

EUROPEAN PARLIAMENT



Directorate General for Research

WORKING PAPER

THE ASEM
PERSPECTIVES AND PRIORITIES

External Economic Relations Series

REXT 100 EN

4-1998

This publication is available in:

FR (Original)
EN

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L - 2929 Luxembourg.

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Manuscript completed in April 1998



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'I readily admit that Europeans did not wake up soon enough to what is going on in Asia and the importance of close involvement there. We need to be more outward looking, and I hope that ASEM will help us to be so' Sir Leon Brittan, speech to Tokyo Press Club, 29.9.1997.

After almost two years it is time to take stock of the follow-up to the Asia-Europe dialogue initiated in Bangkok in 1996. At its meeting of 28 October 1997, the **REX** Committee received a brief summary from the Commission'. This document sums up the progress of work and the European objectives and priorities, particularly with regard to setting up a framework programme in preparation for the second meeting of the Heads of State and Government of the 26 participants in this dialogue. ASEM 2 took place in London on 3 and 4 April 1998.

1. BACKGROUND

The Asia-Europe dialogue began in Bangkok at the first meeting of the Heads of State and Government (1 and 2 March 1996)². This project, initiated by Singapore, corresponded to the Commission's wish to give a higher profile to relations with Asia³. The meeting was attended by the 15 European Union Member States, the Commission, seven member States of the ASEAN⁴ and China, South Korea and Japan, 26 members in all. The dialogue has two objectives, covers three areas and is based on cooperation by four categories of participants.

Objectives

ASEM is the result of both sides' recognition of the weakness of relations between the European and Asiatic regions despite evident mutual interests'. The initiative by Singapore was discussed at the Madrid European Council (15 and 16 December 1995)⁶ and rapidly accepted. The main objectives are a general desire to get to know each other better through multi-sectoral dialogue between equal partners and a quest for sustainable and stable development. The secondary objective is the desire to provide the *missing link*. Although there is institutional dialogue between Asia and the United States (APEC) and between the EU and the United States (Transatlantic partnership), there was nothing comparable between Asia and Europe. On the Asian side there was a political will to attract the attention of Europe, which tended to focus on the countries of Central and Eastern Europe. There was also a concern to combat European protectionism (Fortress Europe) and American isolationism. The Asian countries also wanted to attract investment and diversify trade. The new European strategy found a response in these various interests.

¹ Contribution by Mr P. Westerlund, DG1-F

² See ASEM Brief Nos 1 and 2.

³ cf. Commission Communication '*Towards a new strategy in Asia*', COM(94) 314 final.

⁴ ASEAN (Association of South-East Asian Nations) is made up of Thailand, Singapore, Malaysia, Indonesia, Philippines, Brunei, Vietnam and Burma. Burma joined ASEAN after it was set up but is not taking part in the dialogue.

⁵ Koh Tommy, Tsao Yuan Lee, 'An Asian- European encounter of the third kind, in *International Herald Tribune*, 1.03.1996.

⁶ cf. EU Bulletin 12-1995, paragraph 1.79 European Parliament. p. 43.

Priorities

The priorities of this informal dialogue as defined in the Bangkok closing statement are as follows:

- to renew the political dialogue

Although mentioned first, this dialogue, which is intended to contribute to peace, global stability and prosperity, remains embryonic. Political recognition of the countries of South-East Asia is eminently linked to their new economic position.

- to reinforce economic cooperation
- to promote cooperation in areas of mutual interest

These areas were named in the statement but not listed exclusively. The subjects concerned are science and technology, human resources development, development cooperation, the environment, combatting crime, drugs, terrorism and money laundering, and cultural cooperation.

The political element seems vital, but the general aim of ASEM remains economic, as shown by its description as a partnership 'for greater growth'. According to the Bangkok closing statement, this Asia-Europe dialogue should forge a partnership for greater growth (Paragraph 3). Moreover, the economic sphere appears as the basis of the dialogue itself (Paragraph 10). A follow-up process with various levels of discussion was put in place, corresponding to the dialogue's various objectives. It should be noted that this cooperation does not call into question the bilateral framework of Community agreements and is complemented by the Member States' policies.

Participants

Cooperation within ASEM is based on strengthening the links between four categories of participants: political leaders, senior officials, businessmen and the public (civil society).

The desire to strengthen the last link underlies the strategies to improve understanding through cultural exchanges involving various strata of society. However, a criticism which is often voiced of current ASEM activities is that exchanges are restricted to certain elite figures (academics and intellectuals). Strategies to widen the range of people affected are advised. Attempts are being made to improve the interaction between these four types of participant to give greater coherence to ASEM follow-up activities.

Analysis of the follow-up activities listed in the Bangkok statement shows a positive result in the three sectors and considerable involvement by the four types of participant. The ASEM dialogue appears to be a relevant forum for discussing multilateral and regional issues. However there is a need to rethink the methods used in order to counter the possible weaknesses of an informal approach.

⁷ See *inter alia* Roland J. *The Asia-Europe Meeting (ASEM): towards a new Euro-Asian relationship*, Rostock University, Institut für Politik- und Verwaltungswissenschaften, Volume 5, 1996, European Parliament 45.

2. RETHINKING THE METHOD

The method adopted for the Asia-Europe dialogue is known as the '*Asiatic method*'. It favours an informal and evolving structure such as practised within ASEAN. This method was chosen as the participants did not want to formalize the relationship at the outset and wanted to maintain a consensual agenda. However, although this option has enabled the Asia-Europe dialogue to evolve constructively, it may **also** lead to a profusion of decisions which are not in line with the initial objectives. It is to avoid the possibility of such divergence that two proposals have been submitted, one by the Commission and the other by Singapore. The Commission proposal has been finalized and aims to place the dialogue within a framework encompassing both the method of work and the procedure'.

Without advocating institutionalization, the Commission proposes setting up a framework programme for the activities planned for after the London summit, to manage them more effectively by focussing on priority areas for cooperation and a work programme. Coordination procedures are also to be strengthened.

The second part of the Commission document proposes improving decision-making procedures. The current system is based on four levels of discussion: meetings of Heads of State and Government (ASEM), ministerial meetings, senior officials' meetings and coordinators' meetings.

Meetings of senior officials (foreign affairs or SOMTI⁹) are organized to assist the ministers, whose own meetings cover three areas (foreign affairs, economics and finance¹⁰). In addition, an informal group of coordinators meets more frequently to prepare ASEM activities. This coordinators' meeting includes the European Presidency and Commission and, on the Asian side, a representative of ASEAN (currently Thailand) and a representative of the Japan, China and Korea triad (currently Japan). A representative of the country hosting the meeting is often also present as an observer. The fourth level is that of the Heads of State and Government, who met in London in April 1998 and are to meet in Seoul in 2000.

The Commission proposes that each new initiative be discussed by the senior officials and coordinators before being agreed at a higher level (**Ministers** or Heads of State and Government). In addition, new proposals should be circulated at least six weeks before meetings of senior officials to allow time for them to be considered. The aim of this procedure is to avoid spontaneous and inappropriate proposals made by officials during **ASEM** meetings. The political ramifications of such decisions assume that they will be implemented, although sometimes they would not be feasible or relevant to the ASEM context. The new procedural framework **aims** to maintain an overall consensus on the activities to be undertaken.

The Commission also proposes that meeting of senior officials be organized with a two-level structure: general meetings of political directors and more specific meetings of Asia-Europe directors. **This** structure would enable the meeting to fulfil its coordinating function and also to play a political dialogue role. The Commission also refers to the essential role of the Asia-Oceania Group

⁸ Commission working document '*Perspectives and priorities for the ASEM process*' Brussels, 26 June 1997, SEC(97) 1239 final.

⁹ Meeting of senior officials responsible for trade and investment, see details below.

¹⁰ Meeting of Foreign Affairs Ministers, Singapore, 14 and 15 February 1997; meeting of Finance Ministers, Bangkok, 19 September 1997; meeting of Economic Affairs Ministers, Tokyo, 27 and 28 September 1997.

within the EU Council of Ministers and the need for transparency and exchanges of information between the Council, Commission and Parliament.

The Commission thus hopes to rationalize the dialogue by adding a touch of formality to the initial Asiatic design, without at this stage calling for institutionalization of the process.

This initiative is in line with Singapore's proposal to draw up an Asia-Europe cooperation framework. The **main** aim of this proposal is to improve coordination between the **ASEM** projects. To this end it envisages key objectives, definition of priorities and areas for cooperation in the near future, including a programme of activities for **1998** and **1999** and a procedural framework for coordinating ASEM initiatives. This proposal fits in with the main points of the Commission proposal.

3. RENEWING THE POLITICAL DIALOGUE

Framework for cooperation

The first meeting of the Heads of State and Government of Asia and Europe in Bangkok, and the ASEM 2 Summit, held in April 1998 in London, can be considered a major political success. Political dialogue was to be reinforced in order to deepen understanding and friendship, on the basis of mutual respect, equality and the promotion of fundamental rights. Measured against these commitments, the political follow-up may appear slight. However, this can be explained by the existence of other fora: bilateral dialogues and ARF (ASEAN Regional **Forum**)¹¹.

The main areas for cooperation have been defined as: general political dialogue and preventive diplomacy; dialogue relating to the United Nations; cooperation in the area of arms control and the control of atomic, biological and chemical weapons.

The participants in ASEM have highlighted the need to discuss problems of common interest, then gradually to extend as appropriate the issues to be discussed. In this way, with consensus having to be sought each time, the more controversial issues are likely to be tackled last.

Analysis of the follow-up

The first meeting of Foreign Affairs Ministers (Singapore, 14 and 15 February 1997) provided an opportunity to discuss the political dialogue and its scope. Current international problems such as regional security, terrorism, drug trafficking and environmental protection call for a global response. This forum is thus appropriate for discussion of such issues. The Commission has also reaffirmed that ASEM has a remit to discuss sensitive subjects such as human rights or the political situation in some countries. However, the Asian countries have emphasized that it is useless to discuss issues which should be tackled by other international or bilateral bodies such as United Nations or ILO.

ASEM, however, provides an excellent framework to facilitate the emergence of a new dialogue between ASEAN and the three other Asiatic partners. In fact, in order to confront the integrated

¹¹ It should be noted that global dialogue should not take the place of existing bilateral relations between the EU and Asian countries. Relations between individual States should be maintained and should reinforce the regional dialogue. There is thus a general requirement to improve coordination.

European bloc, these countries organize preparatory meetings to discuss and coordinate their positions within ASEM. This new practice can only increase stability in the region.

The dialogue has both international and regional objectives (between Asia and Europe).

- **At multilateral level**

Dialogue within ASEM is an appropriate forum for prior and preparatory discussion of issues covered by other bodies, and makes it possible to seek a convergence of opinions on important matters.

Participants at the Bangkok Conference declared their firm commitment to the United Nations Charter and the Universal Declaration on Human Rights and to the concluding declarations of recent international meetings. Thus a dialogue was initiated on reform of the United Nations at institutional and budgetary levels¹². In this context, the Meeting of Senior Officials in Luxembourg on 30 and 31 October 1997 also emphasized the importance of the International Conference of signatories to the Convention on climate change to be held in Kyoto.

In addition, each meeting provides an opportunity to note political developments in the two regions, the aim being to reinforce political cooperation strategies.

- **At regional level**

An informal political dialogue has been set up within ASEM. Issues such as security, disarmament and humanitarian problems are discussed in the Asia-Europe context. For example, at the Meeting of Senior Officials in Luxembourg on 30 and 31 October 1997, political dialogue discussions covered Korea and the KEDO (Korean Energy Development Organization). The European Union has joined the executive committee of this organization. The dialogue also made it possible to mobilize international observers for the general elections in Cambodia in May 1998. This last aspect illustrates preventive diplomacy strategies.

Evaluation and priorities

The political dialogue within ASEM is rich and diversified. However, with a view to better management of changing perspectives, South Korea has proposed setting up an Asia-Europe Vision Group¹³. This group's objective is to develop a medium- and long-term view to define and shape the ASEM process in the 21st century. The concept of the Group is similar to the APEC Eminent Persons Group (AEPG) within the APEC. However, the agreement has already been finalized by the Meeting of Senior Officials in Luxembourg (30 and 31 October 1997). The Group's initial work will be discussed by the second meeting of Foreign Affairs Ministers and then by ASEM 3.

Despite these various lines of approach, political dialogue has its limits. A pragmatic approach is necessary if consensus is to be reached. This is particularly true in the area of human rights. The Asian representatives, who expect an exchange between equal partners, point out that there is a tacit agreement not to discuss purely bilateral problems (Indonesia-Portugal) or those covered by other

¹² Preliminary meeting in New York between the Troika (Spain, Italy and Ireland) and the Asian coordinators (Japan and Singapore) on 21 June 1996.

¹³ An idea launched at the senior officials meeting in Dublin (20 December 1996). The initial text was submitted on 28 March 1997 and redistributed in a revised version on 1 July 1997. The proposal was finalized on 1 September 1997.

fora such as social rights by the ILO. However, the Bangkok closing statement refers to the promotion of human rights in accordance with international law and obligations not to intervene directly or indirectly in each other's internal affairs.¹⁴

At the ASEM 2 Summit in London, the Heads of State continued their political dialogue, but the impact of the monetary and financial crisis faced by the ASEM countries has largely overshadowed questions of human rights.

4. STRENGTHENING ECONOMIC COOPERATION

Framework for cooperation

The economic objectives of this dialogue are evident, and remain on the agenda despite the current financial crisis in South East Asia and Japan. Asia sees itself as an area of strong development which has long been neglected by the Europeans'. In the current context of globalization and economic interdependence, it is important for the European Union to strengthen its economic ties with Asian markets. It should further develop trade with Asia, particularly in products with high added value. It is precisely these markets which create jobs (12 million European jobs depend on export markets).

Economic cooperation is a driving factor behind the ASEM dialogue; the aim is sustainable economic and social growth and a mutually beneficial partnership (energy, environment and technological cooperation). Accordingly, a meeting of senior officials is planned to discuss trade and investment specifically (SOMTI)¹⁶.

The fact that a new round of negotiations on global liberalization is imminent at international level increases the need for dialogue. It should be noted that our Asian partners are engaged in parallel deliberations in the Pacific zone, within the APEC.

Analysis of the follow-up

The initial meetings of Finance and Economics Ministers allowed exchanges of views on the macro-economic situation of the two areas and the progress of economic interpenetration of the markets. The Finance Ministers discussed the implications of the euro. In addition, they decided to exchange more information on financial and macroeconomic developments. Principles for combatting money laundering were approved. Similarly, the meeting of economics ministers provided an opportunity to exchange information. In this context also, discussions were held on WTO issues (particularly the liberalization of financial services) and on the two economic cooperation instruments, the Trade Facilitation Action Plan (TFAP) and the Investment Promotion Action Plan (IPAP).

¹⁴ Cf. Statement by the Chairman of the Asia-Europe meeting, paragraph 5, EU Bulletin EU 3-1996, European Parliament, 147.

¹⁵ See ASEM Brief No 1.

¹⁶ Cf. Bangkok closing statement, Paragraph 13; SOMTI : Senior Officials' Meeting on Trade and Investment

- **At multilateral level**

The aim of the dialogue remains to increase cooperation in the context of WTO multilateral relations. Discussions also centre on the built-in agenda resulting from the Marrakesh Conference. Trade liberalization and financial services have already been discussed at various meetings. The agreements reached are limited, however, particularly in the financial area, by the recent monetary situation in South-East Asia. The Asian countries also still accuse the Europeans of protectionist tendencies. Both regions are developing regional economic integration strategies while being committed to respect for the rules of open regionalism as defined by the WTO. Another item on the agenda is new countries joining the WTO.

- **At regional level**

The four main themes at the heart of regional economic cooperation are:

- Trade liberalization
- Facilitating investment
- Cooperation between economic operators
- Customs cooperation.

These themes recognize the current weakness of relations between the two regions, despite the potential on both sides in the area of markets in goods and capital equipment and development projects for infrastructure, capital, skills and technology.

The policy adopted is for economic operators to adopt a higher profile in each other's regions. To this end, specific instruments have been used to bring about greater integration and improve access to markets and investments, while preventing distortions: the Trade Facilitation Action Plan (TFAP) and the Investment Promotion Action Plan (IPAP).

At the meeting of Economics Ministers on 27 and 28 September 1997 the participants finalized the Investment Promotion Action Plan and accepted the framework of the Trade Facilitation Action Plan.

- **Liberalizing trade: TFAP**

Those involved in this dialogue have agreed to set up a reliable legal framework to facilitate trade: certain points, such as the protection of intellectual property, still have to be clarified.

It had been decided at the SOMTI 1 in Brussels to prepare the TFAP, which was proposed by the Commission. It aims to reduce non-tariff barriers and promote trade opportunities. Four 'shepherds' (Union Presidency, Commission, Korea and Philippines) drew up a proposal including priority areas, systems and a timetable.

This framework proposal was accepted at the Meeting of Economics Ministers on 27 and 28 September 1997. The TFAP aims in principle to reduce non-tariff barriers and transaction

¹⁷ ASEAN is primarily a grouping of countries for security reasons. However, the process is developing along resolutely economic lines. In 1992 the member States adopted the idea of setting up a free trade area: the AFTA. This zone was initially planned for 2008, but could become a reality by 2003 or 2000.

costs and to promote opportunities for trade in a transparent, non-discriminatory and simple framework. Priority is given to areas such as customs procedures, standards and certification, invitations for tender, copyright, mobility and access to markets in the distribution sector. A database is to be set up on the trade system, market trends and opportunities for trade.

- **Facilitating investment: IPAP**

In addition, investment is at the heart of the process. The two approaches to cooperation aim to promote both investment flows¹⁸ and the establishment of policies and rules. Consequently, the aim is to simplify and improve the regulatory framework in order to facilitate European investment in Asia and vice-versa.

A specific instrument has been proposed: the Investment Promotion Action Plan (**IPAP**). The IPAP has a long **history**. A working party on investment promotion, made up of representatives of the private and public sectors, met on 8 and 9 July 1996 in Bangkok (proposal by Thailand). The IPAP was **finalized** in July 1997 and approved at the meeting of Economics Ministers. The Plan, drawn up with institutional operators and the private sector working closely together, gives priority to new procedures for reinforcing dialogue and cooperation between Asia and Europe¹⁹. Recommendations by the **SOMTI** and the Business Forum (see below) were taken into account.

The IPAP has two pillars: the first aims to promote investment, including operations to facilitate and strengthen investment. This pillar requires strong participation by the private sector with institutional support. The second is concerned with investment policies and rules, particularly the legal framework (standards and intellectual property). These aspects require government involvement supported by private sector opinion.

These two pillars require strong cooperation and coordination between the private and State sectors in both Asia and Europe. Specific activities are already envisaged, such as setting up an Internet system to exchange information²⁰ organizing round tables on specific problems and their solutions and more short exchange programmes between professionals.

In order to facilitate the follow-up of the specific cooperative activities which have been set up, a group of investments experts has been put in place (decision by the Meeting of Economics Ministers). It is to report directly to the **SOMTI**, during an initial two-year period.

The Summit meeting **ASEM 2** in London endorsed the principles of **TFAP** and **IPAP**. Implementation of plans for the promotion of trade and investment will be assessed by the third Summit in the year 2000.

¹⁸ Much investment is expected in the area of infrastructure, particularly in Thailand and Malaysia, in various sectors such as transport, water, gas, electricity or telecommunications.

¹⁹ A study carried out jointly by the Booker Group of Bangkok and InterMatrix of London and a study carried out by intergovernmental services drawing up an inventory of investment promotion policies and programmes and regulatory reforms in various countries form the basis of the work. The various participants were then able to put forward their opinions.

²⁰ This website could be set up on the basis of the Thai site drawn up at the Bangkok Conference: <http://asem.inter.net.th> - other sites provide information on general aspects of the ASEM: <http://www.fco.gov.uk> - <http://europa.eu.int>

- **Increased interaction at the level of private sector operators**

Apart from government action to strengthen the legislative framework, economic cooperation calls directly for increased contacts at the level of private sector operators. To this end, fora have been organized (business fora, business conferences) on infrastructure, tourism, SMEs and investment.²¹

The institutional side is receptive to the recommendations formulated at the conclusion of these meetings, which express a demand for the establishment of a clear, transparent, stable and non-discriminatory regulatory framework. Moreover, having recognized the importance of joint ventures and strategic alliances, there is a need to facilitate contacts between potential partners in Asia and Europe. SMEs merit particular attention, as do training and technical assistance. Consequently, the IPAP contributes to this third priority by organizing round tables and more businessmen's exchange programmes (this type of programme already exists with the Japan Executive Training Programme and the ASEAN-JEM). Related and specialized meetings have also been held such as the Business Forum Task Force (Paris, 3 September 1997) and a symposium in Frankfurt on infrastructure financing (3 September 1997). However, too many fora on identical topics can lead to fatigue. The participants must be allowed to react with each other without too many events being organized.

There is thus a quest for synergy between government and private sector cooperation to serve the needs of mutual support for their opposite numbers in both regions.

- **Customs cooperation**

Customs cooperation between the two sides aims to harmonize and simplify procedures. Combatting illegal trade (drugs, weapons and counterfeit objects) is also on the agenda. The priority given to these activities has resulted in two working groups being set up following the meeting of customs directors-general at Shenzhen (21 June 1996). Annual meetings on this topic are planned (second meeting in Vienna, 20 June 1997).

Customs cooperation implies mutual administrative assistance between the two sides. Because of the cross-subject nature of this cooperation, it is discussed at meetings of the Finance and Economic Ministers.

Evaluation and priorities

The two regional groups remain very attached to a system of concession and protection, or at least to the existence of safeguard clauses. However, the desire to increase Europe's economic presence in Asia and vice-versa is the essential foundation for the dialogue. In order to maximize the economic strategies between the two sides, the Commission's view in its methodological reform is that priority action areas must be defined within a clearly established programme of work. To this end, the study on economic synergy between Asia and Europe drawn up by Japan and submitted in September

²¹ See Agence Europe No 7106, p. 12.

1997²² may help to define the priority areas: developing infrastructures²³, promoting interregional interaction on trade (improving technical standards and developing human resources), environmental and energy problems and the promotion of SMEs.

From the European point of view, the aim is to show our opposite numbers that liberalization and economic stability go hand in hand. This argument is made more difficult by the financial crisis in Asia and the monetary and wider economic consequences it entails. The financial crisis has also led to rethinking the 'Asian myth' and the limits of its development. Numerous investors, despite reassurance from various sources including the World Bank, are concerned for the future stability of growth in Asia.

The Summit meeting **ASEM 2** in London made it very clear that Europe remains committed to seeking solutions to the **ASEAN** crisis and expressed solidarity and confidence in the region's ability to overcome its **financial** problems, provided economic reforms are implemented. "We are not just good weather friends" stated Britain's Prime Minister, Tony Blair. The meeting has highlighted Europe's wish to be seen **as** an active player on the ASEAN scene, carrying a weight at least as important as the United States and not being reduced to a mere observer's role.²⁴

5. DEVELOPING COOPERATION

Framework for cooperation

The Bangkok conference had already envisaged cooperation in the fields of:

scientific and technological cooperation, cooperation on global problems, and a cultural cooperation and fostering closer people-to-people contacts

Analysis of the follow-up

- Scientific and technological cooperation

This form of cooperation aims to involve key sectors such as agriculture, information and communication technology, energy and transport. It also considers the relevance of exchanges of human resources (education and vocational and management training) and development cooperation (in particular combatting poverty, the role of women, public health - **AIDS** - and joint activity or sharing experience on Africa).

In order to meet these various objectives, meetings have been organized between Asian and European participants. A meeting of a group of experts on the promotion of technological exchanges was held in Beijing on **24** and **25** April **1997**.

²² This document presents the links between Europe and Asia in terms of trade and direct foreign investment, it also analyses the contribution of the interregional dialogue to the economic development of Asia and Europe and that of the world economy. It also lists the conditions required for maximizing economic synergy and the problems which must be resolved: competitive economic environment, information flow, private and State cooperation, clear and transparent legal framework, respect for WTO rules.

²³ Malaysia is preparing a study on integrated rail networks between Asia and Europe. The Commission is preparing a study on road transport between Asia and Europe.

²⁴ Source: *Le Monde*, 6.4.1998

- **Cooperation on global problems**

This cooperation includes the environment (global warming, water resources, deforestation and desertification) and combatting organized crime (drugs, money laundering, terrorism and illegal immigration).

The second ASEM Summit has adopted concrete initiatives in areas of common interest such as the environment (a centre of technologies diffusion will be set up in Thailand), the fight against drug trafficking and money laundering (exchange of experts), the fight against exploitation of children (an experts meeting to be held in London in October this year) and a cooperation programme on the prevention of disasters will be launched.

- **Cultural cooperation and fostering closer people-to-people contacts**

Exchanges between intellectuals, forming an integral part of **this** third form of cooperation, are also considered an element of the political dialogue²⁵. A network is to be set up between those interested in Asia-Europe relations.

In order to promote and facilitate mutual comprehension between civil societies, an *Asia-Europe Foundation (ASEF)* was set up in Singapore on 17 February 1997²⁶ as indicated in the Bangkok closing statement (Paragraph 19(8)). The formal decision was taken by the Meeting of Foreign Ministers in Singapore on 15 February 1997. This foundation is the first institution to be born of ASEM cooperation²⁷. The Commission has allocated **ECU** 3.5m and Singapore, France, Brunei, Luxembourg and Germany will give \$1 million. **An** Internet site has been set up²⁸ to enhance the activities of the Foundation. Activities such as meetings of intellectuals, artists and young leaders are to be set up. For example, a list of think tanks and other institutions working in the area of Asia-Europe relations is to be drawn up (a partial list has been circulating since August 1997).

With regard to the meetings of young leaders, who are clearly referred to in the Bangkok closing statement, they will henceforward be organized under the auspices of the ASEF. The first of these meetings described as 'mini-Davos' took place in Mizayaki, Japan, from 10 to 14 March 1997 on the topic 'The quest for a new form of Asia-Europe cooperation for the 21st century'. The second will be held in Austria (25 to 29 May 1998). Subsequent meetings will be held in the context of the ASEF, Korea has offered to host the third one.

Cultural exchanges, particularly of intellectuals, aim to reinforce the strategic discussions on topics of interregional interest, by organizing colloquia or **conferences**²⁹. ASEF documents will be published to disseminate ideas for activities by the ASEM.

²⁵ Statement by the Chairman of the Asia-Europe meeting, Bangkok, 1 and 2 March 1996, Paragraph 5.

²⁶ Professor Tommy Koh is the Executive Director

²⁷ Because of the informal nature of cooperation, setting up institutions is to remain the exception rather than the rule.

²⁸ <http://vnw.asef.org>

²⁹ Some colloquia have already been organized: Satellite Television: a bridge between Asia and Europe, Singapore, 7 April 1997; Building bridges with pictures, Luxembourg, 25 October 1997.

In addition, an Asia-Europe University Programme³⁰ is to be proposed by Malaysia. It seems clear that exchanges of young people should underpin the desire to bring about better mutual knowledge and understanding between the two regions. By this means in particular the image of the various participants should become stronger and clearer. There are still too many stereotypical views. In this respect virtual exchanges (through the development of national, regional and ASEM Internet sites) cannot take the place of direct meetings.

Evaluation and priorities

In this last area, which covers various projects, it is often necessary to wait for the publication of preliminary studies carried out by countries either independently or in partnership. Once the studies are published they are discussed informally and then in the context of ASEM meetings. This process partly explains why projects in this third area are relatively lagging behind. However, in order to **maintain** ASEM's originality and relevance, the various projects should be pursued in a coherent and parallel manner. The new reflections on methodology by the Commission and by Singapore (Asia-Europe cooperation framework) and the Asia-Europe Vision Group are doing this.

At a cultural level, the ASEM 2 Summit was presented with a report by Tommy Koh, Director of the Asia-Europe Foundation, created in February **1997** in Singapore, aiming at establishing personal contacts between elite of the two regions.

6. PERSPECTIVES AND CONCLUSIONS

Role of the European Parliament

Parliament has not really participated in the ASEM activities. There has, however, been an original initiative which has not been repeated, the Asia-Europe Parliamentary Partnership. In this context a meeting of parliamentarians was held in Strasbourg on 18 April 1996. Representatives **from** the national assemblies of China, Indonesia, Japan, Korea, Malaysia, Philippines, Singapore, Thailand and **Vietnam** met Members of the European Parliament. They welcomed multisectoral cooperation within the ASEM and declared themselves in favour of stronger ties between civil societies. However, the MEPs' emphasis on the importance of human rights and the related vote on a declaration on China provoked a certain amount of tension.

Parliament, however, has a legitimate **daim** to a role in the partnership process. In the context of the ASEF a meeting of young parliamentarians could be organized. This idea has been launched by Tommy Koh.

However, during its part-session of March **1998**, Parliament held a discussion on ASEM, in the presence of the President-in-Office of the Council and the Commissioner-in-charge of external affairs.

³⁰ University cooperation could be given new impetus by the experience of the European Union. a draft programme CONFUCIUS is to be the counterpart of the SOCRATES programme in Europe.

ASEM and APEC

Following the Ninth APEC Summit in Vancouver (**21-22 November 1997**), a quick comparison can be made between these two cooperation processes. Set up in Canberra in **1989**, the objectives of the Asia-Pacific Economic Cooperation Forum are exclusively economic³¹. It is thus planned to set up a free trade area in **2020**. To this end, our Asian counterparts have strategies similar to those discussed within the ASEM. The two systems for dialogue operate within multilateral rules, respecting market rules and aiming for maximum liberalization. ASEM however differs from APEC by its multisectoral aspect, particularly political dialogue. There is no such element envisaged within APEC. One of the main reasons is the presence in this second forum of both China and Taiwan. In addition, from a procedural point of view the ASEM chose a system which was given impetus from the outset by a summit meeting. APEC opted for the reverse procedure by starting with meetings at the level of officials before organizing the Seattle Summit in November **1993**.

The APEC model was discussed at the time when the **ASEM** dialogue was set up but not followed, as both the European and Asian participants wanted wider cooperation. It is undeniable, however, that the economic objectives of APEC are useful for the ASEM dialogue (particularly for the **TEAP**) because they follow the same lines.

Conclusions of ASEM 2 Summit meeting³²

In their final statement after the meeting of London of **3 and 4 April 1998**, the Heads of State agreed on the political principles and courses to take to ensure that the region's financial and monetary crises would not recur, i.e. on transparency, openness and dialogue. The Heads of State recognized the necessity of strengthening control of financial markets by the International Monetary Fund, resisting protectionist temptations and carrying out economic reforms. The preparation of detailed measures responding to these objectives was referred to the Economy and Finance Ministers, who will meet in Berlin in October **1999**. But the Summit endorsed several concrete initiatives, such as the creation of a World Bank ASEM support fund and a mission of business leaders to evaluate the impact of the crisis, as well as numerous economic cooperation projects in the area of the economy.

In contrast, the European Union did not receive massive support for its ongoing integration process, the Asian countries, led by Japan, expressing fears about EU enlargement and uncertainty about the future international role of the Euro.

ASEM Heads of State note Europe's intense interest in the resolution of Asia's financial difficulties and its full participation in the multilateral efforts being undertaken. European Commission President Jacques Santer recalled that Europe contributes **30%** of the capital of the World Bank and the IMF, as opposed to **18%** for the United States and **6%** for Japan. And Europe's support does not stop there, he continued: up to \$US **6 billion** were mobilised by certain European states to aid Korea.

³¹ Schuermans F., *The Asia Pacific Economic Cooperation forum*, DG for Research of the European Parliament. Working Paper (External Economic Relations Series), No W-10, July 1995.

³² Agence Europe, 6-7 April 1998.

- **In the monetary sphere:** The ASEM Heads of State called for a reform of the international monetary system aimed at 'improving crisis prevention and reducing the vulnerability of national financial systems in the event of shocks, including instability due to speculation' (the allusion to financial speculation was added at the request of Malaysia's Prime Minister Mr Mahathir). Stressing the central role of the IMF, the ASEM Heads of State called in particular for:
 - i) a strengthening of the IMF and an increase in shares contributed to the IMF;
 - ii) improvement of IMF surveillance mechanisms, completed by the setting in place of a new regional surveillance mechanism in Asia;
 - iii) examination by the IMF and international regulatory organisations of the means to improve transparency of financial and capital markets, including through control of capital flows.

- **At the practical level,** they welcome: the creation of an ASEM trust fund at the World Bank that will finance technical assistance in financial matters and the fight against poverty. However, Germany does not wish to contribute to this fund, while Japan has created another similar fund. The United Kingdom, which launched the project, pays €5 million (about ECU 7 million). France is in favour, even though President Chirac would have preferred the fund to be placed with the European Investment Bank. Singapore states it is willing to participate and the Malaysian Prime Minister considers this a 'good beginning'; the creation of a network of financial experts to accompany the reform of the financial system.

- **At the social level,** the Heads of State stress from the beginning of the declaration their 'concern for the human cost of the crisis on the Asian population'. At the end they note that the implementation of complete reform provides the opportunity to construct a platform for sustainable future growth. However, in doing so, it would be important to protect social spending as far as possible and develop a social safety net to protect the poor.

- **At the commercial level,** the ASEM countries, which recognise that the crisis could engender protectionist temptations, undertake to pursue the efforts of multilateral liberalisation, and to do the necessary to maintain the investment flows.

- **At the economic level:** the Heads of State adopted investment and trade plans which set the objectives to be followed by the third Summit in 2000. They noted that the businessmen will create a follow-up group within the Business Forum; heard recommendations from the Business Forum on policies to be carried out to face the financial crisis; they welcomed the organisation of an ASEM forum for small and medium-sized enterprises, in May 1998 in Naples and discussed a possible meeting of science and technology ministers.

Problem of enlargement and human rights

Because of its success, ASEM is likely to be enlarged. From its inception, participation by other countries was envisaged. The Czech Republic wished to take part. On the Asian side, Japan favoured participation by Australia and New Zealand³³. Because of the imbalance between Europe and Asia to the latter's disadvantage, enlargement is likely to take place mainly on the Asian side. ASEAN, the regional group behind this dialogue, has itself been enlarged (to include Vietnam and Burma, with

³³ The problem currently posed by these two countries is that certain Asiatic countries (particularly China and Malaysia) do not recognize their status as 'Asiatic' countries.

Cambodia and Laos planning to join). In the case of Burma, however, the EU is opposed to that country's ASEM participation because of the human rights situation in Burma.

The Heads of State recognised that the process must remain informal, and they refer to the ASEM III Summit the decision on admission of candidates (Australia, New Zealand, India, Pakistan, Eastern European countries), indicating that enlargement of dialogue to other countries will be conducted on the 'basis of consensus between the Heads of State and Government'. Nonetheless, at the present time, there is no consensus on the applicant countries. Human rights were discussed, although this was not a burning issue of this meeting, which centred on the current economic crisis³⁴.

Conclusion

Care should be taken with regard to the future development of the dialogue. In the area of meetings between businessmen, there is a risk of fatigue resulting from too frequent meetings. Similarly at political level, it is not necessarily desirable to hold more and more meetings. Nevertheless, too flexible a structure for cooperation may also be harmful. The gradual creation of specific groups of experts responsible for reporting back at senior official level shows the limits of the current organization and the de facto creation of an additional level of discussion³⁵.

The proposals for revising the methodology should be analysed. Institutionalization is certainly not on the agenda but implementation of a programme of work could increase the effectiveness of the original cooperation. Moreover, overall guidelines could ensure parallel progress in the three major areas of the partnership, in a spirit of consensus and mutual understanding on sensitive issues.

In conclusion, this summary of activities in the specific context of ASEM should not forget bilateral cooperation³⁶ and the various national programmes which, although they are not included on this list, contribute to the harmonious development of Asia-Europe relations.

³⁴ Source: Agence Europe, 6-7 April 1998.

³⁵ Some commentators call it a 'process of low intensity institutionalization'.

³⁶ It has been repeatedly pointed out that the European-ASEAN partnership must not be emptied of its content.

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PRINCIPAL MEETINGS IN THE ASEM PROCESS

2-3.03.1996	ASEM 1 in Bangkok
3-4.04.1998	ASEM 2 in London
2000	ASEM 3 in Korea
Political area	
15.06.1996	Coordinators' Meeting, Rome
21.06.1996	Dialogue on reform of the UN, (Troika Coordinators, Singapore and Japan), New York
22.07.1996	Coordinators' Meeting, Jakarta
24.10.1996	Coordinators' Meeting, Tokyo
20.12.1996	First Meeting of Senior Foreign Affairs Officials, Dublin.
24.01.1997	Coordinators' Meeting, Singapore
14.02.1997	Second Meeting of Senior Foreign Affairs Officials, Singapore
15.02.1997	First Meeting of Foreign Affairs Ministers, Singapore
26.07.1997	Coordinators' Meeting, Kuala Lumpur
28.09.1997	Coordinators' Meeting, Makuhari
30-31.10.1997	Third Meeting of Senior Foreign Affairs Officials, Luxembourg
00.01.1998	Coordinators' Meeting, Brussels
19-20.02.1998	Fourth Meeting of Senior Foreign Affairs Officials, London
02.04.1998	Foreign Ministers' meeting (preparation for summit), London
1999	Second Meeting of Foreign Affairs Ministers, Germany
Economic area	
21.06.1996	Customs cooperation meeting, Shenzhen, China
08-09.07.1996	Working Group on Investment, Bangkok (IPAP)
25.07.1996	SOMTI 1, Brussels
14-15.10.1996	Business Forum, Paris
30.01.1997	Coordinators' Meeting, Tokyo
25.04.1997	Coordinators' Meeting, The Hague
04.06.1997	Symposium on the study on economic synergy, Tokyo
04.06.1997	Business Forum Task Force on Infrastructure, Paris
05-06.06.1997	SOMTI 1, Tokyo
07.06.1997	Coordinators' Meeting, Tokyo
20.06.1997	Customs cooperation meeting, Vienna
08-10.07.1997	Business Conference, Jakarta
21.07.1997	Coordinators' Meeting, Luxembourg
28-29.07.1997	Working Group on Investment 2, Luxembourg
03.09.1997	Symposium on infrastructure financing, Frankfurt
04.09.1997	Coordinators' Meeting, Luxembourg
19.09.1997	First meeting of Finance Ministers, Bangkok

26.09.1997	Meeting of Senior Officials
27-28.09.1997	First meeting of Economics Ministers, Tokyo
24.11.1997	Business Forum, Bangkok
05-06.02.1998	SOMTI 3, Brussels (preparation for ASEM 2)
1998	Forum for SMEs , Naples
1999	Second meeting of Finance Ministers , Europe
9-10.10.1999	Second meeting of Economics Ministers , Berlin
1999	Customs cooperation meeting, Asia
1999	Business Forum, Korea
2001	Business Forum, Singapore

Other areas of cooperation

17.02.1997	Inauguration of the <i>Asia-Europe Foundation (ASEF)</i> , Singapore
10-14.03.1997	Young People's Exchange Programme, "mini Davos", Mizayaki
24-25.04.1997	Meeting of a group of experts on technology exchange, Peking
27.05.1997	Meeting of a group of experts on setting up the Asia-Europe Environmental Centre, Bangkok
2-6.06.1997	Media workshop, Mainz
24-25.10.1997	Meeting of the ASEF Administrative Council, Luxembourg
27.10.1997	Meeting of the group of experts on setting up the Asia-Europe Environmental Centre, Bangkok
11-13.12.1997	Seminar on Human Rights and the Rule of Law, Lund
1998	Symposium on social challenges of the 21st Century, GB
17-18.02.1998	Meeting of the ASEF Administrative Council, Thailand
03.1998	Meeting of the group of experts on increasing cooperation in the area of higher education, Malaysia
03.1998	Meeting of cultural officials, Paris
03.1998	Meeting on technology transfer, Germany
25-29.05.1998	Young People's Exchange Programme, "mini Davos", Austria

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