

## Communication of the Commission to Council and Parliament

### Regarding the Asia-Europe Meeting (ASEM)<sup>1</sup> to be held in Bangkok on 1-2 March 1996

#### 1) Introduction

The broad political guidelines for the Union's participation in the forthcoming Asia-Europe Meeting (ASEM) have already been established by the European Council.<sup>2</sup> Detailed discussions at Senior Official level have likewise outlined the practical content of the topics to be considered. Building on this context, the present Communication is intended to outline some of the practical measures and follow-up actions which should be considered in Bangkok, in order to help ensure that this historic step towards a strengthening of the Europe-Asia partnership can be effectively and speedily translated into concrete and mutually-beneficial progress.

#### 2) Background

This first Asia-Europe Meeting (ASEM) is a historic initiative, aimed at establishing a new partnership between Europe and Asia. It is foreseen that this new partnership should be based on the promotion of political dialogue, the deepening of economic relations and the reinforcement of cooperation, and should contribute to the global development of societies in both Asia and Europe.

This initiative is a recent one. It builds on the call within Europe for a new strategic approach towards Asia, reflecting the increased economic and political significance of the rapidly-growing Asian economies in a changing world. This was outlined by the European Commission in its Communication of July 1994 "Towards a New Asian Strategy",<sup>3</sup> and endorsed in subsequent months by the European Council and the European Parliament. It became concrete with the initiative of Singapore, in autumn 1994, to propose a summit meeting of Asian and European leaders. This was endorsed subsequently by ASEAN, and in June 1995 by the European Council meeting at Cannes.

The first ASEM meeting will however build on a long-standing dialogue between Europe and Asia, which over the years has already matured into a substantive process of individual dialogues linking the European Union with ASEAN, with China, Japan and Korea, and with the major countries of South Asia. Our dialogue with ASEAN dates back to the late 1970s, with a first Ministerial Meeting in 1978 (plus contacts between the European Parliament and AIPO), and with the signature of the EC-ASEAN Framework Cooperation Agreement in 1980, foreseeing regular meetings at various levels. The Community and its Member States have likewise taken part in the ASEAN PMC meetings since their inception, and since 1994 in the newly-established ASEAN Regional Forum. The dialogue with the countries of South Asia likewise dates back to the early 1980s, and has also been strengthened in recent

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<sup>1</sup> Participants: EU Member States, (+ Commission), Japan, Korea, China, Asean countries (Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam)

<sup>2</sup> Council Report to the European Council in Madrid concerning the Europe-Asia Meeting (12402/95, 5 December 1995)

<sup>3</sup> Towards a New Asia Strategy, COM (94) 314, 13 July 1994

years with the inclusion of a political element in the dialogue process, for example with India and Sri Lanka. A high-level dialogue process has likewise been established with Japan (with regular ministerial meetings dating back to the late 1970s), as well as with China and Korea; most recently, EU relations with Japan and China were the subject of Commission Communications in May 1995 and December 1995 respectively, while a Framework Agreement with Korea will be initiated by the two sides in the coming weeks.

These various dialogues have tended to be dominated by economic concerns. Asia as a whole is after all the largest trading partner of the Union, accounting in 1994 for 23.2% of the Union's total external trade. The rapid and sustained growth of the Asian economies, and their increasing weight in world trade and investment flows, made it essential however to reflect this economic relationship in our political dialogue also. This process is already underway in our dialogue with individual countries and regional groups in Asia, but must be further strengthened, and given a full impetus towards an effective partnership, through the opportunities offered by the first ASEM meeting.

The ASEM meeting should also be seen in its broader geographical context. At the global level, it provides both European and Asian partners with an opportunity to build further on ongoing global dialogues (in the context both of the UN and of WTO) within a specific inter-regional context. For the European side, our intensifying relationship with Asia will provide an important and timely complement to our existing inter-regional relations with other important partners. For Asia likewise, a stronger European partnership will provide a welcome complement to the Asia-Pacific partnership strengthened in particular with the establishment of APEC in 1993.

This first ASEM meeting will have a limited participation, though both sides have agreed that it should be evolutionary in character, and it is hoped that this meeting will be the first in a series.

To ensure the success of this first meeting, however, it is necessary to consider what might be the detailed follow-up which can be given in each of the main fields of political dialogue, economic and commercial relations, and cooperation. These elements are discussed below.

### 3) Preliminary Position of the Asian Participants

Despite the differences in their political/social systems and structures and in their level of economic development, the ten Asian countries participating in ASEM have a common position as regards the goal and approach to be taken in the Europe-Asia meeting. In the eyes of the Asian participants, the declared aim of ASEM is to reinforce the weak link in the triangle of relations between Asia, North America and Europe. The Asian participants thereby hope that Europe will pay much greater attention to, and have a greater presence in Asia so as to balance their relations with other partners. The reinforcement of the Europe-Asia link also corresponds to the wish of the Asian countries henceforth to play a more active role in world affairs, in line with their growing economic weight.

The ten Asian countries also easily adopted a common position concerning the approach to the preparation and conduct of the meeting. Leaving aside the informal character of the meeting, to which the European Union has agreed in principle, the common Asian position in the run-up to the meeting stresses points of agreement or convergence of opinion, rather than points of divergence or friction. This said, the Asian countries nevertheless tackle some sensitive points such as human rights, while hoping that the discussion of these sensitive issues does not overshadow the other issues, thereby compromising the atmosphere of the meeting

Beyond their common position on the goal and approach of the meeting, the ten countries do not all attach the same importance to the political themes that were included on the agenda on the request of the European Union. It seems that they are all favorable to a reinforcement of the political dialogue between Europe and Asia, and wish for cooperation and a search for a concordance of views between the two continents in international fora and for the establishment of confidence-building measures so as to contribute to the stability of Asia and Europe.

Concerning trade and economic issues, the Asian countries pursue very similar objectives to those of the European Union, as they wish to promote an open multilateral trading system, to facilitate commercial exchanges and the conditions of investment, as well as to cooperate on infrastructure, science and technology, the protection of the environment, and human resources.

There is already a consensus among the Asian countries to foresee a second meeting at the level of Heads of State and of Government in two or three years. In the meantime, the Asian countries will probably give their agreement that high-level officials be given the task of exploring appropriate means of following-up on certain themes of the meeting, such as facilitating the conditions of trade and investment. The Asian countries will probably also confirm their agreement to the establishment of closer contacts between businessmen.

#### 4) Preliminary position of the European Union

Following the advice of the Council of Ministers, the European Council has accepted both the principle and the meeting format suggested by ASEAN (an informal meeting at head of state or government level, with a very general agenda), and has left the choice of the Asian participants to the ASEAN side. From the beginning, however, it has been clear that on the European side our participation would be as the Community and its Member States.

One key starting-point for the discussions is the New Asian Strategy proposed by the Commission in July 1994 and endorsed by the European Council in Essen in December 1994. This has also served as a major input for the Asian participants, taking account also of elements proposed by the business sector, notably through the World Economic Forum meetings organised in Singapore.

Reflecting the novelty of this dialogue between the Union and a very large and diversified region, as well as the level of participation at the meeting, it is clear that the meeting will be both informal in character and comprehensive in scope. The agenda will necessarily include all aspects of relations between the two regions, both multilateral and bilateral, ranging from economic and trade elements through to political aspects including security, and including also culture and cooperation.

The first ASEM should constitute a new milestone by allowing the participants to give impetus to the political will to intensify political dialogue, strengthen trade and economic relations and reinforce co-operation in various fields between the two regions, and lay a firm foundation for a new partnership on equal footing.

In the position paper endorsed by the Madrid European Council in mid December 1995, the Union has listed a range of specific issues for discussion, and has made certain proposals for possible follow-up actions after the ASEM.

In the political field, the Union is ready to promote political dialogue, on the values and codes that govern societies on both continents and co-operation aiming at the consolidation of political stability and international security in a broad sense, and at the improvement of mutual understanding in all areas. It stresses that human rights, the rule of law and good governance play a key role in furthering harmonious social development. Concretely, the Union foresees that Senior Officials may explore the possibilities for co-operation by identifying common ground on the different discussed political issues.

In the field of economic and trade relations, the Union is willing to strengthen the links between Europe and Asia in order to develop its economic presence in Asia as well as to encourage Asia's interest in Europe.

At a moment when both Europe and Asia partners are involved in their respective regional links, the Union expects that ASEM shall reaffirm the commitment of all to the principles of the WTO on multilateralism. For the European Union, ASEM should stress the need for a successful conclusion of unfinished negotiations in the framework of the Uruguay Round, and support further moves towards the liberalisation of international trade.

The Union envisages the possibility for participants of ASEM to instruct their senior officials to identify measures that could facilitate trade and investment conditions between both regions. The Union considers that ASEM should also encourage the intensification of business contacts and technology cross flows.

Finally, the Union is of the opinion that the ASEM should promote co-operation in various fields, especially in human resource development, in environment and biodiversity, in industrial cooperation, in development cooperation and poverty alleviation in the poorest countries, and in cultural exchange facilitating mutual understanding.

For all the above fields, it will be important that appropriate informal arrangements are put in place for reviewing and following-up on progress achieved, so that the impetus given by this first ASEM meeting is drawn upon to the full.

#### 5) Content of the dialogue and possible areas of convergence

This first ASEM carries much expectation. Both sides hope it can expand the Euro-Asian dialogue, reinforcing co-operation on many fronts, acting as a catalyst for the strengthening of bilateral and multilateral instruments. A broad range of issues for the Meeting have been identified.

##### 5a) **Promotion of political dialogue**

The increasing weight of Asia in the world economy should reinforce the political weight of this region on the international political scene. This will contribute to a world of multipolarity, in which one should not forget South Asia. ASEM should welcome and encourage efforts by Asian countries to engage themselves more in the management of international affairs by enhancing a broader Euro-Asia political dialogue, exploring areas and possible issues of cooperation in international fora and by promoting peace and stability in both regions and globally.

##### *Reinforcement of political dialogue:*

ASEM should provide a stimulus to the existing process of political dialogue between the EU and its regional or country partners. In principle, the EU should maintain and intensify the present political dialogue with its different Asian dialogue partners. But this approach can be combined with the possibility of holding political dialogue on the regional level on specific issues of interest to both regions. In the future, more effort should be given to developing the political dialogue at expert level with a view to deepening the dialogue and making it more operational in dealing with concrete issues such as reform of the United Nations, prevention and management of local conflicts, non-proliferation of weapons of mass destruction, arms and sensitive technologies controls and nuclear security.

##### *Consultation and cooperation in institutional fora*

ASEM participants could instruct senior officials to explore the possibilities of concertation and cooperation by identifying common interests on various issues in international organisations and fora. Such concertation or cooperation could include a series of issues ranging from peacekeeping and peacemaking to negotiation of an International Convention on Arms Control, implementation of the existing ones, promotion of non-proliferation regimes and the problem of antipersonnel mines. On this last point, ASEM could for example envisage action in the field of mine-clearance in Cambodia.

ASEM could likewise encourage, wherever possible, joint initiatives between EU and Asian countries. Through such joint initiatives, Europe and Asia will better understand each other's positions and ways of thinking.

*Dialogue on values and codes*

The ASEM should encourage an open and frank dialogue on the values and codes that govern societies on both continents, bearing in mind the different cultural and social backgrounds. The two sides should likewise be attentive to possibilities of enhancing positive cooperation in favor of respect of democracy, human rights and the rule of law as requested by the Council in the Union position paper.

*ARF process*

ASEM should encourage the development of the ARF process, thus contributing to stability and security in the Asian region and helping guarantee continuing economic growth and social development. The EU should involve itself further in the ARF process through a consistent participation and a more active involvement in both formal and non-governmental activities.

Within the ARF process, the Union should encourage intensified and more regular contacts and exchanges of views between Institutes of international strategic studies of both continents. The Union should also study means of actively participating of actions in the field of confidence building in the Asian region, in addition to sharing our respective experiences of CBMs in both regions.

**5b) Reinforcement Of Economic Co-Operation**

There is a very wide range of general economic questions which could be discussed at ASEM.

On economic cooperation trade and investment are important elements in the European Union's relations with all participating ASEM countries. The existing bilateral channels would be used for the implementation of the results of ASEM, with ASEM itself primarily being seen as a means to politically invigorate economic ties.

ASEM should make a strong pledge for multilateralism and open regionalism. An informal Senior Officials' Meeting on Trade and Investment Facilitation should meet before the summer of 1996 to initiate a dialogue on WTO issues which would help to prepare the ground for the discussion needed in the WTO itself, in preparation for the Singapore Ministerial in December. This dialogue should aim to commit participants to the completion of the Uruguay Round and to its expedited implementation.

Priority areas would include :

- a basic telecommunications agreement including the procurement of telecommunications equipment, which would secure market access and national treatment as well as balanced and effective regulatory frameworks,
- liberalisation and further integration of the maritime sector,
- reinforcement of the interim financial services agreement, which should also be made permanent.

The Senior Officials should also try to reach convergence of views on the future work programme of the WTO. In addition to the outstanding business listed above and the so-called "built-in agenda" to which all agreed at Marrakech, there are old and new issues which require fresh attention. Of the new issues, the priorities for the EU are trade and environment policy, trade and investment policy, trade and competition policy and labour standards. The dialogue on investment policy should help lay the foundation for a multilateral investment agreement in the WTO.

The Senior Officials' should also suggest additional measures that could facilitate trade and investment among participants. Such measures could include customs cooperation with a view to the simplification of customs procedures, cooperation on standards, improved transparency on trade and investment rules and in public sector tender notices, simplification of administrative procedures relating to FDI, etc.

Facilitation could also be promoted through industrial training programmes, economic cooperation projects and technical assistance. The EU should make clear its readiness to compare notes on the challenges of economic integration, deregulation and the creation of open and competitive market.

The recommendations of the Senior Officials would be followed up through the normal bilateral channels between the EU and the participating Asian countries.

It would also be desirable if the Senior Officials could draw in their work upon the advice and support of the private sector. It would be particularly useful to find out more on how small and medium-sized business could be helped. It is however difficult to create a comprehensive and representative forum of this kind for this heterogeneous group of countries. ASEM will initially have to build upon existing bilateral and national business fora, even if over time an umbrella group should be formed for business dialogue with participating Asian countries.

The Commission will in 1996 be organising a number of important business-to-business contacts linking Europe and Asia.

## 5c) Promotion of cooperation in various fields

### *Environment*

Common objectives and active cooperation are required in the fight against environmental degradation. The challenge of environmentally-sound development includes the definition of policies, approaches and management plans to define and achieve the optimal balance between development and conservation, economy and ecology, and human and physical environment.

Rapid growth in Europe and Asia has given rise to growing environmental concerns, and ASEM could help in the identification of common objectives and more effective cooperation in this sector. A considerable and diverse experience has already been accumulated in Europe and Asia on these issues, and taking advantage of ASEM's composition, the EU, Japan and Korea could share experiences with the other participating countries. Cooperation in specific projects could be envisaged, while follow-up could also build upon the Commission's existing cooperation network on environment with the ASEM participants<sup>4</sup>.

### *Human resources*

Human resource development plays a crucial role for sustainable economic growth and social development. Focusing and strengthening efforts already being made in the key field of primary education should be identified as a priority. Especially important is ensuring equal access to schooling for all levels of society. Joint initiatives in order to promote such objectives could be envisaged.

Cooperation in education and training between Asia and Europe should also be developed, with a special attention being given to actions such as the exchange of educational experience and vocational training. Centers or programmes specialising in European Studies (in Asia) or Asian Studies (in Europe) should be promoted. ASEM could express support for the two-way development of scholarship and university exchange programmes, taking into account projects already established under our economic cooperation programme.

Co-operation among private-sector operators (for example in the exchange of executives) and research institutions, joint projects on research and development, and exchanges of experience either through exchange of researchers or at the administrative level shall help European companies enter the highly competitive Asian market and review investment possibilities with a more informed eye. Reflections on the best ways to develop these programmes could usefully be discussed between the ASEM members in an ad hoc framework with private sector participation.

From the viewpoint of the private sector, the diverse economic situation in Asia would suggest that a diversified approach could be preferable. It is clear that European private operators tend to distinguish three key country groups in Asia, and to have differentiated strategies for each group. These include the industrialised countries and economies (such as Japan, Korea and Taiwan), the advanced developing countries (such as Thailand, Malaysia, Indonesia and the Philippines), together with the largest developing countries (China and India), and thirdly the poorer developing countries such as Vietnam and Bangladesh. The Asian participants of ASEM cross the lines

<sup>4</sup> The Commission already has a framework of bilateral environmental co-operation with all ASEM participants, either through an administrative arrangement (Japan), or through the Trade and Cooperation Agreements (ASEAN, Korea, China)



between these three groups, particularly when one takes into account the recent enlargement of ASEAN to include Vietnam, and its possible future enlargement to other countries in South-East Asia

*Science and technology cross-flows*

The Meeting should acknowledge the importance of small and medium enterprises in this sector, and recommend to participants the establishment of joint programmes aimed at facilitating investment and technology linkages among SME's. This point has already been clearly stressed in Asian and European preparation for the Meeting, and current EC programmes for support to SME linkages need reinforcement and a greater Asian involvement in order to bring the expected benefits.

*Industrial cooperation*

Industrial cooperation could make an important contribution to mutual trust and understanding on a long-term basis between Asian and European economies, avoiding trade friction and obstacles due to cultural diversity. ASEM could therefore encourage the development of a number of bilateral industrial cooperation activities adapted to each sector and to each country (e.g. business meetings, set-up of training programmes for students and engineers in industrial companies in Asia for Europeans and vice versa ...). In particular, the meeting could acknowledge the importance of cooperation in current efforts to achieve the Global Information Society. The meeting could give input to the G7 'Information Society Conference' with Developing Countries in May 96 in South-Africa.

Special attention should also be given to transport. Efficient transport links play a major role in the development of trade. ASEM should promote cooperation aimed at improving transport links both between Europe and Asia and within the region. Particular attention should be given, in this context, to transfer of technology to the poorer countries in the region, so as to promote more energy-efficient and environmentally sustainable transport. Cooperation in ASEM could encourage cooperation on maritime safety and environmental issues, traffic management based on Global Navigation Satellite Systems (GNSS), air transport and the development of new transport links between Europe and Asia.

*Cultural contacts*

Both sides agree on the need to build bridges between their civil societies, especially as regards the importance of the establishment of a parliamentary dialogue at the Asia-Europe level and the participation of the private sector. This is a major challenge in our drive to overcome existing gaps in communication, understanding and cultural dialogue. A strengthened mutual awareness of European and Asian cultural perspectives will be a key supporting element in strengthening our two-way political and economic linkages.

The Europe-Asia Forum in Venice on January 18-19 focusing on a better understanding of Asian culture will provide a valuable precedent in this respect, and initiatives from the Asian side would be welcome.

*Cooperation in development*

Many participants, including the Community and its Member States, already have substantial and long-standing programmes in this area, the value of which the Summit may wish to recognise, while confirming also the continuing-importance of working together to assist in a smooth integration of the poorest countries of Asia, and the poorest regions of the richer countries, within the economic and social progress of the region as a whole. Special emphasis could be given to continued efforts to support the transition to market economy already started in several Asian countries with strong support from the Union.

Among the key objectives of development co-operation which the Meeting could endorse would be :

- a focus on the poorest countries of the region and on the least favored groups in society;
- helping to improve the incomes and living conditions of the most disadvantaged groups, in a sustainable and replicable manner paying due attention to environmental and resource-management considerations;
- helping these disadvantaged groups to play a more active role in the planning, implementation and evaluation of their own development strategies, through strengthened participation and empowerment;
- helping ensure that women are permitted and enabled to play their full role in the development process, and that major social issues such as population, health and education are given adequate policy and resource support;

ASEM could in this context provide a useful forum to support joint initiatives in development projects in the less advanced participating countries through common reflection, coordinated actions and/or burden sharing. It is clear, however, that the launching of projects should be left at the discretion of each participant.

6) Future perspectives

It is evident that this first ASEM meeting should not be a unique event, nor one without practical and concrete follow-up. With regard to the next steps which will require to be taken on both sides, certain key points already seem clear. In particular, one can note :

- the need to maintain and strengthen a framework of political dialogue, over and above the urgent and important themes which can be treated within an economic dialogue;
- the need to reinforce the multilateral context of these twin dialogues, and to strengthen the role of the relevant international institutions;
- the parallel need to ensure that the intensified dialogue between Europe and Asia will strengthen, rather than displace, the existing dialogues at both bilateral and sub-regional level.

In general, it is evident that the follow-up to ASEM should be pragmatic and flexible. Due account should be taken of existing institutional frameworks as well as multilateral fora. In this context, however, there are clearly various options available as regards the way ahead which will need to be addressed in the light of the outcome of the Bangkok ASEM. There seems to be consensus that the first ASEM should not be a one-off event. One Member-State has offered to host the next ASEM during its Presidency in the first half of 1998.

Further thought should be given to how the next ASEM should be prepared and organised, as well as to how the participants should be selected. The most difficult issue will be how to ensure continuity and effectiveness without ASEM becoming bureaucratic or rigid. The Commission will revert to the Council on these matters in due course.

7) Conclusions

Asia and Europe have shared interests in terms of politics and security, both globally and regionally; an intensified cooperation and sharing of experience between the two regions will serve the common interests of both. Asia and Europe likewise have shared interests in the effective functioning of the global economy, and of the new multilateral trade order established in Marrakech; the support of like-minded regional groups as well as of individual countries is essential for the full potential of the WTO to be realised. ASEM will thus provide an ideal forum for Asia and Europe to exchange views at the highest level, to assess the status of our general dialogue, and to provide further guidance and impetus to the development of this dialogue at different levels.

At the same time, the diversity of Asia will certainly call for a deeper dialogue between the European Union and the different parts of the larger Asian area, both with its regional and sub-regional groupings (which we should support), and with the individual countries. The characteristics of each of these dialogues will necessarily be based on the particularities of each country and regional group, as well as on the evolving interest of our partners in strengthening their relations with the Union. These dialogues already exist with practically all the countries of Asia, each with their particular framework, and often institutionalised in the form of a more or less advanced cooperation agreement. They need further strengthening, and the Commission is willing to make detailed proposals in this sense, within the context of the general guidelines and impetus which will be given by the ASEM meeting.

Looking to the future, it would be wrong to foresee any premature institutionalisation of the dialogue framework being established through this first ASEM meeting. Nevertheless, one should consider how this initial historic impetus may best be maintained. In this regard, it is possible that participants at the first ASEM should consider calling for a second meeting at the level of heads of state or government to be held in two or three years' time (preceded perhaps by a meeting at ministerial level to report on progress), and in the meantime calling for the early convening of a Senior Officials' Meeting to assist both sides in preparing for the forthcoming WTO Ministerial and its follow-up.

To ensure that the Asia-Europe dialogue thus established can achieve its full potential, it will also be essential to broaden the dialogue beyond the government level. On the one hand, it is important that civil society can play its part, and in this regard the establishment of a parliamentary dialogue at the Asia-Europe level will be essential (building on the existing parliamentary dialogues at sub-regional levels). The private sector also should be encouraged to play its full part in the dialogue, and an Asia-Europe meeting of business leaders could also be envisaged.

In conclusion, the Commission is convinced of the historical importance of the forthcoming ASEM meeting, and is convinced likewise that this meeting should not be seen in isolation, but as the formal and mutual recognition by all participants that Europe and Asia must meet on an equal footing of partnership and of genuine dialogue.