



# Japan and its Trilateral Cooperations as the Alternative Partners for ASEAN Countries suffered from European Union Deforestation-Free Regulation (EUDR)

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**Abstract.** This article aims to criticize the European Union Deforestation-Free Regulation (EUDR) policy by exploring the potential of Japan-Korea-China trilateral cooperation as a more inclusive and sustainable export market alternative for ASEAN countries. Using descriptive qualitative approach with document and literature analysis, this article is analyzed through the framework of Regional Security Complex Theory (RSCT), the concept of regional partnership and the principle of sustainable development. The results show that Japan-Korea-China trilateral cooperation can be an alternative trade in agricultural commodities for ASEAN countries because it tends to develop sustainable trade mechanisms that are more adaptive without repressive approaches such as EUDR. Such cooperation has the potential to provide new market shares, provide effectiveness in trade activities, strengthen Asia's bargaining position in global forums, increase regional solidarity between East Asia and ASEAN, and create economic resilience as an integral part of regional security. This article contributes to finding solutions to trade barriers caused by EUDR, especially in the Asian region.

**Keywords:** ASEAN, EUDR, Trilateral Cooperation.

## 1 Introduction

Deforestation has become a major concern in the global sustainability agenda, in line with the increasing pressure on tropical forest ecosystems due to agricultural land expansion and the growing global consumption of agricultural commodities. The Global Forest Resources Assessment 2020 report published by the Food and Agriculture Organization (FAO, 2020) shows that in the past two decades, more than 90% of global deforestation occurred in tropical regions. Around 7–10 million hectares of forest were deforested annually during the period of 2010–2020 (FAO, 2020). This mainly occurred to meet market demand for commodities such as palm oil, soybeans, beef, timber, and rubber. The high demand for these products comes not only from developing countries, but is also significantly driven by consumption in developed countries, including the European Union.

The European Union, as one of the world's largest consumer markets, plays a significant role in the global deforestation footprint, which occurs indirectly through its supply chains. According to a study by Transparency for Sustainable Economies (Trase, 2022), EU consumption is estimated to contribute around 16% of global

deforestation linked to international trade in agricultural commodities. In response to this reality, the EU adopted the European Union Deforestation-Free Regulation (EUDR) in 2023 as part of its environmental policy strategy and global climate responsibility.

The EUDR regulation stipulates that seven main commodities namely beef, palm oil, soy, cocoa, coffee, timber, and rubber along with their derivative products, are prohibited from entering the EU market if proven to originate from land resulting from deforestation or forest degradation after the established cut-off date. The date set by the EU is 31 December 2020 (EUDR, 2023). Furthermore, companies are required to conduct a due diligence process, which includes verifying land origin, geolocation mapping, and demonstrating that their supply chains do not harm forests or infringe upon the rights of indigenous peoples. This regulation applies to all companies, regardless of business scale, and demands a high degree of traceability and transparency.

Globally, the EUDR has generated various responses. On one hand, it is regarded as a normative breakthrough in slowing deforestation through market-based mechanisms. On the other hand, many commodity-producing countries criticize the EU's approach as unilateral, non-consultative, and ignorant of the structural challenges faced by developing countries. These criticisms highlight the potential of the EUDR to become a new non-tariff barrier that may restrict market access for producing countries.

The ASEAN region is among the most affected by the EUDR implementation, considering its central role in the global supply chain for the aforementioned commodities. ASEAN is the EU's third-largest trading partner after the United States and China, contributing 88% of the EU's total imports in 2022 (Eurostat, 2022). Indonesia and Malaysia, for example, are the world's two largest producers of palm oil. Vietnam and Laos are key exporters of coffee and timber, while Thailand is a major exporter of natural rubber. Most of these commodities are produced by smallholder farmers and micro-enterprises, which structurally face limitations in meeting the administrative and technical standards of the EUDR. This creates the risk of market exclusion and potential economic losses at both local and national levels.

ASEAN's response to the EUDR is heavily influenced by the diversity of political systems in the region. ASEAN consists of countries with relatively open electoral democracies such as Indonesia and the Philippines, semi-authoritarian systems such as Malaysia, Singapore, and Thailand, and fully authoritarian regimes such as Vietnam, Myanmar, and Cambodia. These political variations have implications for how countries formulate trade policies and respond to external pressures. In democratic countries, pressure from civil society, farmers' unions, and the media tends to make governments more vocal in opposing EUDR policies perceived to harm small farmers. Conversely, authoritarian regimes are more likely to adopt swift, top-down policy decisions.

In the global framework, ASEAN has committed to achieving the Sustainable Development Goals (SDGs). SDG 17, particularly on Partnership for the Goals, emphasizes the importance of strengthening international partnerships to support exports from developing countries (target 17.11), and removing tariff and non-tariff barriers that hinder market access (target 17.12). However, the EUDR potentially

contradicts the spirit of SDG 17, as it increases the burden on developing countries through unilateral standards without capacity-building mechanisms. This situation reflects a discrepancy between global norms and the policy practices of the European Union.

The EU is the second-largest export destination for Indonesia after India, particularly in crude palm oil (CPO) trade. In 2022, Indonesia's gross exports to the EU reached 306,513,000 kg (WITS, 2022). Meanwhile, Indonesia's CPO exports to the EU in 2023 dropped significantly to a value of only \$0.26 billion, a decrease of 87% compared to 2012, which reached \$1.94 billion (Rasbin, 2025). The EU has also been the third-largest export market for Malaysian palm oil since 2019 (Nadras et al., 2024). In 2022, Malaysia's CPO exports to the EU amounted to 594,783,000 kg, valued at approximately \$780.2 million (WITS, 2022). In addition to Indonesia and Malaysia, Thailand, as the world's largest rubber producer, also has significant export volumes to the EU. In 2022, Thailand's rubber exports accounted for 7.65% of its total non-oil exports to the EU (ANRPC, 2023). Vietnam is also a major coffee supplier, contributing 24% of the EU's total coffee imports, or 652,000 tons in 2023 (Eurostat, 2023). These data show that ASEAN countries, as producers of the agricultural commodities mentioned in the EUDR provisions, are key suppliers to the EU market. Therefore, the EUDR has substantial impacts on the economies of ASEAN countries.

Several key requirements within the EUDR are considered burdensome and even detrimental to agricultural commodity-producing countries. Nearly all of these producing countries in ASEAN are developing nations, whose agricultural sectors still rely heavily on local and traditional farmers. Thus, the existing provisions within the EUDR may place heavy burdens on, and disadvantage local farmers.

First, the determination of a deforestation cut-off date results in plantation areas that are legally recognized under national law being categorized as deforestation under EUDR standards. This raises debates regarding national sovereignty over land use and how globally defined ecological concepts often disregard local dynamics.

Second, the EUDR requires tracking the geographical origin of products down to the level of the production plot using geolocation systems. This requirement is difficult for millions of smallholder farmers in ASEAN countries who lack adequate data infrastructure and documentation systems. As a result, the burden of compliance becomes disproportionate, especially for small and medium enterprises.

Third, the due diligence process mandated by the regulation includes the obligation for companies to demonstrate legality, origin, and sustainability of each product administratively. This mechanism demands a high level of technical and legal capacity, which is often beyond the reach of many exporters in developing countries.

Fourth, the absence of differentiated standards between large and small enterprises raises questions of fairness. The regulation applies uniformly without considering differences in readiness, capacity, and production structures in producing countries. This is seen as conflicting with the principle of Common But Differentiated Responsibilities (CBDR) commonly applied in global environmental regimes.

Fifth, the absence of technical assistance mechanisms or transition schemes from the EU gives the impression that the burden of environmental preservation is being entirely

shifted onto producing countries. The lack of cooperation instruments in the implementation process further widens structural gaps in global trade.

Sixth, the potential exclusion of products from developing countries due to their inability to meet the technical and administrative requirements of the EUDR becomes a primary concern. Commodities that cannot demonstrate compliance risk being denied entry to the EU market, which has long been a strategic export destination for ASEAN countries.

Based on this background, it is important for ASEAN countries to maintain economic resilience through strategies such as diversifying trade partners and strengthening regional cooperation. In this context, trilateral cooperation between Japan, South Korea, and China (Trilateral Cooperation) emerges as a strategic alternative that could open new market opportunities more adaptive to the structural conditions of the Asian region, and foster more inclusive, equitable, and sustainable trade relations. This article aims to further explore the potential and challenges of bi-regional cooperation between Southeast Asia and East Asia, as an alternative export pathway for ASEAN countries affected by the EUDR.

2 Literature Review

Deforestation refers to the conversion of forested land, which has been degraded, into other uses, while forest degradation is defined as the gradual and unsustainable logging of forests, which can lead to the loss of a forest's capacity to produce timber and sustain biodiversity (European Parliament, 2025). According to data from the UN FAO (FAO, 2021), between 2010 and 2020, the total area of deforested land worldwide reached an average of 47 million hectares per year.

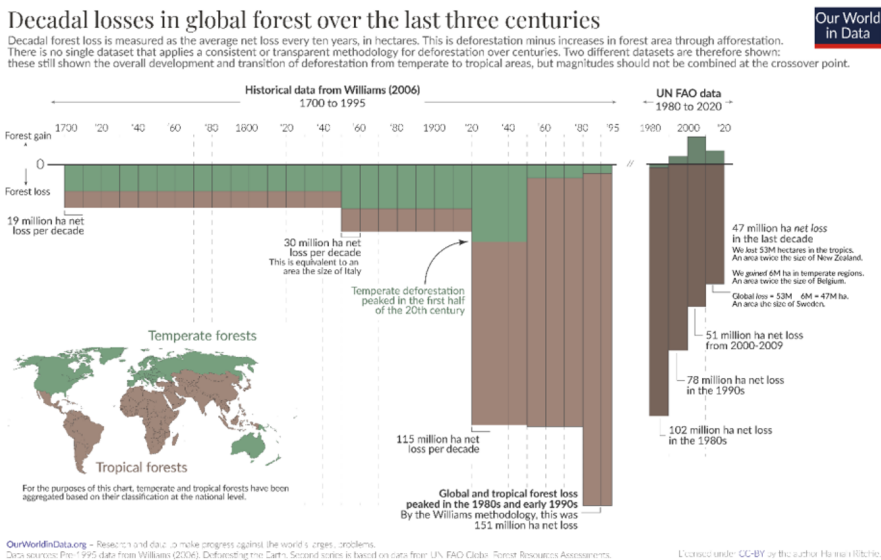


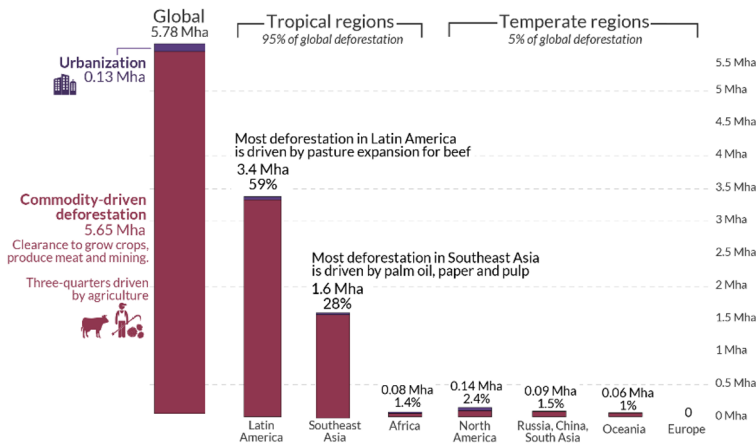
Fig.1 Decadal Losses in Global Forest (Our World in Data, 2021)

Although the number has declined over the past decade, the rate of deforestation remains high. Therefore, environmental policy trends must focus on the protection of the world's forests. Tropical regions account for the largest share of deforestation cases, contributing up to 95% of global deforestation (Our World in Data, 2021).

### Nearly all of global deforestation occurs in the tropics

Deforestation is the permanent conversion of forest to another land use (such as agriculture or urban land). This is distinct from forest degradation – the logging of managed tree plantations, or wildfires – which is a temporary thinning of the canopy, and forests are expected to regrow.

Our World  
in Data



Data source: Philip Curtis et al. (2018). Classifying drivers of global forest loss. Science.  
OurWorldinData.org – Research and data to make progress against the world's largest problems.

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Fig.2 Global Deforestation Occurs in the Tropics (Our World in Data, 2021)

Southeast Asia is the second largest region after Latin America in terms of deforestation caused by products such as palm oil, paper, and other related goods. The European Union Deforestation Regulation (EUDR) is part of a global effort to ensure deforestation-free supply chains in international trade. The EUDR requires business operators exporting commodities such as palm oil, soy, cocoa, rubber, wood products, and their derivatives to the European Union to demonstrate that their products do not contribute to deforestation after the established cut-off date, which is 2020 (European Commission, 2023). Although the policy is normatively aimed at promoting sustainability, a number of studies have highlighted its potential impact on exporters from developing countries, particularly in Southeast Asia, as one of the major producers supplying the EU market (Simonnet, 2024).

## 2.1 The Impact of EUDR

The implementation of the EUDR has raised serious concerns among major commodity-producing countries in Asia, such as Indonesia, Malaysia, and Vietnam, which rely heavily on the export of land-based products such as palm oil, cocoa, and timber. A study by Nadras et al. (Nadras, 2023) indicates that most exporters from Southeast Asia still face limitations in establishing transparent traceability systems and supply chain verification, which are key requirements for compliance with the EUDR. In addition, the Directorate General of Plantations of the Indonesian Ministry of

Agriculture (2024) notes that sustainability certifications such as ISPO (Indonesia Sustainable Palm Oil) or MSPO (Malaysia Sustainable Palm Oil) are not yet fully recognized as equivalent by the European Union, creating a standard gap that risks the exclusion of products from the European market. While the EUDR may serve as a catalyst for reforming domestic environmental governance, this article highlights the potential for trade diversion to countries with more lenient regulations. This suggests that regulations designed for global sustainability could in fact trigger new market dynamics that have not yet been fully explored academically.

## **2.2 Japan-South Korea-China Trilateral Cooperations**

Japan, South Korea, and China have played an important role as Asia's main trading partners over the past decades. According to Zhang (2024), these three countries collectively contributed 23.2% of global GDP in 2023. In terms of trade, the Japan–South Korea–China trilateral accounted for 20.2% of total global trade and represents the second-largest economic zone after the EU (Zhang, 2024). This presents a significant opportunity for ASEAN countries affected by the EUDR to redirect their export destinations toward the trilateral cooperation area.

## **2.3 Theoretical Framework**

In analyzing the dynamics of Asian commodity trade within the context of global regulations such as the EUDR, and the potential for market reorientation toward East Asia, this study adopts a conceptual approach that integrates three main theoretical frameworks: Regional Security Complex Theory (RSCT), the concept of regional partnership, and the principles of Sustainable Development Goals (SDGs), particularly goals 17.11 and 17.12.

### **Regional Security Complex Theory**

RSCT, as developed by Buzan and Wæver (2003), posits that security and political dynamics within a region are closely interlinked, forming a regional complex that is relatively autonomous from the broader international system. In the context of East and Southeast Asia, cooperation and competition among major actors such as China, Japan, and South Korea not only impact regional security stability but also influence economic architecture and trade strategies. RSCT provides a lens for analyzing how ASEAN countries position themselves among the major powers of East Asia in order to maintain political stability and secure market access amid external regulatory pressures such as the EUDR.

### **Regional Partnership**

The regional partnership approach is employed to explain how countries within a region build economic, institutional, and environmental collaboration through horizontal mechanisms such as ASEAN+3, RCEP, and the Trilateral Cooperation Secretariat (TCS). These partnerships not only strengthen economic integration but also

serve as strategic platforms for negotiating sustainability norms, facilitating technology transfer, and enabling inclusive trade.

### **Sustainable Development Goals**

As a normative foundation, this framework also refers to the Sustainable Development Goals (SDGs), particularly targets 17.11 and 17.12. Target 17.11 calls for increasing exports from developing countries, including enhancing their share in global exports, while target 17.12 supports the elimination of tariffs and quotas for least developed countries. In this context, the regionalization of trade through FTAs such as RCEP, as well as the strengthening of trilateral cooperation in East Asia, is seen as a concrete strategy to support the achievement of these SDGs—especially by expanding access to non-traditional markets and reducing dependency on trade partners that impose unilateral environmental-based non-tariff barriers.

## **3 Methods**

This research uses a descriptive qualitative method that aims to understand the potential of bi-regional cooperation between Japan-Korea-China and ASEAN as a new alternative in answering the EUDR challenge. The Descriptive approach is used to thoroughly explore the impact of EUDR on ASEAN countries, ASEAN countries' response to the regulation, and the possibility of an alternative partnership for ASEAN with Japan-Korea-China. Analysis through Regional Security Complex Theory (RSCT) is used to see the interrelationship of regional economic and security dynamics in responding to the pressure of EUDR on the economies of ASEAN countries. Buzan mentions three new security sectors namely economic, environmental, and community security (Buzan, 2003) which are appropriate to explore the two regions namely ASEAN and Japan-Korea-China trilateral cooperation. Based on the concept of regional partnership, the Japan-Korea-China trilateral cooperation will be analyzed in terms of its ability to become an alternative new trading partner for ASEAN countries affected by EUDR. Diversification of commodity exports in ASEAN countries in the Japan-Korea-China trilateral cooperation supports the framework of SDGs 17.11, increasing exports from developing countries in global exports and SDGs 17.12 realizing the implementation of quota-free market access in a sustainable manner and ensuring that applicable regulations are transparent, simple, and contribute to facilitating market access for developing countries (SDGs Guideline, 2023). This article uses secondary data through literature studies, such as official EUDR documents, academic journals, official statements of relevant countries, policy briefs, and the results of the Japan-Korea-China trilateral partnership meeting.

In order to strengthen the analysis, this research applies a two-level approach. First, the ASEAN subsample, which includes data on the export of key agricultural commodities (palm oil, coffee, cocoa, rubber, and timber) to the European Union as well as domestic policy responses from ASEAN member states. Second, the Asia-as-a-whole level, which incorporates data on the import capacity of Japan-Korea-China and their trilateral cooperation dynamics. This separation allows the research to

distinguish ASEAN as the directly affected region from East Asia as a potential alternative partner.

To ensure the robustness of the findings, a cross-check was conducted using only the ASEAN subsample. The ASEAN-only analysis consistently shows a significant decline in exports to the EU and the structural vulnerability of smallholders, validating the core argument regarding the urgency of export diversification. Comparing the ASEAN subsample with East Asia data not only reinforces the validity of the results but also emphasizes the relevance of Japan–Korea–China trilateral cooperation as a strategic alternative in line with regional sustainable development agendas.

4 Result and Findings

The European Union Deforestation-Free Regulation (EUDR) has significant impacts on ASEAN countries. For the European Union, ASEAN is the third-largest trading partner after the United States and China, with a trade value reaching €258.7 billion in 2024 (trade and economic security.Europa.EU, 2024). Additionally, the EU is one of the largest markets for ASEAN countries to export agricultural commodities. Indonesia and Malaysia hold strategic positions in exporting palm oil commodities, with exports valued at US\$41 billion in 2022 (trend economy, 2022). The EUDR requirements, including due diligence, geolocation tracing, and the prohibition of imports from lands deforested after the 2020 cut-off date, can have direct implications on ASEAN’s export structure. This is particularly relevant because much of the region’s supply chains still rely on smallholder farmers, domestic certification systems that are not yet fully recognized, and limited data infrastructure. Although the EUDR was only adopted in 2023 and has not yet been fully implemented, its implications are already being felt in the form of market uncertainty and concerns from ASEAN exporters. ASEAN countries remain highly dependent on the European Union as a primary market for several commodities: palm oil, rubber, coffee, cocoa, and timber.

Table 1. European Union Agricultural import from ASEAN (Eurostat, 2024; ASEAN Factsheet, 2023)

| year | Vegetable & Animal<br>Oils (HS Section III –<br>Dominated by Palm Oil /<br>HS 1511) | Non-Food Raw<br>Materials (SITC 2 –<br>Including Natural<br>Rubber, Wood, Pulp,<br>etc.) | Food & Live Animals<br>(SITC 0 – Including<br>Coffee / HS 0901 &<br>Cocoa / HS 18xx) |
|------|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
|      | Value (€ billion)                                                                   | Value (€ billion)                                                                        | Value (€ billion)                                                                    |
| 2021 | 5.775                                                                               | 3.394                                                                                    | 6.977                                                                                |
| 2022 | 6.962                                                                               | 4.502                                                                                    | 9.903                                                                                |
| 2023 | 5.489                                                                               | 3.941                                                                                    | 8.281                                                                                |
| 2024 | 5.330                                                                               | 3.969                                                                                    | 9.661                                                                                |

Source: compiled by author based on EU Commission and Eurostat Factsheet ASEAN



Between 2021 to 2024, the import volume of vegetable and animal oils exceeded €5 billion annually. Indonesia and Malaysia together dominated ASEAN's palm oil exports to the European Union, accounting for an average of 95% per year (ASEAN Factsheet, 2023). Non-food raw material products, including rubber, wood, pulp, and their derivatives reached over €4.5 billion annually. Thailand, the world's largest producer of natural rubber, exported nearly 8% of its total non-oil rubber exports to the European Union in 2022. Meanwhile, the average import value for food and live animal products including coffee and cocoa from 2021 to 2024 exceeded €8.5 billion per year. Vietnam contributed one-quarter of the EU's coffee imports, followed by Indonesia and other ASEAN countries.

The EUDR provisions on geolocation mapping and the 2020 cut-off date have raised concerns, particularly for agricultural commodities. This is especially critical given the continuing rise in deforestation rates in ASEAN since 2020.

Table.2 Deforestation in ASEAN (Global Forest Watch, 2025)

| NATION                   | YEAR    |         |         |         |         | UNIT    |
|--------------------------|---------|---------|---------|---------|---------|---------|
|                          | 2020    | 2021    | 2022    | 2023    | 2024    | Hectare |
| <b>Indonesia</b>         | 270.000 | 203.000 | 230.000 | 292.000 | 259.000 |         |
| <b>Malaysia</b>          | 73.000  | 72.200  | 71.900  | 79.300  | 68.900  |         |
| <b>Thailand</b>          | 3.560   | 2.900   | 3.290   | 4.110   | 4.020   |         |
| <b>Vietnam</b>           | 32.600  | 29.000  | 21.700  | 16.500  | 16.900  |         |
| <b>Cambodia</b>          | 62.300  | 64.000  | 45.400  | 48.300  | 36.900  |         |
| <b>Lao PDR</b>           | 82.200  | 80.900  | 93.100  | 137.000 | 117.000 |         |
| <b>Philippines</b>       | 7.750   | 6.830   | 27.300  | 5.040   | 6.110   |         |
| <b>Brunei Darussalam</b> | 544     | 517     | 538     | 497     | 384     |         |
| <b>Myanmar</b>           | 44.400  | 44.600  | 37.800  | 48.300  | 44.600  |         |

The data indicate a strong correlation between large-scale agricultural production and deforestation of primary forests. In the context of the EUDR, this means that all commodities such as palm oil, cocoa, coffee, rubber, timber, and others sourced from land cleared after the designated cut-off date are automatically considered non-deforestation-free. As a result, products derived from such land will lose access to the EU market. Moreover, a significant portion of commodity production in ASEAN countries is still managed by smallholder farmers. For instance, in Indonesia, around 40% of total palm oil production is managed by smallholders (Indonesian Palm Oil Statistics, 2023). This increases the risk of declining prices for local products, as smallholder farmers often struggle to comply with the deforestation-free standards

required by the EUDR. Consequently, products produced by MSMEs risk being excluded from international supply chains, potentially leading to supply-demand imbalances in global trade.

Some commodities, such as palm oil, are already regulated under national sustainability standards. In Indonesia, for example, palm oil production is governed by the Indonesia Sustainable Palm Oil (ISPO) certification, which covered over 5.45 million hectares by 2024 and involves various actors including private companies and smallholders (Directorate General of Estate Crops, Ministry of Agriculture, 2024). Malaysia has a similar scheme under the Malaysian Sustainable Palm Oil (MSPO), which covered approximately 86.47% of the total palm plantation area in Malaysia as of 2024 (MSPO, 2024). Both certifications are official government standards that confirm palm oil production complies with national requirements, including land legality, environmental protection, and social criteria. These certifications represent sovereign standards aimed at ensuring sustainability at the national level.

However, under the EUDR framework, such certifications are not automatically recognized as meeting international trade standards, particularly by the European Union. The EUDR does not inherently accept ISPO or MSPO certifications. Thus, even if a plantation is certified under ISPO or MSPO, it will still be considered non-deforestation-free if it does not meet key EUDR requirements such as the cut-off date, geolocation mapping, and a due diligence system. This situation creates tensions between national legitimacy and the normative framework imposed by the EUDR, potentially leading to bi-regional political frictions. The European Union has been accused of discriminatory practices, green protectionism, and of failing to respect national standards.

The requirements for geolocation and traceability systems under the EUDR significantly increase the administrative burden on agricultural commodity producers. As a result, smallholder farmers face growing marginalization. Both large corporations and small-scale producers are required to establish traceability systems that document the origin of the product down to the plot-level geolocation of the plantation. This necessitates investment in technologies such as GPS, satellite imagery, blockchain, digital registries, and other tools most of which are only feasible for large enterprises. For smallholder farmers, the cost of technological investment is often prohibitive, potentially threatening their participation in global supply chains.

Traceability systems also require reliable access to GPS and internet infrastructure to ensure the proper functioning of certification platforms. Therefore, geographical conditions present a significant challenge in implementing EUDR in ASEAN countries. Many ASEAN nations still face digital infrastructure limitations, especially in remote areas. Commodities whose origins cannot be verified risk being automatically excluded from the EU market. This could trigger a domino effect, in which export value and market share decline. Moreover, adjusting to the new standards and navigating lengthy verification procedures may cause delays across logistics chains.

#### 4.1 ASEAN Sub-Regional Findings

Anticipatory responses from ASEAN countries to the EUDR have begun to emerge, even though the regulation has not yet been fully implemented. At the sub-regional level, the capacity of ASEAN countries to respond is influenced by variations in political systems, institutional strength, and economic structures.

##### **Indonesia and Malaysia**

Indonesia and Malaysia, as the largest palm oil producers for the European Union, are among the most affected by the EUDR. Based on the EUDR's country classification, Indonesia is categorized under the "standard risk" level, which implies a medium level of compliance procedures. Politically, Indonesia is classified as a "flawed democracy" with a democracy score of 6.44 (EIU, 2024), indicating that although political institutions are relatively weak, civil society and smallholder advocacy groups remain influential in shaping policy. In response to the EUDR, 44 NGOs in Indonesia including Indigenous peoples' associations and research institutions signed a joint declaration rejecting the regulation (The Response of Indonesian Civil Society in Regards to the Agreed EUDR, 2022). Indonesia's palm oil exports to the EU showed a significant decline from 4.13 million tons in 2022 to 3.70 million tons in 2023 (BPS, 2023). In contrast, palm oil exports to China increased from 6.35 million tons in 2022 to 7 million tons in 2023 (GAPKI, 2023), indicating a strategic diversification of export markets.

Malaysia is also classified under "standard risk." The country's democracy index places it as a "flawed democracy" with a score of 7.11 in 2023 (EIU, 2024). Malaysia's response has been more proactive, lodging objections to geo-tagging obligations and emphasizing the need for EU recognition of the national MSPO certification scheme.

##### **Vietnam**

Vietnam was the EU's second-largest coffee supplier in 2023, with an export volume of 652 thousand tons valued at USD 1.66 billion (EU Coffee Report, 2023). Politically, Vietnam is considered authoritarian with a democracy score of 2.62 (Democracy Index, 2024). The centralized nature of its government allows for swift development of traceability systems to meet EUDR requirements. However, the downside is the lack of protection and support for smallholder farmers, who may lack the resources to comply with such systems.

##### **Thailand**

Thailand is a major rubber exporter to the EU. In 2022, its rubber exports to the EU reached USD 654 million, accounting for nearly 38% of its total national rubber exports (International Trade Center, 2022). Thailand is also classified as a "flawed democracy" with a score of 6.27 (Democracy Index, 2024). Nevertheless, its relatively stable and technocratic institutional capacity enables structured adaptation to new regulations. The Thai government, through the Rubber Authority of Thailand (RAOT), has systematically mapped over 3.1 million hectares of rubber plantations and registered around 1.6 million smallholder farmers into a national database (RAOT, 2022).

### **Myanmar and Cambodia**

Myanmar exported 221,504 tons of processed rice to the EU (The Phnom Penh Post, 2023), but its democracy score is only 0.85, classifying it as authoritarian due to military rule (Democracy Index, 2023). Cambodia exported 264,683 tons of processed rice to 26 EU countries in 2023 (B2B Cambodia, 2024), with a democracy score of 3.44, also categorizing it as authoritarian (Democracy Index, 2023). When compared to EUDR requirements such as geolocation, deforestation-free certification, and independent audits, both Myanmar and Cambodia lack the structural capacity to comply (Pacheco et al., 2022). Thus, although both countries economically rely on EU markets, normative barriers posed by EUDR create significant constraints. In contrast, diversification toward the Trilateral Cooperation market (China, Japan, South Korea) appears to be a more realistic alternative, as these countries do not require alignment with political or environmental governance standards as the EU does (Schleifer & Sun, 2022).

The implementation of the EUDR introduces a normative tradition by the EU such as democracy, legal frameworks, and sustainability, as instruments of international trade. Consequently, strategic partners of the EU are encouraged to adopt these rules domestically, including standards of democracy and environmental governance. Within ASEAN, the wide variation in political systems from democracies to authoritarian regimes, makes it difficult to uniformly meet EUDR requirements. In contrast, Trilateral Cooperation (China, Japan, South Korea) adopts a more pragmatic approach focused on functionality and supply chain stability (Fitriani, 2023). This cooperation model operates with minimal ideological or normative barriers, allowing ASEAN countries greater flexibility in pursuing sustainable exports and building trade relations compared to the EU's normative-driven trade policy framework (Zhang, 2024).

### **4.2 Trilateral Cooperations: a Strategic Avenue for ASEAN**

The Trilateral Cooperation between Japan, South Korea, and China began in 1999 as part of the ASEAN+3 framework, and later evolved into a standalone forum (Ministry of Foreign Affairs of Japan, 2019). The cooperation provides various administrative and technical support mechanisms, including the trilateral summit, foreign ministers' meetings, and sectoral committees across multiple areas (Ministry of Foreign Affairs of China, 2011). The trilateral summit reconvened in 2024 after a hiatus of more than four years, resulting in a joint declaration to strengthen collaboration in areas such as trade, climate, supply chains, and to advance negotiations on a trilateral free trade agreement (State Council of China, 2024).

The implementation of the EUDR is likely to reduce ASEAN's market access to the European Union, particularly for agricultural commodities affected by the regulation such as palm oil, rubber, coffee, wood, and their derivatives. In this context, the Trilateral Cooperation area (Japan, South Korea, and China) may serve as a strategic alternative trading partner. Collectively, the trilateral cooperation bloc accounts for approximately 23% of global GDP and nearly 20% of total global trade (World Bank, 2023).

Table 3. Import on Agricultural Product (billion US\$) (UNFAO, 2023)

| No | Region                                 | 2021   | 2022   | 2023   |
|----|----------------------------------------|--------|--------|--------|
| 1. | Japan                                  | 34,6   | 66,3   | 60,4   |
| 2. | South Korea                            | 34,6   | 40,5   | 34,0   |
| 3. | China                                  | 246,7  | 259,1  | 254,7  |
|    | The Trilateral Cooperation (East Asia) | 345,6  | 365,9  | 349,1  |
|    | European Union                         | 162,11 | 211,25 | 197,32 |

The table illustrates the import trends of agricultural commodities in East Asia compared to the European Union (EU) for the period 2021-2023. The Trilateral Cooperation countries exhibit a higher agricultural import value than the EU. In 2021, the total agricultural imports of the three East Asian countries reached USD 345.6 billion (UNFAO, 2021), more than twice the EU's agricultural import value of USD 162.1 billion (Eurostat, 2021). In 2022, East Asia's agricultural imports increased to USD 365.9 billion (UNFAO, 2022), while the EU's imports also rose to USD 211.3 billion (Eurostat, 2022), although still significantly lower. A decline in import value occurred in 2023; however, East Asia maintained a higher figure at USD 349.1 billion (UNFAO, 2023), compared to the EU's USD 197.32 billion (Eurostat, 2023). A further breakdown shows that China remained the largest contributor, with a consistent agricultural import value above USD 246 billion throughout the period.

This comparison presents several key implications. First, structurally, the East Asian market demonstrates a much higher absorption capacity for agricultural products than the EU. Second, although the EU remains one of the world's major and strategic markets, the EUDR is likely to impose significant burdens, particularly on commodity-producing countries, most of which are developing economies. Furthermore, geographically, the proximity between ASEAN countries and Trilateral Cooperation countries offers logistical advantages. A 2022 review on maritime transport reports that between 2020 and 2021, intra-Asia freight rate increases (ASEAN–East Asia) were lower around 46% compared to the 70% increase in Asia–Europe shipping costs (UNCTAD, 2022). Operational data show that average shipping times between ASEAN and East Asia range from three to nine days (Forest Shipping, 2023), whereas shipping to European ports (port-to-port) typically takes around 30-45 days (Maersk, 2023). These cost and time disparities highlight the tangible geographical advantage for ASEAN in strengthening trade partnerships in agricultural commodities with the Trilateral Cooperation countries.

ASEAN and East Asia have established instruments for economic integration through the Regional Comprehensive Economic Partnership (RCEP), which came into effect in 2022. RCEP aims to be a modern, comprehensive, high-quality, and mutually beneficial economic partnership agreement for East Asian countries (Shimizu, 2021). For ASEAN, the agreement creates new opportunities by positioning the bloc as the central player in East Asian regionalism (Shimizu, 2021). RCEP is projected to reduce trade costs and facilitate regional trade, enabling firms to avoid tariff-based discrimination (Zreik, 2022). The agreement has already eliminated or reduced tariffs

on more than 90% of commodities among member states (UNCTAD, 2021). This economic integration serves as a strategic solution for mitigating the impacts of the EUDR, offering a more open and logistically efficient market alternative.

In addition to RCEP, strategic ties between ASEAN and the Trilateral Cooperation countries have existed since the 1997–1998 Asian Financial Crisis through the establishment of the Chiang Mai Initiative Multilateralization (CMIM) and subsequently the ASEAN+3 Cooperation. ASEAN+3 also includes a food security mechanism namely the ASEAN Plus Three Emergency Rice Reserve (APTERR) which has proven effective as a collective response to regional food crises (Kim, 2021). This framework enables member countries to support one another in stabilizing rice prices and ensuring food availability.

ASEAN has also developed bilateral economic partnership frameworks with each East Asian country, including the ASEAN-China Free Trade Area (ACFTA), the ASEAN-Japan Comprehensive Economic Partnership (AJCEP), and the ASEAN-Korea Free Trade Agreement (AKFTA). Thus, with a combination of geographic proximity and well-established economic cooperation frameworks, ASEAN has a strong foundation to deepen trade relations with Trilateral Cooperation countries. Furthermore, East Asia has long served as a major importer of several ASEAN commodities such as palm oil and rubber to China, timber products to Japan, and coffee and natural rubber to South Korea. These trade flows highlight a strategic opportunity for ASEAN to diversify its export markets, particularly if access to the EU becomes increasingly constrained by the implementation of the EUDR.

### **Potential and Challenges**

The shift in ASEAN's agricultural trade orientation from the European Union to the Trilateral Cooperation (East Asia) holds significant strategic potential both economically and in terms of regional security. This shift can strengthen ASEAN's economic resilience while reducing dependence on the EU market, owing to deeper integration with the geographically closer and economically complementary East Asian markets. For instance, the liberal rules of origin under RCEP have the potential to increase real income by 0.45% in 2023 (Estrades et al., 2023). From the perspective of Regional Security Complex Theory (RSCT), this market shift reflects an enhancement of ASEAN's economic security. Market diversification and productivity improvements can reduce economic vulnerability to external pressures such as the EUDR. ASEAN can position itself within a network of economic interdependence supported by cooperative institutions like ASEAN+3, RCEP, and other regional partnerships. The strengthening of economic interdependence has the potential to increase security interdependence, whereby regional stability increasingly depends on further economic cooperation.

The alternative partnership with the Trilateral Cooperation also offers ASEAN an opportunity to play a more inclusive diplomatic role. ASEAN can act as a mediator among the major economic powers in East Asia by promoting a fairer and more sustainable trade agenda aligned with the development needs of developing countries, unlike the unilateral approach of the EUDR. This not only provides material benefits

but also reinforces ASEAN centrality in the regional security architecture of East Asia and enhances ASEAN's strategic autonomy amid the dynamics of global trade.

RSCT explains that regional security emerges from the interaction of state actors within a region, and economic and trade sectors are inseparable from regional security factors (Buzan and Wæver, 2003). The economic diversification effort by ASEAN countries in the agricultural sector from the EU to Trilateral Cooperation countries such as China, Japan, and South Korea is both a technical-economic strategy and a reflection of East Asia's security structure characterized by rivalry and interdependence (Zhang, 2022).

Geopolitical rivalry in East Asia presents a major challenge. The South China Sea disputes, the Taiwan issue, and historical tensions among Japan, Korea, and China generate uncertainties that directly impact economic and trade stability (Sohn, 2021). RSCT argues that high economic interdependence in a region marked by geopolitical conflict increases vulnerability to supply chain disruptions (Buzan and Wæver, 2003). Logistical barriers, embargoes, or sudden changes in trade policies are likely and would have significant impacts on ASEAN agricultural exporters if security escalations in East Asia intensify (Lee and Park, 2021).

There is also a power asymmetry within the Trilateral Cooperation, where China's economic dominance creates vulnerabilities for ASEAN countries due to new dependencies (Zhang, 2022). RSCT explains that smaller actors tend to depend heavily on dominant actors because of uneven power distribution within a regional security complex, often resulting in asymmetric relationships (Buzan and Wæver, 2003). Thus, the risk of ASEAN countries' dependency on China is likely to increase significantly (Rilo, 2021). Although structural challenges within the Trilateral Cooperation include geopolitical rivalries and power imbalances, these obstacles tend to be managerial and political rather than normative as seen in the EU framework. Therefore, they are more amenable to negotiation through regional or bilateral mechanisms (Lee & Park, 2021).

## 5 Conclusion

This paper shows that the European Union's Deforestation-Free Regulation (EUDR) creates significant risks for ASEAN economies, especially for smallholder-based agricultural sectors that face high compliance costs and market exclusion. While the regulation is framed as an environmental measure, its strict traceability and cut-off requirements also function as non-tariff barriers, weakening ASEAN's trade resilience.

In response, the study highlights the strategic potential of the Japan–South Korea–China Trilateral Cooperation as an alternative partner for ASEAN. By integrating more deeply into East Asia through frameworks such as RCEP and ASEAN+3, ASEAN can diversify export markets, strengthen regional economic resilience, and reinforce its security autonomy in line with Regional Security Complex Theory. Such a realignment positions ASEAN not only as an economic actor but also as a central stabilizer in the evolving regional architecture.

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