



Policy Brief

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The EU and ASEM: gesture politics or fruitful dialogue?

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Background

When 38 EU and Asian leaders gather for the sixth Asia-Europe Meeting on 10-11 September in Helsinki, they will be celebrating the tenth anniversary of the ASEM cooperation process. This makes it an ideal time to assess what ASEM has achieved in its first decade and to look ahead to the future.

ASEM is an informal process of dialogue and cooperation between the 25 EU Member States (plus the European Commission) and 13 Asian countries (ASEAN plus China, Japan and South Korea). It provides a forum for exchanging views on current regional and global issues, and works to generate greater trust and confidence between participants.

ASEM's influence on policy-making is, however, limited as it still has no real secretariat and, as an informal body, cannot adopt legally-binding acts or decisions.

Mutual interest

ASEM's origins lay in the mutual recognition by Asia and Europe that they needed to strengthen their relationship to reflect the new global

context of the 1990s. The Cold War had ended, European integration was deepening, military force was losing ground to economic and 'soft power' as a source of influence, and economic dynamism was boosting Asia's confidence, with China and India emerging as regional powers.

Both sides recognised the importance of fostering closer ties between the main centres of economic growth: Asia, Europe and North America. Despite this, EU-Asia relations have not developed to their full potential, particularly when compared to the transpacific links through Asia-Pacific Economic Cooperation (APEC) and the transatlantic/Japanese link through the G7.

For Europe, the launch of ASEM was partly a reaction to APEC; for Asians, it was a response to the North American Free Trade Agreement (NAFTA).

Although some individual EU Member States have had long-standing relationships with Asia, the Union as a whole did not have a comprehensive strategy for the region in the early 1990s. Since

then, however, it has gradually become aware that if Europe does not play an active role in Asia, it will lose out to Japan and the US.

Asian leaders – especially ASEM's founding father, Singapore's former Prime Minister Goh Chok Tong – also recognised the need to bridge the gap between Asia and Europe.

All this led to a Franco-Singaporean proposal in November 1994 for an EU-Asia Summit to develop this partnership.

First steps

At the inaugural ASEM Summit in Bangkok on 1-2 March 1996, all the participants agreed to work towards building a partnership, fostering greater understanding between people on both sides and strengthening dialogue among equals.

Participants also agreed to create an Asia-Europe Foundation (ASEF) to facilitate networking between civil society organisations, an Asia-Europe university programme to promote cultural and intellectual

exchanges, and an Asia-Europe Environmental Technology Centre (AEETC) to promote environmental cooperation (although this was disbanded in 2002).

Since then, ASEM Summits at Heads of State and Government level have taken place every two years. Key developments at the meetings held so far have included:

■ *The Asian financial crisis:* The 1998 London Summit was overshadowed by this crisis and produced an agreement to establish an ASEM Trust Fund to support financial reform. It also confirmed the use of the Asia-Europe Cooperation Framework (AECF) for future ASEM activities.

■ *The Korean Peninsula:* The Seoul 2000 Summit was dominated by the political situation in the Korean Peninsula. Participants drew up the 'Seoul Declaration for Peace on the Korean Peninsula', adopted the AECF 2000 programme to steer activities into the next decade, and agreed to extend the ASEM Trust Fund and the ASEM DUO scholarship programme.

■ *Cultures and civilisations:* The Copenhagen Summit in 2002 initiated a dialogue on this topic and discussed a range of international issues, including North Korea and the fight against terrorism. Most importantly, participants agreed to set up an *ad hoc* informal consultative mechanism for ASEM coordinators and senior officials to

confer on significant international events. They also agreed to hold a conference on 'non-traditional' security issues, which led to the 'Lanzarote Declaration on Cooperation for the Management of Migratory Flows'.

■ *ASEM enlargement:* The Hanoi 2004 Summit agreed to enlarge ASEM to include the ten new EU Member States and three more ASEAN countries – Cambodia, Laos and Myanmar (Burma) – although the issue of how to treat the latter remained unresolved.

Declarations on fostering 'Closer Economic Partnership between Asia and Europe' and 'Dialogue among Cultures and Civilisations' were also adopted.

State of play

The EU uses ASEM as a platform for informal top-level dialogue, involving both individual EU Member States and the European Commission.

This complements other forms of cooperation with Asia, pursued through intensive bilateral relations with a number of countries in the region and a multilateral dialogue with ASEAN and the South Asian Association for Regional Cooperation (SAARC).

ASEM's promotion of an open and inclusive dialogue enables it to act as a policy-making laboratory where participants can develop and test new ideas.

It also provides an opportunity for informal consultations before official negotiations take place at multilateral conferences, and a forum for exchanging experiences and knowledge. This is particularly useful for Asian countries which want to learn more about the EU's development to see whether this can provide lessons for regional integration in Asia.

In addition, ASEM acts as a catalyst for EU-Asia relations. Since it began it has brought together ministers, high-level officials and businessmen to discuss a variety of subjects. Its summits provide an opportunity for parallel bilateral meetings, such as the first EU-China Summit (just before the second ASEM Summit) and the EU-South Korea Summit (which took place alongside the third ASEM Summit).

The three 'baskets'

Activities under the ASEM umbrella can be grouped into three categories or 'baskets': political, economic and cultural/intellectual/social.

In the political arena, there has been an informal regular dialogue on human rights and the rule of law since 1997. There is also an emerging dialogue on global security threats and challenges (for example, terrorism, weapons of mass destruction and migratory flows); and a dialogue on environmental questions. However, although sensitive issues have been addressed, the resulting declarations have lacked substance

and have not attempted to press partners into action.

ASEM's overall economic goal is to promote higher growth and increase trade. It encourages measures to liberalise and facilitate trade and investment by identifying priorities for action in the Trade Facilitation Action Plan, the Investment Promotion Plan and customs cooperation. However, it stresses that all actions should complement existing efforts to achieve an open, rules-based trading system within the framework of the World Trade Organization.

An action-oriented Task Force was set up in 2002 to promote a closer economic partnership between Europe and Asia. Its report recommended concrete actions, including the creation of a virtual secretariat; an ASEM yen-euro-dollar market and Bond Fund based on the yen-euro-dollar basket; the integration of energy issues in the economic basket; a Virtual Promotion Centre for Trade Investment and Tourism; and a Business Advisory Council.

In the wake of the Asian financial crisis, ASEM participants pledged to resist protectionist pressures and to maintain the existing level of market access while pursuing further multilateral liberalisation.

The ASEM Trust Fund was established to provide technical assistance and advice on financial and social policy reform, and the European partners created a European Financial Expertise Network specifically aimed at supporting reform of the Asian financial sector.

The Asia-Europe Business Forum (AEBF), set up after the first ASEM meeting, promotes dialogue

between the private and public sectors. It holds an annual meeting where the two sectors exchange views, provide input to the official dialogue, network and debate issues in specific working groups.

As AECF 2000 confirmed, one of ASEM's key priorities is to establish "an enhanced climate for business-to-business dialogue and cooperation between the regions", in particular by paying attention to problems facing small- and medium-sized enterprises.

When it comes to cultural, intellectual and social issues, ASEM provides an opportunity to deepen the dialogue on cultures

and civilisations, and promote EU-Asia higher-education exchanges. To this end, it has launched initiatives such as the Conference on Cultures and Civilisations, the Interfaith Dialogue, the ASEM DUO educational exchanges and a network of educational hubs.

ASEF is the main body that serves this basket and promotes intellectual, cultural and people-to-people exchanges, acting as both a promoter and a catalyst. It also works to raise the profile of Asia-Europe relations through the media. The fifth ASEM Summit in 2004 agreed that ASEF should develop self-financing capabilities and take steps to ensure its long-term financial sustainability.

Prospects

Over the past decade, ASEM has emerged as an inter-regional forum for discussing many issues of common interest. However, the lack of clear objectives has made it difficult to achieve tangible results.

ASEM members have avoided institutionalising the process, preferring to maintain its informal and flexible structure, but the lack of real instruments makes it very difficult to implement joint recommendations and policies.

There is a need for constant dialogue with an open and flexible agenda in today's rapidly-changing world. However, while ASEM's informal approach has some advantages, it has also hindered progress in addressing structural problems at both the intra- and inter-regional level.

It has nevertheless had a positive impact on the Union, as its existence has encouraged EU Member States which previously had few ties with Asia to incorporate an Asian perspective in their foreign policies, and it has spurred the development of a common EU approach towards the region.

The Union now needs to build on this. The absence of European ministers at recent ASEM meetings has irritated Asian participants, with some accusing the Europeans of not giving ASEM the attention it deserves.

If the ASEM process is to remain significant, the Europeans need to dedicate more time and effort to it.

ASEM enlargement

Although the ten new countries which joined the EU in 2004 also became part of ASEM, this was not a sign of increased European enthusiasm for the process. It was simply an affirmation of the principle that new EU members become part of ASEM and should play a full role in the process.

However, the AECF 2000's guidelines on enlargement challenge the EU's approach: they make it possible for the Asian partners to veto any accession to ASEM by stating that each candidate should be considered on its own merits and in the light of its potential contribution to the process.

Meanwhile, the EU is strongly opposed to expanding ASEM to

include new ASEAN members because of the ongoing dispute over whether Myanmar should be included while it is run by a military junta. The Union has made it clear that it will not agree to admit Myanmar to ASEM or ASEAN until the country makes significant progress in normalising its administration and addressing the EU's human rights concerns.

This has prompted Asian accusations that the EU is applying double standards, as ASEAN membership does not automatically result in access to ASEM, while Europe assumes that all its Member States are also members of ASEM.

Given the importance of the global challenges facing Europe and Asia, and their common approach towards many issues, it is vitally important that the two sides overcome their differences over Myanmar.

The enlargement problem highlights one of the shortcomings of the process from the start: that the 'Asia-Europe Meeting' was a misnomer. The new forum involved the EU and a large part of East Asia, but neither the whole of 'Europe' nor the whole of 'Asia'.

One solution to this problem could be to take a pragmatic approach towards enlargement, with countries being admitted without having to undergo a screening process like the one which candidates for EU membership are subjected to. However, this inevitably raises questions about ASEM's sustainability, at least in its present form.

Another solution might be for an ASEM Summit to define clearly that it will be a process which brings together the EU and ASEAN+3 (or a future East Asian Community).

All ASEAN+3 countries are now members of ASEM. But for the process to realise its full potential, some other major players in the region need to be included.

New partners could be invited to join, although this would increase the risk of the process becoming even more vague and informal. Nor is there a consensus among the Asian partners themselves over future Asian candidates for ASEM membership.

However, the number of applicants bidding to join the process (including India, Pakistan and Russia) demonstrates that countries in the region recognise its usefulness. Australia and New Zealand have also occasionally been suggested as possible candidates, but both have so far been seen as too 'Western' to join the partnership as Asian members.

The 'informality' hurdle

From the EU's perspective, the key problem with the future development of ASEM is that if the goal is to create a more results-oriented process, ASEM will have to become more of a region-to-region structure – but to date this has never been one of its declared objectives. Indeed, AECF 2000 focused on the prospect of individual countries joining – not groups of them.

However, Asian participants' attitudes began to change in 2001 as they struggled to get the three missing ASEAN members into the 'club' (and threatened to reject the EU's ten new Member States in 2004 if they did not get their way).

ASEM's role – and its prospects for the future – are seriously hampered by its informal structure. Since it operates under the ASEAN principles of voluntarism, consensus, non-interference and informality, its members are not bound to reach a compromise between their individual interests and those of the group as a whole. Nor do they feel under any obligation to cooperate in developing a constructive political dialogue.

The ASEM process needs to be translated into a more workable strategy for long-term cooperation.

Ways ahead

The existence of a forum in which the US does not participate – but which is not directed against it – allows ASEM to focus on dialogue and cooperation in a Euro-Asian context, fostering closer links between the two sides.

Each ASEM member's national interest is superseded by a shared interest. For the Asian countries, common interests are strongest in the economic basket, while the EU attaches equal importance and value to all three types of activity.

Shared interests do not necessarily lead to cooperation, but many of the issues which ASEM is dealing with require a cross-sectoral approach. ASEM can therefore play a functional role in managing changes in the structure of the global political economy and in tackling transborder threats and challenges.

However, given its non-binding nature and its lack of institutions, ASEM declarations are rarely implemented. This has prompted suggestions that ASEM should deal less with issues of 'high politics' such as international terrorism and should focus instead on inter-regional economic cooperation, one of the major driving forces behind the process. The people-to-people dimension of its work could also be enhanced by, for example, fully involving civil society.

ASEM is also burdened by the wide range of issues it deals with and its size. Taking in more countries at this stage would only exacerbate these difficulties. More attention needs to be paid instead to implementing joint policies and making the process work.

Thus, at first sight, ASEM appears to contribute very little to the international scene: internal disagreements between its Asian members over trade-opening measures and debates about Asian versus Western human rights standards have a hollow ring beyond ASEM's walls.

However, the strength of the process lies in the fact that it offers a potential new channel of communication to bring together state and non-state actors from two regions of the world which were, until recently, kept apart by geography and different political and economic backgrounds.

Under such conditions, ten years is a rather short time in which to create genuine partnership. As Zhou Enlai famously replied in 1972 when he was asked about the historical significance of the French revolution: it is too early to tell.

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