market.

Economic Union: Furthering the common market, member countries achieve coordinated and unified economic policies, exemplified by the EU's Economic and Monetary Union.

Complete Economic Integration: Member countries are fully integrated economically and politically, including legal

unification. Currently, there is no typical example of complete economic integration.

2.2. Motivations and Objectives of Regional Economic Integration

The motivations for regional economic integration mainly include the following aspects:

Economic Benefits: By removing trade barriers, regional economic integration expands market size, improves resource allocation efficiency, and promotes economic growth and development among member countries.

Political Cooperation: Strengthening political cooperation among member countries helps maintain regional peace and stability, enhancing their collective bargaining power in international affairs.

Security Considerations: Economic cooperation increases mutual trust and interdependence among member countries, reducing the risk of conflicts and wars within the region.

Addressing Globalization Challenges: In the context of globalization, individual countries find it challenging to cope with complex international competition. Regional integration can enhance competitiveness and collectively address the challenges posed by globalization.

The objectives of regional economic integration are to achieve comprehensive development and prosperity in economic, political, and social aspects through close cooperation among member countries. Specific goals include improving economic efficiency, enhancing international competitiveness, promoting social progress, and maintaining regional peace.

2.3. Legal Framework of Regional Economic Integration

The realization of regional economic integration requires a corresponding legal framework as a guarantee. The legal framework primarily includes the following aspects:

Foundational Agreements: These are the basic agreements signed between member countries that define the objectives, principles, and institutional structures of the integration. Examples include the EU Treaties and the ASEAN Charter.

Specific Regulations: Under the guidance of the foundational agreements, specific laws and regulations are formulated, covering areas such as tariffs, trade, investment, labor, and the environment to ensure the smooth progress of integration.

Dispute Resolution Mechanisms: Effective dispute resolution mechanisms are established to address various disputes and conflicts that arise among member countries during the integration process. Examples include the European Court of Justice for the EU and the dispute resolution mechanism of ASEAN.

Supervision and Enforcement: Strong supervision and enforcement mechanisms are set up to ensure that member countries strictly adhere to and implement the laws and regulations of regional economic integration. The legal framework of regional economic integration provides legal safeguards for economic cooperation among member countries, promoting the process of economic integration within the region.

3. The Process and Legal Framework of Regional Economic Integration in the EU

3.1. The Establishment and Development of the EU

The European Union (EU), as the most successful and typical regional economic integration organization in the world, has undergone a long and complex development process. The predecessor of the EU was the European Coal and Steel Community, established in 1951, which aimed to jointly manage coal and steel industries to eliminate economic antagonism among member states and maintain peace and stability in Europe. In 1957, the European Economic Community (EEC) and the European Atomic Energy Community (EURATOM) were established, marking the entry of European regional economic integration into a new stage. The Maastricht Treaty, signed in 1992, formally established the EU and set the goals for an Economic and Monetary Union, further deepening regional economic integration. The Lisbon Treaty, which came into effect in 2007, marked a significant breakthrough in political integration for the EU, enhancing its decision-making efficiency and international influence through institutional reforms and legal adjustments.

3.2. The Legal System of the EU

The EU possesses a unique and complex legal system, comprising primary law, secondary law, and tertiary legislation. Primary law forms the foundation of EU law and includes various treaties such as the Treaty of Rome, the Maastricht Treaty, and the Lisbon Treaty. Secondary law refers to legal documents adopted by EU institutions, including regulations, directives, decisions, recommendations, and opinions. Tertiary legislation consists of various implementing rules and administrative measures formulated to enforce and detail secondary law.

The core characteristics of the EU legal system are:

Principle of Supremacy: EU law takes precedence over the domestic laws of member states. When there is a conflict between EU law and the national law of a member state, EU law has priority and must be applied.

Direct Effect Principle: Under certain conditions, EU law can have direct effect, meaning that citizens and legal entities of member states can directly invoke EU law in national courts or administrative bodies to ensure their rights are protected.

Principle of Consistent Interpretation: National courts should interpret domestic law as consistently as possible with EU law to ensure the uniform application of EU law across all member states.

3.3. Unification of Commercial Law within the EU

In the process of achieving regional economic integration, the EU has placed special emphasis on the unification of commercial law to promote the free flow of the internal market and ensure fair competition. The unification of EU commercial law is mainly reflected in the following aspects:

Company Law: The EU has issued a series of directives and regulations to standardize the legal systems regarding the establishment, operation, merger, and liquidation of companies. Examples include the EU Company Law

Directive and the European Company Regulation, which aim to reduce legal disparities among member states and facilitate the smooth operation of multinational companies.

Contract Law: The unification of EU contract law is primarily achieved through legal documents such as the Consumer Rights Directive and the EU Contract Law Model, which protect consumer rights, regulate cross-border transactions, and enhance the predictability and security of contracts.

Competition Law: EU competition law is a crucial legal tool for maintaining fair competition within the internal market. It includes the EU Competition Law Regulation, which governs monopolies, restrictive business practices, and the abuse of market dominance, and prevents mergers that would adversely affect market competition.

Dispute Resolution Mechanisms: The EU has established efficient dispute resolution mechanisms, including the European Court of Justice and the General Court, responsible for resolving legal disputes between member states and between member states and EU institutions, ensuring the uniform application and effective implementation of EU law.

3.4. Economic and Monetary Union of the EU

The Economic and Monetary Union (EMU) is a key component of the EU's regional economic integration, aiming to achieve economic policy coordination among member states, establish a unified currency, and create a single financial market. In 1999, the euro was officially launched, becoming the common currency of most EU member states, marking a new stage of EU economic integration. The legal framework of the EMU includes the Maastricht Treaty and the Stability and Growth Pact, which establish the European Central Bank (ECB) and formulate unified monetary policies to ensure price stability and economic growth within the eurozone. Additionally, the EU promotes financial market unification and the free flow of capital through initiatives like the Financial Services Action Plan and the Capital Markets Union.

4. The Process and Legal Framework of Regional Economic Integration in ASEAN

4.1. The Establishment and Development of ASEAN

The Association of Southeast Asian Nations (ASEAN) was established in 1967, with the initial members being Indonesia, Malaysia, the Philippines, Singapore, and Thailand. The primary aim was to promote economic, social, and cultural cooperation and to maintain regional peace and stability. As the number of member countries increased, ASEAN made significant progress in regional economic integration. In 1992, the establishment of the ASEAN Free Trade Area (AFTA) marked the beginning of ASEAN's regional economic integration. The goal of AFTA was to promote the free flow of trade within the region by reducing tariffs and eliminating non-tariff barriers. In 2003, ASEAN set the goal of establishing the ASEAN Economic Community (AEC) by 2015, aiming to achieve the free movement of goods, services, investment, and labor within the region. The AEC was officially established in 2015, signifying a new stage in ASEAN's regional economic integration and further promoting economic cooperation and market integration

within the region.

4.2. Legal Coordination in ASEAN

The legal system of ASEAN is different from that of the EU, being more flexible and non-binding. ASEAN's legal coordination is primarily achieved through negotiation and consensus mechanisms among member states, emphasizing principles of sovereignty and non-interference. This approach to legal coordination is reflected in the following aspects:

ASEAN Charter: The ASEAN Charter, which came into effect in 2008, provides legal status and institutional framework for ASEAN, establishing its organizational structure, decision-making processes, and operational principles. The Charter emphasizes decision-making by consensus, respecting the sovereignty and legal diversity of member states.

Regional Agreements and Memorandums of Understanding: ASEAN member states sign various regional agreements and memorandums of understanding to promote legal coordination in areas such as trade, investment, labor, and the environment. These agreements are usually non-binding, encouraging member states to voluntarily comply with them to achieve legal coordination.

ASEAN Coordinating Council: The ASEAN Coordinating Council is established to oversee policy coordination and implementation across different sectors, ensuring cooperation and progress among member states in achieving the goals of regional economic integration.

4.3. Development of Commercial Law within ASEAN

In advancing regional economic integration, ASEAN places particular emphasis on the coordination and development of commercial law. The main aspects of commercial law development in ASEAN include:

Trade Facilitation: ASEAN promotes trade facilitation through measures such as the ASEAN Trade in Goods Agreement (ATIGA) and the ASEAN Single Window (ASW). These measures simplify customs procedures, reduce trade barriers, and promote the free flow of trade within the region. ATIGA aims to gradually reduce and eventually eliminate tariffs within the region, while ASW enhances the transparency and efficiency of trade procedures through an electronic platform.

Investment Protection: ASEAN signed the ASEAN Comprehensive Investment Agreement (ACIA), which aims to provide legal protection for investments within the region, promoting investment liberalization and facilitation. ACIA outlines the rights and obligations of investors and establishes an investment dispute resolution mechanism to protect investors' legitimate rights.

Dispute Resolution Mechanism: ASEAN established the ASEAN Dispute Settlement Mechanism Agreement (ASEAN DSM) to provide avenues for resolving trade and investment disputes among member states. ASEAN DSM ensures the fair and efficient resolution of disputes through negotiation, mediation, and arbitration, maintaining the stability of regional economic cooperation.

Intellectual Property Protection: ASEAN promotes the coordination of intellectual property laws and policies within the region through the ASEAN Intellectual Property Rights Action Plan. This plan aims to strengthen intellectual property protection, encouraging innovation and technology transfer.

4.4. The ASEAN Economic Community

The establishment of the ASEAN Economic Community (AEC) is a significant milestone in ASEAN's regional economic integration, aiming to achieve the free flow of goods, services, investment, and labor within the region, and to build a highly competitive and inclusive economic community. The legal framework of the AEC includes the following aspects:

ASEAN Economic Community Blueprint: The AEC Blueprint provides a roadmap and specific measures for achieving regional economic integration, including trade and investment liberalization, competition policy, intellectual property protection, and infrastructure development.

Common Market Construction: By formulating unified regulations and standards, ASEAN promotes the integration of regional markets, facilitating the free flow of goods, services, investment, and labor, thereby enhancing economic competitiveness within the region.

Economic Policy Coordination: Through the establishment of economic policy coordination mechanisms, ASEAN promotes cooperation among member states in areas such as macroeconomic policies, financial stability, and tax policies, achieving coordinated economic development within the region.

5. The Impact of EU and ASEAN Regional Economic Integration on International Commercial Law

5.1. Promoting the Development of International Commercial Law

The regional economic integration of the EU and ASEAN has significantly promoted the development of international commercial law. This promotion is mainly reflected in the following two aspects:

Firstly, there is the enhancement and internationalization of legal standards. The EU, through its stringent legal framework and high-standard regulations, has set benchmarks for international commercial law. The EU's regulations and directives in areas such as company law, contract law, and competition law not only raise the legal standards within member states but also influence the formulation and practice of international commercial law. ASEAN, by coordinating the legal policies of its member states, has gradually elevated regional legal standards, enhancing legal transparency and predictability.

Secondly, there is legal innovation and the dissemination of best practices. The EU's innovations in legal unification and practice, such as the EU Company Law and EU Consumer Protection Law, offer new ideas and models for international commercial law. These innovations, through legal exchanges and cooperation between the EU and other countries and international organizations, have gradually been extended to a broader international legal context. ASEAN, through regional agreements and memorandums of understanding, has promoted legal innovations in trade facilitation and investment protection, providing practical cases and experiences for the development of international commercial law.

5.2. Impact on Multinational Enterprises

The regional economic integration of the EU and ASEAN has had a profound impact on the operations and legal

compliance of multinational enterprises. Due to the strictness and complexity of EU laws, multinational enterprises operating in the EU market must adhere to high legal standards, which increases compliance costs. However, these regulations also provide a stable and predictable legal environment, aiding multinational enterprises in making long-term investment and operational decisions. Although ASEAN's legal coordination is relatively flexible, multinational enterprises still need to adapt to the varying legal requirements of different member states, which places higher demands on their legal compliance capabilities. Additionally, multinational enterprises operating in both the EU and ASEAN need to establish comprehensive legal risk management systems to address compliance risks in different legal environments. This includes understanding and adhering to regional and national laws and regulations, promptly responding to legal changes, and utilizing dispute resolution mechanisms to protect their legal rights.

5.3. Impact on International Trade and Investment

The regional economic integration of the EU and ASEAN has also significantly influenced international trade and investment. By eliminating tariffs and non-tariff barriers, the EU and ASEAN have facilitated the free flow of trade within their regions, increasing opportunities for international trade. The EU's single market and ASEAN's Free Trade Agreements (FTAs) enable goods, services, and capital to move more freely within the regions, improving the ease and transparency of market access. The EU, through the EU Investment Agreement, and ASEAN, through the ASEAN Comprehensive Investment Agreement (ACIA), provide strong investment protection mechanisms, boosting investor confidence and attracting more international investment. Investors enjoy higher legal protection within the regions and can effectively safeguard their legal rights through dispute resolution mechanisms, significantly improving the investment environment.

5.4. Comparison of Legal Influence between the EU and ASEAN

Despite the significant achievements of the EU and ASEAN in promoting regional economic integration, there are notable differences in their legal influence. Firstly, there is a difference in the degree of legal unification. The EU, with its stringent legal framework and unified legal system, has achieved a high degree of legal unification, and its legal influence holds a significant position in international commercial law. In contrast, ASEAN adopts a more flexible, non-binding approach to legal coordination. Although it has made some progress in promoting legal coordination, the degree of legal unification is far less compared to the EU.

Secondly, there is a difference in the implementation and enforcement of laws. The EU has a strong legal implementation and enforcement mechanism, ensuring the uniform application and effective enforcement of laws through the European Court of Justice. On the other hand, ASEAN relies more on the voluntary compliance and implementation of regional agreements by its member states. This lack of a strong legal enforcement body leads to inconsistent enforcement of laws.

6. Comparative Analysis: Similarities and Differences in the Impact of EU and ASEAN Regional Economic Integration on International Commercial Law

6.1. Comparison of the Degree of Legal Unification

There are significant differences between the EU and ASEAN in terms of legal unification, which can be seen in the following aspects:

Firstly, in terms of the legal framework and the strength of law enforcement. The EU has a systematic and stringent legal framework, and through the European Court of Justice and other enforcement bodies, it ensures the uniform application and strict enforcement of laws across all member states. EU law has direct effect and supremacy among member states, which has led to a high degree of legal unification in the EU. In contrast, ASEAN's legal framework is more loose, relying more on negotiation and consensus mechanisms among member states. Although the ASEAN Charter provides a legal foundation for regional cooperation, it lacks a strong enforcement mechanism. Legal coordination in ASEAN is mainly achieved through voluntary principles and non-binding agreements. As a result, the degree of legal unification in ASEAN is much lower than that in the EU.

Secondly, in terms of legislative models and legal innovation. The EU promotes legal unification in areas such as company law, contract law, and competition law through a series of directives and regulations, and continuously innovates legal practices. For example, the formulation and implementation of EU company law and consumer protection law have set benchmarks for the development of international commercial law. ASEAN, on the other hand, adopts a more flexible legislative model, relying on regional agreements and memorandums of understanding to promote legal coordination. Although it has made some progress in trade facilitation and investment protection, ASEAN's capacity for legal innovation is relatively weak, with legal coordination largely dependent on the voluntary adoption and implementation by member states.

6.2. Comparison of Legal Influence

There are also significant differences between the EU and ASEAN in terms of their legal influence in the field of international commercial law.

Regarding the leading role in international legal affairs, the EU, with its highly unified and strictly enforced legal system, occupies a dominant position in international legal affairs. The EU's laws and standards not only hold authority within its member states but also have a broad impact on other countries and international organizations, driving the development of international commercial law. In contrast, ASEAN's influence in international legal affairs is relatively limited, primarily manifesting in regional legal coordination and cooperation. Although ASEAN has gained some international recognition in trade facilitation and investment protection, its legal standards and practices have relatively weak influence in the field of international commercial law.

In terms of legal application and dispute resolution, the EU has a mature dispute resolution mechanism, including the European Court of Justice and the General Court, ensuring the uniform application and fair resolution of laws within all

member states. The EU's legal application and dispute resolution mechanisms not only provide a stable legal environment for the internal market but also serve as important references for the development of international commercial law. ASEAN's dispute resolution mechanism mainly relies on the ASEAN Dispute Settlement Mechanism (ASEAN DSM), which resolves trade and investment disputes among member states through negotiation, mediation, and arbitration. However, due to the lack of enforcement power, the effectiveness of ASEAN's legal application and dispute resolution is inconsistent, limiting its influence on international commercial law.

6.3. Impact on the Application of International Commercial Law

There are also significant differences between the EU and ASEAN in terms of their impact on the application of international commercial law.

Regarding legal standards and practices, the EU's legal standards and practices have played a leading role in international commercial law. Its stringent legal framework and high-standard regulations have not only elevated the legal level of international commercial law but also, through various international cooperation and exchanges, promoted the global dissemination and application of these standards and practices. ASEAN's legal standards and practices are more focused on regional coordination and cooperation. Although ASEAN has achieved some success in trade facilitation and investment protection, its non-binding legal framework and lack of enforcement power limit the applicability and dissemination of its legal standards and practices in international commercial law.

In terms of the legal environment for multinational enterprises, the EU provides a highly unified and predictable legal environment, which aids companies in making long-term investment and operational decisions. The EU's legal framework not only enhances corporate legal compliance but also offers a stable and fair market environment. Conversely, ASEAN's legal environment is relatively flexible, but multinational enterprises face significant challenges regarding the application and compliance of laws across different member states. Although ASEAN offers some legal protection in investment protection and trade facilitation, companies still have to deal with the legal differences and compliance risks among various countries.

7. Conclusion and Outlook

7.1. Major Research Findings

Through a detailed analysis of the regional economic integration processes and legal frameworks of the EU and ASEAN, this paper reveals the profound impact of regional economic integration on the development of international commercial law. The main research findings include:

Enhancement and Internationalization of Legal Standards: The EU has raised the legal standards of international commercial law through its stringent legal framework and high-standard regulations. Although ASEAN adopts a flexible legal coordination mechanism, it has made significant progress in areas such as trade facilitation and investment protection.

Improvement of the Legal Environment for Multinational Enterprises: The EU provides a highly unified and predictable legal environment for multinational enterprises, facilitating

long-term investment and business decisions. ASEAN has achieved some success in providing investment protection and promoting trade facilitation, but multinational enterprises still face compliance risks due to legal differences among member states.

Effectiveness of Dispute Resolution Mechanisms: The EU has a mature dispute resolution mechanism that ensures the uniform application and fair resolution of laws through the European Court of Justice. Although ASEAN has diversified dispute resolution mechanisms, their effectiveness is inconsistent due to the lack of enforcement power.

Differences in Legal Influence: The EU occupies a leading position in international legal affairs, with its legal standards and practices having a broad impact on the development of international commercial law. ASEAN's influence in international commercial law is relatively weaker, but its regional legal coordination and cooperation provide valuable lessons for other developing regional economic integration organizations.

7.2. Policy Recommendations

Based on the above research findings, this paper offers the following policy recommendations:

Strengthen Regional Legal Cooperation: Regional economic integration organizations should enhance legal cooperation and exchange, learn from the successful experiences of the EU and ASEAN, and promote the improvement and unification of legal standards within the region.

Improve Dispute Resolution Mechanisms: Establish robust dispute resolution mechanisms to ensure the fair application and effective enforcement of laws, providing greater legal protection for multinational enterprises and investors.

Promote Further Coordination and Unification of International Commercial Law: Strengthen legal coordination and cooperation at the international level to promote the further unification of international commercial law, thereby enhancing its legal standards and practices.

Encourage Legal Innovation and Practice Dissemination: Promote legal innovation through international cooperation and exchange, disseminate successful legal practices, and elevate the overall level and influence of international commercial law.

7.3. Future Research Directions

This paper provides a detailed analysis of the impact of EU and ASEAN regional economic integration on international commercial law, but there are still many areas worth further study:

Impact of Other Regional Economic Integration Organizations: Future research could extend to other regional economic integration organizations, such as the North American Free Trade Agreement (NAFTA) and the African Continental Free Trade Area (ACFTA), to explore their impact and contributions to international commercial law.

In-depth Study of Specific Legal Fields: Conduct in-depth studies on the impact of regional economic integration on specific legal fields, such as intellectual property law, environmental law, and financial law, to reveal their specific roles and mechanisms in international commercial law.

Dynamic Impact of Regional Economic Integration: As the global economic environment changes, the process and impact of regional economic integration also evolve. Future research should focus on these dynamic changes and explore their ongoing impact on international commercial law.

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