Multiregionalism and multilateralism: Asian-European relations in a global context

Bersick, Sebastian (Ed.); Stokhof, Wim (Ed.); Velde, Paul van der (Ed.)

Multiregionalism and Multilateralism

Asian-European Relations in a Global Context

Edited by
Sebastian Bersick**, **Wim Stokhof** and **Paul van der Velde

Amsterdam University Press

Multiregionalism and Multilateralism

ICAS Publication Series

General Editor Paul van der Velde

The ICAS Publication Series consists of Monographs, Edited Volumes and Proceedings of ICAS. The Series takes a multidisciplinary approach to issues of interregional and multilateral importance for Asia in a global context. The Series aims to stimulate dialogue amongst scholars and civil society groups at the local, regional and international levels.

The International Convention of Asia Scholars (ICAS) was founded in 1997. Its main goals are to transcend the boundaries between disciplines, between nations studied, and between the geographic origins of the Asia scholars involved. ICAS has grown into the largest biennial Asia studies event outside the US covering all subjects of Asia studies. So far four editions of ICAS have been held respectively in Leiden (1998), Berlin (2001), Singapore (2003), Shanghai (2005) and the ICAS 5 will be held in Kuala Lumpur (2-5 August 2007). In 2001 the ICAS Secretariat was founded which guarantees the continuity of the ICAS process. In 2004 the ICAS Book Prizes (IBP) were established in order to create by way of a global competition both an international focus for publications on Asia while at the same time increasing their visibility worldwide. For more information: www.icasecretariat.org

Multiregionalism and Multilateralism

Asian-European Relations in a Global Context

Edited Volumes 1

Edited by
Sebastian Bersick, Wim Stokhof and **Paul van der Velde**

With the assistance of
Benedikt Seemann

Amsterdam University Press

Edited Volumes 1

Sponsored by the International Institute for Asian Studies (Leiden/Amsterdam)

Cover design and layout: JB&A raster grafisch ontwerp, Delft

ISBN-13 978 90 5356 929 0
ISBN-10 90 5356 929 4
NUR 761

Table of contents

1

Multiregionalism and Multilateralism: Asian-European Relations in a Global Context

Sebastian Bersick, Paul van der Velde and Wim Stokhof

ASEM's tenth birthday celebrations will be in Finland which has the EU's Presidency in the second half of 2006. Its capital Helsinki is gearing up to host the largest meeting at the level of Heads of State and Government in the history of the country. Approximately two thousand delegates and one thousand media representatives will gather for the sixth ASEM summit. There will also be a host of parallel meetings and conferences running in the beginning of September surrounding ASEM 6.

The Asia-Europe Meeting (ASEM) was officially established in 1996 at the first summit in Bangkok. ASEM is an inter-regional process that consists of the ten members of the Association of Southeast Asian Nations (ASEAN), China, Japan, South Korea and the twenty five member states of the European Union (EU) plus the EU, represented by the European Commission and the Presidency of the European Council. The main components of the ASEM process, which has so far been loosely organized, include political dialogue, education and culture, security and economy. The process is generally considered by the parties involved to be a way of enhancing relations between Asia and Europe at all levels, which is deemed necessary to achieve a more balanced political and economic world order.

This book, *Multiregionalism and Multilateralism: Asian-European Relations in a Global Context* is a sequel to the books which we edited before: *ASEM The Asia-Europe Meeting. A Window of Opportunity* (London: Kegan Paul International 1999); *Asian-European Perspectives: Developing the ASEM Process* (London: Curzon 2001) and the *The Eurasian Space: Far More than Two Continents* (Singapore: ISEAS 2004). In the 1999 volume we looked at politicians' views of ASEM and

possibilities to improve contact between Asia and Europe, addressing challenges and problem areas in an effort to map the probable future of ASEM. In the 2001 volume, contributors answered questions of a more practical nature or reflected on the ideas the ASEM Vision Group had developed. How can the ASEM potential be realized? How can we create a useful ASEM vocabulary? How can we create a Eurasian Research Culture? Answers to these questions are of paramount importance to the continuation of the ASEM process. The 2004 volume examined levels of engagement between Asia and Europe, throwing light on how the ASEM process has been directly or indirectly useful in enhancing ties between various Asian and European countries, and in contributing to the general development of new approaches to international cooperation.

The present volume focuses on the institutionalisation of intraregional and inter-regional cooperation in the international system. The contributors consist of academics who can rightly be called specialists in the young field of ASEM studies. Their contributions are a balanced mix of the multiregional and multilateral aspects of ASEM, the outcome of intensive (e)communication and a panel on the topic at the 2005 International Convention of Asia Scholars (ICAS 5) in Shanghai, which resulted in further fine-tuning of the present volume. In contrast to our previous volumes, the present one includes contributions by North and South American colleagues, which shows that ASEM is increasingly becoming a topic of interest to researchers worldwide. It also bears testimony to the fact that there is a growing awareness among politicians of the importance of the ASEM process in the emerging multilateral and multiregional world of the 21st century.

The Driving Force of Multiregionalism

Tânia Felício in her chapter 'East Asia: The Missing Link in Multiregionalism' focuses on how the crisis in multilateralism, especially at the security level, can be overcome through multiregionalism. She shows how multiregionalism is being encouraged by both regional-global and inter-regional processes pushing for region building in places previously dominated by state-to-state relations. Felício focuses on the inter-related phenomena of the developing regional-global security mechanism sponsored by the UN and the EU-Asia dialogue through ASEM. She analyses East Asia's role in both multiregional fora and assesses the growing asymmetries in East Asia due to the lack of a regional approach. Felício furthermore contends that these asymmetries create a more positive attitude in East Asia towards closer cooperation while boosting their sense of regionhood.

Michael Postert in his chapter 'ASEM and EU-style Economic Integration in East Asia' traces the positions of the actors in the financial architecture arena back to the Asian financial crisis. Support extended to the affected states was

not altruistic; nor were the preventive measures proposed thereafter. Asia's financial architecture is a battleground between competing political agendas: integration into the IMF global regime or a more autonomous Asian regime loosely connected to the IMF. Asia under the de-facto guardianship of Japan has tried to reach a solution with US/IMF interests that sufficiently safeguards the needs of the region and its member states. In recent years, with the encouraging example of successful monetary integration in the EU, a more balanced and self-assertive approach towards monetary and economic policy has emerged in East Asia. Postert shows how the process of inter-regional cooperation is leading to a more autonomous Asian policy approach in the field of economic and financial integration. Through interaction with the EU and other key actors, East Asia is shaping the contours of an emergent financial field in the multiregional world order.

Christian Wagner deals with 'India's New Quest for Intra- and Inter-regional Politics'. Wagner takes a neo-realist view of interstate cooperation focusing on national interests and the relative gains of the state actors involved. Wagner reflects on India's policies in the Cold War and post-Cold War periods and concludes that India has followed a multi-faceted strategy through the 1990s, aiming for closer intraregional cooperation by strengthening existing organisations like SAARC and looking for new opportunities for regional cooperation by becoming more integrated in existing organisations like ASEAN and applying for membership in APEC and ASEM.

John Quigley in his chapter 'Enhancing South-East Asia's Security: The Aceh Monitoring Mission' highlights a further important aspect of multiregionalism. Quigley focuses on the first-ever EU-ASEAN crisis management mission in Asia, which began in 2005. The implications for the security policies of both regional groupings may be significant. It is still early to tell, argues Quigley, but it may well have implications for EU external policy and ASEAN institutional structures.

The China Factor

Marc Lanteigne in his 'ASEM and the Expanding China-European Union Relationship' analyses the increasingly important role which ASEM is playing in the evolving relationship between China and the EU, as well as China's engagement in the developing process of inter-regional relations between Europe and Asia. As China expands its post-Cold War foreign policy interests further beyond its periphery, the ASEM process has become an important forum for the country to address its expanding political, social and economic ties with Europe. China's interest in the ASEM process has begun to move beyond the expansion of trade ties to include complex security issues between the two regions. Lanteigne

questions whether ASEM can be useful in mitigating conflict around issues separating Brussels and Beijing, e.g. differences over Chinese monetary trade policies. Furthermore, China's participation in ASEM will be a crucial variable in determining whether ASEM will be able to distinguish itself from other regional and inter-regional institutions which have proliferated in the Asia-Pacific region over the past two decades.

Marisela Connelly in her 'China and Latin America: The Economic Dimension' gives a detailed overview of China's increasing bilateral and multilateral involvement with Latin America over the past fifteen years, part of China's search for raw materials to keep its economy on stream. The Chinese leadership is also aware that the region includes important countries like Mexico and Brazil which enjoy considerable prestige in international organisations. Yet many countries in Latin America still have diplomatic ties with Taiwan.

Towards ASEM Awareness

Bart Gaens in his chapter 'Beyond ASEM 6: Lessons for the Actors' examines from a European point of view three key factors of ASEM cooperation: the informal approach; the achievement of tangible results and the non-institutionalised approach. ASEM's open and informal character offers advantages for networking and for the free exchange of views, and allows for a comprehensive approach to global issues. It also underlines ASEM's specific *raison d'etre* within the array of available legal instruments and bilateral frameworks aiming to strengthen overall Asia-Europe relations. Rather than striving for grand projects or binding treaties, Gaens is of the opinion that the ASEM process needs to sharpen its focus with a view on attaining less spectacular but significant results, for example in the sphere of soft security through interfaith dialogue.

Yeo Lay Hwee in her contribution 'Ten Years of ASEM – Changes and Challenges' begins with a brief historical analysis of the genesis of ASEM. She then gives an overview of the key changes in the regional and global environment in which ASEM operates and examines how ASEM has and should respond to these changes. The chapter assesses the progress and achievements made so far and concludes with a look at the possible way forward for ASEM in the next decade.

Zhu Liqun's 'The Perception of ASEM in China' is based on research by the ASEM research team done at four Chinese universities where questionnaires were handed out at random. This research sponsored by the Japan Centre for International Exchanges (JCIE) is timely because it gives us an idea to what degree 'ASEM' – following the 'EU' and 'ASEAN' – has become part of colloquial language over the past ten years. It comes as no surprise that awareness of ASEM

within the Chinese academic world barely exists. If comparable research was executed in other ASEM countries, the question remains whether the findings would differ. Research on awareness of ASEM in all member countries would thus be telling. Based on the outcome of such ASEM-wide research, a plan should be developed to devise ways to popularize ASEM. For in the final analysis, ASEM should be for, and of, the citizens. A policy of ASEMainstreaming should guide the post-Helsinki summit decade.

2

East Asia: The Missing Link in Multiregionalism

Tânia Felício

The last years have witnessed a number of key changes and challenges in international relations, especially in the security area. Disagreements have continued over unilateral enforcement action without the authorization of the Security Council, and UN reforms have moved to the centre stage of debate. Some regional organisations have also gone through rapid periods of change and reflection and member states of the UN or other international organisations have started to wonder whether they should fund multilateral organizations or bilateral approaches. Critical questions of leadership, efficiency, duplication, transparency, democratic decision-making and accountability are heard more often than ever.

Today's organising principle of global governance is multilateralism, defined by Higgott as 'the management of transnational problems with three or more parties making policy on the basis of a series of acceptable, generalized principles of conduct' – these being indivisibility, non-discrimination and diffuse reciprocity – creating collective trust amongst partners over time.[1] The UN lies at the very core of the multilateral system, but as the UN Secretary-General Kofi Annan noted, 'we can no longer take it for granted that our multilateral institutions are strong enough to cope with all the challenges facing them.'[2]

The state-based system of cooperation and sovereignty has become increasingly problematic. Indeed, we seem to be in a period of crisis of confidence in the ability of multilateral institutions to meet the challenges of our times. The High-level Panel on Threats, Challenges and Change outlined the unprecedented challenges the UN faces in the near future:[3] more demands, higher expectations, greater public scrutiny, and often, diminishing resources. Furthermore, collective security has not worked in the manner envisaged by the UN Charter, and the developments of the past years have put severe strain on many of the traditional principles and tenets of multilateral security.

As Thakur and Van Langenhove have argued,[4] the paradox of today seems to be that the policy authority for tackling global problems still belongs to states while the source of the problems and potential solutions is situated at the transnational, regional and global levels. This paradox is very visible especially in the security area; armed conflicts, terrorism, and nuclear weapons are some of the main 'problems without passports'. This may be the main reason for the very broadly publicized (namely by the UN Secretary-General) crisis in multilateralism. The conflicting doctrines of sovereignty, the use of force, and right to intervention limit the simple state-to-state approach to multilateralism and increase this paradox.

In the past, the sovereign state had been the most obvious institution to cope with the challenges of modernization. However, under the impact of globalization, the state is losing these capacities. States tend to respond to the 'complex interdependence'[5] of a globalizing world by delegating authority to levels of governance above, below and laterally. This means that globalization is not only spurring state failure, institutional disintegration and other forms of fragmentation, as realists and critics of globalization argue, but is also contributing to institution-building and the creation of new forms of cooperative international order.[6]

In order to assure that this crisis is overcome and the concept of multilateralism remains the basis of global governance, a stronger role must therefore be given to the regions by creating middle levels of governance that help overcome the problems of state-to-state approach at the global level. However, as far as region-building and regional security cooperation issues are concerned, the different regions of the world have been moving at different paces. The case in point, East Asia and especially Northeast Asia, have had a weaker case for regional cooperation. The question is how to overcome the more bounded notions of sovereignty that limit decision-makers in the region. This chapter argues that the states of the region need to acknowledge the added value and comparative advantage of cooperation at the regional level in such a way that the disadvantages of a more limited sovereignty are overcome by the advantages of cooperation. Two processes are contributing to this change of perception in the East Asian region: 1) the regional-global security mechanism and growing partnership between the UN and regional organisations for security; and 2) the inter-regional dialogue with Europe from within the ASEM process.

Both phenomena shall be analyzed, i.e. the developing regional-global security mechanism sponsored by the UN and the EU-Asia dialogue within the ASEM framework. Through the analysis of East Asia's role in both multiregional fora the impact of the asymmetries that these relations have on East Asia's intraregional and inter-regional cooperation shall be analyzed. Furthermore, there will also be discussed the linkage between these asymmetries and the creation of a political

will by the East Asian state actors to engage in cooperation, while their sense of *regionhood* is evolving.

Overcoming the Crisis in Multilateralism: Multiregionalism

As we face a crisis in multilateralism (the conflicting doctrines of sovereignty, the use of force and right to intervention limiting the simple state-to-state approach in international relations) the momentum is now on the renovation of the multilateral system through the adoption of far-reaching reform measures. These reforms are increasingly taking in the regional dimension, i.e. the role that multiregionalism can have in the development of a middle layer of governance between the state and the global level. This regional level approach to multilateralism is not only vertical (regional/global) but also horizontal (inter-regional) through which regions and regional organisations support each other and the UN in its response to security threats in order to achieve an efficient security governance.

The growing need to manage complex interdependence has paved the way for an accelerating vertical and horizontal differentiation of international institutions. Vertical differentiation denotes an emerging multilayered system of global governance which ranges from the local to the global level, characterized by a proliferation of new regional organisations. These organizations include novel intermediate levels of governance such as inter-regional dialogue fora and sub-regional trans-border cooperation regimes. At the same time new inter-regional processes as well as the development of a parallel horizontal multiregionalism is taking place.

Regionalism is therefore becoming a major trend, perhaps a reflex of the feeling that the nation-state has become an unnatural, perhaps even dysfunctional unit for organizing human activity, especially where security is concerned. The inception of regionalism itself is somewhat related to security issues. The European Union – the fastest growing and most developed regional integration process of today – was created to keep the rivals of the Second World War out of conflict. Studies have concluded that regional organisations do help to create webs of functional links, which then improve relations between the member states. Functional interdependence promotes a sense of common identity or community among members; raises the threshold of tolerance because perceived benefits exceed perceived challenges; raises the cost of violent conflict; and provides mechanisms, experience and expectations of 'integrative solutions'.[7] The growing interest in cooperation with regional and other intergovernmental organisations in security can therefore be seen as a catalyst for the creation of a global-regional security mechanism.

The link between regionalism and security becomes even more evident with the development of the 'new regionalism'. The metamorphosis in the nature of regionalism, from its almost exclusively economic and defence dimensions towards a more complex multi-sector comprehensive movement – involving political, social, economic, security and cultural issues in the broadest contemporary sense – is transforming regional organisations, making them more suitable to responding to security challenges and providing security as a regional public good. Regional response is faster, better informed, and more eager to deliver, because security and stability are essential for the well-being and development of the region. Regional organisations, if power is pooled at a higher degree, tend somewhat to be more autonomous and have better instruments to make their decisions binding and respected.

An exclusive focus on the regional level would, however, also be misplaced. The interlinkages and the thin line between regional and global security challenges ask for cooperation and not competition – vertical and horizontal cooperation, as both have the potential to strengthen global governance. The interdependence is too strong to separate the different levels of governance. A multilevel relationship exists that needs to be addressed and well coordinated.

Vertical Multiregionalism: Regional-global Security Mechanism

Recent decades have seen a fast growth in regional and sub-regional organisations as well as a (slower) increasing recognition by the international community of the need for greater involvement of regional agencies in peace and security. At the same time enhanced cooperation between the regional and global levels is more visible.

The fundamental relationship between universalism and regionalism in security doctrine has been shaped by the UN Charter. Chapter VIII of the Charter addresses the issue of security regionalism; it allows for regional security arrangements for the maintenance of peace and security as a support to the primary role exercised by the Security Council, but without offering a formal, pre-fabricated mechanism of cooperation. In this first constitutional phase, when the UN Charter was conceived, the notion of regionalism was still in its infancy, this being very likely one of the reasons for a weak treatment of the regional level. But the 1950s followed with a burst of unparalleled creativity in regional institutional building in Europe, spreading to Africa and Asia in the 60s and the Caribbean and Pacific in the 70s, and supplemented by 'late-comers' in the 80s and 90s – when a global network of regional (and sub-regional) agencies was finally in place.

In the 1990s the UN began to act on the recognition of the potential for greater

involvement of regional agencies in the pursuit of international security. Since the mid-1990s a series of meetings has been held aimed at developing a strategic partnership between the UN and regional agencies. This has taken two forms: a series of high-level meetings of the UN Secretary-General and UN specialised agencies with regional organisations, and three general meetings between the Security Council and regional organisations.[8]

These six High-level Meetings convened by the UN Secretary-General have resulted in a series of broad guidelines for operational measures in conflict prevention and peace-building. In recent years, the work surrounding the 5th HLM (July 2003) and 6th HLM (July 2005) has intensified. The latest meeting in July 2005 introduced procedural innovations of potentially far-reaching significance, as the Secretary-General called for a 'common vision of a global architecture of peace and security with interlocking capacities based on the comparative advantages of the global and regional institutions'.[9]

Furthermore, the Security Council has undertaken initiatives in strengthening the partnership in the past few years. It has now held three meetings with regional and other organisations (April 2003; July 2004; October 2005), the most recent of which adopted a Council resolution on the UN-RO relationship for the first time. The Council expressed its determination to take appropriate steps to further the development of cooperation with regional and sub-regional organisations in maintaining international peace and security consistent with Chapter VIII of the UN Charter. It stressed the importance for the UN of developing the ability of regional and sub-regional organisations in pacific settlement and also their ability to deploy peacekeeping forces in support of UN operations or other Security Council-mandated operations. In addition the Council invited the Secretary-General to submit a report on the opportunities and challenges facing the cooperation between the UN and regional and sub-regional organisations in maintaining international peace and security.[10]

This new focus on a UN-RO partnership has been given some prominence by the high-level process leading up to the World Summit of September 2005. The 2004 UN High-Level Panel noted the important role that regional organisations had to play in the area of international peace and security and called for more formalized agreements between them and the UN. In his report 'In Larger Freedom' of March 2005, the Secretary-General declared his intention to conclude a series of memoranda of understanding with partner organisations. These developments were noted and endorsed by the World Summit.

However, as this partnership and the high-level meetings process advance, the inequalities and complexities of the relationship are becoming more and more visible. One of these is the over-representation of some regions next to the

lack of representation of others – namely Asia, and more specifically Northeast Asia. While European states are represented by four organizations on average, there is only one East Asian organization, i.e. ASEAN, involved which does not encompass the Northeast Asian states. The fact that China is represented by a different grouping of states – the Shanghai Cooperation Organisation – raises further complexities.

These complexities and asymmetry in representation from the East Asian region have been acknowledged by the UN Secretariat. In order to assure a more efficient and coherent regional-global cooperation process, the UN is trying to encourage region-building processes in Northeast Asia. The Secretariat's unit on regional cooperation is therefore involved in the promotion of intraregional cooperation and integration in Northeast Asia. It is furthermore interested in a representation of East Asia in the high-level meetings' process. Parallel to these global developments and its already achieved goals Northeast Asian state actors are progressively interested in this international dialogue forum, realizing that they will have to create their own regional structures in order to join the high-level meetings' process at the UN.

Horizontal Multiregionalism: Inter-regionalism and ASEM

Inter-regionalism is a product of the so-called 'new regionalism', a second wave of regional institution-building following a first wave in the 1950s and 60s. The new regionalism reflects that, in view of the increasing number of policy issues with cross-border consequences, regional organisations have begun to pool and share sovereignty and resources, develop certain actorness qualities, and, as a logical consequence, to establish direct communicative links to each other.[11]

Inter-regionalism has been encouraged and developed mainly by the EU, in full accordance with its regional approach, encompassing not only trade and investment but also political dialogue and cultural relations between the regions. This has become an increasingly important component of EU's foreign policy relations. It is realized through a large number of inter-regional arrangements especially with more distant partners in Africa, Asia and Latin America. The EU's ambition is also to formalize and institutionalize the relations between regional bodies and regions, but for pragmatic reasons the forms of inter-regional relations show some variety.

The overall strategy towards Asia envisages extending the reach of the EU across issue areas in which previous engagement was limited – to issues such as security. The Asia-Europe Meeting (ASEM) represents a 'new' type of inter-regionalism that is comprehensive and multisectoral, spanning trade and investments, politics, security and anti-terrorism, culture, technology and science,

drug trafficking, environmental protection and so on.[12] Although the ASEM agenda is to include a huge variety of issues, this tends to be *ad hoc* in nature, rather flexible and sometimes even unfocused. Differently from its strategy on Latin America and the ACP countries where the EU enjoys a status of stronger partner, in the ASEM dialogue the EU uses a pragmatic approach, with a more cautious stress on norms and good governance.

Gilson's study of ASEM and inter-regionalism has led her to conclude on five major functions that the theoretical literature on global governance and inter-regionalism has attached to inter-regional fora: balancing, institution-building, rationalizing, agenda-setting and identity-building. Balancing is not a strategy based on military power but is designed to address political and economic disequilibria by readjusting institutional influence (in this regard APEC is a response to the emergence of a fortress Europe, as ASEM is a response to APEC). Inter-regionalism establishes a new layer of international interaction, spurs intraregional institution-building through the formation of new coordination mechanisms and the creation of numerous subsidiary institutions addressing a broad range of agendas and policy issues. In addition inter-regional dialogues perform subsidiary clearing-house and agenda-setting functions for global multilateral fora. Finally, the identity building refers to a reflexive process of interaction in which cognitive factors shape and sharpen regional identities, a process which has been aptly captured by the formula of 'regionalism through inter-regionalism'.[13]

Gilson assesses how ASEM contributes to regional identification through functional institution building as well as through cognitive integration.[14] The author considers that the real value of ASEM might just be that it opens up new ways for the participants to interact in the slow process of inter-regional definition. Looking at the performance of ASEM and the criticisms of its inability to be more than a mere 'talking shop', Rüland considers its disappointing performance to be a consequence of two major factors: structural weakness of inter-regional institutions and the crisis of multilateralism. Both are the reflection of state-to-state based international actorness – as is visible in Asia. Rüland argues that in the case of asymmetric actorness capacities (such as in ASEM), inter-regional dialogues tend to adopt the institutional characteristics and cooperation norms of the weaker partner by using the lowest common denominator. It was made clear from the start that the process of dialogue would be conducted 'the Asian way' – through the understanding that 'consensus is more important than breakthrough, camaraderie than formality and process than substance.'[15] This asymmetry (in institutionalization and cultural approach to the inter-regional dialogue – bilateral for Asia while multilateral for Europe) would always impair the institutionalization and agenda setting of the meetings. The heterogeneity of

the membership and its diverse interests and mechanisms for cooperation still impair the degree of institutional coherence needed to develop ASEM into what Rüland calls a 'multilateral utility'. As stated by the former EU External Relations Commissioner Patten 'given the sprawling variety of Asia, it is absurd to think of a monolithic EU-Asia relationship'.[16]

In his study of the ASEM process Sebastian Bersick argues that ASEM from its very beginning has been confronted with a conflict between two different perceptions of inter-regional cooperation, which materializes in the form of an institutional asymmetry. The Asian side thought of inter-regionalism as an intergovernmental modus that promotes and renders possible the cooperation between both regions on a state-to-state basis, whereas the European side intended ASEM to be a cooperation mechanism that enhances the development of two collective actors: one European and one Asian. Due to the impact of the Asian financial crises the perceptions of the Asian actors vis-à-vis regionalism have changed. The perceptional and institutional asymmetry is thus dynamic and in flux.[17]

According to Rüland, ASEM's added value consists in its ability to serve as an Asian-European clearing house for global multilateral meetings. Inter-regional dialogues such as ASEM would thus contribute to a streamlining of the often gridlocked decision-making processes in global fora therefore enhancing the effectiveness of the global fora and contributing to strengthen EU and Asian voices. As a multilateral utility, ASEM would serve as an important mechanism exerting influence on world politics and at the same time fostering common Asian and European interests. For this aim to be achieved a more coherent approach from the Asian side is therefore needed.

Moreover, a review of ASEM documents suggests that ASEM participants have begun to direct increasing attention to non-traditional security threats (such as international terrorism, environmental degradation and energy security). This, however, still falls too short of a real dialogue on security matters.

In this context Bersick's analysis of the effectiveness of ASEM demonstrates that ASEM performs the function of a security regime as it alleviates the danger of instability of the international system after the end of the Cold War.[18] For ASEM to become more effective, it needs not only more institutionalization but also more binding and precise results. The challenge lies with the effectiveness of ASEM as a region-building catalyst. The advocacy for multilateralism adopted by ASEM is an important factor in this sense, a way to promote and strengthen the principle of multilateralism. In order to keep ASEM relevant in the long term, it must deepen its institutions to overcome the asymmetries and further balance the partnership.

The Missing Region in the Multiregional Puzzle – Northeast Asia

Different world regions have been moving at different paces as far as regionalization is concerned, both in the institutionalization of their regions and regional organizations and in the development of a sense of regional identity or *regionhood* as argued by Van Langenhove.[19] However, for one particular region of the world, the state-led approach and the focus on sovereignty and non-intervention are still dominant trends. This is generally the case in Asia, but more clearly so in Northeast Asia, where no regional organization has yet been established to deal with global challenges, especially in the security field. Security remains a very sensitive issue for the Northeast Asian state actors to discuss at the regional level. Though today's Asia faces serious security challenges (from border disputes to transnational crime and terrorism) it has not yet been able to join its efforts in a regional approach.

In most of East Asian countries, the tasks of nation-building and promoting domestic political stability or economic development are pre-requisites for greater integration. Moreover, the widely held view that a key aim of regional cooperation should be the strengthening and not the weakening of national autonomy has been an additional obstacle to further integration. National sovereignty has remained a concept deeply cherished by all East Asian states, and the unwillingness to give away certain parts of this sovereignty has posed a problem for the formation of a highly integrated and cohesive region similar to that of the EU.[20] Furthermore, the historical animosities and political rivalries among the key players remain alive. The bilateral relationship between China and Japan is the most crucial. The lack of leadership in the region towards the creation of a regional identity is a further obstacle. Closely related to the previous issue are the deep structural inequalities that exist among the countries in the region, which result in patterns of hegemony and domination. Finally, the engagement of external powers, such as the US, in the region has been a further obstacle to the region's cohesiveness and the development of a sense of regionhood.

As argued by Seng Tan, Asia's long-term experience in regional security management can be understood in terms of a continued reliance on a bilateral alliance system and a forward military presence by the United States as well as in terms of an increasing flexibility vis-à-vis multilateral security dialogues.[21] Yet, the stress is being put on the bilateral system of alliances. Because of this the Northeast region is in a disadvantaged position in relation to its actorness at inter-regional and multilateral fora. At the vertical level in the UN-RO cooperation, and at the horizontal level in the inter-regional ASEM dialogue, it has become obvious that East Asia, and in particular Northeast Asia, have been under-represented,

because of the lack of institutionalized intraregional relations. Indeed, there is still no sense of *regionhood* in East Asia.

The construction of East Asia as a political region has gathered some momentum during the last decade, specifically since the 1997-98 Asian financial crisis, which played a catalytic role in convincing the governments of East Asia of the extent of their countries economic interdependence. Although tangible evidence of political integration is still limited, there has been a significant increase in the level or volume of multilateral exchange between Asian governments and numerous ambitious collective projects have been adopted or are being negotiated. Some relate to ASEAN alone, other's to ASEAN's relations with Northeast Asia. However, the relations between Northeast Asian countries have remained under-institutionalized.

In summary, although pragmatic regional cooperation has increased significantly in recent years, regional cohesion is still a distant goal. Despite the rapid growth of intraregional trade and investment, there has not been a strong movement towards institution-building. The political and economic heterogeneity of the region and the policy diversities and rivalries among key actors all constitute impediments to reaching a higher level of integration.

In the same way that the European integration process helped to create a web of functional links that facilitated the improvement of relationships between its member states, a similar solution could be found for Northeast Asia. In this context one recent initiative which aims at creating a genuinely Northeast Asian regional community is the Northeast Asian Cooperation Initiative.

It is the ultimate goal of the Northeast Asian Cooperation Initiative to materialize a peaceful and prosperous Northeast Asia by fostering the governance of cooperation and by building a regional community of mutual trust, reciprocity, and symbiosis. A proposal by the South Korean government expects to achieve this through three goals: 1) freeing the region from the threat of war (this requires the denuclearization of the Korean peninsula as well as the building of a multilateral security regime in Northeast Asia in order to strengthen stability and the predictability of security dynamics); 2) encouraging regional cooperation and maximization of growth potential (this requires expanding regional cooperative enterprises and institutionalizing foundations for further cooperation); and 3) the comprehensive realization of regional peace, economic development and energy resource supply and environmental protection. The proposal particularly stresses efforts to accelerate regional cooperation in the energy and environment sectors in order to promote sustainable development.[22]

The initiative is guided by the principles of a functional approach to integration (using small scale energy-related projects in order to produce spill-over effects

in the economic, environmental and service sectors), simultaneous linkage (the need to exert concerted efforts in security, economic, and socio-cultural fields in an integrated manner), and multi-layered cooperation (with bilateral, sub-regional, regional, and multilateral cooperation to be sought).

The Multiregionalism Cycle: Pushing for Region-building

The concept recently developed by Leonard, the Regional Domino Effect, argues that inter-regional and regional-global cooperation processes both lead to the development of new processes of region-building. This regionalism is not about autarchic blocs in competition it is about clubs that promote global development, regional security, and open markets for their members. And as each region develops their own arrangements, they will cumulatively have an impact on world order. [23]

The EU can be seen as a catalyst for regionalization, namely through inter-regionalism and specifically with the ASEM dialogue; it promotes regionalism in East Asia through further institutionalization of the cooperation and through coordination for agenda-setting. The development of the ASEAN+3 process and growing intraregional dynamics have indeed been reinforced by participation in the inter-regional dialogues with the EU (namely ASEM).

Even if the results of the ASEM process can still be considered disappointing – namely in the security field – there is no question that its practices are already taking shape in the formation of an 'Asian' identity within the forum (the Asian states meeting as a forum prior to ASEM meetings, in order to coordinate their positions), leading some authors to argue that ASEM is this way serving as a kind of regional integrator. There is a growing desire in East Asia to establish a greater sense of regional cohesion in order that the given region plays a more significant role in the conduct of inter-state relations at the regional and international level. While the idea of using ASEM as a regional integrator may not be the common strategy or position of all Asian members, it is undeniable that ASEM provides another venue for dialogue and cooperation that encourages region-building through coordination of policies and consequent development of the sense of *regionhood*, seen as the gradual development of a sense of regional identity.[24]

As Bersick points out ASEM has developed overarching intersubjective structures. Its persistence can be explained by the development of a collective identity and collective interests. The ASEM regime has the function to develop an intersubjective structure that constitutes a context of interaction that allows for the formation of a collective identity on the inter-regional level. Therefore the ASEM regime is an example of a socializing process of state actors into an inter-regional structure.[25]

For the participating states of East Asia, the ASEM forum provides a first-hand examination of the practices of regional integration. ASEM establishes a framework in which East Asia can present itself as a regional political and economic entity. Although ASEM is not a gathering of two pre-existing regions, the use of the concept of 'equal partnership' represents an attempt to create a region-to-region dialogue. Inter-regionalism is seen here as a 'double-regional project' in which existing regions trigger the formation of new ones. The functional requirements of the ASEM process mean that while the European Commission and the European Council represent the EU, the East Asian side also has to find intraregional agreements prior to the meetings. The East Asian region is thereby becoming a 'spontaneous political actor'.

However, the process of region-building in East Asia or Northeast Asia does not have to be based on the European model. It would be a mistake to perceive the European approach or model as a blueprint for region-building in other regions. Region-building processes must adapt to the region itself. It is therefore unlikely that Asia will follow the European model of 'sovereignty pooling'. Being more sensitive to the issue of national sovereignty, East Asia/Northeast Asia will likely adopt a less formalized cooperation process, developing selective, issue-specific strategies to enhance regional stability and competitiveness. Such a development should not be mistaken for unsuccessful region-building. The degree to which Asia can develop institutional capacity in the absence of sovereignty pooling is the challenge of the future.

At the regional-global level the same token can be acknowledged. Asia is the least represented region in the high-level meetings between the UN and the regional organisations. Yet, there is no organisation that represents Northeast Asia. This fact is being acknowledged by the region's states, realising that indeed, security issues are more and more managed at the regional level. One of the objectives of the High-level Meetings' process of the UN is to help strengthen regional organisations in regions of the world with a weak regional identity. The recent Korean initiative seems to be responding accordingly, with a proposal that goes over the modest economic and financial cooperation initiatives, linking economic development with energy and environment issues and with security.

During the seventh ASEM Foreign Ministers Meeting (May 2005) ministers confirmed their commitment to multilateralism, and to a fair, just and rule-based international order, with the UN at its heart playing the central role to effectively address new global challenges and threats.[26] However, even if issues of terrorism, disarmament and non-proliferation and transnational organized crime are already part of the agenda, there is still little focus on regional security issues of higher sensitivity such as border disputes.

It seems, indeed, too early for the East Asian countries to sit round a table and discuss their regional security with another region. However, intraregional cooperation may be the first step to creating a region of peace which is a precondition for a strong role at the global level. East Asia can only expect to be a stronger actor at the global level when it overcomes its differences and becomes a unified actor.

Conclusion

Traditional theories of International Relations, such as realism, emphasise the primacy of the state as an actor in the international system. Institutions have only a marginal role. Indeed, the main problem of multilateralism is this still-dominant traditional state-to-state approach in international relations. Both the developing regional-global dialogues in security (sponsored by the UN) and the inter-regional processes have been pushing for the overcoming of this state-to-state approach, leading to the slow but gradual creation of a sense of regional identity in East Asia. The present chapter tried to overcome this realist perception of international relations, showing how the regional level of governance is gradually becoming a preferred forum of dialogue and of response for security issues. This trend is visible not only at the vertical, regional-global level but also at the horizontal, inter-regional level. Multiregionalism is therefore becoming a major trend in international relations.

Because some regions develop institutions more slowly than others, the existing multiregional fora can be catalysts for further region-building as less-institutionalized regions are becoming aware of their own regional identity when being perceived as a region. They realize they do need to cooperate intraregionally in order to have a 'seat at the table' in inter-regional and global fora. If multilateralism is developing both through regional-global cooperation and through inter-regional cooperation processes, than both vertical and horizontal cooperation ask for new regional processes. East Asia cannot be far from this trend.

The role of the EU and the ASEM dialogue in this process of gradual region-building in East Asia is in this respect to be seen as that of a regional integrator, the EU therefore using inter-regionalism for region-building and the consequent strengthening of multilateralism. It is also supporting the development of a regional-global security mechanism through the encouraging of regional-building in the weakest institutionalized region, which up to now has been under-represented in the regional-global process of cooperation. Furthermore, the role of the EU in its support for multilateralism within the ASEM process constitutes a policy of strengthening regionalism. Thereby the role of the state-

to-state approach, which is considered to be the main reason for the present crisis of multilateralism, diminishes.

Notes

1 Richard Higgot, *Regionalisation, Regionalism and Leadership: the Limits of Institutionalization in East Asia*, Paper prepared for the GARNET Workshop 'Europe and Asia: Comparing Approaches to economic Integration', UNU-CRIS, Bruges, 30 June 2006.

2 UN Secretary-General, Kofi Annan, Address to the UN General Assembly, September 2003.

3 Kofi Annan, *In Larger Freedom: Towards Development, Security and Human Rights for All*, Report of the UN Secretary-General, A/59/2005, 21 March 2005.

4 Ramesh Thakur and Luk Van Langenhove *Enhancing Global Governance through Regional Cooperation*, Paper prepared for the Conference *Regionalisation and the Taming of Globalization?*, (University of Warwick, October 2005).

5 Robert Keohane and Joseph S. Nye, *Power and Interdependence: World Politics in Transition* (2nd edition, Little, Brown and Company, Boston 1989), quoted Jürgen Rüland *Inter-regionalism and the crisis of multilateralism: How to keep the Asia-Europe Meeting* (ASEM) Relevant, European Foreign Affairs Review 11: 45_62, 2006.

6 Jürgen Rüland, *Inter-regionalism and the crisis of multilateralism: How to keep the Asia-Europe Meeting (ASEM) Relevant*, European Foreign Affairs Review 11: 45_62, 2006.

7 Ramesh Thakur and Luk Van Langenhove *Enhancing Global Governance through Regional Cooperation*, Paper prepared for the Conference *Regionalisation and the Taming of Globalization?*, (University of Warwick, October 2005).

8 For more information on the development of the high-level meetings' process, see Kennedy Graham and Tânia Felício, Regional Security and Global Governance: A Study of Interaction between Regional Agencies and the UN Security Council with a Proposal for a Regional-Global Security Mechanism, (VUB Press, 2006).

9 A/60/341-S/2005/567, 2005.

10 S/RES/1631 (2005), 17 October 2005.

11 Jürgen Rüland, *Inter-regionalism and the crisis of multilateralism: How to keep the Asia-Europe Meeting (ASEM)* Relevant, (European Foreign Affairs Review 11: 45-62, 2006).

12 Bjorn Hetnne and Fredrik Soderbaum, *Civilian Power or Soft Imperialism? The EU as a Global Actor and the Role of Inter-regionalism*, (European Foreign Affairs Review 10: 535-552, 2005).

13 Julie Gilson, *Asia meets Europe: Inter-Regionalism and the Asia-Europe Meeting* (Edward Elgar, Cheltenham, 2002); Heiner Hanggi, 'Regionalism through inter-regionalism: East Asia and ASEM' in F. Liu and Philippe Régnier (eds), *Regionalism in East Asia: Paradigm Shifting?* (Curzon Press, London, 2003) pp. 220-230.

14 Peter W. Preston and Julie Gilson, *The European Union and East Asia: Inter-regional Linkages in a Changing Global System*, Edward Elgar, 2001.

15 Victor Pou Serradell, *The Asia-Europe Meeting: a historical turning point in relations between two regions*, European Foreign Affairs Review, 1 (2), 1996, quoted in Peter W. Preston and Julie Gilson, *The European Union and East Asia: Inter-regional Linkages in a Changing Global System*, Edward Elgar, 2001.

16 Christopher Patten, Speech made of 6 September 2004, quoted in Julie Gilson, *New Inter-regionalism? The EU and East Asia*, European Integration, Vol.27, No.3, 307-326, September 2005.

17 See Sebastian Bersick, *EU-Asia Security Co-operation and ASEM*, Paper prepared for the ASEF Workshop on 'EU-Asia Relations: Cooperation on Regional Security and Integration', Brussels, June 2006, p. 3. See for this argument Sebastian Bersick, *Auf dem Weg in eine neue Weltordnung? Zur Politik der inter-regionalen Beziehungen am Beispiel des ASEM-Prozesses [Towards a New World Order? On the Politics of Inter-regional Relations: The Example of the ASEM Process]* (Baden-Baden: Nomos Verlag 2004), pp. 180-195.

18 See Sebastian Bersick, *EU-Asia Security Co-operation and ASEM*, Paper prepared for the ASEF Workshop on 'EU-Asia Relations: Cooperation on Regional Security and Integration', Brussels, June 2006, p. 11.

19 For more information on the theory of *regionhood* see Luk Van Langenhove, *Theorizing Regionhood*, E-Working paper W-2003/1, UNU-CRIS, Bruges, 2001.

20 Yeo Lay Hwee, *Asia and Europe: the Development and different dimensions of ASEM*, (Routledge, 2003) pp. 100-110.

21 See Seng Tan, *The Asian Experience in Security Cooperation*, Paper prepared for the ASEF Workshop on 'EU-Asia Relations: Cooperation on Regional Security and Integration', Brussels, June 2006.

22 Su-Hoon Lee, Community Building in Northeast Asia: a Korean Initiative, Paper prepared for the Conference Cross Currents: Regionalism and Nationalism in Northeast Asia, Center Stanford University, May 11-12, 2006.

23 Mark Leonard, *Why Europe will run the 21st Century* (Fourth Estate, London 2005), pp. 139-143.

24 See Luk Van Langenhove, *Theorizing Regionhood*, E-Working paper W-2003/1, UNU-CRIS, Bruges, 2001.

25 See Sebastian Bersick, *EU-Asia Security Co-operation and ASEM*, Paper prepared for the ASEF Workshop on 'EU-Asia Relations: Cooperation on Regional Security and Integration', Brussels, June 2006, p. 9. See for this argument Sebastian Bersick, *Auf dem Weg in eine neue Weltordnung? Zur Politik der inter-regionalen Beziehungen am Beispiel des ASEM-Prozesses [Towards a New World Order? On the Politics of Inter-regional Relations: The Example of the ASEM Process]* (Baden-Baden: Nomos Verlag 2004), pp. 203-247.

26 Chairman's Statement of the Seventh ASEM Foreign Ministers' Meeting, Kyoto, 6-7 May 2005.

3

ASEM and EU-style Economic Integration in East Asia

Michael Postert

The financial architecture of the Asian region is a cornerstone of competing political agendas: on the one hand, integration into the IMF/US global regime, and on the other, a more autonomous Asian regime more loosely connected and subordinated to the IMF. These competing agendas were clearly visible in the controversy over the introduction of an AMF and in the policy approaches of the US, Japan and other actors. The Asian financial crisis thus constitutes a focal point for financial integration models in the Asian region. As Maull points out: 'International order will need to be multi-layered to be effective: given the complexities of international relations, an intermediate level between the state and the international system at large will often probably be indispensable.'[1] Against this background it is instructive to study competing parties, ideas and concepts for shaping a financial and monetary intermediate layer in East Asia.

The competition can be seen as a sequenced one between the Asia-Pacific (e.g. APEC) and ASEM. Asia, under the de-facto guardianship of Japan, first tried to reach a joint solution with US/IMF interests to sufficiently safeguard its needs as a region. Ian Taylor summarizes these efforts within APEC. Realizing the limits of the approach, and to emancipate itself from US dominance, Asia increasingly leaned towards Europe to tap its experience in economic and monetary integration. Here Europe appeared as the more trustworthy partner, whose interests more closely resembled the needs of Asian states than the US's agenda. The Euro was furthermore recognized as the most probable currency to challenge US Dollar dominance in the global economy.[2]

Bearing this Dollar/Euro competition in mind, cooperation within the ASEM process benefits EU as well as East Asian interests. From both Asian and European perspectives, enforcing the weak side of the US-East Asia-EU triad relationship makes sense. Building up a counterweight to US Dollar dominance

by strengthening the Euro or establishing an effective East Asian monetary arrangement as a potential third pillar strengthens Asia's ability to counter future Asian crisis-style economic turmoil. In the light of the above, we pose the following questions: Do Asian-European relations and its model of an international system of multiple regional actors constitute the contours of a new multi-regional world order? What, then, is the role of the EU and of East Asia?

A reduction in current Dollar dominance coupled with the likely further emergence of the Euro as a more 'benevolent currency' will enlarge Japanese influence in the region. The very size of the Japanese economy virtually guarantees the importance of Japan in any economic and monetary integration scenario in the Asian region. Asian and Japanese positions will therefore be treated as synonymous below.

This analysis will address the transformation of the international system since the end of systemic bipolarity in international relations where competing interests over financial architecture can be seen as a case study in the broader struggle between the concepts of unilateralism and multilateralism on the one hand and regionalism on the other. Hettne subsumed this struggle of concepts by contrasting 'Pax Americana' with 'Pax Europaea', stating that 'regionalism, implying the institutionalised multipolar world order structure preferred by the EU, is unacceptable to the United States, which, furthermore, has made it very clear that multilateralism, although desirable, also has its limitations as set by US security interests.'[3] Or put differently, US efforts to establish a unilateral world order have provoked blowback,[4] witnessed by Asian-European attempts to coordinate their efforts in the financial field – which can be interpreted as attempts to form a multilateral and inter-regional answer to the hegemonic ambitions of the United States.

Below we point to the economic rationale for closer Asian economic and financial integration based on the experience of the Asian financial crisis. Discussion of EU economic and monetary integration will allow for a comparative perspective on political and financial integration. Finally, analysis of inter-regional financial cooperation in the context of the ASEM process and the Kobe Research Project will provide an empirical account of the contours of a new multi-regional world order. As will be shown, European experience and policies serve as a point of reference for Asian monetary integration.

Economic Reasons for Financial Integration in Asia

A variety of factors hint there is need for closer cooperation in the economic and monetary field in East Asia. As Fee states, the Asian financial crisis of 1997 struck 'despite robust economic growth, macroeconomic stability and favourable

investment flow'.[5] Reasons for the so-called Asian crisis are manifold. Three theories that explain the developments have found many followers: 1) Rising short term debt, a growing current account deficit and fixed exchange rates;[6] 2) The effects of crony capitalism: misallocated investment, low confidence in government policies, 'weak supervision of the financial sectors, inadequate corporate governance and general lack of transparency';[7] 3) The effects of a classical financial panic: a run on the banks, mass capital flight and global speculative attacks that Sachs called a 'self-fulfilling crisis'.[8]

To prevent similar crises in the future and to accommodate increased economic integration in the region, many initiatives have been introduced. These were originally intended (before the crisis) to facilitate communication among central banks. In the aftermath of the crises the prevention of similar events moved to the centre stage of monetary coordination; activities and initiatives were thus intensified.

In September 1997 the Japanese government proposed an Asian Monetary Fund (AMF) at the annual IMF-World Bank meeting. The proposal sparked a controversy in the Asian region as well as in the US, as neither the IMF nor the US were willing to share their monetary supremacy with a regional institution. Furthermore, the Chinese government followed increasing Japanese influence in the region with suspicion.[9]

Subsequently the Japanese government was 'forced to withdraw the AMF initiative because of U.S. opposition'.[10] Instead Tokyo accepted the Manila Framework as a compromise in November 1997.[11] The idea of an AMF, i.e. an Asian institution by Asians for Asians, was thus substituted with a looser and broader arrangement.[12] Within the Manila Framework the participating states agreed on the following proposal for a loose institutional arrangement:[13]

1. Enhanced regional surveillance;
2. Intensified economic and technical cooperation to improve domestic financial systems and regulatory capacities;
3. Adoption of new IMF mechanisms on appropriate terms in support of strong adjustment programs; and
4. A cooperative financing arrangement to supplement, when necessary, IMF resources.

The Japanese proposal of an autonomous AMF was thus watered down. At the same time the role of the IMF 'to remain sole international lender of last resort'[14] was reinforced. The Manila Framework did not include any IMF-style sanctions such as linking financial support to commitments on fiscal policy by receiving states. It basically institutionalized a process of peer review of national policies

and measures through regular meetings. It also aimed for mutual understanding of each others' financial and monetary policies through improved transparency. Because of its low level of institutionalisation, the Manila Framework did not threaten the IMF's authority and role as lender of last resort in the region. It was merely considered a useful supplement under IMF authority.

In December 1998 Fred Bergsten proposed an Asian Pacific Monetary Fund (APMF) since 'effective early warning systems' of financial crisis were needed.[15] The new fund was to be based on the Manila Framework and was to share, together with the ADB, the same set of responsibilities on a regional level that the IMF and the World Bank share on the global level. This new institution should only act together with IMF programs, for three reasons:

1. No Asian country could effectively lead the effort.
2. An 'Asia only' grouping would risk dividing rather than uniting the two sides of the Pacific.
3. The United States could indeed play a decisive role in making an APMF work.

These reasons reflect the different interests of the US and the IMF and the – to some extent disappointed – East Asian states led by an increasingly active Japan. The Japanese government was much more willing to use its economic weight to wield influence in the region than previously. The AMF proposal clearly indicated that Tokyo was moving towards a more assertive economic and financial self-protection policy that was not synchronized with American or IMF policies.[16] Stiglitz concluded that the negative effect of the financial crisis would have been far lower, 'if policy formulating would have been left to Japan, to the countries of East Asia'.[17] According to Hettne 'the affected countries were frustrated over the lack of remedies offered on the global level. In the West the opportunity was taken to impose neoliberal policies in a region known (and criticised) for its interventionism.'[18]

In the aftermath of the Asian economic and financial crisis, East Asian actors must choose to either have the US/IMF complex as an inseparable partner in the Asian region, or to seek a different solution. One possible answer is support from a 'less intrusive' EU. How such European involvement may look and why it may prove so attractive to East Asian actors becomes obvious when analyzing US interests.

The US's Stake in East Asian Financial Integration

The interest of the EU and Japan in using their economic leverage to shape a new world order that assures stability (crucial for the economic well-being of their

societies) goes hand in hand with Washington's demand that the EU and Japan should share the burden of assuring political stability in the world. However, it is becoming increasingly difficult for the US to keep their formerly dependant cold war allies in line. Issue-based challenges to US supremacy occur frequently.

Sensing an imbalance and US supremacy within their respective bilateral relations with the US, both the EU and Japan share an interest in improving their bilateral relations, increasing policy coordination and counter-balancing US influence in case of conflicting interests with the US. Even though there is no open challenge to US supremacy in general, the EU and Japan do have an interest in promoting their own goals or at least in having the capacity, leverage and global reach to do so in case of need.

Looking at the US-EU-Asia triangular relationship, it can be concluded that the EU-Asia side is underdeveloped compared to the trans-Atlantic and trans-Pacific sides. Economically the US is as powerful as the EU or Japan. Yet, in the political and security sphere the US is in a class of its own. The US is the only remaining superpower, unlikely to be challenged in decades to come due to its influence on the domestic and foreign policy behaviour of many states. As Takashi Inoguchi argues, this amounts to a virtual network of global governance dominated by the US.[19] The US thus has tremendous influence in world politics, in the realm of global finance, and on the issues that appear regularly on the agenda of the ASEM process.

Within the APEC framework, US involvement complicated Asian actors' search for support for crisis prevention and monetary integration in East Asia. It was felt that an East Asian strategy to surmount the crisis did not match the neo-liberal globalization agenda championed by the US. Higgott states that the efforts of Washington D.C. and East Asian governments to avoid dispute by ostensibly stressing the need for liberalization 'only superficially concealed a deeper schism between the two edges of the Pacific.'[20] US/IMF initiatives even had a worsening effect on East Asian economies and societies. Taylor argues that an 'ongoing economic antagonism between Washington and Tokyo [existed] at a time of crisis, [as did] a suspicion of American motives by many Asian leaders. For America, the Asian crisis presented Washington with a major opportunity to advance its influence in the region and subvert Japanese economic interests, which had built up during the boom times.'[21] Taylor concludes that APEC served as a 'US-centered counterfoil to an emerging Japan-ASEAN bloc' and as an institution to further 'the structural power of US-based transnational capital'.[22]

Asian APEC members also seem uneasy with the US administration's attempt to securitize the economic sphere in international relations. US attempts at several post 9/11 APEC Summits to subordinate economic and financial issues

to the US administration's security agenda, i.e. the fight against terrorism, were met with scepticism by Asian actors. This policy was considered unbalanced, not reflective of the needs of East Asia and demonstrative of the US's loss of interest in Asian economic integration.[23]

As a consequence the US has lost ground. Two explanations for the recent position of the US towards East Asian regional integration can be differentiated.[24]

1) The sceptical view: reflects US scepticism that regional integration in East Asia does not work due to Japan-China rivalry. US intervention against regional integration may trigger defiance among Asian countries and may thus result in blowback or in unwanted further steps towards integration. US indifference may reflect Washington's reduced influence in East Asia due to China's emergence as a regional power.
2) The optimistic view: Regional integration in East Asia does have a positive impact on US corporations and thus on the US economy. Furthermore, regional integration may have an appeasing and containing influence on Chinese hegemonic ambitions in the region. It thus satisfies overriding US security and balance-of-power concerns.

Recent indifference of the US administration to economic issues in East Asia can be explained as follows: So long as East Asian regional powers accept in principle not to challenge the US over security issues, Washington is much more willing to accept economic or financial integration in East Asia, even if it is not a key participant. Alienated by the US preoccupation on security and securitization of the economic sphere, East Asian actors are making use of this window of opportunity for regional economic integration. Here the EU can be considered a successful model; the steps leading to the Euro are briefly outlined below.

Monetary Integration in Europe

The EU path to financial integration can be seen as a reference for East Asian economies to direct their own economic and financial integration process. This is not to advocate that the European model should be imitated in detail. Yet, it is instructive to highlight that in 1992/93 Europe was obviously in a situation that demanded the smoothing out of the effects of a financial crisis similar to the Asian one. The basic steps towards a Monetary Union shall be discussed as they may serve as a point of reference for closer monetary cooperation in East Asia. Two research reports have had important influence on the process towards a Monetary Union and a single European currency and served as a justification for the subsequent moves towards the euro:[25]

The 'Cecchini report' in 1988 came to the conclusion that 4% gains in the

then EU-GDP would be achievable through the abolition of border controls, the reduction of trade barriers, the liberalization of services and the opening of national procurement markets. The report 'One Market – One Currency' analysed how the EC would profit from the transition from an EMS to an EMU within a single European market. The report identifies the following effects: Gains in micro-economic efficiency through the abolishment of exchange rate uncertainties and transaction costs, macro-economic stabilization through increased financial discipline due to the abolishment of exchange rates, more just allocation of goods and services and foreign trade and payments effects due to the international strengths of the euro and its influence on international currency order and coordination.

Finally, the EMU was realized in a three-stage approach:

1. From July 1990 to December 1993 the single European market was finalized.
2. From January 1994 to December 1998 four convergence criteria[26] were set and measures to reach convergence in the EU member states were introduced. Meeting these criteria within a defined margin was mandatory for all EU member states that wished to be part of 'Euro land' from the start.
3. On January 1st, 1999 the exchange rates between all participating member states and the Euro were fixed and on January 1st, 2002 euro bills and coins were introduced.

The three stages leading to the EMU are a blueprint or at least a guideline for any East Asian activity of further economic and monetary integration. These activities may ultimately lead to an East Asian Currency or more likely to a less ambitious monetary integration. Kwan proposes a three-stage approach that is quite similar to the European path towards the euro that could be implemented in East Asia:[27]

1. The countries peg their currency to Yen dominated currency baskets reflecting their trade relations with Japan.
2. All participating countries peg against a currency basket (Asian currency unit) and allow their currency to float against other currencies outside the basket.
3. A common currency would be adopted and a common central bank would conduct monetary policy.

The European Union thus seems to serve as a silent point of reference for East Asian integration activities. What is more: the more the US/IMF approach got discredited in the eyes of Asian politicians and decision makers the more the European approach has become attractive without any proactive European contribution.

Asia-Europe Financial Cooperation: The Case of ASEM

The ASEM process was created out of the perceived need for a link between East Asia and Europe. ASEM was thus established to complement the institutionalized trans-Atlantic and trans-Pacific cooperation and policy coordination.[28] The process offers its participants a forum to develop their own policy identity that can – if judged necessary – differ from US approaches. Furthermore, the ASEM participants are in political and economic terms strong enough not to be ignored by the US.

Loose regional structures in Asia, Japan's dominance as the leading economic, financial and aid donating power in the region and its particularly close security cooperation with the US may be considered as ambiguous by Tokyo's neighbours. Furthermore Tokyo does not consider an inter-regional organization such as ASEM as a 'good place for an economic superpower to assert itself' because of Japan's 'continuing commitment to bilateralism'.[29] However, Reiterer identifies a 'stabilizing effect' of ASEM on its partners and concludes that there are 'enough elements to qualify ASEM as a partial regime or a regime *in statu nascendi* as the expectations of partners have not converged at the same intensity in the three pillars of ASEM.'[30]

According to Higgott besides original ASEM tasks, the ASEM process could also play a secondary supportive role in important areas such as the new monetary regionalism in the Asian region. Asia can profit from European experience and knowledge.[31] The ASEM financial dialogue has so far concentrated on macro-economic issues through the exchange of views on the global economic situation, financial developments and the on international financial architecture. Furthermore, targets have been developed for the implementation of 'existing supervisory principles and regulations in the financial sector such as combating money laundering and closer co-operation in the field of customs'.[32] As a reaction to the Asian financial crisis two initiatives were adopted at the ASEM London Summit in 1998: An ASEM Trade Pledge expressing the vow of all ASEM members to avoid protectionism and to pursue multilateral liberalisation and second, an ASEM Trust Fund that assists policy reform by providing technical advice and training.

At the second Asia-Europe Finance Ministers' meeting in January 1999, the Finance Ministers continued discussions on the international financial architecture focusing on exchange rate regimes, financial transparency of financial institutions, and dealt with IMF experience concerning the control of capital movements. The politicians placed particular hope on the stimulus of the demand side in the Japanese economy and praised the financial aid packages of the Miyazawa Initiative along with the appraisal of US and Chinese efforts and

support. The EU experience with the Euro was shared among all ASEM partners. However the Chairman's Statement did not suggest any link between European monetary integration and Asian initiatives.[33] Emphasis was put on financial sector restructuring and supervision and technical assistance including the ASEM Trust Fund and the European Financial Expertise Network.

At the third Asia-Europe Finance Ministers' Meeting in January 2001 the Finance Ministers praised the important role ASEM had played in resolving the Asian financial crisis as well 'as through the international financial institutions (IFIs) and the bilateral initiatives by ASEM partners'.[34] The performance of the Euro was again reviewed. Yet, no direct link between the Euro and Asian financial cooperation was mentioned in the Chairman's Statement, even though the lessons learned from European financial integration and the status of regional financial integration in Asia including exchange regimes were discussed. However, paragraph 29 of the Chairman's Statement mentions the proposal of the Kobe Research Project. Thereby, the link between European and Asian financial cooperation finds its way into the official documentation of the discussions. Thus there exists an increased awareness about the relevance of the European experience for Asian monetary integration. It does not seem, however, that this issue was approached by the participants of the meeting in a holistic way. A particular emphasis was placed on 'strengthening the international financial system and prevention of the recurrence of a crisis.' The ASEM partners 'welcomed the recent progress achieved to enhance the transparency and legitimacy of the IMF' and 'they also called on the IMF to enhance its accountability'. Thus the specific mentioning this topic in the Chairman's Statement arguably reveals a certain discontent with the past performance of the IMF.

At the fourth Asia-Europe Finance Ministers' meeting in July 2002 the ministers again discussed global economic development and agreed 'that Europe and Asia should increasingly cooperate and coordinate in the economic and financial sphere'[35] and that they should combat abuses of the global financial system. This time they encouraged IMF initiatives 'such as Reports on the Observance of Standards and Codes (ROSCs) and Financial Sector Assessment Programme (FSAP)' in order to get an early financial warning system in place to avoid a future currency crisis. The introduction of the Euro was evaluated positively in the sense that it would support further integration of the European economies. In addition, regional economic integration within the ASEAN+3 process was greeted by the ministers for the first time as a further step towards Asian monetary and economic integration. Also stressed on this occasion were activities such as the Chiang Mai initiative for more transparency, frequent meetings of central bank heads and active policy dialogue by the ASEAN+3 Finance

Ministers. The discussions showed that the ASEM Finance Ministers had an increased awareness of Asian 'regionness' on the ASEAN+3 level. It thus signifies a further step towards an equal footing between Asia and Europe. Making Asia and Europe more comparable in this regard may increase the receptiveness of EU monetary policy tools and experience on a regional level in Asia. It could thus reduce reservations on the Asian side concerning a loss of sovereignty because of the advantages that further integration in the financial field merits.

At the fifth Asia-Europe Finance Ministers' Meeting in Bali in July 2003 basically all previously discussed topics were addressed again. However, more specific positions were taken on topics concerning the 'Partnership for Growth and Development between Asia and Europe' and 'Development of inter-regional financial cooperation'. The ministers 'acknowledged that sharing of experience and technical assistance from European partners is helpful in strengthening fiscal and financial cooperation both within Asia and between the two regions'. Furthermore, the politicians 'welcomed progress in regional financial cooperation under the ASEAN+3 (China, Japan and the Republic of Korea) Finance Ministers' Process, including the Asian Bond Markets Initiative, development of the Chiang Mai Initiative, enhanced policy dialogue in the region, monitoring of capital flows and a model for an early warning system. [36]

The sixth Asia-Europe Finance Ministers' meeting took place in Tianjin, China, in June 2005. For the first time Finance Ministers from the new EU member states as well as from the new Asian ASEM members were present. The President of the Asian Development Bank, the Deputy Managing Director of the International Monetary Fund, the Managing Director of the World Bank and the Vice-President of the European Central Bank attended as guests and the Ministers convened under the policy theme of 'Closer ASEM Economic and Financial Cooperation'.[37] Most initiatives that had been started earlier, such as the discussion of macro-economic developments and the global development agenda were discussed. In addition, the question of energy security, notably the potential of oil to trigger a substantial macro-economic shock to the world economy, was, *inter alia*, part of the agenda as well. There was also agreement on continuing key initiatives such as the ASEM Trust Fund, and the establishment of an 'ASEM Contingency Dialogue Mechanism for Emergent Economic and Financial Events to strengthen the institutional capacity of ASEM to respond to emergencies'.[38]

The seventh Asia-Europe Finance Ministers' Meeting took place in April 2006 in Vienna, Austria. Senior officials of the Asian Development Bank, the International Monetary Fund, the World Bank and the European Central Bank attended again as guests. Their influence on the discussions is reflected by the similarity of the assessment of the global economic situation and its influencing factors in the

Chairman's Statement of the ASEM event and reports of the Asian Development Bank (Asian Development Bank 2006) and the World Bank (World Bank 2006).[39] The Chairman's Statement lists many additional concrete measurements that look beyond these general assessments of the current state of the world economy: structural policies (R&D, education, infrastructure), 'a sustained stabilisation of oil markets', Anti Money Laundering and various measurements on country or even local level with the target of 'Making Globalisation a Success for All'. Moreover, many concrete measurements such as capacity building in important areas, dialogue between partners and initiatives are listed in the chapter: 'Practical Aspects of the cooperation between Asia and Europe'. This hints at a more concrete orientation of the Asian and European partners on the one hand and a more relaxed attitude towards other regional and global institutions on the other. ASEM participants are accepting assessments and forecasts from institutions such as the World Bank and the Asian Development Bank. They are displaying, thus, a more mature assessment of the current state of the world economy and of the positions of arguably competing institutions to ASEM. Furthermore, ASEM participants are more open towards the ambitions of actors like Japan that hint at regional financial integration. This development could not necessarily have been expected in light of the aftermath of the Asian financial crisis.

It can be observed that the ASEM partners increasingly address details in their approach towards regional financial integration in Asia within the ASEAN+3 and the ASEM framework. Thus the actors of the ASEAN+3 process and of the EU increasingly view themselves as entities which are increasingly integrating. The review of each others performance, in the inter-regional context of the ASEM process, contributes to a more integrated view on economic and financial policies. In such an atmosphere of mutual respect it should be possible for East Asia to follow European footsteps in economic and monetary integration in its own shoes. One approach to tailor these shoes according to East Asian needs is The Kobe Research Project.

The Kobe Research Project

The Kobe Research Project focused on information sharing among ASEM partners in the macroeconomic and financial fields through developing a network among ASEM policymakers and think tanks. It aimed to provide a foundation for policy dialogue and decisions. The result of the Kobe Research Project will thus serve as a catalyst for giving an overview on the current status of research and policy choices available to evaluate policy decisions. Reference to European experience on monetary integration and the introduction of the Euro can be identified.

The results of the Kobe Research Project were presented to the Fourth ASEM Finance Minister's Meeting in Copenhagen in July 2002. More than 50 economists authored papers on the following topics:[40] Exchange Rate Regimes for Emerging East Asian and EU Accession Countries; Currency Regimes: The European Experience and Implication for East Asia, Strengthening Financial Cooperation and Surveillance; Enhancing Regional Monitoring and Integration: Instruments, Steps, and Sequencing; The European and Asian Financial Systems in Perspective: The Cases of Spain and China; China in a Regional Monetary Framework.

The individual steps of the progress of European monetary integration can be identified in the topics above. In addition, its conclusions show a certain disregard for IMF recipes. They clearly point to an economically and monetarily integrated, autonomous Asia, perhaps to be expected with the EU's head start on Asian ASEM members concerning monetary and economic integration, and EMU serving as a model for Asian economic integration.

The Kobe Research Project makes six suggestions:[41]

1. A European-style symmetric approach to economic and financial integration. This should be supported by:
2. A currency basket system of major currencies such as the US Dollar, the Yen and the Euro on a regional level and, in the long run, by a regional currency unit or even by a common currency like the Euro.
3. A regional surveillance process should be established in the long run to monitor critical developments, to provide liquidity in critical times and to assist countries to overcome the impact of crisis that could not have been prevented.
4. Bilateral swap agreements (like those of the Chiang Mai initiative) shall be upgraded to 'more formal institutions for foreign exchange reserve pooling'.
5. Structural weaknesses that led to the Asian financial crisis in 1997/1998 should be overcome to 'strengthen financial systems and deepen capital markets'. Global volatile currency flows and liberalization of national capital markets should be balanced carefully to promote a sound financial system in Asian countries.
6. In order to successfully realize this demanding agenda a dedicated political leadership with a long-term vision on Asian needs has to be established.

Particular hope has been attributed to Chinese-Japanese co-leadership analogous to French-German guidance of European integration. A working group dedicated to the development of a long-term vision to provide guidance for political

leadership in Asian countries has been called for by the Kobe Project. The Kobe Research Project can be seen as a transmission belt to introduce EU monetary policy tools and experience to a broader audience of decision makers in the Asian region.

Conclusion

It has been shown in this text that, in terms of its economy, the Asian region moved from dependency on the US to a more self-assertive stance. Starting from this experience the state actors have moved to a more balanced approach on countermeasures to avoid another Asian financial crisis in the future. The main APEC project of the early 1990s to promote liberalization in the Asia/Pacific has been judged too singularly-focused on US interests. This policy did not take into account Asian peculiarities. It even hurt Asian countries unnecessarily in the months after the Asian financial crisis. This is due to the uncompromising use of the window of opportunity that opened after the crisis to push through liberalization policies.

Japan tried to fill the gap that had been left by the US and its arguably compromised liberalization project in the aftermath of the Asian financial crisis to pursue projects like the AMF and the Miyazawa plans. These activities, generally welcomed by its Asian neighbours, were, as in the case of the AMF, heavily contested by the US due to their negative impact on the US-led liberalization project and the predominance of the US/IMF led policies in the region. Having an autonomous AMF or any other Asian dominated body operating in the region without US approval or US veto rights was not acceptable to Washington D.C. at that time. But the political context has changed. After 9/11 the US seemingly accepted greater economic and monetary autonomy and did not interfere in the discourse on economic and monetary integration in the region as long as Asian states enlisted in the US-led anti-terrorism alliance. This can be attributed to either American disbelief that regional economic and financial integration would work or to resignation on the US side that Washington will no longer be able to effectively influence economic developments in the Asian region.

What are the prospects for a future global financial system? Eichengreen suggests a gradual development without big leaps forward in the financial and currency field, viewing regional financial integration rather as an evolutionary process.[42] Provided Japan and Asia come to terms with their past history on World War II and provided that individual national interests can be sufficiently pooled into this regional body, all countries in the region will profit from further integration initiatives. Yet, other world regions will adapt to this process and there will be a reaction of some sort to every move in some part of the global economy.

The outcome can hardly be predicted. As Bergsten points out, this development will be a major source of instability in a three-player game: 'The basic reason is each of the three perennially fears that the other two will coalesce against it, thus fostering constant insecurities and pre-emptive strikes in an effort to secure tactical advantages.'[43] The East Asian region catching up with its triadic partners (or competitors) can thus be seen as a major source of instability in the global system. This incertitude of future development should be taken into account. As Bersick argues, the management of the increasing interdependencies between the regions of Europe and Asia is thus what defines the effectiveness of the politics of inter-regional relations and the ASEM process.[44]

It is therefore very difficult to come to an objective judgment on whether economic and monetary integration will ultimately benefit the Asian region or whether the Asian states would be better off remaining in a more bilateral relationship with the US. Such a move would counter any positive effect Japan could hope to cash in as a regional economic hegemon. The windows of opportunity for Japan to set the rules in the economic and financial field will not stay open for long. Other countries such as China and probably India will soon claim a bigger say in the regional arena. In fact the competition for hegemony has already started and is affecting regional integration in East Asia.

The EU has little direct influence on the direction of economic and monetary integration in East Asia. However, the mere existence and success of the Euro as a single currency and its potential to challenge the US Dollar is a success story in itself, and may prove an irresistible asset in shaping the monetary landscape of the Asian region. Unlike a US Dollar dominated currency system, the Euro and any East Asian currency arrangement, however loose it may turn out to be, will support the respective regions. The Euro is so far the only success story of regional financial integration with a single currency. The research agenda and reports of the Kobe Research Project have shown that many aspects of the European experience had been analyzed with regard to its adaptability to the Asian region.

There have been many cooperation initiatives in the financial field. Some have followed a regional approach such as the Miyazawa initiatives under the Japanese lead and the Chiang Mai Initiative within the ASEAN+3 process. Some have followed a broader inter-regional approach as well, for example, the Manila Framework, which included extra-regional partners like the US into its financial integration efforts. Especially early efforts to face the Asian financial crisis with a quite rigid IMF approach were not well received by Asian governments. In this regard the role of the EU in shaping the financial architecture of East Asia is less prominent and direct. The non-binding character of the ASEM process and its overall principle to deal with each other as equals makes it easier for the Asian

partners to accept European-style financial integration as a point of reference or even as a blueprint for East Asian efforts. The recommendations of the Kobe Research project point in this direction. The EU experience had been adapted to Asian realities and potential political obstacles have been countered with an analysis of economical and financial necessities in the region. East Asian actors are working hard to catch up with the EU and the US to have a more competitive financial architecture that reduces negative financial impact on their economies. While still at odds over how to actually proceed toward further financially integration, East Asia seems poised to keep direct extra-regional influence over its financial architecture limited. As the relative power of the US over economic and financial matters in East Asia decreases, EU interests in East Asia is increasing and with an East Asia becoming more and more relevant and self-confident in the world economy and in the financial field, contours of a multi-regional world order in the financial field are emerging.

Notes

1 Maull, Hanns W., 'Regional Security Co-operation: a Comparison of Europe and East Asia', Bonn, Internationale Politik und Gesellschaft, 1997, p. 51.

2 Taylor, I., 'Neo-Liberal Globalism And Multilateralism: The Asia Pacific Economic Co-Operation Forum (APEC) as a Terrain of Struggle', Asia Research Centre, Murdoch University, Working paper No. 99, 2003, http://wwwarc.murdoch.edu.au/publications/wpapers.shtml, accessed on 25.11.2004.

3 Bjoern Hettne, 'Beyond the "New" Regionalism', Liu School of Management, 2005, p. 35. http://www.eki.liu.se/content/1/c4/36/46/autumn%202005/h05%20-%20NPE_Hettne_3.pdf.

4 According to Chalmers Johnson 'blowback' is a notion initially used internally within the US Central Intelligence Agency that 'refers to the unintended consequences of policies that were kept secret from the American people.' Chalmers Johnson, 'Blowback: The costs and consequences of American Empire', London, Time Warner Paperback, 2002, p. 8

5 Wan Leong Fee, 'From Asian Monetary Cooperation to Monetary Integration', Monash University Malaysia, 2003, p. 4, http://www.hicbusiness.org/biz2003proceedings/Wan%20Leong%20Fee.pdf, accessed on 14.11.2004.

6 Wan Leong Fee, 'From Asian Monetary Cooperation to Monetary Integration', Monash University Malaysia, 2003, p. 4, http://www.hicbusiness.org/biz2003proceedings/Wan%20Leong%20Fee.pdf, accessed on 14.11.2004.

7 Joseph Stiglitz, 'Globalization, Technology and Asian Development', Asian Development Bank, Asian Development Review, vol. 20, no. 2003, p. 2

8 Steven Radelet and Jeffrey Sachs, 'The East Asian Financial Crisis: Diagnosis, Remedies, Prospects', Harvard Institute for International Development, 1998, p. 4, http://www2.cid.harvard.edu/hiidpapers/bpeasia2.pdf, accessed on 19.11.2004.

9 Ngai Ling Sum, 'A material-discursive approach to the 'Asian Crisis': the breaking and remaking of the production and financial orders', in Peter W. Preston and Julie Gilson, The European Union and East Asia: Inter-regional Linkages in a Changing Global System', Cheltenham, Northampton, Edward Elgar, 2001, p. 143.

10 Chi Hung Kwan, 'Yen Bloc – Toward Economic Integration in Asia', Washington D.C., The Brookings Institution Press, 2002, p. 33.

11 The Manila Framework is the commonly used name for the initiative officially titled: 'Enhance Asian regional cooperation to promote Financial Stability'. The fourteen member economies of the Manila Framework Group are Australia, Brunei Darussalam, Canada, China, Hong Kong SAR, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand and the United States of America.

12 Kent E. Calder, 'Asia's Shifting Strategic Landscape: Japan as a post-Reactive State?', Foreign Policy Research Institute, fall 2003, p. 611.

13 Rong I. Wu, 'Taiwan's Participation in the Asia-Pacific Financial Stabilization Programs', Taiwan Institute of Economic Research, Working Paper, 1998, p. 1 http://www.tier.org.tw/APECC/hotnews/Discussion_Papers/manila.html, accessed on 13.11.2004. The Manila Framework was agreed on as well within the APEC framework, with the institutional support of the Asian Development Bank (ADB).

14 Ngai Ling Sum, 'A material-discursive approach to the "Asian Crisis": the breaking and remaking of the production and financial orders' in Peter W. Preston and Julie Gilson, The European Union and East Asia: Inter-regional Linkages in a Changing Global System', Cheltenham, Northampton, Edward Elgar, 2001, p. 143.

15 Fred Bergsten, 'Reviving the "Asian Monetary Fund"', Institute for International Economics, Policy Brief 98-8, 1998, p. 1, http://www.iie.com/publications/pb/pb98-8.htm, accessed on 23.11.2004.

16 The two Miyazawa plans and the currency swap agreements are further examples of this policy shift.

17 Joseph Stiglitz, 'Globalization, Technology and Asian Development', Asian Development Bank, Asian Development Review, vol. 20, no. 2, 2003, p. 13.

18 Bjoern Hettne, 'Beyond the "New" Regionalism', Liu School of Management, 2005, p. 15, http://www.eki.liu.se/content/1/c4/36/46/autumn%202005/ho5%20-%20NPE_Hettne_3.pdf.

19 Remark made during a presentation on Japanese foreign policy at the Foreign Correspondence Club of Japan, 06.02.2006.

20 Richard Higgott, 'ASEM and the evolving Global Order', Global Economic Review Vol. 29, No. 1: 21-52, 2000, p. 35.

21 Ian Taylor, 'Neo-Liberal Globalism And Multilateralism: The Asia Pacific Economic Co-Operation Forum (APEC) as a Terrain of Struggle', Asia Research Centre, Murdoch University, Working paper

No. 99, 2003, p. 9, http://wwwarc.murdoch.edu.au/publications/wpapers.shtml, accessed on 52.11.2004.

22 Ian Taylor, 'Neo-Liberal Globalism And Multilateralism: The Asia Pacific Economic Co-Operation Forum (APEC) as a Terrain of Struggle', Asia Research Centre, Murdoch University, Working paper No. 99, 2003, p. 13, http://wwwarc.murdoch.edu.au/publications/wpapers.shtml, accessed on 52.11.2004.

23 Richard Higgott, 'After Neo-liberal globalization: The "securitization" of US Foreign Economic Policy in East Asia', Critical Asian Studies, 36:3, Routledge, 2004, p. 434.

24 Matsuo Watanabe, 'Issues in Regional Integration of East Asia: Conflicting Priorities and Perceptions', Asia-Pacific Review, Vol. 11, No. 2, 2004, pp. 7-8.

25 Helmut Wagner, H., 'Europäische Wirtschaftspolitik – Perspektiven einer Europäischen Wirtschafts- und Währungsunion (EWWU)', 2nd Edition, Berlin Heidelberg, Springer, 1998, pp. 24-28.

26 According to Article 121(1) of the EC treaty and the related protocol these criteria are: 1. Price stability, 2. Government finances in particular the annual government deficit and total governmental debt, 3. Exchange rates and 4. Long-term interest rate, see also http://europa.eu.int/scadplus/leg/en/lvb/l25014.htm, accessed on 2005/04/18.

27 Chi Hung Kwan, 'Yen Bloc – Toward Economic Integration in Asia', Washington D.C., The Brookings Institution Press, 2002, p. 174.

28 Chimin Chen 'NATO, APEC and ASEM: Triadic Inter-regionalism and Global Order', Department of International Politics, Fudan University, Shanghai, 2005, p. 10, http://www.cctr.ust.hk/articles/pdf/Chen%20Zhimin-Inter-regionalism%20and%20Global%20Order.pdf, accessed on 24.03.2006

29 Takashi Inoguchi, 'Globalization and Japan's Foreign Policy', Japan's Review on International Affairs, Fall 1999, 1999, p. 163.

30 Based on Krasner's definition of regime being a set of 'implicit or explicit principles, norms, rules and decision making-procedures around which actors' expectations converge in a given area of international relations.' Michael Reiterer, 'ASEM: Value-Added to International Relations and to the Asia-Europe Relationship', in 'The Eurasian Space: Far More Than Two Continents', IIAS/ISEAS Series on Asia, edited by Wim Stokhof, Paul van der Velde and Yeo Lay Hwee, 2004, p. 17.

31 Richard Higgott, 'ASEM and the evolving Global Order', Global Economic Review Vol. 29, No. 1: 21-52, 2000, p. 47.

32 As reference for this information and for a general overview please view the relevant EU webpage: http://europa.eu.int/comm/external_relations/asem/other_activities/index_activities.htm#Economic%20Pillar, accessed on 22.05.2005.

33 http://europa.eu.int/comm/external_relations/asem/min_other_meeting/fin_min2.htm, accessed on 23.05.2005, Information in this paragraph derives from the aforementioned webpage.

34 http://europa.eu.int/comm/external_relations/asem/min_other_meeting/fin_min3.htm, accessed on 23.05.2005, Information in this paragraph derives from the aforementioned webpage.

35 http://europa.eu.int/comm/external_relations/asem/min_other_meeting/fin_min4.htm, accessed on 25.05. 2005, Information in this paragraph derives from the aforementioned webpage.

36 http://europa.eu.int/comm/external_relations/asem/min_other_meeting/fin_min5.htm, accessed on 26.05.2005, Information in this paragraph derives from aforementioned webpage.

37 http://europa.eu.int/comm/external_relations/asem/min_other_meeting/05_chairmans_stat_final.pdf accessed on 26.05.2005, Information in this paragraph derives from aforementioned webpage.

38 Chairman's Statement: The Sixth ASEM Finance Ministers' Meeting, 2005, p. 3 http://europa.eu.int/comm/external_relations/asem/min_other_meeting/05_chairmans_stat_final.pdf

39 These factors are the Asian flu, rise of oil prices and a widening of global imbalances. Chairman's Statement, 2006, p. 2 http://www.aseminfoboard.org/content/documents/7asemFinMM_chairman.pdf, accessed on 19.04.2006

40 For a complete list of research papers with links to the individual papers see Japanese Ministry of Finance homepage http://www.mof.go.jp/jouhou/kokkin/tyousa/kobe_e.htm, accessed on 21.04.2005.

41 See Japanese Ministry of Finance homepage http://www.mof.go.jp/jouhou/kokkin/tyousa/tyou058.pdf, accessed on 20.04.2005.

42 Barry Eichengreen, 'Solving the Currency Conundrum: A Paper from the Project on Development, Trade, and International Finance', A council of Foreign Relations Paper, 2000, p. 38.

43 Fred Bergsten, 'The new Asian challenge', Institute for International Economics, Policy Brief 00-4, 2000, p. 204, http://www.iie.com/publications/wp/2000/00-4.pdf, accessed on 12.04.2005.

44 Sebastian Bersick, Auf dem Weg in eine neue Weltordnung? Zur Politik der Inter-regionalen Beziehungen am Beispiel des ASEM Prozesses, Baden-Baden 2004.

4
India's New Quest for Intra- and Inter-regional Politics

Christian Wagner

The invitation to the first East Asia Summit in Kuala Lumpur in December 2005 once more highlighted India's ambitions to become more closely associated with the dynamics of regionalism in East and Southeast Asia. This strategy started with the Look East Policy in the early 1990s following India's comprehensive economic reforms after 1991. When looking at India's foreign policy it is obvious that her quest for intra- and inter-regional politics is not a new phenomenon. Nehru had already been a champion of regional cooperation both within Asia and the de-colonized countries. But during the Cold War period India's ambitions had been hampered both by the constellations of the international system and her lack of economic resources. India's recent attempts for stronger participation in intra- and inter-regional arenas therefore seem to have much better prospects. First, the international environment is much more conducive to various forms of regional cooperation. Second, India has developed both the political will for regional cooperation and the material resources with the economic liberalisation and her policy of integration into the world market. This has enhanced the country's attractiveness to become a member of regional organisations.

In international relations forms of interstate cooperation can be conceptualised both under the institutional and neo-realist school of thought. Generally, institutionalism emphasizes common functional interests and the absolute gains of cooperation among states whether they take place in regional or inter-regional institutions.[1] Neo-realist variants like defensive or offensive realism link cooperation to national interests and look at the relative gains of collaboration for the states involved.[2] Hence cooperation is only the dependent variable to be analysed in the overall foreign policy framework. With the focus on national interests this approach seems to offer a better suited theoretical tool to analyse India's quest for intra- and inter-regional politics.

The impracticality of geographical definitions of 'region' in the international context has often been demonstrated in the past. A relevant region for security issues may not necessarily the same for closer economic collaboration.[3] In order to evade the confusions of geographically defined concepts of regions, the term 'region' will be understood here as a socially constructed entity. A 'region' is what states make of it, to use a common phrase from the constructivist discourse. Therefore, membership in regional organisations will be used to define a 'region' so that institutional aspects are emphasized and not geographical criteria like common borders. To differentiate inter-regional from regional cooperation, institutionalised external relations of regional organizations can be regarded as the main criteria.[4] This institutional framework is not sufficient for a foreign policy analysis in which forms of regional collaboration are the dependent rather than the independent variable. Therefore regional cooperation will be understood as foreign policy initiatives that aim at the creation of new, or membership in, already existing organisations that may also have an inter-regional approach.

Using this theoretical framework the argument can be made that India intensified her efforts for regional collaboration after 1991. By redefining her regional borders the focus of India's foreign policy shifted from South Asia to Southern Asia including Southeast, Central and West Asia. This included the strengthening of existing organisations by new initiatives, efforts to become a member in already existing regional institutions and finally, a more pro-active role in establishing new organisations. This shift can easily be explained by the domestic and international changes that affected India's foreign policy and by the larger gains that India can expect not only in economic terms but also in political and security issues. In order to underline the argument, India's not very successful attempts to promote regional collaboration after 1947 in South and Southeast Asia shall be dealt with firstly. India's new initiatives after 1991 on the regional level and her attempts to gain access to new regional organisations, especially in Southeast and East Asia, will be analysed in a second part. Because the focus of regional collaboration is on the multilateral level, India's bilateral relations and initiatives will be mainly disregarded.

Intra- and inter-regional Politics during the Cold War

Even before independence in August 1947 Nehru developed his own ideas of an international order that centred on anti-colonialism and disarmament. Not military confrontation but cooperation was his answer to overcome both the problems of underdevelopment and to increase the importance of Asia in international affairs. As early as 1945, Nehru brought up the idea of an Asian Federation that should represent the interest of Asian countries in world affairs. In September 1946

he laid down the principles of his non-aligned foreign policy: 'We propose, as far as possible, to keep away from the power politics of groups, aligned against one another, which have led in the past to world wars and which may again lead to disasters on an even vaster scale.'[5] In March 1947, even before India's independence in August of the same year, the first Asian Relations Conference took place in New Delhi. The participants of the conference branded all forms of colonialism and imperialism and Nehru underlined his interest in strengthening the cooperation among Asian countries even if they were still colonized. Nehru's attempt to establish a 'third way' at least among underdeveloped countries of Africa and Asia met strong criticism from the U.S., the Soviet Union and China.[6] In a bipolar world system, none of the dominant players seemed to be interested in Nehru's vision of a third way.

The constellations of the cold war on the international level and Nehru's dominance in foreign policy, as well as India's inward looking economy on the national level, had far reaching impacts on India's quest for intra- and inter-regional politics. Despite Nehru's strong rhetoric, commitments for regional cooperation bilateral relations dominated over multilateral strategies in India's foreign policy during the Cold War period.

India and South Asia

Since the independence of India, Pakistan and Sri Lanka in 1947 and 1948 South Asian countries shared a number of common problems. The common challenges of economic and social modernisation in order to overcome the underdevelopment of colonial rule offered numerous opportunities for regional cooperation. The Colombo-Plan of 1951 seemed to offer a suitable platform not least because Nehru had always promoted closer collaboration among Asian and African countries. But despite the common historical legacy of British rule bilateral problems like Kashmir and the question of Tamil citizenship in Sri Lanka from the beginning hindered a common approach to tackling regional problems. In contrast to Southeast Asia where the concept of a Zone of Peace, Freedom and Neutrality (ZOPFAN) of 1971 underlined the common security perception among the members of the Association of Southeast Asian Nations (ASEAN), South Asia was characterised by the divergent threat perceptions vis-à-vis the super powers, bilateral conflicts like the Indo-Pakistan confrontation over Kashmir, which caused two wars, and India's hegemonic ambitions towards her neighbours.[7]

It was not until the end of the 1970s that ideas of regional collaboration were raised by smaller countries like Bangladesh and Sri Lanka which saw it as a useful tool to counter India's dominance in the region. After various rounds of

negotiations the South Asian Association for Regional Cooperation (SAARC) was finally established in December 1985 when the heads of states held their first summit meeting in Dhaka. A common secretariat was set up in Kathmandu in 1987 but the overall development of SAARC remained slow until 1991. Bilateral security issues like Kashmir overshadowed and slackened the pace of regional collaboration.

Security issues on the one hand and India's mixed economy on the other hand hindered the expansion of intraregional trade. Except for landlocked countries like Nepal and Bhutan intraregional trade remained of minimal importance for the main economies.

India and Southeast Asia

Nehru's ambitions for regional cooperation found greater resonance in Southeast Asia. Especially regional crises like in Indonesia 1949 or in Indochina in the 1950s seemed to fulfil his ideas of India's new regional importance. But because of the communist threat, the countries of Southeast Asia were more interested in ensuring their security needs with participation in bilateral military alliances with the United States or multilateral arrangements such as the Southeast Asian Treaty Organisation (SEATO) which was established in 1954.

Yet, it was not only concepts of security that differed between India and Southeast Asia. A similar development could be observed in economic affairs. After the creation of ASEAN in 1967 there were serious deliberations in India to join the new regional organisation.[8] Although India shared some of ASEAN's threat perceptions such as fear of communist insurgencies, the pro-Western strategic outlook of ASEAN seems to have hindered India's entry into the new organisation. There were also reservations in Southeast Asia because of India's lingering Kashmir conflict with Pakistan.[9] In the years following this missed opportunity India and Southeast Asia drifted even further apart.

Economically Southeast Asia developed into the world's most dynamic region throughout the 1980s due to its export strategy. The 'Tiger economy' became a synonym for successful economic development and was regarded as a model for the developing world. On the other hand, India's inward looking mixed economy was unable to overcome the so called Hindu rate of growth of about 3.5 percent. In security issues, ASEAN became more closely linked to the United States. In contrast to this India avoided military alliances, became a nuclear power in 1974 and turned into a regional hegemon with Indira Gandhi's South Asia doctrine. Politically, India with the exception of the emergency from 1975 to 1977 followed a democratic path along Western traditions. In Southeast Asia the political development was characterised by a variety of authoritarian regimes that

began to develop their own set of political and cultural values in order to combine economic success with their political regimes.

Looking at India's achievements in her quest for intra- and inter-regional politics during the Cold War period, the results were more than modest. The multilateral tier of India's foreign policy was concentrated on the global level, for example, her engagement in the United Nations (UN) and the Non-Aligned Movement (NAM). On a regional level, no matter whether it was South Asia or any other part of Asia, bilateral relations dominated clearly over multilateral initiatives. In South Asia, SAARC only started in 1985 and apart from India's cautious attempts to join ASEAN in the 1960s there were hardly any other noteworthy multilateral approaches.

Intra- and inter-regional Politics after the Cold War

The year 1991 was a watershed for India's political and economic development both at the domestic and the international level. The payment crisis of spring 1991 initiated a policy of economic reforms under the Congress government of Narasimha Rao that fundamentally changed India's economy. Probably even more important was the new consensus among the main parties from the communist parties on the left like the CPM to the right wing Bharatiya Janata Party that the 'clock of economic reforms' would not be turned back.

The end of the Cold war and the collapse of the Soviet Union which was regarded as India's most important political and economic ally also had a deep impact on foreign policy. Initially India was thought to be the 'loser' at the end of the Cold war.[10] Yet, it turned out that few other countries benefited more from the international changes of the 1990s. India's economic policy opened up the country to foreign direct investment and trade. Moreover the new consensus in the international community on democracy, market reforms and protection of human rights brought India much closer to the international mainstream than before 1991. India's new international significance became obvious with her improved relations to the United States, China and the European Union.

Besides the emerging international constellations in Asia and the expansion of regional groupings that initiated the debate about concepts of new or open regionalism,[11] the most important change for India was that economic questions became important foreign policy issues. Connected with the new importance of economic liberalisation was the question of energy, which became another main driver of India's foreign policy in the 1990s.[12] During the previous period of mixed economy India followed a policy of import substitution rather than export promotion like in Southeast Asia. India's share in global trade therefore shrank from about 2% in the 1950s to less than 0.5%in the 1980s. But the failures of

her development model became obvious in the early 1980s when Indira Gandhi started diffident economic reforms. At least after 1991 foreign policy decision makers in India recognized that economic power was not only important for national development but also for great power status on the international level. Thus the new economic priorities had far reaching impacts on India's intra- and inter-regional policies.

South Asia: SAARC, SAPTA, SAFTA

India's new foreign policy priorities had a far reaching impact on the development of SAARC, which received a new stimulus in the 1990s. India and Sri Lanka started an initiative at the SAARC summit of Colombo in 1991 to establish a commission on economic cooperation that worked out the details for the SAARC Preferential Trade Arrangement (SAPTA). Two years later the agreement was signed in Dhaka and came into force in 1995. But SAPTA remained only a transitional agreement. In 1996 discussion started on establishing a SAARC Free Trade Area (SAFTA). Yet, despite the political problems, the Indo-Pakistan crisis of 2002 and the reservations of poorer countries such as Nepal and Bhutan an understanding could be reached. SAFTA was implemented in 2006 in order to increase intraregional trade in South Asia.[13]

A further development in SAARC was the enlargement of the organisation with the new membership of Afghanistan after 2007. For the first time a new country was included into the SAARC framework. India supported the enlargement because of her traditional good relationship with Afghanistan and her rivalry with Pakistan. Moreover, the growing number of states that requested observer status underlined the new interest of great powers in the development of SAARC. Japan who has been a main sponsor of SAARC for many years was the first country to receive observer status. In 2005 China applied for an observer status, and that will be granted in 2007. In addition the United States and South Korea also applied for an observer status, which has been agreed for 2008.[14]

India's new economic ambitions to increase regional trade with her neighbours could not only be satisfied by multilateral arrangements like SAPTA alone. Therefore India started various initiatives parallel to the SAARC process to strengthen economic ties with smaller neighbours. The conceptual background was the Gujral doctrine named after foreign and Prime Minister I.K. Gujral of the United Front government in 1996/1997. He underlined that India was willing to give up the principle of reciprocity in her relations with smaller neighbours and intended to make more concessions to them than they were able to grant towards India.[15] Treaties on water disputes with Bangladesh and Nepal in the

mid-1990s were a first result of India's new regional policy that was accompanied by negotiations on bilateral free trade agreements. A first success was reached in 1998 when a free trade agreement was signed with Sri Lanka which is working much to the favour of the smaller country.

India and Southern Asia

It was argued in the beginning that India's new quest for intra- and inter-regional politics led to an extension and redefinition of her regional boundaries. India's new regional ambitions became most obvious in the concept of Southern Asia that included West Asia, Central Asia and Southeast Asia. Jaswant Singh, foreign minister of the BJP government, had underlined that Southern Asia would be India's future zone of interest. Besides new economic opportunities Southern Asia was important for India's future energy needs.[16] There was a series of initiatives throughout the 1990s to strengthen bilateral ties with countries like Iran, Israel, Saudi-Arabia, the central Asian republics and Southeast Asia. In regard to multilateral collaboration Southeast Asia became the focal point of India's foreign policy in the 1990s.

Following the economic liberalisation, export promotion and integration into the world market - the recipe that has been successfully adopted by the Tiger economies in the 1980s - became India's new guiding principles in foreign policy. Prime Minister Rao underlined the new importance of the Asia Pacific for India's economic development: 'The Asia-Pacific could be the springboard for our leap into the global market-place.'[17] It was therefore only consistent with these new ideas that Southeast Asia became a main focus of India's foreign policy under the heading 'Look East'.

The 1990s saw consistent endeavours to bring India closer into the ASEAN network. In 1992 India became first a sectoral and in 1995 a full dialogue partner of ASEAN. In 2002 India became a summit level partner for ASEAN. In 1993 India was invited to participate in the newly created ASEAN Regional Forum (ARF) that dealt with security issues and included extra-regional powers like China, the European Union and the U.S. India's integration into Southeast Asia was supported by a number of newly established committees and councils like the ASEAN-India Business Council (AIBC) and the India-ASEAN Economic Cooperation Committee.

Since the beginning of the 21st century India has been harvesting the fruits of her diplomatic endeavours. Trade between India and ASEAN reached US$ 13 billion in 2004 and is aimed for US$ 30 billion in 2007. In October 2003 India and ASEAN signed an agreement for a free trade area in 2011 and India acceded to the Treaty of Amity and Cooperation (TAC).[18] In November 2004 the ASEAN-

India Partnership for Peace, Progress and Shared Prosperity pact was signed. These developments have initiated a debate about ASEAN + 4 that would include India.[19]

Relations with ASEAN have certainly been the success story of India's Look East Policy since the 1990s. Besides these multilateral activities it should not be overlooked that India has also intensified her bilateral relations with Southeast Asian countries. This included economic cooperation such as the Comprehensive Economic Cooperation Agreement (CECA) with Singapore that was signed in summer 2005[20] and security cooperation, including among other things defence pacts with Indonesia and Vietnam.[21] India's new security posture in Southeast Asia is also underlined by joint efforts with the United States to patrol the Malacca strait.

ASEAN countries have been very positive about including India in their multilateral networks. Economically, India's liberalisation offered new investment opportunities. Strategically, India was regarded as a possible counterweight against China whose territorial claims in the South China Sea raised apprehensions about its future ambitions. Therefore it was unsurprising that ASEAN did not regard India's nuclear tests of 1998 as a threat. This reaction by ASEAN was in turn interpreted by the Indian Ministry of External Affairs as a signal that ASEAN has accepted India as a 'balancing power' vis-à-vis China.[22]

Besides India's attempts to become more integrated with ASEAN another approach was the creation of new regional organisations that linked India and individual Southeast countries. This strategy became obvious with the establishment of the Indian Ocean Rim Association for Regional Cooperation (IORARC) in 1997 and the Bangladesh, India, Myanmar, Sri Lanka, Thailand Economic Cooperation (BIMSTEC) in the same year which is sometimes referred to as the Bay of Bengal Community (BOBCOM).[23] In both cases India was among the driving forces in the creation of the new regional organisations that were both intended to promote economic cooperation. The IORARC covers the Indian Ocean, where India has always claimed a leading position, from South Africa to Australia. BIMSTEC was intended to strengthen the links with neighbouring Southeast Asian countries like Myanmar and Thailand. Neither organisation has been very successful thus far. They suffer from similar problems and limitations as other regional organisations in the developing world, i.e. the lack of economic complementarities.

But India's intraregional activities were not confined to Southeast Asia. In 1996 foreign minister Gujral underlined India's quest to join APEC which was regarded as one of the main institutions of the post cold war international system. India's bid for APEC was supported by Vietnam, India's most important long

time ally in Southeast Asia.[24] But the attempt failed much to India's regret. The remark of former Minister of Commerce Chidambaram that 'APEC without India is like Hamlet without the Prince of Denmark'[25] reflected India's frustration at being excluded from the organisation.

Despite this unsuccessful attempt so far India has initiated various other activities to intensify her relations with East and Southeast Asia in the multilateral field. Besides BIMSTEC and IORARC, India also participated in the Kunming Initiative in 1999 between Bangladesh, China, India, and Myanmar and the Ganga-Mekong Co-operation in 2000 in which Cambodia, India, Laos, Myanmar, Thailand, and Vietnam tried to intensify their relations.

In contrast to Southeast and East Asia, regions like Central and West Asia played only a minor role in India's quest for intra- and inter-regional politics. This was mainly caused by the lack of multilateral structures in these regions, so the main focus was on bilateral relations. Both the countries of West Asia and the Central Asia Republics (CAR) gained new importance because of their energy supplies.[26] India therefore consistently increased her bilateral relations during the 1990s. India achieved a recent success when she was granted observer status in the Shanghai Cooperation Organization (SCO) in July 2005. Besides ARF, SCO offers another opportunity for India and China to cooperate in regional institutions.

India, Asia, Europe: ASEM

The creation of a new inter-regional organisation was a consequence of the increasing trend towards globalisation and cooperation in the 1990s. Europe and Southeast Asia took the lead in this development when the European Union (EU) and ASEAN started their bilateral dialogue. In 1996 the first Asia-Europe Meeting (ASEM), held in Thailand, offered a new platform for dialogue and cooperation between Europe and Asia.[27] India was not invited to participate by the Asian members probably because of China's opposition during that time. This was even more astonishing because both Germany and the EU have advocated for the inclusion of India in the ASEM framework. Recognising India's growing importance, the EU decided to start its own summit meetings with India in 2000. In 2004 the EU presented a framework for a strategic partnership with India that covered economic, political and security issues.[28]

Gains and Losses from intra- and inter-regional Politics

The gains of India's new quest for intra- and inter-regional politics are much more evident in Southern and East Asia than in South Asia. They help to explain India's foreign policy shift. Table 1 illustrates the gains and losses from intra- and

inter-regional cooperation and underlines the argument about India's shift from South to Southern Asia.

Table 1: Regional Collaboration: Gains and losses for India

	South Asia	Southern Asia and East Asia
Economics	(+/-): Intraregional trade still modest	(+): trade and investment from ASEAN, China, Japan
Security	(-): terrorism vs. freedom fighters	(+): common understanding of terrorism
Politics	(-): hegemon, regional bully	(+): counterweight to China (ASEAN)
Image	(-): no accepted leadership role	(+/-): India recognized as global power

(+): positive, (-): negative, (+/-): mixed

Economically, the increased cooperation with Southeast and East Asia is a much more attractive opportunity for India's export business as well as for the foreign direct investment from that region. Looking at the trade statistics it is obvious that India's trade with Southeast Asia, China and Japan is much higher compared to trade relations with Pakistan or Bangladesh. Mechanisms like SAFTA will increase intraregional trade but this will act more as a confidence building measure in South Asia than an economic opportunity. In the field of security there are also more advantages for India in Southern Asia compared to South Asia. There is a common understanding and a widespread consensus among most member states of regional organisations in Southern Asia on terrorism and militant Islam being the main security threats. This common understanding is not self-evident in South Asia where, especially because of Kashmir, India and Pakistan had for a long time divergent understandings on terrorism. In 1987 SAARC agreed on a convention against terrorism which could not be ratified because of the differences between both countries. The common statement of January 2004 seemed to have solved the differences between India and Pakistan but infiltration over the Line of Control (LoC) in Kashmir has remained a problem. Politically, India's relations with her neighbours transformed South Asia into a region of chronic instability in the 1980s. But India's attempts to gain influence on the domestic developments of neighbouring states have not been successful.

In contrast to South Asia, India's entry into Southeast Asia was welcomed by most ASEAN countries. India has intensified her bilateral relations and is regarded as a possible counterweight to China. Finally, within South Asia India still has to cope with the negative image caused by her hegemonic ambitions in the 1970s and 1980s.[29] Although India's approach has changed fundamentally in the 1990s with the Gujral doctrine it will take some time until the resentments from the past will be removed in the smaller states. Again the situation is different

in Southern Asia. Because of her liberalisation India today is seen as an emerging power that offers new economic opportunities. India is regarded as a global power because of her engagement in the United Nations and as an advocate for developing countries in multilateral bodies like the World trade Organisation (WTO). India's new engagement in regional organisations is therefore closely linked with her ambitions for great power status.

Conclusion

India's new quest for intraregional and inter-regional politics has to be understood in the overall framework of her foreign policy and her great power ambitions. Diplomatic activities since the early 1990s clearly show that Indian foreign policy today has a much more dynamic approach towards intra- and inter-regional organisations. India followed a multi-faceted strategy in the multilateral field throughout the 1990s. Indian foreign policy has aimed at closer intraregional cooperation by strengthening existing organisations like SAARC. It has furthermore looked for new opportunities for regional collaboration by becoming more integrated in existing organisations like ASEAN, applying for membership in APEC and ASEM or by establishing new institutions like BIMSTEC and IORARC.

Regional organisations offered a new platform in which India could pursue both her national interests for economic growth and energy security and great power status. India's new economic policies and her aspirations for great power status in the 21st century have redefined and shifted her focus of regional collaboration from South to Southeast Asia. Besides the multilateral level India's improved relations with China and the U.S. illustrate at the same time that India is prepared to play the great power game on the bilateral level as well.

Notes

1 See Robert Axelrod/Robert O. Keohane, 'Achieving Cooperation under Anarchy: Strategies and Institutions' *World Politics*, 38 (October 1985): 226 254.

2 See Kenneth N. Waltz, *Theory of International Politics, Reading* 1979; Rose, Gideon, 'Neoclassical Realism and Theories of Foreign Policy', *World Politics*, 51 (October 1998): 144 172.

3 Joseph Nye, quoted in Norman Palmer, *The New Regionalism in Asia and the Pacific*, Lexington 1991, p. 6.

4 On the concepts of inter-regionalism see Heiner Hänggi/Ralf Roloff/Jürgen Rüland (eds.), *Inter-regionalism in International Politics,* London, New York: Routledge 2006.

5 Jawaharlal Nehru, 'Future Taking Shape', in: Jawaharlal Nehru, *India's Foreign Policy, Selected Speeches*, September 1946-April 1961, New Delhi: Ministry of Information and Broadcasting, Publications Division 1961, p. 2.

6 See, R.S. Yadav, 'NAM in the New World Order', in: *India Quarterly*, 49 (1993) 3: 47.

7 For a comparison of the regional preconditions for collaboration see Jörn Dosch/Christian Wagner, ASEAN und SAARC: *Entwicklung und Perspektiven regionaler Zusammenarbeit in Asien*, Hamburg: Abera 1999.

8 See Mohammed Ayoob, *India and Southeast Asia. Indian Perceptions and Policies*, London/New York 1990: 11. According to the memories of a senior Indian official, India was offered full membership in the yet-to-be-established ASEAN in the mid 1960s. This proposal was turned down because India was not willing according to a senior Indian minister to cooperate with 'Coca Cola countries', see Ram N., 'Catching up in the east', *The Hindu*, 29.11.2004.

9 See Kripa Sridharan, *The ASEAN Region in India's Foreign Policy*, Dartmouth 1996, p. 50.

10 Ross H. Munro, 'The Loser. India in the Nineties', *The National Interest*, (Summer 1993): 62.

11 See Norman D. Palmer, *The new Regionalism in Asia and the Pacific*, Toronto 1991.

12 See Pierre Audinet/P.R. Shukla/Frederic Grare, (eds.), *India's Energy. Essays on sustainable development*, New Delhi: Manohar 2000.

13 See http://www.saarc-sec.org/data/agenda/economic/safta/SAFTA%20AGREEMENT.pdf (accessed 27.4.2006).

14 See Amit Baruah, 'Observer status for U.S., South Korea in SAARC', *The Hindu* 18.04. 2006.

15 See Inder K. Gujral, *A Foreign Policy for India*, 1998, p. 37-38.

16 See Jaswant Singh, 'India's Perspective on International and Regional Security Issues', lecture in Berlin, 17.01.2001, manuscript.

17 Rao P.V. Narasimha, *India and the Asia-Pacific: forging a new relationship*, Singapur 1994, p. 16.

18 See Amit Baruah, India, 'ASEAN sign pact on free trade', *The Hindu*, 09.10.2003.

19 See 'Towards ASEAN + 4?' *The Hindu*, 04.12.2004.

20 See Saurabh Shukla, 'Storming the Eastern Front', India Today, 04.07.2005.

21 See Government of India, Ministry of External Affairs, 'Annual Report 2000-2001', New Delhi 2001, pp. 18/19.

22 See Government of India, Ministry of External Affairs, 'Annual Report 1998-99', New Delhi 1999, p. 77.

23 There seems to be some confusion about the two institutions. BOBCOM is also referred to as a part of BIMSTEC including countries such as Nepal.

24 See Amit Baruah, 'Vietnam backs India for APEC membership', *The Hindu*, 08.11.2000.

25 Chidambaram quoted in Marika Vicziany, 'Inquiry into Nuclear Tests by India and Pakistan', Submission to the References Committee Australian Senate Foreign Affairs, Defence and Trade References Committee, The Australian Parliament, Parliament House Canberra Act 2600 (http://www.fas.org/news/india/1998/09/980900-inq.htm).(accessed 02.08.2005).

26 See Frederice Grare: 'Meeting India's Energy Needs: What Role for Central Asia?' In: Pierre Audinet/ P.R. Shukla ./ Frederic Grare (eds.), India's Energy Needs. Essays on sustainable Development, New Delhi 2000, pp. 239-265; Stephen Blank: 'India's rising profile in Central Asia', in: *Comparative Strategy* 22 (April-June 2003) 2: 139-157.

27 See Jürgen Rüland, 'The Asia-Europe Meeting – Transregional Forum at the Crossroads', in: Wim Stokhof/Paul van der Velde (eds.), *Asian-European Perspectives. Developing the ASEM Process*, London: Curzon Press 2001, pp. 60-77.

28 See European Commission, 'An EU-India Strategic Partnership, Brüssel 2004, in: http://europa.eu.int/comm/external_relations/india/news/2004_comm.pdf.

29 Christian Wagner, 'From Hard Power to Soft Power? Ideas, Interaction, Institutions, and Images in India's South Asia Policy', Heidelberg 2005 (Heidelberg Papers in South Asian and Comparative Politics, Working Paper No. 26), http://archiv.ub.uni-heidelberg.de/volltextserver/volltexte/2005/5436/ pdf/hpsacp26.pdf.

5
Enhancing South-East Asia's Security: The Aceh Monitoring Mission

John Quigley

Europe, as a geographic, political, security and economic entity has no rival in the world. The post-WW II security and economic environment posed serious questions as to the value of nation states seeking to remain apart and, when the multilateral system began to take shape, outside the scope of international co-operation. The European Union, over the course of the last 49 years, has sought to address these questions by at first co-ordinating and then integrating the nation states' economies and political decision making structures into a regional grouping. Realising the success of this model, including in terms of the security of its members, the EU has sought to export regional integration to the world. By co-operating with other regional groupings, the EU expects to establish the conditions that will bring peace and prosperity to others and develop the rule of law and democracy in third countries who will then support and maintain an international order based on rules and common norms.

The judicious use of inter-regional co-operation and promotion of multilateralism has facilitated Europe's emergence as a global player. The reforms and innovation undertaken in Europe, in particular in political and security matters, allow Europe to play a more political or diplomatic role in world affairs commensurate to its economic standing. The development of the Common Foreign and Security Policy (CFSP) and the subsequent emergence of the European Security and Defence Policy (ESDP) have confirmed this trend and allow Europe to project its power, in either soft or hard terms, beyond its borders. Europe achieves this either through its own external relations instruments or through co-operation within a multilateral framework, chiefly the United Nations (UN).

In order to analyze the evolving inter-regional security strategies of the EU and the ASEAN as well as their impact on the foreign policy behaviour of both regional organizations, the first-ever EU ESDP mission to Asia, the Aceh Monitoring Mission (AMM) in Indonesia, will serve as a case study. What are the interests of the actors involved? Which patterns of interaction evolve? Does the AMM provide the EU and the ASEAN with a blueprint for further inter-regional approaches to regional crises? Finally, the risks of a foreign policy that follow the principle of multi-regional co-operation outside a multilateral framework will be assessed by discussing the EU's security interests.

Multi-regionalism and Multilateralism in EU External Relations

The principle of engaging regions and, equally, regional organisations is a significant and important feature of the European Union's external relations policy. The EU conducts this policy through all the instruments available to the Community in external relations including trade, development aid, the CFSP, enlargement and pre-accession aid, human rights and democracy initiatives and, more recently, through the ESDP. Europe elaborates its political, security and developmental priorities both inter-regionally and within a multilateral framework.

Taking account of its own post-war emergence as a group of sovereign nation states coming together to pool economic and political authority, the EU has sought to develop relations with most other regional organisations it encounters. From the first attempt in 1994 to define an inter-regional framework for its interaction with the countries of Asia,[1] the EU has sought to develop structure to govern this co-operation and to broaden the agenda that governs it. The objectives of the 1994 Strategy were twofold; firstly, to improve Europe's political dialogue with Asia and, secondly, to facilitate Asia's engagement in international affairs, both in political and commercial terms. The new approach was reflected in Europe's commitment to the launching of the ASEAN Regional Forum (ARF), also in 1994, as a multi-regional security dialogue process.

The second attempt to define EU-Asia relations in 2001,[2] coming seven years after the original framework, built on the experience learned and pointedly divided its analysis and outlook into the various sub-regions of Asia. The 2001 paper was the first to start talking about a 'comprehensive strategic framework' for EU-Asia relations and, in a touch of vainglory, the EU's growing global weight. Naming Asia as a crucial economic and political partner for the EU, the paper stated that Europe must move to strengthen its 'long-standing partnership' with ASEAN as a 'key priority in the coming years'. The intensified dialogue would take place both at the inter-regional level and via bilateral relations with 'key ASEAN partners'.

The European Commission (EC) felt that a review of the 'strategic framework' would be necessary by 2006 or 2007 at the latest.

At around the time that Javier Solana, the High Representative for CFSP, proposed his European Security Strategy in summer 2003, the EC adopted a specific regional strategy paper on relations with ASEAN, which talked about revitalising the relationship and offering a new impetus.[3] The paper highlighted six strategic objectives for EU-ASEAN co-operation including supporting regional stability, promoting human rights, good governance and democracy, supporting less-developed countries and deepening dialogue in specific policy areas. On an inter-regional basis, arising out of the 2003 paper through the EU-ASEAN Regional Indicative Programme, the EU provides technical assistance and direct funding across a broad range of sectors including, for example, to programmes such as the Trans-regional EU-ASEAN Trade Initiative (TREATI) and the Regional EU-ASEAN Dialogue Instrument (READI).

At inter-governmental level in the EU, there is strong support also for region-to-region contact and clear recognition of the benefits that stronger ties with like-minded regional organisations will bring to EU interests. The European Security Strategy, formally adopted by the member states meeting at Heads of State and Government level in December 2003, also lays out some key considerations for inter-regional co-operation. The Strategy suggests that regional organisations 'strengthen global governance' and that groupings of nations such as ASEAN (and the African Union) make an 'important contribution to a more orderly world'. The value of inter-regional relationships was praised by the EU Council of Ministers which has called this form of co-operation a valuable instrument for developing EU-Asia relations.

Given the history of the origin of the European project it should come as no surprise that the EU is a firm supporter of an international order based on peace between nations governed by international rules and norms. In the various strategy and policy papers mentioned above, the role of multilateralism in EU external relations is frequently explicitly outlined. In the Communication on relations with ASEAN, for example, there is reference to the need for a balance in international relations. For the EU, the principle of multilateralism serves to guide a framework that will establish that balance through a 'rule-based multi-polar world order' in conjunction with strong and respected multilateral organisations. This can also mean that there is a multilateral dimension to the concept of inter-regional co-operation and that by promoting integration through regional instruments the EU can also help countries to 'shoulder responsibilities in global matters'.[4]

The role of the UN, as a guarantor and promoter of international peace, has

been central to EU diplomacy and in its relations with third countries. The Treaty on European Union enshrines the principle that EU foreign and security objectives will be carried out in accordance with the UN Charter.[5] Indeed, two of the five CFSP objectives explicitly refer to the UN. The Treaty binds the EU, when acting to 'preserve peace and to strengthen international security' to accomplish such tasks within the terms of the UN Charter. Some within the EU see the threat to the international order as serious and call for decisive action to secure the current rules-based system for future generations. Europe's Commissioner for External Relations, Benita Ferrero-Waldner, understands that Europe can only achieve its political and security objectives through 'global solidarity, multilateralism, democracy and human rights'.[6]

And yet, the United Nations is not the only example for the EU of multilateralism that operates at global level. Other examples include international trade relations through the World Trade Organisation (WTO) and the role it plays integrating and regulating economies into a rules-based order. Another example is the International Criminal Court (ICC), which the EU has assiduously promoted to offer a global perspective to the protection and promotion of human rights and the rule of law. These are concepts raised in the European Security Strategy which states that it is a key European priority to strengthen the UN system and that international organisations, including the WTO, must be effective in 'confronting threats to international peace and security'.[7]

The EU's Security Policy in the 21st Century

Apart from the ill-fated European Defence Community dating from the early 1950s, which was based upon a plan drawn up by the then French Prime Minister, René Pleven, contemporary security and defence matters at a European level are a new concept for most EU member states. Some of the older member states, including the two permanent members of the UN Security Council, have had a long tradition of an independent foreign and security policy. Several member states have a colonial past and this continues to pre-occupy their external relations interests in the 21st Century. Other member states, including some smaller countries and many of the ten new members from Central and Eastern Europe, are more inclined to favour the use of common powers in Brussels.

Although the trans-Atlantic relationship is the linchpin of Europe's external relations policy going back to the foundation of the European Economic Community, the EU also wishes to co-operate with those who adhere to the principles integral to wider multilateralism. The European Security Strategy fills a gap in the EU's external relations policy by providing an overview or framework outlook that is missing from the EU's bilateral relationships with individual

countries or regions. It provides the rationale to ESDP operations, including the first ESDP mission in Asia, the Aceh Monitoring Mission. Though the Security Strategy is commonly referred to as a 'threat-driven' document[8] this analysis is overly simplistic. While the description and analysis of key threats facing Europe is outlined in some detail, the focus of the Strategy is how Europe views its place in the world. By 2003, the EU had been engaging at Heads of State and Government level with Japan, China and India since 1991, 1998 and 2000 respectively. Clearly, in the post 11th September 2001-world, the nature of these relationships would have to evolve. Whereas previous EU attempts to define an obvious European outlook in external relations, such as the Commission Communication on 'Europe and Asia' from September 2001 which talked of 'enhanced partnerships' with specific countries in Asia, Solana's vision went one step further. The European Security Strategy developed the notion of 'strategic partnerships' and suggested the EU should develop a strategic vision of its co-operation with, *inter alia*, Japan, China and India.

The Security Strategy presents three strategic objectives to Europe's external relations policy in order to defend European security and promote European values in third countries. Firstly, the Strategy states that the EU must address the threats apparent both internally and those international threats that may impact upon the EU, in the era of globalisation. These threats are identified as terrorism, the proliferation of weapons of mass destruction, regional conflicts, state failure and organised crime. The second strategic objective is to build security in the European neighbourhood. The third objective is to promote an international order based on effective multilateralism. An effective multilateral system is considered essential in order to respond to globalisation taking account of security threats, financial markets, media and the prosperity of nations. When the EU launches military or civilian crisis management operations, the rationale of the mission is placed firmly within the context of the goals outlined in the Security Strategy. The Mission to Aceh to monitor the peace agreement, between the government and a rebel force, is no exception and both Javier Solana[9] and the EU Head of Mission[10] in Aceh have clearly stipulated their vision of how the Mission meets the objectives of the Security Strategy.

The Aceh Monitoring Mission: Context and Structure

Over recent years, the European Union's policy of engaging Asia in security matters has taken place either through the Asia-Europe Meeting (ASEM) process or through the ARF. Although the security agenda has been built up in recent years[11] there is a general acceptance that the dialogue process was more declaratory than specifically action oriented. Although the range of issues and

countries or regions under discussion had grown substantially, actual avenues for implementation were limited. The establishment of the AMM needs to be considered in this context. As the EU's first crisis management mission in Asia, under the ESDP, the Aceh operation represents a ground-breaking precedent for the EU both in terms of a qualitative improvement of the EU's capabilities and in terms of the implementation of decision making processes. The Mission also sends an important signal to Europe's Asian partners about the new status of the ESDP and the ability of the EU to launch crisis management operations with limited outside assistance.

The decision to consider deploying an EU force to monitor the terms of the peace agreement was reached once representatives of the Indonesian government and the rebel force – the Free Aceh Movement (GAM) – reached an agreement on the status of Aceh within Indonesian sovereignty. The peace agreement was formally signed on 15th August in Helsinki by Hamid Awaluddin, Minister for Justice and Human Rights, from the Indonesian government and Malik Mahmud, Head of the GAM Delegation and 'Prime Minister' of Aceh. The talks were the culmination of a long series of efforts to try and forge some kind of settlement acceptable to both sides. Negotiations to end the 30 year old conflict, which has cost 9000 lives, started in 1999 between the Swiss-based Centre for Humanitarian Dialogue and the representatives of the GAM. This process collapsed in May 2003. A series of private initiatives gradually led to new peace negotiations which, in turn, received a fillip following the change of government in Jakarta. These talks in November-December 2004, included former Finnish President, Martti Ahtisaari, and the pro-independence 'Prime Minister' of Aceh. The latest phase of the peace talks began in Helsinki in January 2005 and ended with the Agreement – a Memorandum of Understanding – in mid August. The EU, through the High Representative for CFSP, Javier Solana, was invited to consider taking a more overt role in the talks process by former President Ahtisaari, during the course of February 2005, and an EU Council Secretariat official was eventually seconded to the negotiations. As the talks were coming to a conclusion, the process of negotiations was very delicate and was carefully choreographed by the Crisis Management Initiative (CMI).[12] After the fourth and penultimate round of talks in late May, the CMI prepared a draft Memorandum of Understanding (MoU) and both parties had over one month to consider the text before the fifth and final round in mid July. As the final round started, the Indonesian government wrote to the EU requesting their assistance and the EU's positive intention was presented to the talks. The day after the talks ended, EU Foreign Ministers publicly announced this intention.

When it became clear that the talks would lead to the signing of a peace agreement, the EU began looking for contacts within ASEAN. On 12th July, the EU received an invitation from the government of Indonesia, through its Foreign Affairs Minister, to assist Jakarta in implementing any agreement. Once the Helsinki text was confirmed, the Secretariat of the EU Council of Ministers was given a mandate to approach the Indonesian government with the idea of identifying the precise nature of the contribution from the ASEAN side. The Indonesian government was able to propose that Brunei, Malaysia, the Philippines, Singapore and Thailand had been approached for assistance. EU Foreign Ministers, meeting in Brussels on 18th July, agreed that Europe might provide 'observers' to monitor the implementation of the MoU. The document contains commitments for political reforms in Aceh including a new autonomy law for the province,[13] the political participation of former rebels, security arrangements, the protection of human rights, an amnesty for GAM fighters and their re-integration into society and the creation of the international Monitoring Mission. The July meeting also agreed that the Council, on an inter-regional basis, should establish contact with ASEAN and with individual potential contributing countries from ASEAN. It can be noted that although the EU seemed interested in sending some kind of mission, there was ongoing negotiations between the member states themselves about exactly what kind of mission could be deployed and final agreement was far from certain.[14] In the end, the five ASEAN member states, Brunei, Malaysia, the Philippines, Singapore and Thailand joined the EU-led AMM, which also includes Norway and Switzerland. The AMM was established following a formal request from the government of Indonesia for assistance in implementing the terms of the peace agreement that was signed on 15th August in Helsinki. At EU level, the Council adopted a CFSP Joint Action,[15] on 9th September, authorising the deployment of the Mission.

The CFSP Joint Action from 9th September set out a three tier structure for the inter-regional monitoring mission, within the concept of an Operational Plan (OPLAN) adopted by the Political and Security Committee of the EU. At the top, the headquarters of the Mission would be based in Banda Aceh, supported by a number of District Offices which, in turn, would co-ordinate the work of teams of personnel involved in the registration and destruction of weapons handed over by the GAM. The OPLAN, which was partially declassified in February 2006, set out, *inter alia*, the Mission mandate, the structure of the joint EU-ASEAN forces, the conduct of operations and the political background to the Indonesian government's request for assistance. Under the terms established in the OPLAN, the AMM created the Commission on Security Arrangements (COSA) to implement the terms of the Memorandum of Understanding through the co-

operation of the parties. In the early months of the Mission, COSA met weekly although, after some 34 meetings, it now sits every two weeks. The meetings have been described as the driving force behind the peace agreement. Representatives of the government and the GAM meet at AMM headquarters under the chairmanship of an AMM official, usually the Head of Mission. COSA considers plans for decommissioning, the relocation of Indonesian forces and economic assistance packages. The institutional set-up of the Mission also included the formation of a Committee of Contributors, as provided for in the Joint Action of 9th September. However, the Committee was not actually established until 15th November, after the EU Council of Ministers adopted a Decision of the Political and Security Committee. The EU, Norway, Switzerland and the five ASEAN countries all sit on the Committee.

The Activities of the Aceh Monitoring Mission

In terms of headquarters personnel, the Mission is led by the: Head of Mission, Pieter Feith, Principal Deputy Head of Mission, Major General Rozi Baharom, Malaysia, who succeeded Lieutenant General Nipat Thonglek of Thailand; Deputy Head of Mission, Operations, Major General Jaakko Oksanen; Deputy Head of Mission, Amnesty, Reintegration and Human Rights, Dr Renata Tardioli and Chief of Staff, Justin Davies, from the UK Foreign and Commonwealth Office.

At its height, the AMM was composed of 227 people from the EU, Norway, Switzerland and the five ASEAN countries.

The Helsinki agreement outlined in the MoU the nature of tasks that any monitoring mission to Aceh would entail.[16] Within the EU structure, the Council adopted a Joint Action – a decision taken by the member states within the Common Foreign and Security Policy framework, unanimously, binding them to a particular course of action – setting out eight tasks for the Aceh Monitoring Mission including:

Monitor the demobilisation of GAM fighters, decommission and destroy weapons; monitor the re-location of non-organic Indonesia military and police forces out of Aceh; monitor the re-integration of GAM fighters; monitor the human rights situation relating to the first three tasks; monitor legislative changes; rule on disputed amnesty cases of GAM fighters in prison; investigate and make rulings on possible violations of the MoU; maintain good links with all parties to the peace agreement.

The Monitoring Mission was formally launched on 15th September 2005 in Banda Aceh with three main objectives: decommissioning weapons, monitoring the demilitarisation of Indonesian security forces and facilitating the

re-integration of ex-fighters into Acehnese society. As an official from the EU Council of Ministers Secretariat, Pieter Feith[17] had been able to join the latter stages of the negotiations underway in Helsinki. In early July 2005, the EU sent an Assessment Mission, which was made up of officials from the Commission and the Council (including the Civil-Military Cell), to Aceh to make a technical assessment of what would be needed in terms of resources, personnel and an indicative timeframe. The meeting of EU Foreign Ministers, on 18th July, considered the report of the Assessment Mission and recommended that some EU force should monitor the MoU. However, it was clear, in light of the EU's institutional architecture, that the planning, funding and deployment of an EU mission would take time. Several member states decided that it would be vital to have observers in place as soon as possible after the formal signing of the peace agreement. A further Technical Assessment Mission, this time made up of both EU and ASEAN officials, again went to Aceh. This led to the decision to create an Initial Monitoring Presence (IMP) comprising some 82 observers, from the EU and ASEAN, with the objectives of having boots on the ground, by 16th August, and to help prepare for the formal start of the AMM. The Mission was launched with 227 personnel comprising 127 from wider Europe and 83 from the five ASEAN countries. These personnel were deployed into eleven District Offices[18] established by the AMM throughout Aceh and into four mobile weapons destruction teams to travel throughout the province with the aim of destroying weapons as publicly as possible. This would be a message to both the GAM fighters of the seriousness of the AMM and to those in Aceh that did not support the aims of the GAM that security was improving.

The funding mechanism for the operation in Aceh proved complicated and controversial. When the IMP was launched, on 16th August, funding came from individual EU member states. After the Indonesian government and the GAM concluded the peace agreement in Helsinki, there was widespread recognition that existing EU procedures would be too slow and cumbersome to be able to either fund or launch a monitoring mission quickly. Equally, this applied to the mechanism to finance any ESDP operation. It was established that some EU member states, Finland, Sweden and the UK (the AMM would take place largely during their Presidency of the EU), were prepared to contribute to a 'start-up fund' in order to ensure that the Acehnese people would witness a visible and immediate presence to help consolidate the peace agreement. It was not until 9th September, when the EU Council of Ministers adopted the CFSP Joint Action that EU money became available.

For the period September 2005 to March 2006, the AMM was allocated a budget of € 9m from the EU with a further € 6m coming from individual

EU and ASEAN member states. Pieter Feith described the budget as 'clearly inadequate' noting that in the closing months of 2005, the EU's funds for ESDP missions 'tend to be largely exhausted'.[19] For future similar operations, he said, EU member states should consider establishing a start-up fund. Although the financial commitment is small, he said, the Mission would have 'enormous gains and benefits'. When the Mission was extended until June 2006, the Council did not increase the budget but added a further € 300,000 when the Mission was extended until September 2006.

The MoU signed in Helsinki established precise terms for the number of weapons to be handed over to the AMM and the numbers of local military forces and police that could remain in Aceh after December 2005. To complete these objectives, the MoU established four stages starting on 15th September and ending on 31st December. During this period, the AMM destroyed 840 weapons[20] handed over by the GAM and witnessed the withdrawal of 25,221 non-organic military troops and 4700 police. For normal peacetime conditions, the Indonesian government will be able to keep 14,700 military and 9,100 police in Aceh, which has a population of just over 4m people. The Initial Monitoring Presence started on 16th August 2005 lasting one month. As of 15th September 2005, the operation started under the formal AMM mandate with a timeframe until 15th March 2006. This was extended until 15th June and a further extension was granted until 15th September 2006. This last extension, granted in May 2006, provided that the mandate could continue and that the operation of the Mission could be extended at the latest until 15th September 2006, around the time of proposed local elections when by that stage the Mission would be exactly one year old. The local elections are meant to take place under the proposed Special Autonomy Law for Aceh. The Head of Mission has indicated that he still sees a role for the Mission, now down to 85 observers, working with any personnel deployed from Europe as part of an Election Observation Mission (EOM).[21]

ASEAN Responses to EU Security Policy

The emergence of ASEAN dates back to August 1967 and, similar to the EU, has undergone a series of enlargements bring the total membership to ten states.[22] Like the EU, there is a remarkable difference in the comparative economic development of the member states but, unlike the EU, the political development of several ASEAN countries is stagnant. This fact is now openly acknowledged within some ASEAN countries and patience with countries holding back the political, economic and security development of the regional grouping is wearing thin. Equally, there are significant differences in the decision-making structures and operationalisation processes of the two regional organisations. However, the

EU and ASEAN share some commonality of views and, not least, no member state has, since joining their respective grouping, fought a war against another member state. This is not to deny that non-traditional or soft security threats are still pervasive in some regions and have cross-state boundary implications.

The Mission to Aceh, billed as a joint EU-ASEAN operation, exposed a weakness in the administrative structure of ASEAN. As the Mission was launched, the ten member group did not have any comparable civilian or military structures to the EU to plan, generate or conduct crisis management missions or any mechanism to review the performance of the mission. Equally, ASEAN states, wary of pursuing EU-style integration seem hesitant to describe the European Union as a ready role model for ASEAN. The EU role in the AMM did not even get a direct mention at the last ASEAN Heads of State inter-governmental Summit, held in Kuala Lumpur in December 2005. The Summit Statement could only refer to the AMM as a model for co-operation between ASEAN and other regions, possibly including the EU.

In contrast, the EU's High Representative for CFSP was able to recognise the valuable role of the five contributing ASEAN states in the context of inter-regional co-operation. 'The joint EU-ASEAN Mission', Javier Solana said on 27th February 2006, 'has proven its worth' and has 'been very effective'[23]. Indeed, Lieutenant-General Jean-Paul Perruche, Director General of the EU Military Staff, speaking in Brussels in February about the European Security and Defence Policy (ESDP) said that, following an internal EU review, there was no longer any geographic limitation to the deployment of EU crisis management (civilian or military) missions.[24] Within ESDP operational thinking, EU military officials believe that a mission could be deployed on a case-by-case basis to anywhere in the world.

Although the financial contribution of the 5 ASEAN countries to the AMM was, in effect, quite limited, ASEAN has used the experience gained from interacting with the EU to build structures that will be available in the future for either ASEAN-only missions or multi-regional missions that could include the EU. Furthermore, in early June 2006, at a meeting in Singapore[25] it was proposed that the countries of South-East Asia should introduce a crisis management centre. This view has developed quickly as, in January, Malaysia's Deputy Prime Minister, Dato' Sri Mohd. Najib Tun Razak, did not think it was necessary.[26] The proposed Centre is intended to provide a humanitarian relief co-ordinating role for the wider South-East Asian region. Similar to some EU mechanisms, the Centre would be able to call upon both civilian and military forces to respond to a crisis. Similar to the EU, these forces would not be a standing reserve force but would be pre-identified, thus requiring a force-generation process to be launched, at short notice, in the immediate aftermath of a disaster.

Another significant development that has taken place since the deployment of the Aceh Mission has been the convening of the inaugural ASEAN Defence Ministers Meeting. The Ministers met in Kuala Lumpur in early May 2006. Malaysia's Deputy Prime Minister and Minister of Defence, who chaired the first-ever meeting, noted that the mechanism of an ASEAN Defence Ministers Meeting provided a good impetus to the development of the notion of an ASEAN Security Community. For ASEAN's level of institutional and political development, this can be considered an advance. If ASEAN and the EU are to conduct further joint Missions, presumably where ASEAN will take on a greater role and responsibility, then both regional organisations will have to consider developing closer administrative links in order to allow for the rapid deployment of either a civilian, military or humanitarian mission. The inaugural ASEAN Defence Ministers meeting affirmed the central role of the UN Charter as the basis for the ASEAN Security Community. If the Defence Ministers could elaborate a Security Strategy, this could demonstrate to the EU that ASEAN can be an increasingly reliable and responsible part of future multi-regional missions. This would also be the case if ASEAN were to decide to contribute to the new United Nations Peacebuilding Commission, to be made up of regional organisations contributing military and security forces, as UN Secretary General, Kofi Annan, expects.

Coherence in the EU's External Policies in South-East Asia

The deployment of the ESDP civilian crisis management mission to Aceh represents the culmination of the implementation of a broad range of EU external policy instruments to the province and to Indonesia. All of these instruments work under the overall theme that the territorial integrity of Indonesia will be protected. The long-term commitment of the EU to one country and its regions, across so many different sectoral priorities, is remarkable and unprecedented. Over time, the EU has engaged a range of external relations policy options towards Indonesia (Aceh and before towards East Timor). This includes external assistance consisting of both humanitarian and development aid, election observation, the possibility of an EU Special Representative all culminating in Europe's first ESDP mission in Asia with civilian-military crisis management implications.

These kinds of instruments generally demonstrate the soft power dimension to Europe's external relations for which the EU is well-known. For the EU, 'security' means more than hard or traditional concepts of security. The EU recognises that soft power and the ability to project it into third countries and regions will help build development and security, both abroad and, as a complementary benefit, for the European continent. The EU sees it as a strategic interest to expand a zone of stability, security and prosperity beyond its borders,[27] arguing that the coherence

of the deployment of the external relations instruments will impact on Europe's security.

The Rapid Reaction Mechanism (RRM) was established in February 2001 to provide the EU with a flexible and fast mechanism to allocate funding for external assistance in areas other than humanitarian aid. The RRM has been used to finance technical assessment missions, crisis management projects, post-conflict reconciliation or reconstruction measures after a natural disaster. The brainchild of former Commissioner Chris Patten, the first use of the RRM in South-East Asia was in Indonesia in 2002. In July 2002, the EU funded a project, worth € 520,000, supporting community-based peace initiatives assisting Jakarta's efforts to address Indonesia's internal regional conflicts. In December 2002, the European Commission allocated € 2.3m to the RRM to finance a 'cessation of hostilities framework agreement' supporting the ceasefire agreed between the GAM and Jakarta. Then, several months after the December 2004 *tsunami*, in March 2005, the EU provided € 220,000 through the RRM to help facilitate the role of Acehnese civil society in post-tsunami recovery plans. As the progress in the GAM-Jakarta talks started to become substantial, the EU undertook to once again support the peace process. In April 2005, the European Commission used the RRM to provide EU funding totalling € 270,000 to the Indonesian government-GAM negotiations that began in January 2005 under President Athisaari and the CMI. Also in April, the Commission used the RRM to finance post-*tsunami* aid worth € 12m in Indonesia, the Maldives and Sri Lanka. Within Indonesia, the assistance was targeted at the local government structures in Aceh in order to help the local population be involved in the selection and design of post-tsunami recovery projects. Then, on 1st September, as the Initial Monitoring Presence of the EU and ASEAN was underway in Aceh, the EC proposed allocating € 4m from the RRM to support the demobilisation and re-integration of both former GAM fighters and detainees. This would include providing € 600 to 5000 individuals (2000 detainees and 3000 fighters and their families) with the balance spent on 25,000 people in Aceh over a six month period. Through relatively small amounts of aid, the EU has been able to help the sustainability of the political talks and ensure that the peace agreement had grass-roots support.

Through the European Initiative for Democracy and Human Rights (EIDHR), the EU has a long history of monitoring elections in selected third countries. Since 1996, when the process started in Asia, the EU has deployed a total of seventeen Election Observation Missions (EOM) to seven countries including three missions to East Timor (1999, 2001, 2002) and two to Indonesia (1999, 2004).[28] With limited resources, the EC has chosen to continue to focus on individual countries and try and make an impact there rather than spread the

EIDHR programme across all of Asia. As specified in the MoU, the Indonesian government is tasked with promulgating a Special Autonomy law for Aceh. Once in place, it is expected that Aceh will hold local elections by September 2006. The EU has indicated that it will send an EOM to monitor the conduct of the elections including events leading up to polling day, the count and the aftermath. The Monitoring Mission, although substantially reduced in size, will remain to provide some measure of security to the EU election teams.[29]

Several EU member states were keen to establish the post of EU Special Representative (SR)[30] for Aceh in order to improve the co-ordination of EU assistance programmes and offer political direction to EU policy. The decision not to appoint a Special Representative, although not a surprise given Asia's lowly political importance to the EU, stands out when compared to the EU's inter-regional engagement in other areas of the world. Several other crisis management operations in Europe's neighbourhood and in Africa have serving Special Representatives including:

1. EU JUST THEMIS, a rule of law mission in Georgia, which is covered by the EU SR for the Southern Caucasus
2. EUPM, a police mission in Bosnia and Herzegovina (BiH), which is covered by the EU SR for BiH
3. EUPOL PROXIMA, a police mission in the Former Yugoslav Republic of Macedonia (FYROM), which was covered by the EU SR for FYROM - the mission finished in December 2005
4. AMIS II, a civil-military mission supporting the African Union in Darfur, which is covered by the EU SR for the Sudan.

The EU provides external assistance aid to Indonesia in three main mechanisms namely via humanitarian aid (the greatest disaster to befall Aceh in recent memory was the December 2004 *tsunami*), in development aid and, lastly, economic aid. By March 2006, the EU had committed € 186m to Aceh from the € 207m pledged in January 2005 for humanitarian relief and to start reconstruction projects.[31] Obviously, the EU does not provide humanitarian aid on a political priority basis; yet, within a limited budget, choices have to be made and the amounts allocated to Indonesia are significant in comparative terms. In September 2005, the European Investment Bank allocated € 50m in loan credit to Rabobank International Indonesia to support small and medium sized enterprises and to private or public sector companies investing to reconstruct or rehabilitate businesses affected by the *tsunami*. Outside extraordinary aid, such as for *tsunami* relief, the EU prepares Country Strategy Papers (CSP) for third country beneficiaries of EU aid. Indonesia's CSP covers the period 2002 until

2006 and has a financial allocation of € 216m to fund two priorities including god governance and democracy projects and programmes on the sustainable use of natural resources.

While the deployment of the instruments described above in Aceh, Indonesia and the wider South-East Asia generally demonstrate a significant degree of coherence in terms of EU priority setting and implementation, there are still some questions regarding the coherence between civilian and military structures. Indeed, Javier Solana suggests that the effectiveness of the EU, in terms of external relations actions, can be achieved through greater coherence between CFSP-ESDP and European Community policies. Nevertheless, while the two extensions to the mission timeframe have worked in practice rather well between the government of Indonesia and the Free Aceh Movement, the same may not be true for other possible missions. The EU will need to examine how to improve mission planning in order to evaluate better the potential duration of a mission and when it should be terminated.

Further lessons will probably be identified as the AMM comes to an end. In October, the Presidency of the EU Council, under the Finnish government, who played an important role in the peace negotiations, will hold a conference of senior member state officials to assess the Aceh Mission and its impact on the still evolving ESDP. What is clear now is that although the EU is rapidly developing the institutional architecture and force capabilities in foreign policy, across a broad range of external relations instruments, it remains unlikely that the EU will ever want to pursue an interventionist global security policy. As the military capabilities evolve, in particular through the Battlegroups,[32] the central role of the UN for the EU efforts to promote multilateralism in its relations with third countries will remain.

Two Scenarios for Future EU-ASEAN Security Co-operation

What implications does the inter-regional AMM have for possible future co-operation on a multi-regional level? Although the Aceh Mission is the first ESDP operation in Asia, the EU already co-operates with another regional organisation in Africa – the African Union (AMIS II in Darfur). If the UN Peacebuilding Commission[33] is able to deploy troops on behalf of regional organisations, as Kofi Annan aspires to, then there will be a multilateral framework for the EU to co-operate with other regional groupings on crisis management missions. It is intended that the UN Peacebuilding Commission would act to stabilise countries emerging from conflict allowing for their economic recovery and development. The added value of any EU involvement in missions in third countries or regions is the perceived honest broker role that the EU promotes of itself and, as a corollary,

Europe's apparent neutrality compared to UN machinations. Europe-the-project or Europe as a regional grouping may not be well understood in political terms in Asia but to many countries the EU also benefits from not being identified with American unilateralism.

As mentioned earlier, the EU accords a relatively low political priority to its relations with Asia both at bilateral country and regional level. Nevertheless, taking into account the viewpoint of senior military officials in the EU Military Staff about the removal of any geographic limitation to future EU missions, there may be scope for additional operations in Asia, in association with ASEAN. Until such time as the ESDP concepts, structures and practice have been more seriously tested, it seems probable that the EU will continue to seek inter-regional partners for theatre operations at significant distance from the EU. Furthermore, there does seem scope for other possible missions in Asia, two of which share similarities with the Aceh Mission.

The first such possibility is Thailand. For many decades, four southern provinces of Thailand have been advocating independence and fighting a low-level insurgency trying to achieve this goal. The southern provinces of Pattani, Narathiwat, Songkhla and Yala are made up of a majority Muslim population in contrast to the Buddhist dominated north. These Muslims are also predominantly ethnic Malays. In response to the insurgency – this phase dates back to 2004 – the Thai government has imposed martial law and increased the numbers of the security forces serving in the southern part of the country. There is some urgency to getting peace talks underway as both the governments of Thailand and of Malaysia are concerned that the Muslim separatists could attract foreign *jihadists* eager to exploit another local low-level Muslim insurgency. With the Thailand election crisis resolved, the Thai government may feel more open to making concessions and stopping the hardline pre-election talk. One of the insurgent's groups is based in Sweden and a representative of the Pattani United Liberation Organisation is reported to have offered to conduct talks with the government based on a goal of a higher level of autonomy rather than outright independence.[34] The EU could serve as peace talk negotiators or leave this to Sweden on a bilateral basis. There seems, in principle, to be many similarities with the Aceh peace talks process and Europe certainly enjoys a positive profile in the region following the level of humanitarian and reconstruction aid provided after the December 2004 *tsunami*.

A second possibility is the Philippines. The situation in the Southern Philippines province of Mindanao has been ongoing for more than thirty years where Muslim groups have been fighting for an independent homeland. The Moro Islamic Liberation Front has been fighting the Philippine army on-and-off

since its formation in 1977. The two sides signed a ceasefire in June 2003 and, at the time, the EU stated that it would consider funding 'projects' that would support the peace process. The ceasefire has proved tenuous but it seems that a final peace agreement may be signed before the end of 2006.

In either theatre, Thailand or in the Philippines, there would seem scope for a monitoring and re-integration Mission very similar to the Aceh operation, including the re-integration of former combatants, livelihood projects, the return of exiles, small arms destruction and human rights monitoring of the conditions that might be outlined in any peace accord. Although ASEAN is clearly developing the capacity to respond to such situations, if any accord is signed by the end of 2006, the ASEAN Defence Ministers Meeting may not have had enough time to get appropriate planning and implementation procedures in place. Equally, the EU is more likely than individual ASEAN countries to stump up the necessary funding and would, thus, demand a greater say in how any mission is run.

Conclusion

The Aceh Monitoring Mission represents a qualitative improvement in the EU's ability and willingness to engage in Asia beyond traditional economic, commercial and human rights concerns. The EU will continue a policy of engaging with regional group actors, both in Asia and elsewhere, for low-level conflict resolution or crisis management operations while leaving larger-scale operations to the multilateral level, as represented by the UN.

The two situations arising in ASEAN member countries, namely the Southern Philippines and Southern Thailand, have been mentioned both in Asia and in Europe as possible areas of future collaboration on an inter-regional basis, dependent upon sustainable peace agreements being signed. This coincidence of opinion strongly suggests that some European involvement in crisis management, either in civilian of military terms, is possible within the next twelve to fifteen months. However, any expansion of inter-regional co-operation, in the military and security sectors, will need an appropriate conceptual framework as more operations are deployed and joint projects implemented. An ASEAN Security Strategy will become essential if not inevitable as the meetings of ASEAN Defence Ministers become more regular and the interest of the group in both traditional security issues and soft security concerns assumes a greater profile. As noted above, ASEAN and the EU do share a commonality of views on many issues. Through their inter-regional co-operation, ASEAN has been confident to embrace multilateralism in its external relations, even if it does not always call its actions by that name. This is reflected in the ASEAN Security Community which, apart

from obvious regional and international security objectives, is based upon the principles outlined in the UN Charter.

Within the EU, the European Security Strategy will be three years old by the end of 2006. Yet, within the short time that has elapsed, the nature of the threats facing the EU internally and the civil and military options open to it in external relations terms, have changed, in some instances dramatically. Even within Council structures, for example, there has already been an evolution in thinking stressing that the EU should anticipate crises rather than merely react to them. It is clear that the Strategy, as it exists today will need updating. This is because Europe's third country and regional grouping partners need to have an up-to-date understanding of the EU's capabilities and theoretical grounding in a single framework paper.

Although the EU billed the AMM as a civilian crisis management operation, the mission clearly had military and security undertones. Certainly, the contributing ASEAN countries thought so when their senior observers were serving military officers. Its success owed much to the ability of GAM leaders to enforce decisions down the chain of command to local commanders to respect the ceasefire and co-operate with the AMM and to the political commitment of the Jakarta government to restrain the military and police forces. The Aceh Mission timeframe was extended several times, indicating a significant degree of flexibility from the operational side but some constraints from the initial planning side. This suggests that the European missions undertaken through the ESDP may need greater resources to enable more strategic planning of operations. At the same time, the sustained use of a variety of EU external relations policy instruments in Indonesia and Aceh, through two different European Commission administrations, is remarkable. This level of coherence in external policy and assistance benefited from the central role Indonesia has played in ASEAN as well as the long-term dialogue the EU has had with South-East Asia on inter-regional level. Through the Aceh Monitoring Mission example, we can therefore identify that the EU conducts a policy of cautious and targeted use of a balance between multilateralism and inter-regional co-operation in meeting its political and security priorities in external relations policy.

The analysis of the Aceh Monitoring Mission shows that the EU, through an inter-regional approach, has successfully followed its security interests as formulated in the European Security Strategy. This development will be reinforced by the progressive engagement of regional organisations in the UN framework. Yet the experience of the AMM shows as well that the EU needs to improve its mission planning. However, with an ASEAN Security Community in the making, both organisations *id est* the EU and ASEAN will need to develop

closer administrative links thereby deepening their security ties if future joint crisis management missions, for example, in Thailand or the Philippines, shall be as successful as the Aceh Monitoring Mission. Therefore, the AMM can usefully serve as a blueprint for the enhancement of South-East Asian security.

Notes

1 Commission Communication 'Towards a New Asia Strategy', European Commission, 13th July 1994, Brussels

2 Commission Communication 'Europe and Asia - a Strategy for Enhanced Partnerships', European Commission, 4th September 2001, Brussels. The concepts and outlook in the Communication were developed well in advance of the 11th September 2001 terrorist attacks in the United States; but this also meant that the security dialogue processes would need to be developed further, beyond what was stated in the text.

3 Commission Communication 'A new partnership with South-East Asia', European Commission, 7th July 2003, Brussels

4 European Council, Presidency Conclusions, December 2001, Laeken, Belgium.

5 Treaty of European Union, Maastricht, 1993, Article 11.

6 Benita Ferrero-Waldner, European Commissioner for External Relations, 'The EU in the world', speech, 2nd February 2006, Brussels.

7 European Security Strategy, 'A secure Europe in a better world', Council of the EU, December 2003, Brussels.

8 Jean-Yves Haine 'The elusive quest for a European security and defence policy' in *Regional integration in East Asia and Europe*, Bertrand Fort & Douglas Webber (Ed.s), Routledge, 2006, p. 255.

9 The ESDP Aceh Monitoring Mission was clearly identified by Solana as operating under the ESS in his paper on CFSP and ESDP as a follow-up to the informal Heads of State and Government Summit that took place in Hampton Court in October 2005 under the British Presidency.

10 Observation of the author of comments by Pieter Feith, Sub-Committee on Security and Defence of the Foreign Affairs Committee of the European Parliament, 3rd October 2005 and 21st June 2006.

11 Heiner Hänggi 'ASEM's security agenda revisited' in *The Eurasian space – Far more than two continents*, Wim Stockhof, Paul van der Velde & Yeo Lay Hwee (Ed.s), Singapore, 2004, p. 94. See also Michael Reiterer Asia-Europe, Do they meet? Singapore, 2002, Chapter on 'The ASEM security "*acquis*"' and specifically p. 129 where Reiterer refers to potential co-operation between the EU and Asian countries through Europe's Security and Defence Policy.

12 The CMI, which is based in Helsinki, Finland, calls itself 'an independent, non-governmental organisation responding to challenges in sustainable security'. They operate three programme including (1) Conflict prevention and crisis response (2) state-building and democracy (3) Human

security and development. The CMI is led by its Chairman, former Finnish President Martti Ahtisaari.

13 The Special Autonomy Law for Aceh would give the provincial government authority in all areas except 'foreign affairs, external defence, national security, monetary and fiscal matters, justice and freedom of religion'. The Memorandum of Understanding stipulates that the law should be adopted by 31st March 2006 at the latest. In mid 2006, the draft Bill was still making its way through the Indonesian Parliament.

14 Pierre-Antoine Braud & Giovanni Grevi *The EU mission in Aceh: implementing peace* EU Institute for Security Studies, Paris, 2005, p. 26.

15 Council Joint Action CFSP/643/2005, 9th September 2005, on the European Union Monitoring Mission in Aceh (Indonesia) (Aceh Monitoring Mission), Brussels.

16 Annual Report on CFSP, Council of the EU, Brussels, 8th June 2006, p. 36.

17 Feith served as Deputy Director General of Political-Military Affairs in the Council before being appointed as Head of Mission.

18 The offices were established in Banda Aceh, Bireuen, Bland Pidie, Kutacane, Lamno/Calang, Langsa, Lhokseumawe, Meulaboh, Tapaktuan, Takengon and Sigli.

19 Observation of the author from comments made by Pieter Feith in the Subcommittee on Security and Defence of the Foreign Affairs Committee of the European Parliament on 3rd October 2005.

20 There has been concern expressed in Jakarta that the 840 weapons estimate might only be half of the total arsenal of the GAM.

21 Observation of the author from comments made by Pieter Feith in the Foreign Affairs Committee of the European Parliament on 21st June 2006. Feith indicated that some elements of the AMM might remain up until November 2006.

22 Georg Wiessala, The European Union and Asian countries, Sheffield Academic Press, 2002, p.60.

23 Press Release, Javier Solana, Council of the EU, on the extension of the Aceh Monitoring Mission, 27th February 2006.

24 Observation of the author from comments made by Gen. Perruche in the Sub-Committee on Security and Defence of the Foreign Affairs Committee of the European Parliament on 21st February 2006.

25 Malaysia's Deputy Prime Minister Dato' Sri Mohd Najib Tun Razak speaking at the Shangri-La Dialogue in Singapore. The fifth in the series of the Shangri-La Dialogue took place between 2nd-4th June 2006. South-East Asia was represented by Burma, Brunei, Cambodia, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam. Only France and the UK were present from Europe.

26 Interview of the author with Malaysia's Deputy Prime Minister and Defence Minister, Kuala Lumpur, 20th January 2006.

27 Commissioner for External Relations, Benita Ferrero-Waldner, 'The EU's role in protecting Europe's security', speech, 30th May 2006, Brussels: 'by helping [our neighbours] tackle some of their concerns, we are tackling potential threats to Europe's security'.

28 Ten years of EU election observation missions to Asia, Plamen Tonchev, *EurAsia Bulletin* Vol. 10 No 1&2 Jan-February 2006, p. 22.

29 The mandate of the AMM does not refer to election observation *per se* but specifies that the Mission should monitor legislative change regarding Aceh.

30 An EU Special Representative is a kind of roving political-level ambassador either focussed on one country or, more rarely, on the countries of a particular region.

31 From the € 207m, the EU has paid out € 30m in July 2005, € 38m in September 2005 and € 118m in March 2006.

32 Battlegoups are an EU rapid reaction force of 1500 troops to be deployed on missions for up to one year. The first such battlegroup will be available starting on 1st January 2007.

33 The Commission had its first meeting in June 2006 in New York. Seven countries, including Indonesia, sit on the Organisational Committee which will draw up the Commission's working procedures. Already, East Timor has been cited as the kind of country that could benefit from assistance from the Commission.

34 Simon Tisdall, The Guardian, 28th January 2006.

6

ASEM and the Expanding China-European Union Relationship

Marc Lanteigne

One of the most critical changes in Chinese foreign policy over the past decade has been Beijing's increasing interest in pursuing multilateral engagement and cooperation on a variety of global issues, a marked contrast from the country's preference during the Maoist and Dengist eras for bilateral cooperation coupled with mistrust towards international regimes. With the turn of the century, as China continues to grow not only as an economic power but also as a political and diplomatic one, the effects of China's institutional engagements are becoming more visible and relevant to the study of international organisations, regimes and regional cooperation, but also to more recent analyses into inter-regional relations.

During the early 1990s, Beijing approached international regimes in a conservative fashion, stressing the need to gather information, while at the same time showing great willingness to adapt to largely Western-based rules of institutional cooperation. Today, as a result of growing foreign policy confidence and greater information about regional and global organisations, Beijing increasingly endeavours to integrate its own distinct interests within its institutional engagement process, with the understanding that many modern international issues have become too large to address unilaterally or bilaterally, even by a great power. Chinese foreign policy has become increasingly proactive rather than reactive, marked by greater international exposure and the ability to address the complex patterns of cooperation and competition in the political and economic arenas.

China's pattern of modern international engagement can be viewed in stages. In the 1990s, China placed much focus on improving its foreign policies with its immediate neighbours, working to resolve many lingering political or territorial disputes left over from the cold war. A result of the *zhoubian* (peripheral) diplomacy

of that decade has been that China now benefits from the most stable periphery it has enjoyed since before the cold war, with much calmer borders in Northeast and Southeast Asia as well as the former USSR.[1] It is partially as a result of this peace dividend that Beijing has been able, particularly over the past five years, to expand its diplomatic endeavours beyond Asia and Oceania, to the Middle East, Latin America, Africa and the subject of this study, Europe. As the European Union continues to grow and mature into a larger power, the EU has become the focus of great interest to China's expanding foreign policy, both as a single actor and as a collection of European states economies which Beijing has been anxious to engage. This was demonstrated by the comprehensive EU Policy Paper released by China's Foreign Ministry in October 2003, outlining China's political, economic, cultural and social priorities in its relations with Brussels.[2] The desire for greater cooperation has been mutual, as evidenced by the numerous high-level contacts between Chinese and European policymakers seeking agreements on a variety of political and trade issues.

In 2005, China and Europe celebrated the thirtieth anniversary of the establishment of relations between the two entities. Engaging Europe presents distinct challenges to China, first and foremost due to the fact that while Europe has largely been successful in integrating its domestic-level trade and economic development policies, a common EU foreign policy has remained elusive, and therefore other states seeking engagement with 'Europe' often require dialogue with a 'giant with many heads'. Nevertheless, Beijing has made great strides in developing a comprehensive policy with the EU and its membership, and both sides recognise each other not only as potentially lucrative trade partners, but also potential counterweights to American political and economic power.[3] Since the end of the cold war Beijing has expressed a foreign policy preference for a multi-polar international system rather than one dominated by a single great power. This is a viewpoint with which the European Union, especially some of its larger members such as France and Germany, has identified. In the case of Bonn and Paris, they have greatly deepened their ties with Beijing as their relations with the United States became more complicated in the wake of considerable foreign policy differences over the post-2003 American-led international intervention in Iraq.

Since the creation and expansion of the European Union, Beijing has expressed support for the EU development process as a means of redressing what China sees as an unbalanced post-cold war international system. One possible solution has been seen to be the promotion of the European Union as a great power 'pole'.[4] This perception has been maintained largely due to the erratic state of Sino-American relations over the past decade. While relations between

Washington and Beijing have warmed considerably since both sides pledged their support for the international war on terror following the events of September 2001, various issues such as the Iraq conflict, the Taiwan question, American policy in Central Asia, recent trade, currency and investment-related disputes and possible diverging overall strategic policies, have adversely affected the Sino-American relationship.

From a macro-level view, there is the question in China of whether the country's relations with the United States will be adversely affected by great power frictions, especially should Washington consider Beijing's development into a great power as a potential strategic obstacle. Some international analysts in China have emphasised the idea that although the war on terror is a very serious security issue, it has not eclipsed the greater question of power shifts among the world's great powers in the post-cold war system.[5] Both China and some European states have expressed concerns about the emerging distribution of not only political but also economic power since the cold war's end. Therefore, maintaining strong ties with Europe is important to China not only from an economic viewpoint but also through the lens of emerging power politics.

In choosing to expand its relations with the European Union, Beijing has, as have other governments, needed to strike a balance between bilateral relations with EU members and with the Union itself, an entity which was, and many argue still is, in the process of adapting a unified foreign policy outlook. As has been argued, however, despite initial reservations in Beijing about China choosing to focus on the EU as a multilateral entity rather than solely concentrating on specific member states, this policy changed significantly in the 1990s after Beijing acknowledged the potential for the Union to become a great power actor. This approach had to be tempered with the fact that the development of the EU has not been a linear process, with periods of little change and others of significant transformation appearing at erratic intervals. Thus, China, like other actors in the international community, has had to continually monitor the balance of relations between 'Europe' and the EU.[6] This evolution in policy can also be considered part of a wider foreign policy development within China, one which has seen a strong suspicion of international institutions rapidly give way to an acknowledgement that multilateral engagement has brought about many foreign policy goods to China which bilateral relations cannot effectively provide.[7] Emerging Sino-European relations, therefore, represent a valuable laboratory for both sides, with Europe testing its ability to engage a rapidly growing political and economic power, and China attempting to craft a 'two-tier' foreign policy for the European sphere, one which incorporates relations with the top two levels of 'European government': the national and supra-national one.

Sino-European engagement has also served as a means for China to develop its foreign relations beyond that of a periphery policy by becoming a crucial test case in Beijing's evolving inter-regional policy, an area which has grown in importance for China over the past decade for a variety of reasons. First, inter-regional cooperation has been a key method of projecting China's international interests to a much wider arena. As a result of China's increasing foreign policy experience and self-confidence, the country is more prepared to participate in, and support more comprehensive agendas for, regional and inter-regional dialogues. Second, China's economic growth, which since the late 1970s has been on a steady upward path, is greatly dependent upon increasing imports of raw materials and energy as well as goods and services. Beijing has had a comparatively short time in which to adjust to the politics of economic interdependence, and in some ways is still in the learning process.

Third, China has been seeking over the past few years to develop a foreign policy based on the ideas of 'peaceful rise' *(heping jueqi)* or more recently 'peaceful development' *(heping fazhan)* and the building of a 'harmonious world' *(hexie shijie)* phrases more frequently used in Chinese policy speeches, including those by Chinese President Hu Jintao. These terms refer to Beijing's wish to demonstrate that while China is a rising power in the international system, it would not act as a potential hegemon or challenger to the present international order.[8] Instead, Beijing has stressed that its growth would be tempered by a focus on international engagement and cooperation in Asia and beyond. Closely connected to this idea has been Beijing's development of the New Security Concept *(xin anquan guandian)* since the late-1990s. The NSC, a revised and updated view of China's Maoist-era Five Principles of Peaceful Coexistence, calls for cooperation in strategic matters with a focus on non-hierarchical cooperation, mutual benefit, respect for sovereignty, and community-building.[9] Finally, China is interested in addressing its own concerns about a potentially increasing expansionist and unilateralist American foreign policy while continuing to maintain close ties with the United States. The development of Sino-EU relations has been an important means of addressing all of these areas within Beijing's emerging inter-regional foreign policies.

Although relations between Europe and China have been increasingly cordial and multifaceted for the past decade, there remain a number of political and economic issues which divide the two sides and have been the subject of much debate not only bilaterally but also within inter-regional institutions which have emerged since the end of the cold war. One of the largest of these which brings together Chinese and European interests has been the Asia-Europe Meeting (ASEM) process, created in 1996 based upon the idea that many political and

economic issues have bound Europe and East Asia together and therefore require greater multilateral dialogue.[10] However, although ASEM links Europe with many East Asian states, China's growth has made that state a potentially stronger voice within the institution, and therefore ASEM has the ability to act as an important canvas for emerging issues between the EU and China.

ASEM remains a new construction and in many ways is still attempting to define itself beyond the well-worn labels of 'talking shop' or 'debating society'. However, the group is distinct not only due to the large number of economic powers within its membership, but also to its existence as one of the largest inter-regional institutions without the US as a member, and because of its consensus-based, non-formal construction. The latter factor may have made decision-making more complicated, but the benefits have included a greater potential to examine mutual inter-regional issues within an informal milieu. China's role within the ASEM group will be an important yardstick by which to determine the direction ASEM is taking and what future goals it will be setting in the name of greater Asia-Europe Cooperation. At the same time, ASEM will be an important regime for China as it adjusts to an increasingly globalised world with growing levels of regionalism and inter-regionalism.

The Origins of ASEM and China's Role

The Asia-Europe Meeting was constructed at a time when regionalism in the post-cold war international system was well underway, a time when political cooperation became increasingly less constrained by ideology and could instead develop based on geography and the seeking out of economic territories. The 1990s, however, also saw the development of inter-regionalism, the meeting of regions on an equal footing, with the idea that the regions accept each other as such.[11] The process of developing inter-regionalism is based on the assumption that economic globalisation has been creating ties not only between state actors but also between regions, ties which needed to be better addressed to produce the most optimal number, and quality, of 'goods' for the actors involved. In order to do so, the norms, rules and institutions which governed state behaviour within regions needed to be internationalised.[12] In the case of inter-regionalism, norms and rules had to be created to guide the behaviour of two disparate regions. Economic, political and strategic links between two of the most powerful regions, Europe and North America, had been forged during the cold war, but with the rise of Asia over the past three decades it too had to address the question of inter-regionalism. The creation of the Asia-Pacific Economic Cooperation Forum (APEC) in 1989 was the first major endeavour to connect Asia to an inter-regional institution, in this case bringing together Pacific Rim economies

with those in the Americas, with ASEM following seven years later. Both regimes are developing into important test cases for the development of inter-regional cooperation between large economic powers.

Like APEC in the Pacific Rim, ASEM had its origins in formal and informal dialogues which led to the founding of a more formalised regime. Discussion of a Europe-Asia institution at the leadership level was undertaken by various public and private sector actors at a 1989 Eminent Persons' conference in Berlin, as well as at meetings between European and North and Southeast Asian representatives in the 1990s.[13] However, the idea was given more weight in October 1994 during the Europe East Asia Summit at the world Economic Forum. Then-Singaporean Prime Minister Goh Chok Tong called for the development of a summit-level dialogue which would bring together leaders from the European Union and the Association of Southeast Asian Nations (ASEAN). The atmosphere was certainly congenial for an inter-regional dialogue of this type as far as Asian leaders were concerned, especially since the first meeting of the ASEAN Regional Forum (ARF) had been held in July 1994, with the EU being permitted representation as an observer.[14] The ARF had been created out of a desire by the ASEAN members to cast a wider net when examining post-cold war security, recognising the need for expanded multilateral dialogue. As well, ASEAN was interested in further engaging a rising China, recognising its pivotal role in the emerging political and strategic arenas in Asia, as well as maintaining its relevance alongside the Pacific Rim great powers of the United States, China and Japan.[15] It can be argued that the rationale behind the ASEM-building process echoed that of the ARF in its early stages.

The ASEM framework was designed to rest on three 'pillars' which form the policy framework of the institution.

The *political pillar* has been able to address numerous international issues which have affected both continents, including nuclear proliferation, secessionist issues and the question of preventive diplomacy. More non-traditional security matters which have been well-suited to ASEM's informal structure, including transnational crime, migration, drugs and health issues, have also been presented via this pillar. The *economic pillar* has focused primarily on trade, globalisation, communications, small and medium enterprise development and information networking. Europe and East Asia, including China, have recognised each other as valuable markets and powerful actors in the globalising economy. Finally, the *cultural pillar* has looked at education, youth, and heritage promotion as well as environmental and labour matters.[16] Many of these discussion areas have been based upon the idea of the traditional 'Silk Road' historical linkages between the two sides, including communications and transport routes, leading to the idea

of re-establishing historic trade routes between China and Europe. The ASEM process has stressed informality and consensus-building in forging agreements, and stressing the effective use of high-level summits, using similar methods as other emerging Asian institutions such as APEC and the ARF. ASEM also seeks to become complimentary to other regimes rather than duplicating them.

Within the economic sphere, Europe had recognised, as was written in its 1994 New Asia Strategy paper, that in keeping with the European goal of promoting greater unrestricted international trade, further engagement was required with the development states of East Asia as well as with China, which was recognised as having followed many previous Asian patterns of economic growth and was becoming an important puzzle piece in understanding the rise of Asia.[17] The Asian Financial Crisis of 1997-8 brought a temporary halt to the idea of the Asian economic miracle, and also sparked a regional rethinking in Asia about the idea of Asian 'exceptionalism' towards its economic growth and cooperation, namely that the Asian economies were not immune to the pressures and problems of globalisation and economic interdependence. Instead, there came a new pragmatism in many parts of Asia which opened the door to discussion on new forms of economic and political cooperation both on the regional and inter-regional levels. Despite the aftershocks of the crisis, however, the requirement for Europe to enlist the Asian economies as necessary allies in their policy on expanding international trade liberalisation did not abate. At the same time, in the wake of the crisis, conventional ideas of regional cooperation in Asia were also questioned and re-evaluated by many of the economies directly and indirectly affected.[18]

The end goal of the ASEM regime was to not only improve EU-Asia ties but also to increase the number and quality of linkages between the two sides. China entered the ASEM process aware that at the time of its founding, the rate of EU investment in China was far below what Beijing was seeking, less than one percent of the Union's total foreign investments.[19] Much, it should be noted, has changed since that time, since as of 2005 China became the EU's largest trading partner after the United States, with total EU investment in China averaging € 3.5 billion (US$ 4.2 billion) since 2000. Overall trade between the two sides stood at € 175 billion (US$ 210 billion) in 2004, with a growing trade deficit on the European side totalling € 78 billion (US$ 94 billion) by that year.[20] The development of ASEM has allowed Sino-EU trade and investment to increase within a multilateral milieu, providing much economic information exchange and confidence-building. As well, ASEM's founding is a further acknowledgement of the increasing ties between security and economic issues on a regional and international level,[21] with economic security now becoming

an expanding research area for both European and Asian policymakers and analysts.

Formal ASEM summits have taken place biannually since the founding meeting in Bangkok in 1996, with satellite meetings representing specific sectors taking place around them. China, along with the ASEAN countries, the Republic of Korea and Japan, met with the then-fifteen members of the Union. In addition, during the same year as the Track I-level ASEM was created, a complementary Track II mechanism, the Council for Asia Europe Cooperation (CAEC), was founded. As with other Track II regimes, the CAEC brings together governmental and non-governmental actors and think-tanks to act as a supporting coalition and an incubator of policy ideas which often filter upward to the governmental policymaking stage.[22] However, the CAEC was hampered by internal disputes over membership, leading to the non-recognition of the group as ASEM's official Track II mechanism.[23] Nevertheless, the CAEC, the Asia-Europe Foundation and other associated research groups have continued to act as idea-generating tools for ASEM.

As other scholars have noted, the development of ASEM reflected a growing 'trilateralism' among great power cooperation in the post-cold war era, as well as the acknowledgement of the development of trading blocs which accelerated in the 1990s, and the need to address one side of the triangle which in the 1990s remained underdeveloped, namely the link between Europe and Asia. Even today, compared to the other two main links the Asia-Europe wing is still very much a work in progress.[24] With North America having established strong ties with the Asian and European spheres, while consolidating its own economic regionalist policies with the North American Free Trade Agreement (NAFTA) and the Free Trade Area of the Americas (FTAA) talks, it became apparent that a mechanism was required to complete the chain. With the ambitious development of the APEC forum and its expansion to include leadership-level meetings after 1993, Europe was especially concerned that its interests in Asia would not be marginalized.[25] An institution was therefore needed to produce another link in the chain, adding to the Europe-North America and Asia-North America links.

The ASEM idea was approached by European actors as a method of allowing Brussels to develop as both an alternative and a counterweight to growing Asia-North American ties. At the same time, however, one can also point to the 'contagion' effect in order to explain the genesis of the ASEM idea. This concept has been viewed as twofold. First, there is the wish to develop institutions similar to those which have been effective elsewhere in the hopes of copying their successes. Second, there is the defensive desire to copy a successful international institution in order to protect domestic interests from being adversely effected by

the very external institution in the process of becoming more powerful.[26] APEC, during its halcyon first years in the early 1990s, could be considered a source of a 'contagion' which led to ASEM's development, as APEC was perceived by European and Asian policymakers as a useful method of standardised multilateral engagement, and also by Europe as a potential competitor for Asia's attentions. There was therefore a need to 'close the triangle' by creating an Asia-Europe mechanism. At the same time, concerns in the 1990s in Asia about a strengthened EU which might turn inward were also catalysts for Asia's growing support for ASEM, since such a regime would offer a window and potential door into the increasingly unified European market.[27] Meanwhile, Asia's economic dynamism was a magnet for European trade interests.

The removal of the Soviet Union as a geographical (as well as ideological) barrier between Europe and Asia also produced a far more congenial atmosphere for ASEM dialogue. It allowed the idea of greater inclusiveness in both political and economic matters to flourish.[28] As with many other regimes which appeared in Asia in the 1980s and 1990s, the sudden growth of regional identity politics and a 'sense of community'[29] in Asia were a direct result of the erosion of ideological divides in much of the Pacific Rim, opening up the possibilities for region-based cooperation rather than the hub-and-spoke patterns of cooperation in Asia common during the cold war. Organisations based on ideology began to fade as groups based on regional, and inter-regional issues have proliferated throughout much of the world. The development of dialogues such as ASEM and APEC represents a second stage of the regime-building process in Asia, the first arguably being the development of Southeast Asian cooperation via ASEAN after the late 1960s. In the case of ASEM, the removal of the formidable Soviet barrier between Europe and Asia can be credited for assisting in ASEM's genesis.

Since the time of ASEM's founding, however, power dynamics in Asia have shifted significantly, reflecting China's rise as a regional and increasingly an international power. During the first meeting of ASEM in 1996, then-Chinese Premier Li Peng viewed the organization as one with the potential to promote equality, set aside differences between states, promote trust and encourage mutual development, themes very much in keeping with China's traditional foreign policy doctrine of the Five Principles of Peaceful Co-Existence. During subsequent meetings, Beijing representatives made use of the forum to promote their views on the need for respect for sovereignty and non-interference.[30] Moreover, Beijing found itself on the same page as much of Europe on the subject of 'multilateralising' international relations as a counterweight to the perceived encroaching unipolarity headed by the United States since the 1990s. Although neither the European nor the Asian wings of ASEM seek to marginalize

Washington, both sides have agreed that promoting multipolarity via ASEM serves the interests of its membership. China was no exception, as it has agreed that an inter-regional institution with Washington on the sidelines is useful in providing an approach to international cooperation which augments multilateral ideas.[31] As China continues to develop its grand strategy for the new century, multilateral initiatives such as ASEM will remain high priorities.

The formalising of Sino-EU relations greatly served China's post-cold war economic needs as well, since Beijing has been concentrating on diversifying its trading partners regionally and internationally as part of its ongoing foreign policy reforms. Europe was not an exception, as Beijing has been expanding economic ties with European states in the wake of high-level visits by Li and then-president Jiang Zemin to EU capitals in the late 1990s where they sought economic and industrial agreements as well as support for China's eventual accession to the World Trade Organisation. ASEM threw its support behind Chinese membership in the WTO despite lingering American misgivings.[32] China joined the WTO in December 2001 after an extended application process often marked by policy clashes between Beijing and Washington.

During subsequent ASEM meetings, China has been in strong support of the expansion of the ASEM membership, including the ambitious 2004 enlargement which saw ten new EU member states and the remaining three ASEAN members, Cambodia, Laos and Vietnam, enter the ASEM process. However, Beijing has also called for the group to re-orient itself more towards cooperation rather than dialogue, while retaining its flexibility in terms of structure and agendas.[33] As well, the role of Myanmar (Burma) within ASEM has been a divisive issue between European and Asian ASEM actors due to concerns over Yangon's human rights record.[34] Nevertheless, Beijing's increased engagement with ASEM has added to China's overall development of greater confidence within regional and inter-regional regimes, especially in the sense that Beijing is far more comfortable playing a more active and less conservative role in these types of institution-building.

Security (and Insecurities)

Although many specific hard defence issues have so far not been part of the ASEM agenda, many matters related to 'non-traditional' security issues, such as sustainable development, migration, food security, human rights, and more recently anti-terrorism have been the subject of ASEM conferences and events. For example, ASEM has been endeavouring to increase the visibility of gender-specific security issues by addressing the growing problem of human trafficking, especially of women and children. China was an active participant in the 2001

meeting of Law Enforcement Agencies on Child Welfare which outlined the need for both wings of ASEM to take greater care in addressing crimes against women and children, coinciding with the publication in China that year of 'Guidelines for Chinese Women's Development (2001-2010)' and the 'Guidelines for Chinese Children's Development (2001-2010)', both of which called for greater legal safeguards to protect the rights of women and minors. The meeting was headed by then-Chinese State Councillor Luo Gan.[35] Legal and illegal human migration and the role of women in non-traditional security and development has remained an important issue in subsequent meetings.

Another recent example of the blending of non-traditional security concerns within ASEM has been the 2005 Bali Declaration, an initiative tied to the cultural field of cooperation within the ASEM process, calling for peace between faiths and non-discrimination based on faith as well as a more concerted policy against corruption and a greater acknowledgement of the role of women in peace-building and inter-faith communication.[36] These initiatives have all formed part of ASEM's growing policies on non-traditional security as well as the linkages between security and economic development. Also, policy coordination in the wake of the December 2004 tsunami disaster, as part of the 'Tianjin Initiative', was added to ASEM's strategic agenda. The 'ASEM contingency dialogue mechanism' was established in order to both coordinate assistance and to minimise the financial damage of future crises of this nature.[37] The backing of this idea by China, seen as an extension of the ASEM Trust Fund, further demonstrates China's commitment to stable Asian economic growth which was first made internationally visible during the Asian Financial Crisis, where China was an active participant in the assisting of crisis-hit states in Southeast Asia while spurring requests to reduce the value of the yuan, despite domestic pressures, in order to avoid further destabilising the Pacific Rim's shaky economic situation.[38] From these initiatives, China built much regional goodwill, especially with its immediate neighbours and this has translated into new bilateral and regional links.

Via ASEM, China has been able to make use of another channel to promote its regional foreign trade policy of stability as well as growth. As was noted in recent empirical research, Beijing's overall participation levels in international institutions had risen considerably by the end of the 1990s, reflecting a greater comfort level with such regimes and a greater acceptance for multilateral solutions in regional and global issues.[39] China has also made use of ASEM to better define its international trade policies, similar to its policies within APEC in the 1990s when it utilised its membership in that forum to demonstrate its policy commitment to joining the World Trade Organisation. ASEM has provided a useful forum for Beijing to enunciate its economic policies, which is increasingly important,

given China's growing impact on international market forces. For example, at an ASEM meeting in 1999 then-Chinese foreign minister Tang Jiaxuan outlined China's evolving views on globalisation but also noted the shortcomings on the international financial system in the wake of the Asian Crisis.[40] As with APEC and other regional organizations, ASEM has proven a useful forum for Beijing to articulate its global-level policies and concerns about international trade and economic development.

Future Tasks and Challenges

Although there remain many international policy questions which have been the subject of debate between the two sides, the development of stronger Sino-European ties over the past decades has brought many political and economic goods to both sides, and has resulted in the further diversification and confidence-building of China's foreign policy beyond its immediate periphery. ASEM remains a relatively new institution, and due to its size and complexity, it will require more time to determine its future policy directions and to further entrench itself as an indispensable forum for the airing of specific inter-regional issues. In the case of China, although relations between Beijing and the European Union have improved greatly both from a political and a strategic viewpoint over the past decade, there are still many important issues upon which both sides are still in the process of seeking common ground. ASEM has the capability to mitigate some of these disputes as the regime matures.

Economic issues are in many cases front and centre on ASEM's 'to do' list. The economic rise of China has attracted the attention of many large market economies, including the United States and the European Union. Since China announced its ambitious 'walking out' *(zouchuqu)* strategy of increased international engagement of foreign businesses in the late 1990s, Chinese economic interests have been engaging many global markets, bringing many benefits but also creating some friction. For example, there has been the question of whether the European Union should recognise China as a 'market economy', a situation hampered by recent trade conflicts between the two sides over Chinese textiles, shoes and strawberries. The European Union's Trade Commissioner, while acknowledging China's expansive economic reforms, maintained in July 2005 that Chinese trade policy had not yet matured to the point where the country could be named a market economy. The EU was still concerned whether Beijing had adequately addressed the problem of dumping, meaning the selling of goods abroad below local market value, of Chinese goods in international markets. As well, the EU has called for Beijing to allow more European imports to create a more equitable trade relationship.[41] Moreover, although a possible long-term

Sino-EU trade conflict over textiles was averted in June 2005 after an agreement in Shanghai between the two sides, the issue of European trade deficits with China still vexes some EU governments and it has also been an increasing source of discomfort for the European Commission, which noted the concerns about job losses in the EU and the growing trade deficit with Beijing.[42]

The deteriorating talks in the WTO constitute another economic area which could conceivably bring China and Europe closer together but paradoxically could also potentially place them at opposite sides. Both sides favour an orderly completion of the Doha Round in a manner most beneficial to the global economy. However, since joining the WTO in December 2001, China has been calling for a more equitable approach to trade facilitation within the WTO which favours developing states. In the months before the watershed WTO conference in Cancun of September 2003, Beijing aligned itself with other large developing economies, later known as the Group of 22, to present a united front advocating greater trade rights for emerging economies. The G-22 locked horns with both the United States and the EU over agricultural subsides as well as the four 'Singapore issues' (which Brussels supported being put on the WTO agenda) of investment protection, competition policy, transparency in government procurement and trade facilitation.[43] The question of what should and should not be included in the post-Cancun talks continues to preoccupy the world's major economic actors.

Both the EU and China have a strong interest in seeing the successful completion of the round, but at the same time East Asia has seen a rise in 'preferentialism', namely sub-regional trade agreements as a result of concerns over the WTO's abilities and the need for alternative economic arrangements.[44] There is now the question of whether Asia's trade priorities are shifting significantly from an international to a regional outlook. ASEM, which encompasses the trading giants EU and Japan as well as large emerging markets including China and Southeast Asia, does have the capability to address some of these issues in an inter-regional format but many obstacles separate the various sides. Moreover, should ASEM members reach a common consensus on the best way to break the deadlock with the WTO negotiations, this group, like other large trade regimes in the Pacific Rim, could act as a facilitator for the successful and equitable completion of the Doha Round.

The aforementioned ASEM meeting of finance ministers in Tianjin in June 2005 was heavily dominated by debate over whether China was in a position to revalue its currency, which had been pegged to the US dollar at what some American policymakers had complained was an artificially low rate, perpetuating trade deficits with China. Chinese representatives used the ASEM meeting to explain their views on why the yuan issue should be addressed according to

China's economic needs rather than external pressure, a stance which was acknowledged by the European participants at the event.[45] One month after the Tianjin meeting, the government in Beijing agreed to reform its currency exchange policy, dropping the dollar peg in favour of a managed currency float based on a basket of currencies, including the US dollar, the euro, the Japanese yen and the South Korean won. As a result of the policy shift, the value of the Chinese currency immediately rose by 2%. Nevertheless, some American policymakers insist the yuan's value is still too low and have continued to press for further reforms.[46] Europe, by contrast, took a more gradualist stance. At an ASEM Finance Ministers' Meeting in April 2006 in Vienna a confrontational approach towards Beijing was dismissed by EU officials as Brussels wanted to see greater flexibility from China in improving its monetary policies.[47] In short, the yuan question has the potential of placing China, the United States and Europe in increasingly difficult positions should the controversy persist.

Another question which is of great interest to both the EU and China is what the eventual role of Russia, Central Asia and the Caucasus will play in the geopolitics of the region. Although Ferguson referred to ASEM as playing a role in creating a 'sandwich of super regions',[48] namely Europe, Eurasia, and East Asia, at present the sandwich is heavy on bread but low on filling. Both Brussels and Beijing have expanded their interests into Eurasia since cold war's end, but to date much international attention in the trans-Caspian region has focused primarily on security, especially anti-terrorism, and the region's extensive energy and raw material supplies. While these issues are certainly not marginal, other longer-term problems in the area, including government stability, economic development (or in the case of some areas like Afghanistan, the South Caucasus and Tajikistan, economic reconstruction), infrastructure and transportation are also of key concern. Human security is declining in much of the region over concerns about underdevelopment, transnational crime (including especially the role of Central Asia as a corridor for illegal drugs to international markets) and the weakened institutions within the former Soviet republics. Both the European Union and China have much at stake in promoting a stable Eurasian region, one that is able to participate more fully in international discourse and global markets, and thus should be a prime area of interest for ASEM's external agenda.

Engaging Russia as another major bridge could also form part of ASEM's role in filling in the blank spaces between Atlantic and Pacific. Relations between Russia and the EU have occasionally been prickly over issues such as energy, the EU's eastern expansion, and differing policies on promoting democratisation in former Soviet states (including Georgia, Ukraine and Belarus), and the question remains of where Russia fits vis-à-vis a maturing EU and a rising China and East

Asia. Regional institutional development in former-Soviet Russia and Central Asia has begun sporadically. For example in 2001 the Shanghai Cooperation Organisation was founded as a security community linking Russia, China and most of the former Soviet Central Asian states in the name of security development and region-building.[49] However, the progress made so far would be considerably augmented with greater participation from European and East Asian actors. ASEM, therefore, can be an important mechanism to promote these ideas and gradually eliminate the political, economic and strategic 'chasms' between the two sides in Central Asia.

Another mitigating factor in ASEM's development, one with much relevance to Chinese foreign policy, is how the Asia-Europe Meeting will effect the development and cohesion of developing institutions, as well as bilateral preferential trade agreements, within Asia itself, many of which gained momentum in the wake of the Asian Financial Crisis and concerns about the viability of the WTO talks. Among these Asia-specific groups is the ASEAN-Plus-Three mechanism, an institution which appeared in the late 1990s but has slowly been developing as a stronger economic institution within Asia.[50] During the first few years of APEC's development, an alternative regime which would represent only East Asian economies (China, Japan, South Korea and ASEAN) was proposed. Known as the East Asian Economic Caucus (EAEC), the would-be institution did not materialise, largely due to Western opposition and concerns in Asia about alienating non-Asia trading partners. However, the development of ASEM almost appeared to codify the EAEC idea since the membership of the Asia-Europe meeting is *de facto* the European Union and the would-be EAEC states.[51] The APT has the same membership as the Caucus and can be seen as an heir to the EAEC idea. However, unlike the EAEC which was viewed as being largely led by Japan, the APT has been greatly affected by Chinese economic and diplomatic growth. ASEM's development will have a strong affect on the course of the APT, and to some degree the reverse is also true, since ASEM will have to seek ways of accommodating stronger post-financial crisis Asian regionalism.

Adding to the complexity of the interplay between regionalism and inter-regionalism within Asia is the emergence of another fledging mechanism. In December 2005, the first East Asian Summit (EAS) was held in Kuala Lumpur, bringing together the APT members with Australia, India and New Zealand, but leaving North American and European actors on the sidelines. While the Summit achieved the modest goals of calling for deeper cooperation in political and strategic issues, economics and development, and cultural matters, there were few formal documents.[52] Despite its slow start and uncertain regional role,

however, there is still the possibility that the EAS may be a platform for the development of an East Asian Community, which might serve to divert attention in Asia away from the APEC and ASEM processes.

Finally, as ASEM develops, it must guard against two potential problems, namely the 'spaghetti bowl' effect and the 'Pacific ratchet' effect, which may lead to the group becoming increasingly marginalized as a result of the proliferation of regimes in East Asia since the 1990s. The spaghetti bowl effect refers to the problem of overlapping agreements and institutional commitments which can lead to duplication and potential stagnation.[53] ASEM was created at a time when European regionalism had been well established as a result of decades of institution-building which led to the founding of the European Union. Asia, by contrast, arguably only developed a strong sense of region in the 1990s, and most regional organisations in Asia are comparatively new and still maturing.[54]

To avoid the problem of over-duplication among institutions, it will be a priority for ASEM to determine the best way of distinguishing itself amongst the growing number of bilateral, sub-regional and regional regimes in the Pacific Rim, notably by further articulating what 'value-added' goods it can provide for its members. Establishing a set of priorities which all three pillars of ASEM can and should undertake will prevent the problem of excessive overlapping with other regimes. As China cements its role as a pivotal state within Asia, the assistance of Beijing will be essential for ASEM to determine what specific goods the regime can develop, as well as answering the questions 'Why is ASEM essential?' and 'What can ASEM do *better* than other regimes?'.

The Pacific ratchet effect is also a product of ongoing Asian regime proliferation since the 1990s, and can be defined as the tendency for different regimes to compete for the attention of its members though ongoing policy advances designed to prevent defections.[55] Each new regime is under great pressure to distinguish itself from the others, and therefore there is the risk of too much emphasis being placed on advertising and branding of the new regime rather than less-flashy but more substantive policy debates and implementation. The current proliferation, and some might argue overabundance, of new international regimes in East Asia, is another strong incentive for ASEM to work hard at differentiating itself. One method of doing so involves the process of greater public engagement and advertising in order to dispel the impression among the citizens of ASEM members that the regime is primarily elite driven and mainly a bureaucratic mechanism with little public participation. The fact that ASEM is a large institution with informal structures and low exit costs increases the possibility of defections unless the group continues to stress its specific value to the membership.[56] Setting viable agendas and recognising ASEM's abilities and

limitations will therefore be an ongoing process. At the same time, keeping China engaged in ASEM's construction will contribute much to the regime's continued growth.

Conclusion

The growing political and economic relationship between the European Union and China, despite some ongoing issues which have set the two at odds, is nevertheless a positive development not only for their mutual foreign policies but also for the development of inter-regionalism in today's globalising world. The ASEM process is still on track to develop into an indispensable regime, and the promotion of the link between Beijing and Brussels is necessary to further strengthen ASEM and allow it to form part of the growing triangular relationship between the North American, European and Asian regions. Not only does ASEM fill the role of bringing Asia and China closer to European economic interests, but it forms the cornerstone of community-building between the two continents in areas beyond trade, including traditional and non-traditional security matters. ASEM has the potential to form an important part of China's ongoing regional and inter-regional diplomacy as it further integrates into the international system while attempting to follow its doctrine of 'peaceful' engagement. ASEM will be an important test of China's abilities to move beyond its regional diplomacy of the 1990s to the patterns of inter-regionalism being developed today. With Beijing's interests moving from Asia-Pacific to international, however, there will be many actors and regimes vying for its attention, and therefore the relationship between China and the EU must continuously be nourished.

The author wishes to thank the International Institute for Asian Studies (IIAS), Foreign Affairs Canada (FAC), and the European Institute for Asian Studies (EIAS) for their invaluable assistance in the presentation of an earlier draft of this chapter.

Notes

1 James Hsiung, 'China's Omni-Directional Diplomacy: Realignment to Cope with Monopolar US Power,' *Asian Survey* 35(6) (June 1995): 573-86.

2 'China's EU Policy Paper,' *Ministry of Foreign Affairs of the People's Republic of China*, 13 October 2003, <http://www.fmprc.gov.cn/eng/wjb/zzjg/xos/dqzzywt/t27708.htm>.

3 Garitt W. Gong, 'The International Strategy of China's New Leaders,' *The New Chinese Leadership: Challenges and Opportunities after the 16th Party Congress*, ed. Yun-han Chu,

Chih-cheng Lo and Ramon H. Myers (Cambridge and New York: Cambridge University Press, 2004), 173.

4 For example, see Mi Xiaorong, 'Evolution of the European Union's Policy toward China,' *Foreign Affairs Journal* (Chinese People's Institute of Foreign Affairs) 63 (March 2002): 36.

5 Peter Hayes Gries, 'China Eyes the Hegemon,' *Orbis* 49(3) (Summer 2005): 403-6.

6 Kay Möller, 'Diplomatic Relations and Mutual Strategic Perceptions: China and the European Union,' *China Quarterly* 169 (March 2002): 10.

7 Marc Lanteigne, *China and International Institutions: Alternate Paths to Global Power* (Milton Park, UK and New York, NY: Routledge, 2005), 12-32.

8 Evan S. Medeiros, 'China Debates Its "Peaceful Rise" Strategy,' *YaleGlobal Online*, June 22nd, 2004 <http://yaleglobal.yale.edu/display.article?id=4118>; Zheng Bijian, 'China's "Peaceful Rise" to Great Power Status,' *Foreign Affairs* 84(5) (September/October 2005): 18-24.

9 David Shambaugh, 'China Engages Asia: Reshaping the Regional Order,' *International Security* 29(3) (Winter 2004/05): 69; David M. Finkelstein, 'China's "New Concept of Security"' *The People's Liberation Army and China in Transition,* ed. Stephen J. Flanagan and Michael E. Marti (Washington DC: National Defence University Press, 2003), 197-209.

10 ASEM's current membership includes all twenty-five members of the European Union along with the European Commission, all ten ASEAN states, the People's Republic of China, Japan and the Republic of Korea.

11 Hanns W. Maull and Nuria Okfen, 'Inter-Regionalism in International Relations Comparing APEC and ASEM,' *Asia-Europe Journal* 1(2003): 237-49; Julie Gilson, *Inter-Regionalism and the Asia-Europe Meeting* (Cheltenham, UK and Northampton, MA: Edward Elgar, 2002), 10-11.

12 David Armstrong, 'Globalisation and the Social State,' *Review of International Studies* 24 (October 1998): 469-70.

13 R. James Ferguson, 'Shaping New Relationships: Asia, Europe and the New Trilateralism,' *International Politics* 34 (December 1997): 398.

14 Dong-ik Shin and Gerald Segal, 'Getting Serious about Asia-Europe Security Cooperation,' *Survival* 39(1) (Spring 1997): 139-40.

15 Ralf Emmers, *Cooperative Security and the Balance of Power in ASEAN and the ARF* (London and New York: Routledge Curzon, 2003), 31.

16 Christopher Bo Bramsen, 'ASEM- A New Dimension in Asian-European Relations,' *China's Century: The Awakening of the Next Economic Powerhouse,* ed. Laurence J. Brahm (Singapore and New York: John Wiley and Sons (Pte.) Asia Ltd., 2001), 89-97.

17 Gareth A. Richards and Colin Kirkpatrick, 'Re-orienting Inter-regional Cooperation in the Global Political Economy: Europe's East Asian Policy,' *Journal of Common Market Studies* 37(4) (December 1999): 692.

18 Jürgen Rüland, 'Asian Regionalism Five Years after the 1997/98 Crisis,' *Asian-Pacific Economic and Security Cooperation: New Regional Agendas,* ed. Christopher M. Dent (Houndmills, UK and

New York, NY: Palgrave, 2003), 64-5; Heribert Deiter and Richard Higgott, 'Exploring Alternative Theories of Economic Regionalism: From Trade to Finance in Asian Cooperation,' R*eview of International Political Economy* 10(3) (August 2003): 433.

19 Donald W. Klein, 'Japan and Europe in Chinese Foreign Relations,' *China and the World: Chinese Foreign Policy Faces the New Millennium,* ed. Samuel S. Kim (Boulder and Oxford: Westview Press, 1998), 137.

20 'The EU's Relations with China - Overview,' *European Commission,* January 2006, <http://europa.eu.int/comm/external_relations/china/intro/index.htm>.

21 Ming Wan, 'Economic Interdependence and Economic Cooperation: Mitigating Conflict and Transforming Security Order in Asia,' *Asian Security Order: Ideational and Normative Features,* ed. Muthiah Alagappa (Stanford: Stanford University Press, 2003), 289.

22 Gilson, 151-2.

23 Charles E. Morrison, 'Track 1/Track 2 Symbiosis in Asia-Pacific Regionalism,' The Pacific Review 17(4) (2004): 561.

24 Ferguson, 395-6; Bernhard May, 'Trilateral Relations in a Globalising World: ASEM and the United States,' *Asia-Europe Journal* 3(2005): 38; Christopher Dent, 'ASEM and the 'Cinderella Complex' of EU-East Asia Economic Relations,' *Pacific Review* 74(1) (Spring 2001): 25-52.

25 Christopher M. Dent, 'The Asia-Europe Meeting and Inter-Regionalism,' *Asian Survey* 44(2) (2004): 214-5.

26 John Ravenhill, *APEC and the Construction of Pacific Rim Regionalism* (Cambridge and New York: Cambridge University Press, 2001), 15-6.

27 Yeo Lai Hwee, 'ASEM: Looking Back, Looking Forward,' *Contemporary Southeast Asia* 22(1) (2000): 116.

28 Anthony Forster, 'The European Union and Southeast Asia: Continuity and Change in Turbulent Times,' *International Affairs* 75(4) (October 1999): 747.

29 See Karl W. Deutsch *et al. Political Community and the North Atlantic Area: International Organisation in the Light of the Historical Experience* (Princeton, NJ: Princeton University Press, 1957), 21-69 for theoretical background on regional community-building.

30 'China's Participation in ASEM,' *Foreign Ministry of the People's Republic of China,* 15 November 2000 <http://www.fmprc.gov.cn/eng/wjb/zzjg/gjs/gjzzyhy/2608/t15291.htm>.

31 Sebastien Bersick, 'China and ASEM: Strengthening Multilateralism Through Inter-regionalism,' *The Eurasian Space: Far More than Two Continents,* ed. Wim Stokhof, Paul van der Velde and Yeo Lay Hwee (Singapore: Institute for Southeast Asian Studies, 2004), 138-54.

32 Ferguson, 400.

33 Hu Xiao, 'China Urges ASEM to Adopt Needed Reforms,' *China Daily,* 1 October 2004, 2.

34 Ben Rowse, 'Quiet Diplomacy Expected to Resolve ASEAN-EU Spat Over ASEM Summit,' *Agence France-Presse,* 21 March 2004, <http://www.aseansec.org/afp/29.htm>.

35 'ASEM Meeting on Child Welfare Opens,' P*eople's Daily,* 11 November 2001. <http://english.people.com.cn/200111/11/eng20011111_84311.shtml>.

36 'Bali Declaration on Building Interfaith Harmony within the International Community,' *Asia-Europe Meeting,* 22 July 2005, <http://www.aseminfoboard.org/content/documents/050722_BaliDeclaration.pdf>.

37 'Tianjin Initiative on Closer ASEM Economic and Financial Cooperation (Final Version)' *Asia-Europe Meeting,* 26 June 2005 <http://www.dt.tesoro.it/Aree-Docum/Relazioni-/G7-e-gli-a/ASEM/tianjin_initiative_final.pdf>; ASEM-FMM Passes Tianjin Initiative, People's Daily Online, 27 June 2005. <http://english1.people.com.cn/200506/27/eng20050627_192501.html>.

38 See Thomas G. Moore and Dixia Yang, 'Empowered and Restrained: Chinese Foreign Policy in the Age of Economic Interdependence,' *The Making of Chinese Foreign and Security Policy in the Era of Reform,* ed. David M. Lampton (Stanford: Stanford University Press, 2001), 191-229.

39 Alastair Iain Johnston and Paul Evans, 'China's Engagement with Multilateral Security Institutions,' *Engaging China: The Management of an Emerging Power,* ed. Alastair Iain Johnston and Robert S. Ross (London: Routledge, 1999), 235-72.

40 Thomas G. Moore, 'Chinese Foreign Policy in the Age of Globalisation,' *China Rising: Power and Motivation in Chinese Foreign Policy,* ed. Yong Deng and Fei-ling Wang (Lanham and Boulder: Rowman and Littlefield Publishers, 2005), 126.

41 Alan Beattie, 'Mandelson Says China Not Ready for EU's Market Economy Status,' *Financial Times* (London), 7 July 2005. 9.

42 Duncan Freeman, 'EU-China Trade: Perception and Reality,' *Beijing Review,* 23 June 2005, 16-7. See also the Speech by European Commission President José Manuel Barroso, 'The EU and China: Painting a Brighter Future Together,' *European Commission,* 15 July 2005, <http://europa.eu.int/rapid/pressReleasesAction.do?reference=SPEECH/05/444&format=HTML&aged=0&language=EN&guiLanguage=en>.

43 Also known as the Group of 20, the informal membership of this floating coalition has fluctuated since 2003. Jagdish Bhagwati, 'Don't Cry for Cancun,' *Foreign Affairs* 83(1) (January /February 2004): 60-1.

44 John Lawrence Avila, 'EU Enlargements and the Rise of Asian FTAs: Implications for Asia-Europe Relations,' *Asia-Europe Journal* 1(2003): 213-22.

45 Kevin Yao and Yoko Nishikawa, 'China's Yuan Dominates Asia-Europe Meeting,' *Reuters,* 26 June 2005.

46 Dai Yan and Vincent Lam, 'Composition of Currency Basket Revealed,' *China Daily,* 11 August 2005, 1; Peter S. Goodman, 'Senators Hopeful of Compromise on Yuan,' *Washington Post,* 24 March 2005, D05.

47 Paul Hannon, 'EU Likely to Tread Softly on China's Yuan Revaluation,' *The Wall Street Journal Europe,* 10 April 2006, 8.

48 Ferguson, 410.

49 Lanteigne, 115-42; Nicholas Swanström, 'The Prospects for Multilateral Conflict Prevention and Regional Cooperation in Central Asia,' *Central Asian Survey* 23(1) (March 2004): 41-53.

50 Richard Stubbs, 'ASEAN Plus Three: Emerging East Asian Regionalism,' *Asian Survey* 42(3) (May/June 2002): 440 55; Sung-Hoon Park, 'ASEM and the Future of Asia-Europe Relations,' 'Background, Characteristics and Challenges,' *Asia-Europe Journal* 2(2004): 351-2.

51 Charles E. Morrison, 'APEC: The Evolution of an Institution,' *Asia-Pacific Crossroads: Regime Creation and the Future of APEC,* ed. Vinod K. Aggarwal and Charles E. Morrison (New York, NY: St. Martin's Press, 1998), 11.

52 'Kuala Lumpur Declaration on the East Asia Summit, Kuala Lumpur, 14 December 2005,' *Association of Southeast Asian Nations,* 14 December 2005 <http://www.aseansec.org/18098.htm>; Marc Lanteigne, 'Norms and Nuances: An Assessment of the APEC model of Informal Cooperation,' *Cancaps Papier* 39 (January 2006): 1.

53 Jagdish Bhagwati and Arvind Panagariya 'Preferential Trading Areas and Multilateralism-Strangers, Friends, or Foes,' *The Economics of Preferential Trade Agreements,* ed. Jagdish Bhagwati and Arvind Panagariya (Washington DC: The AEI Press and College Park, MD: University of Maryland, Center for International Economics, 1996), 53-4.

54 Aaron L. Friedberg, 'Will Europe's Past Be Asia's Future?' *Survival* 42(3) (Autumn 2000): 147-59; Heiner Hänggi, 'ASEM and the Construction of the New Triad,' *Journal of the Asia-Pacific Economy* 4(12) (1999): 66-7.

55 Donald Crone, 'The Politics of Emerging Pacific Cooperation,' *Pacific Affairs* 65(1) (Spring, 1992): 80-1.

56 Jürgen Rüland, 'Inter-regionalism and the Crisis of Multilateralism: How to Keep the Asia-Europe Meeting Relevant,' *European Foreign Affairs Review* 11(2006): 50; Patrick Köllner, 'Whither ASEM? Lessons from APEC and the Future of Transregional Cooperation,' *Südostasien aktuell* 19(5) (2000): 429.

7

China and Latin America: The Economic Dimension

Marisela Connelly

Latin America has been linked to China throughout its recent history. During the 1960s the Latin American communist parties participated in the ideological struggle between China and the Soviet Union; in the 1970s they regarded China as the paladin of the struggles of the Third World. In the 1980s South American countries began to feel the presence of a new China so concerned for its own process of economic modernization that it was beginning to compete with them for financial aid in the international organizations. As China's economic growth accelerated in the 1990s, its exports began to inundate the markets of Latin America. Yet, at the same time China began to regard these countries as potential suppliers of raw materials and agro-industrial products. For these economic reasons and because of the weight China had acquired in the international stage, the contacts between these two regions increased notably in the first years of the new millennium.

In the following article the relation between China and Latin America during the 1990-2004 period shall be analyzed by putting particular emphasis on the economic sphere. Firstly, a general overview of China's foreign policy shall be made. Then China's Latin America policy will be analyzed. Thirdly, the economic relations between China and Latin America will be critically assessed. Furthermore China's relations with some countries of South America, Mexico and the Caribbean will be reviewed in more detail. Finally the impact of the Taiwan issue on the relations between China and Latin America shall be explained.

China's Foreign Policy in the 1990s and at the Beginning of the New Millennium

The events of 1989 in Beijing had a negative effect on the perception of China and of Deng Xiaoping's leadership throughout the world. It was not long

before sanctions were applied; China reacted in a hostile manner, repudiating the policies of the United States and the West in general. The isolation which followed was not beneficial to the process of economic reform and the resurgence of the old guard made it more difficult for those leaders who were fighting for greater openness.

Some months later, Deng Xiaoping himself became aware of the need to deepen the economic reform in order to be able to continue with his strategy of modernization. He reactivated the reforms and in 1991 recommenced the process in regards to housing, social security, health and wage contracts. At the beginning of 1992 Deng made a visit to the south of the country in an attempt to put an end to the ideological and political debate.[1]

As far as foreign policy was concerned, the Chinese government sought to restore the pre-Tiananmen *status quo*. It tried to win back the sympathy of foreign powers by cooperating and seeking solutions to problems that troubled the world as a whole by working within the United Nations Organization. At the same time it sought to make up for the loss of economic aid and Western political support by recourse to other countries. The world was changing at a rapid pace: the collapse of communism in Eastern Europe and in the USSR left China without viable alternatives for finding the support it needed.

The outbreak of the Gulf War brought about large-scale changes in the international arena. The old strategic triangle consisting of China, the USSR and the United States was worn out, to be replaced by informal agreements between the five powers: the United States, Europe, Russia, China and Japan. The currents impelling countries towards democracy, the market economy and interdependence were growing ever stronger.

In view of this situation, the Chinese government put into practice a foreign policy which included the promotion of relations with the greatest possible number of countries, a greater openness to foreign investment, resolution of trade disputes and greater international presence as a responsible partner.[2] In recognition of the ever more preponderant role played by economic factors in international relations, Chinese diplomacy sought as a priority the creation of an international medium favourable to the development of the Chinese economy. This was to become the starting point for a reformulation of the foreign policy. The Beijing government clearly indicated that it would put into practice an economic diplomacy, working on both bilateral and multilateral levels, in order to promote its economic interests, guarantee its economic security and the development of trade. Thus China set about participating actively in international and regional fields of economic cooperation, accelerating the integration of its economy in the world economy, and likewise upgrading its economic cooperation with the developing countries.[3]

At the same time, China engaged in a diplomatic effort aimed at improving the quality of its relations with neighbouring countries in the Asian region under the title *dazhoubian waijiao* (great regional diplomacy). From 1996 onwards, China began to put into practice its policy of partnerships *(huoban)*. This was a quite different concept from that of the alliances of the Cold War period: one characterized by the mutual respect of states within the multi-polar configuration of power; by equality between states, promotion of mutual benefit, the search for consensus and tolerance in view of differences; by commitment to cooperation and avoidance of confrontation, and by the absence of defensive alliances against third countries. In these partnerships, economic cooperation and exchanges of visits by heads of state and high officials were key elements for good functioning.

From that moment on China began to work to establish a strategic partnership with Russia and another with the United States; a broader partnership with France, Canada, Mexico, Pakistan and Great Britain; a constructive partnership with the European Union, and a partnership based on good will with the Association of South-East Asian Nations (ASEAN).[4] This concept of 'partnership' or association has been in constant flux as it has been constructed step by step.

The Chinese government upgraded its participation and activity within the multilateral and intergovernmental organizations as a means of promoting its economic and security interests. In 1995, Beijing began holding annual meetings with officials of the ASEAN. Two years later, China contributed to the start of the 'ASEAN+3' mechanism, in which the 10 countries of the ASEAN, plus Japan, Republic of Korea and China met. Later on came the meetings of the 'ASEAN+1' in which China proposed a series of economic cooperation initiatives.

In 1996, China set up – with Russia, Kazakhstan, Kyrgyzstan and Tajikistan – the 'Shanghai Group of 5'. In June, 2001 it held a meeting at which Uzbekistan was also represented formalizing the existence of the Shanghai Cooperation Organization. The expressed purpose of this group was to work on the resolution of border disputes and to introduce security measures on common frontiers in order to control terrorist, criminal and separatist activities.

During Jiang Zemin's leadership, emphasis was placed on the term *duojihua* (multipolar), with the aim of demonstrating to the world that despite the existence of a superpower that was trying unilaterally to make its own points of view dominate, China was intent on constructing a multipolar world.

Since late 2003, President Hu Jintao and Prime Minister Wen Jiabao have been concentrating on the term *heping fazhan* (peaceful development), which evidences China's good-neighbour and global responsibility policy. In response to continuous allusions by US politicians to the threat to the world posed by Chinese economic growth, the Chinese leaders have insisted that their country's economic

advance represents an opportunity for the development of Asia and the world. At the same time Hu and Wen have adopted a more realistic policy in view of the world configuration by recognizing that, effectively, the United States is still an entity wielding a power superior to all other countries, and hence the need to avoid unnecessary confrontations. They acknowledge that diplomacy must concentrate on the achievement of consensus between states that participate in a variety of multilateral organizations in order thus to defend their interests.[5]

The Chinese government argues that democracy must prevail at the international level, understanding by this concept that all countries, whether big or small, rich or poor, strong or weak, are equal members of the international community and have the same right to participate in international affairs. With regard to the domestic level, respect for each country's sovereignty has priority. It is within this framework that China's relations with Latin America are currently being developed.

China's Strategy Regarding Latin America

Latin America has long been present in Chinese foreign policy, whether as part of the so-called Third World or within China's concept of South-South relations. As early as 1988, Deng Xiaoping had pointed out the importance of Sino-Latin-American relations as exemplifying South-South cooperation. While it is true that before the 1990s political and economic contacts were already on the increase, they were, however, sporadic. It was not until 1990 that a Chinese president actually visited some Latin American countries.[6] China has perceived Latin America as geographically distant, its nations as different in terms of ideology, social systems and culture. Nevertheless, China shares with these countries a certain level of economic development and a similar position regarding the defence of national sovereignty and the rejection of the policy of force.[7]

The Chinese government – in keeping with its strategy of establishing links with all those countries that might in some way contribute to China's economic development and its aim of obtaining a privileged place in the international system – has increased its presence in the American continent, especially in the Latin American part. Since the mid 1990s, China has begun to emphasize those factors that favour economic cooperation e.g. potential markets, natural resources and the complementarity of China's economy *vis-à-vis* some Latin American countries.

Little by little, through declarations by its leaders, the principles established by China for its relations with Latin America were enunciated. These involved: the strengthening of political links by means of high-level political contacts; the exploration and development of new channels of economic cooperation; the

promotion of cultural and educational exchanges; the increase of consultations with the aim of improving coordination in international affairs in order to defend mutual interests as developing countries.[8]

However, studies carried out in China showed that the Latin American region was still strongly linked to the United States and that China's presence in the region was still precarious.[9]

This policy of intensifying links with Latin America, and the greater frequency of official visits it entailed, was aimed not only at increasing economic cooperation in general but also at persuading the Central American and Caribbean area to become more closely linked to China and thus, in the medium term, to persuade these countries to break off diplomatic relations with Taiwan. For the Taipei government this region has been an important bastion, since 12 countries recognize the island as a state in its own right.

The Chinese government managed to work its way gradually into the American continent's regional organizations. In 1994, China became an observer state of the Latin American Integration Association. In May, 1997, the Caribbean Development Bank officially accepted China as a member state. In October of the same year, a delegation of the South American Common Market (Mercosur) visited China holding its first dialogue with China. Since 1990, the Rio Group and China have engaged in a dialogue at foreign minister level. Since 1991, China has attended, as an observer, the annual meetings of the Inter-American Development Bank (IADB); China hopes to be accorded the status of member state of this institution, but at the last annual meeting, which took place in Okinawa, Japan, in April, 2005, its request was once again turned down. China is aware that as a member state it would have the right to vote on tendering for projects financed by the Bank, and to take part in contracts for construction projects and for the supply of equipment and machinery.[10] China is also an observer at the meetings of the UN Economic Commission for Latin America and the Caribbean (ECLAC), the Amazonian Parliament and the Association of Caribbean States.[11] In 2004, China became an observer at the Latin American Parliament and a permanent observer at the Organization of American States.

Within the policy line of expanding high-level contacts, in 1996, Li Peng carried out a tour of several Latin American countries. In his speech before the representatives of the Latin American Economic System at Caracas he enumerated the points on which China was giving attention to stimulating economic cooperation in Latin America: greater commercial exchange, promotion of cooperation between Chinese and foreign corporations in the form of joint ventures or exclusive capital companies for carrying out construction projects

and for exploiting natural resources as well as technical and scientific exchange. In the same year China sent a trade and economic delegation headed by the Minister for Foreign Trade and Economic Cooperation Wu Yi to several Latin American countries in order to promote economic exchange and an increase in investments.[12]

In 2001, President Jiang Zemin carried out a tour of six Latin American nations: Chile, Argentina, Uruguay, Cuba, Venezuela and Brazil. Jiang proposed that four principles needed to be followed in order to support cooperation and the development of relations in the long term: 1. Building relations of equality favouring mutual understanding; 2. Strengthening of consultation and mutual support for defending the legitimate rights of China and Latin America in international arenas; 3. Building mutual benefit and joint development through increasing trade and economic cooperation; 4. The construction of a broad network of cooperation for the future based on a long-term vision.[13]

China's interest in expanding high-level contacts was favoured by President Hu Jintao's visit to four Latin American countries in November, 2004 (Chile, Brazil, Argentina, Cuba). In his speech before the Brazilian parliament on November 12, Hu Jintao explained the guiding principles for the development of relations with the countries of the Latin American region: 1. Consultations on an equal footing and an increase in mutual confidence; 2. Reciprocity and mutual benefit in expanding trade and economic contacts; 3. Ongoing consultations and coordination in order to favour international cooperation; 4. Promotion of non-governmental exchanges. President Hu Jintao pointed out that China and Latin America should engage in joint efforts to promote world peace and democracy in international relations as well as fostering the interests of the developing countries. They should also seek to complement each other economically so as to construct a 'win-win society' and should take action to increase bilateral trade to US$ 100 billion by 2010 and investment to the same amount. Finally they should increase cultural exchange so as to serve as a model of dialogue between civilizations.[14]

Chinese leaders of the fourth generation such as Hu Jintao have implemented these principles in China's relations with Latin America. They have raised the level of relations with countries like Brazil, Argentina, Venezuela and Mexico, with which they have established strategic partnerships and strengthened commercial exchange. They also signed economic and technological cooperation agreements with eleven countries on protection of investments, and on avoiding double tax imposition with five countries.

Against the background of the failure of the neo-liberal policies since the 1990s that have merely served to exacerbate the problems of poverty, unemployment

and underdevelopment the countries of Latin America have gladly accepted this Chinese policy. At the same time, the countries of Latin America are disillusioned at seeing that the United States is more interested in other regions of the world and has forgotten about partnership with the region that it has for so long seen as its 'back yard'.[15] The Latin American countries have great expectations as far as Chinese investment in infrastructure projects, or an increase of Chinese trade and tourism, are concerned. They see all this as a potential aid to the sustained growth of their economies. Direct investment in Latin America fell from US$ 78 billion in 2000 to US$ 36 billion in 2003.

Table 1: Latin America and the Caribbean: net Direct Foreign Investment inflows (millions of US dollars)

Region	2000	2001	2002	2003
Mexico, Central America and the Caribbean	20 427	31 006	18 499	14 939
South America	57 716	38 528	26 480	21 527
Total	78 143	69 534	44 979	36 466

Data from: Economic Commission for Latin America and the Caribbean, 'Foreign Investment in Latin America and the Caribbean, 2003'. May 2004.

China's efforts to develop contacts continued in February, 2005, with the visit by Vice-president Zeng Qinghong to several Latin American countries accompanied by businessmen and officials prepared to invest in the region. On a visit to Colombia in May national advisor Jia Qinglin stressed the role played by China's economic development in the recovery of the economies of Latin American countries.[16]

China has also expressed its concepts about the form that South-South relations ought to take in the era of globalization which inevitably affects its relations with Latin America. Precisely because globalization deepens interdependence between countries, South-South cooperation is taking on an increasing importance. In order to avail of the inherent opportunities and to meet the challenges developing countries have to unite if they wish to be taken into account at moments when the rules of play are being established, and so defend their interests.[17]

Hu Jintao explained this point clearly when he stated: '(...) to widen our ways of thinking and deepen South-South cooperation we should expand cooperation channels, enrich cooperation connotations, innovate cooperation models, expand mutual trade and investment, and strive for a win-win result by drawing on each other's strong points (...)'.[18]

Chinese leaders have also emphasized the need to propagate knowledge about

China in Latin America and vice-versa, with the aim of correcting prevailing myths and false perceptions, especially in connection with the image Latin Americans have of China. They have proposed that both sides deepen academic research with respect to each other and that the results of such research be made available to the public. They have also begun a campaign for setting up institutes for teaching the Chinese language in several countries of Latin America that might also serve as centres for presenting Chinese culture.[19] Confucius Institutes have been established in 2005 in Mexico, Argentina, Brazil and Cuba. China has signed agreements on cultural, educational and sports exchanges with more than ten Latin American countries and agreements on student exchanges with Mexico, Cuba, Chile, Colombia and Ecuador.

To sum up, China is pursuing a strategy regarding Latin America in accordance with principles established in its foreign policy aimed at raising its level of participation in the multilateral and regional bodies and promoting its own economic interests.

Economic Relations between China and Latin America

The economic growth experienced by China in recent decades has led both to a greatly increased consumption of natural resources[20] and to the search for markets for its products. While China's economic relations with the industrialized countries of Europe and with the United States are stronger, the Chinese government by no means overlooks the potential for growth in trade and investment offered by other areas such as Latin America, which enable it to diversify its supplies of raw materials and broaden its markets.

China has been successful in raising its levels of economic relations with Latin America during the last fifteen years. Trade has increased as can be seen from the following table.

Table 2: China Trade with Latin America: 1990-2004 (US$ million)

year	quantity
1990	1 900
1992	2 976
1994	4 700
1996	6 729
1998	8 310
2000	12 596
2002	17 824
2004	40 100

Source: Chinese Custom Statistics.

China's exports to Latin America grew from US$ 5.3 billion in 1999 to US$ 18.3 billion in 2004. China's exports to Latin America constituted 2.71% of its total exports in 1999, and 3.09% in 2004. In the same year, 4% of Latin American exports went to China. China had a deficit of US$ 3 billion in 2003 and US$ 4 billion in 2004. To the extent that China continues to base its growth on manufacturing exports, its demand for raw materials originating in Latin America will continue to increase. The products China imports from Latin America include: iron ore, copper, oil, wood, leather and other agricultural and forestry products. China exports to Latin America finished industrial products such as electrical appliances, woven and knitted apparel, computers, office machinery, and mineral fuels. In 2003, 92% of China's exports to this region belonged to this type of products, while 60% of its imports from Latin America were primary products.

Table 3: Export and Import by Products

Country	Exports to China	Imports from China
Argentina	Soybean, leather, gas oil	Computers, motorcycles, lamps, organic chemicals.
Brazil	Soybeans, iron, automobile parts, space technology products, iron ore, wood pulp	TV sets, electric equipment, electronics, air conditioners, electrical machinery, coke, oil.
Chile	Copper, wood pulp, grapes, fisheries, skins, iron pipe	TV sets, shoes, textiles, toys, raw materials for the chemical industry, tools.
Colombia	Iron ore, copper	Electronic equipment, computers, textiles
Peru	Copper, fish meal, zinc, tin	TV, motorcycles, radios
Cuba	Sugar, nickel, aluminum, other metals	Rice, vegetables, shoes, TV, electronic products
Venezuela	Oil, iron ore	Machinery and equipment for transport
Mexico	Synthetic fibres, steel products, raw cotton, plastics, electronic equipment, high-tech products	Textiles, electronic equipment, household appliances, high-tech products

Mexico is one of the countries in Latin America that bears most similarity to China with regard to its range of export products. It is for this reason that both countries have become competitors on third markets such as the United States. From 2001 to 2003, China increased by 35% its share of the United States market, while Mexico experienced a deterioration of 5%. The Mexican products that have been most affected are textiles, clothing, electronics, equipment and footwear.[21]

Argentina also felt the consequences of China's emergence into the world market. On the one hand, this has provided Argentina with opportunities for exportation. On the other hand it has constituted a threat as regards to competition in third country markets.

The desire of several countries of Latin America and the Caribbean (Brazil, Argentina, Chile, Peru, Antigua and Barbuda, Barbados, Guyana, Jamaica, Trinidad and Tobago as well as Venezuela) to increase their trade relations with China has led them to grant China recognition of market economy status, while failing to analyze the negative effects of such a policy: viz. that it makes it harder to impose antidumping penalties on goods. Brazil, Argentina and Chile are in damage-control mode. They have forfeited the possibility of adopting unilateral safeguards and other measures to defend local industry and must follow WTO rules, which entail lengthy procedures when one member nation files a complaint against another. The Argentina Toy Manufacturers Association and the Toy Producers Association of Brazil announced recently that they would work together to submit applications to the WTO Safeguard Measures Committee to allow members of South Mercosur to take safeguard measures jointly against toy imports from China. The main reason for the application delivered by the manufacturers association of the two countries was that, in the first half of 2005, imports of toys from China to the Mercosur increased by 75% over the same period of the previous year.

Table 4: China's Foreign Trade with main partners in Latin America: 2000-2003
(Unit: US$ 10,000)

COUNTRY	2000	2001	2002	2003
Latin America	1259549	1493889	1782440	2680681
Argentina	154029	185470	142483	317627
Bolivia	1684	1726	2163	1872
Brazil	284499	369848	446940	798555
Chile	212203	211819	256535	353160
Colombia	18813	23221	31638	45866
Cuba	31394	44582	42635	35681
Mexico	182353	255149	397862	494377
Panama	129118	124158	127638	150861
Peru	70459	67460	97825	111375
Uruguay	34436	28447	17302	20337
Venezuela	35128	58922	47763	74140

Source: China Facts and Figures 2003 and 2004.

From 2002 onwards China became the principal destination of Brazil's exports to Asia. In August of that year, both governments signed an agreement on sanitary equivalences which opened the possibility for trading in beef.[22] By 2004, another agreement facilitated the export of beef and chicken. In 2003, Brazil became China's second trading partner in Latin America with an overall trade worth US$ 7.985 billion, while its exports to China increased by 79.8%. Brazil is one of the countries in the region which has a surplus in its trade balance with China. In 2003, this amounted to US$ 2.23 billion. Brazil's exports to China are concentrated in basic products of agricultural or mineral origin, while its exports to the rest of the world consist mainly of manufactured products.

Chile's exports to China are concentrated in copper, slag and ash and wood pulp which together represent 85% of total exports. Copper dominates these exports to China. In 1998, bilateral trade amounted to US$ 1.041 billion. In 1999, it increased to US$ 1.269 billion; in 2000 bilateral trade rose to US$ 2.122 and by 2004 it was close to US$ 5.4 billion. Between 2000 and 2004 Chile maintained its position as China's third trading partner in Latin America following Brazil and Mexico. Chile occupies the fourth place in Latin America as destination for China's exports and the second, after Brazil as an exporter to China.[23] In view of the need to ensure its supplies of copper, China, through its Minerals and Metals Corporation (Minmetals), signed a contract between Chile's National Copper Corporation (CODELCO) and the Chinese National Development Bank, which financed the project, for importation of Chilean copper ore which is expected to rise to a value of US$ 500 million. Minmetals and CODELCO have equal shares in the joint venture.[24]

China and Chile signed a Free Trade Agreement (FTA) on November 18, 2005, the first between China and a Latin American country. Under the agreement many of the existing customs duties between both countries would be immediately abolished, benefiting 92% of current Chilean exports to China. For China, 50% of the goods it exports to Chile would have their tariffs reduced. Chile would enjoy immediate duty free access to China for its exports of copper, other minerals and some agricultural products. Others goods such as frozen and fresh salmon, grapes and apples will have their tariffs phased out over a ten-year-period. Among the Chinese exports expected to benefit from the FTA are machinery, computers, cell phones, DVDs and printers.[25]

China has a well defined strategy regarding trade with Latin America. This is aimed, on the one hand, at obtaining the raw materials it needs and, on the other hand, taking advantage of this region's markets as a destination for China's manufactured products. Aside from the rhetoric and the desire for a win-win situation, China's main priority is to forge ahead with its own economic

modernization. China-Latin America economic relations are a function of China's global strategy that aims at strengthening the Chinese economy.

The Latin American countries have not paused to analyze their relation with China. They have allowed themselves to be dragged along by the enthusiasm aroused in them by China's interest in the region and have been dazzled by this country's economic advances. Hence the continuous trade missions that have visited China in recent years. They wish to follow China's example, but do not know how to go about it. Unlike China, they have no defined strategy; nor, for the most part, have they clearly identified their objectives. As a consequence of this they have followed the path that China has marked out for them.

Investment

It is not long since China took its first steps in foreign investment. Nonetheless, its strategy in Latin America already includes investment in strategic sectors for the exploitation of natural resources and infrastructure and in manufacturing in countries such as Mexico in order to take advantage of the possibilities offered by NAFTA. By the end of 2004, the amount of China's overseas direct investment had approached US$ 3.7 billion; US$ 1.67 billion, or 46.2%, of this was directed towards Latin America.[26]

Since 1992, the Chinese Capital Iron and Steel Company bought the Peru Iron Mine Company for US$ 120 million, which was the biggest Chinese investment Project in the region. By the end of 1992, China had established around 80 joint venture companies of various types in 17 Latin American countries, and by 1997, Chinese investment in the countries of the region amounted to US$ 300 million, principally in the exploitation of iron in Peru, timber processing in Brazil, fish meal production in Chile and assembly of bicycles in Argentina.[27]

From 1996 onwards, Chinese officials have been stressing the importance for China's economic development of Latin America's mineral, forestry, agriculture, livestock and fisheries resources and the need to carry out investment projects in these sectors to facilitate access to these resources.[28] They have also been pointing out that the process of economic integration that was underway in the Latin American region represented an excellent opportunity for Chinese firms since any factories established there could expect to benefit from the distribution of their products within integrated markets.

In 1998, the China Chamber of Commerce for Machinery and Electronic Product Importers and Exporters carried out a mission to Brazil, Argentina and Chile to explore the markets in these countries. They found that the Latin American countries had a high demand for machinery and electronic products. They thus recommended stepping up Chinese exportation of these products,

since their technological content and their prices corresponded to the needs of these countries. At the same time, they advised that assembly plants should be set up in the region instead of exporting finished products.[29]

In Brazil, Baosteel of China and the Compania Vale do Rio Doce (CURD) formed a joint corporation worth US$ 1.5 billion in order to produce up to 8 million tons of iron per annum. The Empresa Brasileira de Aeronautica (EMBRAER), which is one of the world's two major regional plane producers, set up a joint company with the Chinese aircraft manufacturer Corporation II with a total investment of US$ 50 million, to make RJ145 jets at Harbin in the province of Heilongjiang. The first jet built by the joint enterprise was test-flown in December 2003. [30] China Eastern Airlines agreed in March 2005 to buy five ERS145 aircraft from Embraer from its manufacturing venture in Harbin. Embraer has already sold six jets to China Southern Airlines.

Chinese investment in Brazil has been directed towards the production of telecommunications, equipment and electronic products. Huawei Technologies and Shandong Electric Power Group have both invested in this country. Brazilian firms have also tried to take advantage of the investment opportunities promoted by their government. In July 2004 the Chinese Yankuang Group, the Japanese Itochu Group and the Brazilian CURD formed a joint enterprise to produce coke, a vital resource for the steel industry.[31] In Mexico, China has invested US$ 67 million (accumulated over 1994-2004) which is distributed across the manufacturing industry (62.3%), trade and commerce (27.8%), services (14.5%) and the building sector (0.4%).[32]

In November 2004, during his trip to Brazil, Argentina and Chile, President Hu Jintao offered to invest in infrastructure, roads, ports and railways. In Brazil, he announced an agreement on investment for two years worth US$ 10 billion, in both energy and transport infrastructure. In Argentina he announced a future investment in the country of US$ 20 billion mainly in infrastructure, communications, building and energy.

China and South America

For China South America offers access to the raw materials it needs in order to continue with its process of economic modernization. These include petroleum, iron ore, timber, copper, etc., and agricultural products such as soybean.

Brazil

Brazil is the country in the region that has exercised the most attraction for China, not only because of its political weight but also on account of the opportunities it offers for trade diversification and investment. Brazil exports increased to US$

118 billion in 2005 from US$ 96 billion in 2004. Brazil is the world's third largest agro exporter (US$ 44 billion in 2005) after the United States and the EU.

Furthermore, Brazil has become the leader among the South American countries. In 1991, Brazil took the initiative in the formation of Mercosur with Argentina, Uruguay and Paraguay. Recently, Mercosur signed an agreement to form a free trade area (FTA) with the five countries of the Andean Community: Venezuela (which has already been admitted as a special member of Mercosur), Colombia, Bolivia, Peru and Ecuador. Brazil also withstood pressure to sign the Free Trade Area of the Americas (FTAA) under the terms desired by the United States. Led by Brazil, the Latin American Countries defied and rejected the dictates of the northern colossus.

The Group of 20

Both Brazil and China are members of an organization of developing countries known as the G-20, which emerged from ministerial meetings of the WTO in 2003.[33] The G-20 has demanded that rich countries completely eliminate their domestic production and export subsidies. The group has also been pushing for steep cuts in import tariffs and the abolishment of trade distorting measures by the US and the EU. They also wanted freer and fairer trade in farm goods to help increase both export volume and prices, giving their farmers a chance to improve their quality of life.

On that occasion, the Minister of Commerce of China, Li Fuyuan commented:

'We believe that all members should have equal participation in the WTO negotiations with their interests fully respected and reflected. The overwhelming majority of WTO members are developing ones. Therefore enabling developing members to genuinely benefit from the negotiations essentially safeguards the success of the DDA...'[34]

And Celso Amorin, the Minister of External Relations of Brazil stated the following:

'Perhaps no other area of trade is subject to so much discrimination as agriculture. Distortions in agricultural trade do not simply harm developing countries by denying them market opportunities. Domestic and export subsidies in developed countries depress prices and income throughout the world, cut into the export earnings of competitive exporters and increase food insecurity in developing countries. Their addictive power does not contribute to productivity or creation of wealth. They only generate dependency on one side and deprivation on the other'.[35]

In subsequent ministerial meetings held in 2004 and 2005, the G-20 continued to put pressure on the developed countries to attend to their demands. The concessions made by the United States and the European Union in the WTO meeting in Hong Kong in 2005 were not enough to satisfy the G-20. Nevertheless,

the leaders of the G-20 have strengthened their position by fighting for their demands.

Reforming the United Nations

China has supported Brazil in its attempt to become a permanent member of the UN Security Council. However, when Brazil joined forces with Japan, Germany and India in the Group of 4, China altered its position since it did not want its eternal rival Japan to occupy a permanent seat. On 3 August 2005, Wang Guangya, Chinese Ambassador to the UN said that China and the USA had agreed to make joint efforts to hold back the draft resolution on the enlargement of the Security Council put forward by Japan, Germany, India and Brazil. Wang said that their objective would be to oppose the G-4.[36] In its Position Paper on the United Nations Reforms China specified that 'increasing the representation of developing countries should be given priority because these countries account for more than two thirds of the membership.'

Li Zhaoxing, Minister of Foreign Affairs, made clear China´s position:

'China supports the reform of the Security Council aimed to strengthen its authority and efficiency and improve its working methods. Representation of developing countries, particularly the African countries should be increased so that small and medium-sized countries will have more say in the decision making of the Council. No reform proposal can work that only addresses the concerns of a few countries in disregard of the interests of the majority of countries and treats unfairly developing countries in Africa and other parts of the world'.[37]

The Brazilian government showed its discontent with the position adopted by China and declared that the latter was running the risk of isolation if it exercised its power of veto on the reform of the Security Council. For his part, Wang Guangya pointed out that if Brazil achieved its goal of occupying a permanent seat on the Security Council it would also have to overcome regional differences, above all with Argentina and Mexico. On this matter it was revealing that China changed position regarding its initial support to Brazil once it saw that this country had allied itself with Japan in order to further its interests. Likewise, there is an obvious tendency in the declarations of the Chinese representative at the UN to give stronger support to the African nations in the organization than to the Latin Americans.

Scientific and Technological Cooperation

In 1993, the Chinese and Brazilian governments signed an agreement for a joint-aerospace program for producing and launching Earth Observation Satellites. The program was extended in 1995. The first China-Brazil Earth Resources Satellite (CBERS) was launched in 1999. The CBERS 2 was launched in 2003. The first

satellite generated a tremendous amount of data with more than 8 thousand images, covering 99% of Chinese territory. In Brazil, CBERS images have been used to monitor deforestation, to plan land use and to study the environment. The CBERS program represents one of the most successful cooperation partnerships between China and Brazil.

The Case of Venezuela

Economic and technological cooperation between China and Venezuela has shown important advances from the 1990's onwards. The Chinese government has been engaged in establishing closer relations with Venezuela since 2000 with the aim of obtaining greater investment opportunities in the petroleum sector and ensuring a large supply from the country. Venezuela sells 60% of its oil to the United States, and President Hugo Chavez has expressed on several occasions his wish to reduce dependency on the US market.

Since June 1997, the National Petroleum and Natural Gas Corporation of China, under international tendering, obtained extraction rights in the Caracoles field and the Intercampo unit with a value of US$ 358 million. In February and May 1998 respectively, production came on line. In April 2000, the National Petroleum and Natural Gas Group of China signed with the Corporación de Hidrocarburos de Venezuela a memorandum on cooperation in the production of orimulsion – a bitumen-based fuel.

During President Hugo Chavez's visit to China in December 2004, China promised an investment in petroleum infrastructure of US$ 350 million involving 15 oil wells, which was reiterated during Vice President Zeng Qinghong's visit to Venezuela in January 2005. China also promised to invest US$ 460 million in a gas project and in renovation of the railway and refinery infrastructure. In exchange, China will obtain 100,000 barrels of oil a day, 3 million tons of fuel oil per annum and 1.8 million tons of orimulsion.

The Junín 4 block of the Orinoco Strip, comprising 640km^2, was allotted to China National Petroleum Corporation (CNPC) for certification and quantification of its reserves estimated at a total of 20 billion barrels of oil. PDVSA and CNPC signed an agreement for the carrying out of this study. Once this is completed, they will go ahead to discuss a joint project for production and improvement combined with a refining project in China. Both companies also signed an agreement to set up a mixed company for the purpose of developing hydrocarbons in fields located in the Zumano area, in eastern Venezuela. This area has residual reserves of light and medium petroleum estimated at 400 million barrels and some 4 trillion cu. ft. of gas.[38]

China's interest in Venezuela is evident: to obtain new sources of petroleum

in order to diversify its supply and reduce its dependence on the Middle Eastern countries. Since 1993, China has been a net importer of petroleum and since 2003 the second consumer after the United States, replacing Japan. In 2005, China consumed 318 million tons of oil with a dependence on imports of 42.9%. For this reason China is seeking to increase investment in the Venezuelan petroleum sector. This is the interest that the Chinese government takes into Venezuela. Beijing does not intend to ally itself with the populist Chávez – as some groups in the United States believe. The Chinese leaders are not interested in involving themselves in the contentions and mutual accusations in which the United States and Venezuela have been recently engaged, nor in letting themselves be used by Chávez as a dissuasive element against Washington.[39]

The South American countries – precisely on account of the characteristics of their economies – have managed to obtain advantages from their economic relations with China, increasing their trade with China which, in order to obtain the natural resources it needs, has set about increasing its investment in the region.

The Case of Mexico

China and Mexico have traditionally sought to strengthen their relations through cooperation in the field of international politics and in cultural exchanges. Chinese leaders have frequently emphasized the mature and responsible attitude of the Mexican government in international organizations. They have granted Mexico their recognition as a leading interlocutor among the Latin-American countries.

China and Mexico have coincided in their view of international affairs and this has facilitated cooperation within the multilateral institutions. Mexico has e.g. supported China at meetings of the United Nations Human Rights Commission by abstaining from voting against China.

Yet, because of the Mexican trade deficit with China the economic relations between Mexico and China have not improved. Since the early 1990s the presence of Chinese products in the Mexican market has been increasing at an accelerating pace. On 15 April 1993, the Mexican government established countervailing duties ranging from 33.34% to 1,105% on more than 4,000 Chinese products in 10 categories, including: garments, electrical and mechanical equipment, chemical products, metals and minerals. These measures have not solved the problem of the imbalance in trade: Chinese imports have continued to outdo Mexican exports. In general, Mexican exports have performed poorly due to three factors: 1. Mexican governments, especially that of Carlos Salinas de Gortari, have chosen to implement a liberalization policy unilaterally. At the same time, China maintained its barriers to imports so that the opportunities were unequal.

2. Medium-size Mexican exporters have not possessed the kind of organizational structure necessary to penetrate the Chinese market and have received little support from the government. 3. Since the Mexican state withdrew from its role as development agent, there has been no coherent industrial policy.

During the 1990s, Mexico drew apart from the developing countries, became a member of the OECD and abandoned the group of 77. At the same time, the Mexican government gradually gave up its place as leader of the Latin American countries, which began to turn towards Brazil. This tendency was accentuated with the government of Vicente Fox and the PAN that has prioritized relations with the United States and the EU and has shown little tact in its dealings both with China as with the rest of Latin America.

China, on the other hand, has continued with its policy of rapprochement towards Mexico. In September, 2001, China and Mexico signed an agreement on China's entry into the WTO in which Mexico undertook to lift those antidumping measures that contravened WTO regulations after a period of 6 years.

Unlike previous Mexican governments, that of President Fox has broken with diplomatic tradition. This, and the inexperience of its officials, has led to frictions with China. A series of rather unfortunate declarations about the Chinese political system, commercial competition, and other matters, have caused considerable setbacks to the excellent relations that Mexico and China had enjoyed since the 1970s. The Chinese government has made efforts to demonstrate that it is not a competitor of Mexico and that the opening of markets offers opportunities to Mexican entrepreneurs. In December 2003, during Wen Jiabao's visit to Mexico, the Chinese Prime Minister reiterated this point of view and suggested that the two governments work together in order to increase trade and improve its structure. Wen formally announced establishing a strategic partnership between China and Mexico.[40]

In August 2004, Foreign Minister Luis Ernesto Derbez, together with other Mexican ministers, travelled to China in order to sign agreements for the establishment of a Mexico-China Permanent Binational Commission. The agreements signed covered the economic, cultural, scientific, communications and agricultural fields. Thus, the foundations were laid for the development of the strategic partnership. In January 2005, Vice President Zeng Qinghong visited Mexico with the purpose of advancing the implementation of the agreements reached in the First Binational Meeting.

In September, 2005, Presidente Hu Jintao made an official visit to Mexico. In his speech before the Mexican Senate, Hu made a three-point proposal for increasing bilateral relations. 1. Development of strategic cooperation by putting into practice agreements reached by the two countries. 2. Construction of a

platform facilitating cooperation on the economic plane in harmony with both parties' interests. 3. Strengthening exchanges at different levels and in different fields in order to deepen mutual understanding.[41] He also pointed out that developing countries ought to strengthen cooperation and maintain consultation in the framework of joint efforts to participate in the formulation of international trade and financial regulations.

However, there has been no advance in bilateral relations. Mexico merely reacts to Chinese initiatives, failing to draw up a strategy that might really allow it to take advantage of the opportunities offered by the opening up of the Chinese market since that country's entry in the WTO. Nor does Mexico have an active policy to engage in joint efforts with other Latin American countries in order to respond to the challenges of the globalized world.

Mexico has not carried out structural reforms that are necessary in the fields of industrial relations, taxation, quality of education, good administration and solidity of institutions, management of natural resources and the rule of law. The country will continue to lament its inability to face the challenge of Chinese competition as long as it fails to make the necessary domestic reforms.

The Case of Cuba

During the Cold War, Cuba maintained a distant relation with China. With the changes that took place in the Soviet Union and Eastern Europe in the late 1980s and early 1990s, China and Cuba started a process of gradual rapprochement. In 1993, President Jiang Zemin visited Cuba, and in 1995, Fidel Castro, leader of the Cuban revolution and the island's president, visited China. This led to the regularization of trade.[42] Sino-Cuban trade has been conducted on account for settlement under the annual trade protocol signed at the end of each year. Cash trade began from 1996 and coordinated barter trade was also introduced between certain corporations in the two countries.

The relation grew even closer with Jiang Zemin once again visiting the island in 2001 and Hu Jintao's visit in 2004. Fidel Castro visited China again in 2003. Hu signed agreements on the postponement of the payments on loans received by Cuba during the 1990-1994 period without generation of interest as well as on a Chinese investment of US$ 1,800 in a ferronickel plant and the exploitation of nickel deposits at San Felipe (Camaguey) by a mixed company. From 2005 to 2009, the Cubaniquel corporation will sell to the Chinese company Minmetals, 20,000 tons of nickel sinter. Likewise, Shengli Oilfield, which forms part of Sinipec, signed a contract with Cubapetróleo for the joint development of one of the country's potential oil fields, on the Western coast of the province of Pinar del Río.

Cuba has benefited from the agreement between Hai'er and Grupo Electrónico de Cuba which will together produce a million television sets for education, internal consumption and exportation into the Latin American region. China is selling Cuban locomotives and transport equipment.[43] China benefits from Cuban advances in the area of health. With 10.6% of Cuban trade China has become Cuba's third largest trading partner, after Venezuela and Spain.

It would seem that China is occupying the place left vacant by the Russians in Cuba after the disintegration of the Soviet Union. Hu Jintao himself stated during his visit to Cuba that 'We are friends and brothers...',[44] but this does not mean that China is thinking in terms of cooperation and aid inspired by ideology. The relations China is developing with the island are of a pragmatic nature and, as with other Latin American countries, it seeks to enhance economic links for its own benefit and not for altruistic motives. The Cuban leaders understand that China has no interest in a relation with the island that might involve commitments that would endanger its relations with the United States.

China, the Caribbean, Central America and the Taiwan Issue

The Caribbean and Central American region is of particular interest for the Chinese government because it represents a concentration of countries that have diplomatic relations with Taiwan: Belize, Costa Rica, El Salvador, Honduras, Nicaragua and Panama, the Dominican Republic, Haiti, St. Kitts Nevis, and St. Vincent and the Grenadines. The Chinese government sees reunification with Taiwan as a medium-term goal, and has thus tried to isolate the Taipei government internationally, preventing its entry into international bodies such as the World Health Organization, and pursuing a strategy aimed at persuading its allies to break off diplomatic relations with the island.

China has used both its economic power and its position as a permanent member of the UN Security Council in order to trigger a rapprochement with these countries. In 1996 China tried to prevent an extension of the presence of UN peacekeeping forces in Haiti. It obtained the acceptance by Haiti of the mutual opening of trade offices in the respective capitals.[45] When once again the stationing of UN forces was due for renewal in 2005 China aimed at preventing the extension of the presence of UN peacekeeping forces in Haiti, which on this occasion included a contingent of Chinese forces. Finally, China agreed to the prolongation for another six months.

Guatemala is another Central American country that suffered Chinese reprisals in 1997 on account of its diplomatic relations with Taiwan. China refused to support the resolution calling for UN military observers to be sent to Guatemala for a period of three months in order to monitor the end of the

guerrilla war. China negotiated with Guatemala and agreed to withdraw its veto on condition that Guatemala did not support the efforts of Taiwan to enter the UN that year, a request that the Taiwan government had been repeating since 1993 with the support of its diplomatic allies.[46]

In May, 1997, China established diplomatic relations with the Bahamas which had had relations with Taiwan since 1989.[47] This change can be explained in connection with the reversion of Hong Kong to Chinese sovereignty. China put pressure on the government of the Bahamas to fall in line if the latter wished to retain its consulate in Hong Kong. Likewise, the Hong Kong based company, Hutchison Whampoa, invested US$ 80 million in a container port in Freeport Harbor in the Bahamas and also bought three hotels there. Santa Lucia established relations with China as well. The Chinese government also put pressure on Dominica without obtaining the results it was hoping for, and in retaliation demoted the Dominican consulate in Hong Kong to the status of a trade office following the handover. Nonetheless, Beijing continued to pay court to the government of Dominica. In 1999, China invited the chairman of Dominica's Senate, Ramon Alburquerque, to Beijing. Finally, in 2004 Dominica broke off relations with Taiwan in order to establish them with China.[48] In January, 2005, China obtained another triumph when Grenada decided to renew diplomatic relations which had been broken off in 1989.[49]

Since the mid 1990s, China has maintained a policy of rapprochement towards the countries of Central America and the Caribbean that continued to maintain relations with Taiwan. In April, 1997, China's United Nations Ambassador Qin Huasen visited St. Kitts Nevis and Costa Rica. In the same year, China gained the Caribbean Development Bank's acceptance of its application to join the organization as a non-regional non-borrowing member country. This means that China can lend money to the Caribbean countries through the bank and influence lending policies.

In 1998, the then Vice Premier Qian Qichen carried out a tour of the Caribbean offering economic aid to the countries of the region. In 2003, Vice Premier Wu Yi headed a Chinese delegation to eight Caribbean countries in order to promote economic relations with these nations. In February, 2005, Vice-president Zeng Qinghong took part in the First Ministerial Meeting of the China-Caribbean Economic and Trade Cooperation Forum. During this meeting a framework for cooperation in trade, investment, agriculture, building of infrastructure and development of natural and human resources was signed. Trade between China and the Caribbean reached US$ 2 billion in 2004.[50]

China has offered the countries of Central America and the Caribbean its economic support for investment projects and for an increase in trade. It has

established commercial offices in Panama, Haiti and the Dominican Republican. China has important trade relations with Panama and, besides, is the third most important user of the Panama Canal. China's direct investment in 2004 was US$ 200 million. In 2003, China's imports from Panama totalled US$ 26 million.[51] Consequentially, the Chinese government is hoping that the government of Panama will decide to break off diplomatic relations with Taiwan.

Conclusion

China's foreign policy over the last fifteen years has been very active in the different regions of the world by stimulating and promoting trade relations in order to avoid conflicts generated by the competition for markets. It has achieved important successes such as the attainment of good relations with its neighbours by finding solutions to long-standing bilateral problems.

Furthermore the Chinese policy of establishing strategic associations with different countries has enabled Beijing to deepen its bilateral relations and obtain benefits without provoking confrontation with third parties. China's relations with the United States, in spite of their ups and downs, have also remained stable.

The Chinese government has expressed clearly the need to remain uninvolved in conflicts that might inhibit its economic growth. Its economic modernization, the preponderant role of foreign trade and that of foreign investment have made China part of global dynamics, and thus vulnerable to the changes generated within the system. At the present level of China's economic development, raw materials such as petroleum, coal, cement, steel, etc. are vital. As China's domestic production of raw materials is insufficient it has to look for these commodities in other regions. Similar dynamics impel China to a continuous search for new markets for its products.

At the same time, the Chinese government is trying to create the networks it needs in order to be able, at a given moment, to counteract the overwhelming influence wielded by the United States in international affairs. Multilateral organizations have been an effective instrument in which China has shown its skill in acting with moderation and yet decisively.

It is in this context that China's relations with Latin America need to be analyzed in order to put them into perspective. Chinese leaders have paid special attention to Latin America for various reasons. They know that the region contains high-profile countries such as Mexico, Brazil, Argentina and Chile. These countries enjoy considerable prestige in international organizations because of their leading position among the remaining Latin American countries. They are also countries that make their voices heard in defence of their respective positions, particularly Brazil. As their economic weight is not negligible the Chinese government knows

that it must negotiate with them if it wants to enjoy the advantages they have to offer as trading partners, as markets and as places to be invested in.

One of the priorities of the Chinese government is the 'recovery' of Taiwan and one of Beijing's strategies for achieving this is obstructing Taiwan's entry into international institutions as well as persuading Taipei's diplomatic allies to break off relations with Taiwan in order to establish them with China. It is here that the region Latin America is of special importance to Chinese foreign policy because a fair number of countries in the region (12) maintain relations with Taiwan.[52]

The Chinese leaders have made it clear that they have no intention of challenging the United States for influence in the Latin American region. This has been reiterated on numerous occasions in an attempt to calm the preoccupations of those who see China as a threat to United States interests in the region. Nor does the Chinese government have any desire to occupy the position abandoned by the Russians in Cuba or to propagate its own political model among the Latin American countries.

Yet, the economic relations with China cannot serve as a panacea for Latin American countries' domestic deficiencies. Mexico, in particular, has been unable to take advantage of the decades of good relations it has enjoyed with China. Mexico's economy cannot compete with China because the latter is more productive and more efficient. China has carried out the structural reforms that remain pending in Mexico.

Notes

1 See Suisheng Zhao, 'Deng Xiaoping's Southern Tour: Elite Politics in Post-Tiananmen China', *Asian Survey,* Vol. XXXIII, no. 8, August, 1993, pp. 739-756.

2 Thomas W. Robinson, 'Chinese Foreign Policy from the 1940s to the 1990s', in *Chinese Foreign Policy,* Theory and Practice, Oxford, Clarendon Press, 1994, p. 589.

3 Tian Zengpei, 'Tres Etapas de la Diplomacia China', *Beijing Informa,* September 18, 1994.

4 Joseph Y.S. Cheng and Zhang Wankun, 'Patterns and Dynamics of China's International Strategic Behavior' in *Journal of Contemporary China,* (2002) 11 (31); 235-260 pp.

5 Yi Xiaoxiong, 'Chinese foreign policy in transition: understanding China's peaceful development', *Journal of East Asian Foreign Affairs,* Vol. 14-1, Spring-Summer, 2005.

6 Marisela Connelly and Romer Cornejo, *China – América Latina. Génesis y Desarrollo de sus Relaciones,* Mexico City, El Colegio de México, 1992, p. 111.

7 *Beijing Informa,* No. 24, June 12, 1990, pp. 4-5.

8 'Li Peng Expone Política China para con América Latina', *Beijing Informa,* October 31, 1995.

9 Zhang Sengen, 'Latinoamérica en el nuevo contexto mundial', *Beijing Informa,* August 23, 1994.
10 Lu Rucai, 'China y el BID. ¿A la Enésima va la Vencida', *China Hoy,* Vol. XLVI, no. 7, July, 2005, pp. 24-26.
11 Xu Shicheng, 'La Larga Marcha Sur-Sur: China *vis-à-vis* América Latina, *Foreign Affairs* in Spanish, July September, 2003.
12 B*eijing Informa,* no. 30, July 23, 1996, pp. 14-15.
13 *China Daily,* April 19, 2001.
14 *China Daily,* November 14, 2004.
15 See: William Ratliff, 'China goes South of the border', H*oover Digest,* 2005, no. 1. Winter issue.
16 *Xinhua,* May 19, 2005.
17 Jiang Shixue, 'Relaciones Bilaterales Chino-Chilena al Umbral del Siglo XXI', *Estudios Internacionales* (Chile), No. 133, January-March, 2001, p. 24.
18 Ministry of Foreign Affairs, 'Hu Jintao holds talks with the leaders of India, Brazil, South Africa and Mexico', July, 7, 2005.
19 *El Universal,* Mexico City, May 22, 2005.
20 In 2004: 7.4% of petroleum, 31% of coal, 30% iron ore, 27% of steel and 40% of cement.
21 See the study by Enrique Dussell, *Oportunidades y Retos Económicos de China para México y Centroamérica*, Comisión Económica para América Latina y el Caribe (CEPAL), September, 2004.
22 Henrique Altemani de Oliveira, 'Brasil-China: Trinta Anos de uma Parceria Estratégica', in http://www.asiapacifico.com.
23 Luo Guozheng, 'Nuevas oportunidades para el comercio entre China y Chile', *China Hoy*. Vol. XLVI, No. 6, June 2005, p. 21.
24 *China Hoy*, Vol. XLVI, No. 6, June 2005, p. 27.
25 See *Free Trade Agreement between the Government of the People's Republic of China and the Government of the Republic of Chile.*
26 *China Facts and Figures 2005.*
27 *Beijing Informa,* No. 23, June 10, 1997, pp. 16-17.
28 Ibid., No. 20, May 14, 1996, p. 10.
29 *China Daily,* Business Weekly, March 15-21, 1998, p. 2.
30 *Renmin Ribao,* May 25, 2004.
31 *Far Eastern Economic Review,* May 25, 2004, p. 31.
32 *Mexican Economic Ministry. (Secretaría de Economía)*.
33 Among these are China and 10 Latin American countries: Argentina, Bolivia, Brazil, Chile, Cuba, Guatemala, Mexico, Paraguay, Uruguay and Venezuela.
34 World Trade Organization Ministerial Conference. Fifth Session. Cancun 10-14 September 2003. wt/min (03) 1st/12. September 11, 2003.
35 World Trade Organization. Ministerial Conference. Fifth Session. Cancun 10-14 September, 2003. wt/min/st/28. September 11, 2003.
36 *Renmin Ribao,* August 4, 2005.

37 *A Road towards Peace, Harmony and Common Development*. Statement by Mr. Li Zhaoxing, Minister of Foreign Affairs of China at the General Debate of the 60th Session of the UN General Assembly, New York, September 19, 2005.

38 www.pdv.com, September 13, 2005.

39 As William Ratliff has succinctly remarked,. 'Pragmatism over Ideology: China's Relations with Venezuela', *China Brief, The Jamestown Foundation,* Vol. VI, Issue 6, March 15, 2006.

40 *Renmin Ribao,* December 14, 2003.

41 *Xinhua,* September 13, 2005.

42 Damián J. Fernández, 'Cuba's relations with China: Economic Pragmatism and Political Fluctuation' in Donna Rich Kaplowitz, *Cuba's ties to a Changing World,* Boulder (Col), Lynne Rienner Publishers, 1993. p. 24-25.

43 Twelve new Chinese locomotives arrived at the port of Havana, as well as 80 buses (part of a contract for one thousand vehicles, 700 of which will start to provide long distance service). *Renmin Ribao*, January 10, 2006.

44 *China Daily*, November 23, 2005.

45 *Beijing Informa*, October 29, 1996.

46 *South China Morning Post*, January 10, 17 and 22, 1997.

47 Ibid., May 19, 1997, p. 10; May 25, 1997, p. 5.

48 *Taipei Times*, May 31, 2004. *Renmin Ribao*, March 30, 2004.

49 *Renmin Ribao*, January 20, 2005.

50 Trade Ministry of the People's Republic of China.

51 *La Prensa*, (Panama) May 14, 2004.

52 See He Li, 'Rivalry between Taiwan and the PRC in Latin America', *Journal of Chinese Political Science*, Vol. 12, No. 2, Fall 2005.

8

Beyond ASEM 6: Lessons for the Actors

Bart Gaens

It is now more than a decade since awareness in Europe grew that 'the rise of Asia is dramatically changing the world balance of economic power', as the EU's New Asia Strategy (1994) phrased it. The first Asia-Europe Meeting, held in Bangkok in March 1996, was born out of Goh Chok Tong's suggestion to bridge the gap between Asia and Europe by establishing an institutional framework for the two regions to systematically engage with each other. Many perceived ASEM 1 as a first step towards filling in the 'missing link' in the triadic international economic structure. Ten years later, however, ASEM is criticised for failing to live up to expectations, for falling short of making an impact in the international arena, for its ambiguity and insufficient visibility. More importantly, ASEM's actors and participants often seem to disagree on the principles and norms that serves as its normative framework. The divergence of opinions on the potential and desired outcomes of ASEM as a meta-regime[1] is one of the most significant challenges this dialogue and cooperation framework presently faces.

ASEM's anniversary is therefore not only an occasion for celebration. It offers an opportunity for critical reflection on the past decade, to look beyond the Helsinki summit and to put the process on track towards the next gathering in Beijing in 2008. This chapter takes a practical and empirical approach and examines, from a European point of view, three keystones of ASEM cooperation. These key principles are laid out in ASEM's prime political document, the Asia-Europe Cooperation Framework (AECF) 2000, and pertain to (1) the informal approach; (2) the achievement of tangible results; and (3) the non-institutionalised approach. This chapter will look at these guiding principles, objectives and mechanisms to explore lessons the 'comprehensive and future-oriented partnership' between Asia and Europe can learn from the past and possible directions for the second decade.

ASEM's Informal Approach

Support in Europe for the creation of ASEM was rooted in Europe's 'rediscovery of Asia' in the early 1990s. Europe's growing awareness of Asia as an awakening economic world power, including opportunities this held for Europe – but also the potential threat it posed to European industry – led to the the European Commission's 1994 document 'Towards a New Asia Strategy'. Besides economic considerations, the development of a proactive US economic policy in the Asia-Pacific and the ensuing creation of APEC were important underlying factors. Yet it is important to keep in mind that the EU, above all the European Commission, considered ASEM only as one tool, albeit an important one, to call into life a new and wide-ranging Asia-Europe partnership. Emphasis has always been on the bilateral, inter-regional and multilateral fora already in existence; ASEM was not intended to substitute or add to these other instruments. Instead the European Commission has always stressed ASEM's complementary role, as a political catalyst for achieving results at other levels. For example, ASEM was seen as an opportunity to revive long-standing region-to-region cooperation with ASEAN, while at the same time offering the chance to extend bilateral contacts to include the Republic of Korea, Japan and (perhaps most importantly) China. As Sebastian Bersick argues, the concept of 'open regionalism' is embedded in the ASEM regime – 'open regionalism' being a strategy to facilitate the inter-regional management of interdependence.[2]

It is equally important to bear in mind that the EU did not aim for ASEM to function as an international organisation or as a framework to conduct binding negotiations. Open, informal and non-binding dialogue has been at the core of the ASEM philosophy. According to a 1996 'Declaration on behalf of the Commission', the summit was not intended to produce new agreements, treaties or contracts. Rather, it was envisaged as a process that could foster closer personal and professional relationships between leaders, contribute to converging views on political issues such as security and international crime, and allow discussion on improved access to trade and investment in Asian and European markets.[3] ASEM was only intended to 'set the scene' and 'create a climate of trust and respect' for discussions on issues of common concern, aiming to achieve understanding rather than provoke conflict.

Within the EU this approach was acknowledged as 'Asian-style' and linked to the Asian origins of the idea behind ASEM: 'The instrumental role of Asian countries in creating this forum is reflected in its working method: it is informal and centred on the participating personalities and their mutual understanding rather than on agendas and procedures'[4]. This Asian-style approach is often regarded as the 'ASEAN way', reflecting the ASEAN community's commitment

to confidence-building, consensus, compromise, non-confrontation and non-interference. The existence of a distinct Asian way juxtaposed to a European or 'Western' one can easily be called into question. For example, the informal dialogue style gradually eroded over the years and was replaced by prepared statements, not least by Asian participants.

European displeasure with the set scripts hampering free discussion may have been a cause for 'ASEM fatigue' and lower levels of participation.[5] Five years after ASEM's birth the European Commission noted that formality and preparation had replaced the initial idea of an informal and open dialogue.[6] It has also been noted that the EU may actually be the strongest proponent of a generally vague and uninstitutionalised approach. Julie Gilson, for example, has referred to the 'ASEAN Way' as a means of reinforcing pre-existing institutional parameters. The absence of institutions provides the EU with a means to channel its vested interests and strengthen European agendas and procedures 'which come to be presented as the "evolution" of collective practice'.[7]

Irrespective of whether ASEM's approach is Asian or not, many Asian countries and individual EU Member States had high expectations of ASEM, above all its economic pillar, to deliver far-reaching results. Yet ASEM does not possess the legal tools or binding mechanisms to implement regulations or treaties. ASEM can only provide the groundwork, delineate main areas for action and issue recommendations. However, the informal and 'Asian-style' approach offers advantages for networking and comprehensive approaches to global issues. The argument goes that when negotiations in broad fora such as the WTO and conflict-ridden bilateral relations such as EU-ASEAN face a *cul-de-sac*, ASEM offers a way out, precisely because it is more informal and loose. In addition it can function as a 'real time observatory' for transformations and shifting power relations in Europe and East Asia. The value of non-binding dialogue cannot be denied and should remain at the heart of the process. How, then, can ASEM remain a forum for dialogue while yielding tangible results? The answer lies in sharpening its focus, to aim for results that are less spectacular but not necessarily less important.

ASEM as a Tool for the Achievement of Tangible Results

Concrete projects must follow dialogue, not least because the success of the first summit and the high-level focus of the meeting created (perhaps undue) expectations.[8] A decade of Asia-Europe dialogue and cooperation has certainly not been without achievements or impact. Positive developments in the political pillar include the opening of a regular, informal exchange of views on human rights, the emerging security dialogue on terrorism and other global threats and

expanding discussions on environmental issues. Important groundwork laid in the economic pillar includes the identification of priority areas for concerted action in the Action Plans for Trade Facilitation and Investment Promotion (TFAP and IPAP respectively). Two-way trade between the EU and Asian ASEM countries has increased substantially from ten years ago, even though the EU has not succeeded in raising the relative importance of East Asia for total exports. The relative success of ASEM's 'third pillar' is visible in the projects of the Asia-Europe Foundation (ASEF) including educational, intellectual and people-to-people exchanges – even if engaging civil society and tackling social questions (such as labour issues and outsourcing) in a meaningful way remain challenges.

A recently published Overview Report on ASEM Initiatives[9] lists eleven political, forty-six economic and thirty-nine social/cultural initiatives. The study also mentions the lack of clear direction and mid- to long-term vision, failure to attract public awareness and media attention, and overlap with other projects as ASEM's main shortcomings. The ASEM 6 summit in Helsinki is expected to narrow the agenda and focus initiatives to avoid the so-called 'laundry list' or 'Christmas tree' phenomenon in the future. The grouping of projects into a limited number of thematic and cross-pillar 'clusters' will enable ASEM to more clearly define its short- and long-term objectives, focus accompanying initiatives, and show more continuity. In 2005 the ASEM Foreign Ministers' Meeting in Kyoto outlined key areas for substantive cooperation: strengthening multilateralism and addressing security threats and challenges; human-centred and sustainable development; and dialogue among cultures and civilisations. These broad themes offer the overarching framework for policy dialogue and for future programmes and projects under the ASEM umbrella.

ASEM's mandate is also to yield results in other fora and to facilitate the functioning of other multilateral institutions through inter-regional consensus-building and coordination. Critical views contend that ASEM has scored below par in this field as well. Christopher Dent, for example, has noted that ASEM has failed to connect and proactively interact with the wider global system to realize and shape the goals of multilateral institutions. ASEM's inability to display real 'multilateral utility' reflects leaders' hesitancy to explore and develop the possibilities of the framework.[10] Jürgen Rüland has likewise pointed out that ASEM has done little to contribute to the functioning of global institutions by coordinating positions inter-regionally or steering the agenda of these institutions. ASEM, in other words, has failed to become a 'clearing house for decision-making bottlenecks in global multilateral fora' such as the UN, the WTO or the OECD.[11]

Yet ASEM holds the potential to produce tangible results while functioning as a consensus-building forum facilitating progress in different fora. The field of

intercultural and interfaith dialogue and cooperation, for example, can produce concrete results under the ASEM umbrella and tie in with ongoing collaboration on other levels. Intercultural and interfaith dialogue are an important area of cooperation in the sphere of soft security. Michael Reiterer[12] has pointed out that ASEM's structure is well-suited to allow a comprehensive approach covering political, economic, social and cultural areas – necessary to address the root causes of terrorism in the aftermath of 9/11. Rather than attempting to address 'hard security' issues, ASEM can achieve valuable progress in the area of 'non-traditional security' through its 'Cultures and Civilisations Dialogue Programme', seeking to promote cultural diversity, intercultural understanding and dialogue across civilisations.[13]

Progress in this field can be summarised as follows. First, the ASEM 4 Copenhagen summit (September 2002) issued the Declaration on Cooperation against International Terrorism and endorsed a programme including the establishment of a consultative mechanism enabling ASEM coordinators and senior officials to confer on significant international events, convene conferences on non-traditional security issues, and increase cooperation to combat money-laundering and financial crime. This led to the creation of the ASEM dialogue among Cultures and Civilisations, now one of ASEM's priority areas for cooperation and a major theme for the Helsinki summit. Second, the policy dialogue at ASEM 4 led to two Conferences on Cultures and Civilisations and meetings of ASEM Ministers of Culture, seen as instrumental in rallying support for and achieving a common standpoint on the UNESCO draft convention on the Protection and Promotion of the Diversity of Cultural Expressions. Though there are no concrete means to measure its effect, work done in ASEM meetings may have had an impact on reaching a common Euro-Asian stance. Third, a series of ASEM conferences on counter-terrorism, the fourth one held in Copenhagen in June 2006, built support for UN-sponsored programmes and Security Council resolutions. Finally, the Bali Interfaith Dialogue Meetings (Bali 2005, Larnaca 2006) contributed to the promotion of tolerance through practical action in the fields of education, culture, media, and religion and society.

The Issue of an ASEM Secretariat

ASEM has always renounced institutionalisation. At the same time, lengthy Chairman's Statements, ministerial reports and declarations, and the intricate structure of coordination and management show that ASEM is not without formal elements. The perceived lack of tangible results and progress – and the desire to upgrade cooperation to make ASEM into an international organisation which would include 'grand' projects such as an Asia-Europe Free-Trade Area – have led

to repeated calls for the establishment of an ASEM secretariat. The Asia-Europe Vision Group (AEVG) already suggested in March 1999 the establishment of a 'lean but effective' ASEM secretariat to cope with the growing complexity of the process. International relations scholars such as Jürgen Rüland have also argued that a secretariat and permanent working groups in key areas of cooperation, combined with a decisive move towards high politics, would counter eroding interest among European governments and publics, and assist ASEM in turning to achievement-orientation.[14]

A recent evaluation study[15] on ASEM's first decade revealed that calls for turning the dialogue into actual cooperation through institutionalisation are much stronger in Asia than in Europe. While some EU Member States support the creation of a secretariat in the long term, the European Commission opposes strengthened institutionalisation as it would lead to a weakened sense of ownership and responsibility for initiatives among partners.[16] As the EU already has channels for coordination, it should be up to the Asian partners to create a possible Asian secretariat. An overarching ASEM secretariat could even potentially conflict with existing EU coordination procedures. Institutionalisation also runs counter to the EU's standard approach to external relations, which usually strengthens relations with third countries or regions by upgrading their institutional basis through 'third-generation' or comprehensive cooperation agreements. Finally, institutionalisation would drastically alter ASEM's unique character and in effect transform it into an international organisation.

Perhaps most importantly, the long-standing call for a secretariat has blurred the real issues and may have prevented discussion on more substantive issues for cooperation between Asia and Europe. Julie Gilson, for example, has argued that ASEM's difficulties are not rooted in intercultural or inter-subjective barriers, but in the 'constant focus upon the need to expand the formal institutional parameters (such as a secretariat) of the forum'.[17] This results in cognitive misconceptions at the functional level, keeping issues such as human rights and future membership from being brought up for discussion. 'ASEM, therefore, needs greater cognitive institutionalization, rather than being overly concerned about its structural façade'.

It is clear, however, that ASEM would benefit from better coordination, especially among its Asian partners. At the same time, ASEM suffers from lack of continuity as the European Commission functions as ASEM's only constant coordinator and is regarded as its institutional memory. The soon to be established ASEM Virtual Secretariat (AVS) will aim to remedy these shortcomings. The AVS will function as a virtual office, enabling real-time exchange of information through an intranet, thereby facilitating the coordinators' duties. The online

archive will function as ASEM's institutional memory while allowing the process to remain true to its character.

The AVS may even contribute to regional identity-building in the East Asian region, as it will provide Asian partners with the necessary means to improve interaction and exchange information. Signs of integration in East Asia are undeniable: market-led 'new regionalism' is evident in the growing importance of intraregional trade and investment and the proliferation of Free Trade Agreements. The ratio of intraregional trade to total trade in East Asia has risen dramatically over the past two decades. Free Trade Agreements (FTAs) now include the ASEAN Free Trade Area (agreed in 1992 and scheduled to be completed by 2012), the ASEAN-China FTA (2004), and bilateral FTAs between Japan and Singapore (2002), the Philippines (2004), Malaysia (2005) and Thailand (2005).

The main catalyst for increased regionalism has been the Asian economic and financial crisis. Awareness of the need for cross-regional cooperation led to ASEAN inviting China, Japan and South Korea to the 1997 summit that marked the beginning of the ASEAN+3 (APT) process. It is widely accepted that Europe's treatment of the East Asian region as a separate dialogue partner within ASEM required the Asian ASEM partners to consult internally, coordinate on diverse and occasionally sensitive issues, and build consensus ahead of meetings with their European counterparts. The formation of the APT in 1997 can at least partially be seen as a result of this. One reason why the EU has regarded ASEM's function as primarily that of consensus-builder and complementary to existing fora – and has preferred to focus actual cooperation on bilateral relations – is that the EU has considered ASEM a cross-cultural exercise between a closely integrated Europe and a much more diverse Asian side. In 1999 for example, a European Parliamentary Committee emphasised that the participants on the Asian side are much more diverse than the European Union, while ASEM bringing these countries together (in particular in the form of ASEAN +3) can be seen as an achievement in itself.[18] The EU thus sees itself as an institutional model and framework that can be exported, an 'external federator' in the words of Rüland, shaping regionalism through inter-regional contacts and contributing to local identity-building in a heterogeneous group of Asian countries.[19]

ASEM needs to be seen as a tool that can promote integration in East Asia and dialogue among nations. The APT includes the only sustained regional grouping and building bloc for further regionalism (ASEAN), the initial driving force of regionalisation in East Asia (Japan), and a global power in the making (China). This makes the APT an important player on the global level. However, when compared to the EU, the epitome of regional integration, Asian regionalism appears shallow;

economic interconnectedness in the APT group and emerging community consciousness has yet to translate into political and institutional integration. Functionalists and neo-functionalists would argue that Asian regionalism has progressed to a lesser extent than in Europe because of a more limited supporting societal base and less developed supranational institutions. Constructivists would emphasise the importance of ideas, values, norms and identities, and point to the absence of a shared regional identity in East Asia. Realists would argue that nationalism in East Asia and the emphasis on sovereignty in newly independent East Asian countries form the main impediment to institutional integration.[20] More than anything, however, it may be the involvement of the US in the region and the tense relationship between China and Japan that prevent deeper institutional integration in East Asia in general, and the institutionalisation of ASEAN+3 integration (visible in ASEM) in particular.

Conclusion

The ASEM process can only be upgraded into a full-fledged inter-regional dialogue and cooperative project if integration among the Asian ASEM partners further develops in institutional form. Since this is not likely in the short term, ASEM should attempt to make a difference with means at its disposal. Awareness of the value of dialogue in an open and informal setting in a limited number of priority areas followed by concrete initiatives that complement activities and programmes in other fora can contribute significantly to further strengthening links between Asia and Europe.

Notes

1 Vinod K. Aggarwal (ed.), Institutional designs for a Complex World: Bargaining, Linkages, and Nesting (Ithaca: Cornell University Press, 1998).

2 Sebastian Bersick, Auf dem Weg in eine neue Weltordnung? Zur Politik der inter-regionalen Beziehungen am Beispiel des ASEM-Prozesses [Towards a New World Order? On the Politics of Inter-regional Relations: The Example of the ASEM Process] (Baden-Baden: Nomos Verlag 2004), pp. 67-141.

3 European Commission, 'Declaration on behalf of the Commission by Mr Santer, Sir Leon Brittan and Mr Marín on the Euro-Asia Summit', *Bulletin* EU 1/2 – 1996 Asia (2/10).

4 European Parliament - Committee on Foreign Affairs, Security and Defence Policy, Rapporteur: Salvatore Tatarella, *Report on the Commission working document on Perspectives and Priorities for the ASEM Process* (PE 229.876/fin., 20 April 1999), p. 12.

5 Grace Sung, 'Asem Fatigue: Was Madrid a symptom or a cure?' (*The Straits Times,* 11 June 2002).

6 European Commission, *Vademecum: Modalities for Future ASEM Dialogue – Taking the Process Forward* (Directorate General for External Relations, 2001), p. 2.

7 Julie Gilson, 'Weaving a New Silk Road: Europe Meets Asia', in Vinod K. Aggarwal and Edward A. Fogarty (eds), *EU Trade Strategies. Between Regionalism and Globalism* (New York: Palgrave, 2004), p. 69.

8 Yeo Lay Hwee, *Asia and Europe. The Development and Different Dimensions of ASEM* (London and New York: Routledge, 2003), p. 85.

9 Republic of Korea, Overview Report on ASEM Initiatives. Evaluation and Recommendations for Future Improvements (2006).

10 Christopher Dent, *The Asia-Europe Meeting (ASEM) and Inter-regionalism: Towards a Theory of Multilateral Utility* (Paper presented at the International Conference 'Ten Years of ASEM. Achievements and Possibilities of the Asia-Europe Meeting', University of Helsinki, 14-15.9.2005).

11 Jürgen Rüland, *Inter-regionalism and the Crisis of Multilateralism: How to keep ASEM relevant?* (Paper presented at the International Conference 'Ten Years of ASEM. Achievements and Possibilities of the Asia-Europe Meeting'. University of Helsinki, 14-15.9.2005).

12 Michael Reiterer, 'Asia-Europe: Do They Meet? – Revisited' in Zainal Mantaha and Toshiro Tanaka (eds), *Enlarging European Union and Asia* (Tokyo: Asia-Europe Foundation and Keio University, 2005), p. 280.

13 Within the EU as well the emphasis has often been on 'the tensions between East and West' and a 'Huntingtonian' clash of civilisations, rather than on the intolerance and lack of understanding existing within societies. For example, in 1996 the European Economic and Social Committee, a consultative body feeding into the European Union, asserted that 'Asia is not a region like others – neither in political nor in cultural terms – and that precisely for this reason a shared inspiration of civilization and cultural osmosis is lacking between Europe and Asia'. The document continued by alluding to Huntington's scenario, stating that 'Asia provides one of the most probable scenarios for a clash of cultures. European Economic and Social Committee (EESC), *Opinion of the Economic and Social Committee on Relations between the European Union and ASEAN* (EXT/132, 1 February 1996).

14 Jürgen Rüland, *Inter-regionalism and the Crisis of Multilateralism: How to keep ASEM relevant?* (Paper presented at the International Conference 'Ten Years of ASEM. Achievements and Possibilities of the Asia-Europe Meeting'. University of Helsinki, 14-15.9.2005).

15 Japan Center for International Exchange (JCIE) and University of Helsinki Network for European Studies, *ASEM in its Tenth Year – Looking Back, Looking Forward. An evaluation of ASEM in its first decade and an exploration of its future possibilities* (Ministry for Foreign Affairs, Finland, 2006).

16 European Commission, *Perspectives and Priorities for the ASEM Process into the next decade* (Commission Working Document, April 2000).

17 Julie Gilson, 'Europe-Asia: the Formal Politics of Mutual Definition', in Peter W. Preston and Julie A. Gilson (eds), *The European Union and East Asia: Inter-regional Linkages in a Changing Global System* (Cheltenham, UK: Edward Elgar Publishers, 2001), p. 119.

18 European Parliament - Committee on Foreign Affairs, Security and Defence Policy, Rapporteur: Salvatore Tatarella, *Report on the Commission working document on Perspectives and Priorities for the ASEM Process* (PE 229.876/fin., 20 April 1999), p. 13.

19 Jürgen Rüland, *The European Union as an Inter- and Transregional Actor: Lessons for Global Governance from Europe's Relations with Asia* (Paper presented at the Conference 'The European Union in International Affair'. National Europe Centre, Australian National University, July 3-4, 2002), p. 8.

20 Young Jong Choi and James A. Caporaso, 'Comparative Regional Integration', in Walter Carlsnaes, Thomas Risse and Beth A. Simmons (eds), *Handbook of International Relations* (London: Sage Publications, 2002), p. 493.

9

Ten Years of ASEM – Changes and Challenges[1]

Yeo Lay Hwee

The Asia-Europe Meeting (ASEM) was conceived in Singapore as an informal meeting between Asian and European leaders to enable the EU to engage dynamic Asian economies in a wide-ranging dialogue. The early 1990s saw the unilateral liberalization of various Southeast Asian economies and the opening up of the Chinese market. At the same time, the European Union was integrating further with the 1986 Single European Act and the 1992 Maastricht Treaty. There were therefore strong economic reasons for the two regions to strengthen dialogue. The EU wanted to partake in the benefits of the strong growth in Asia, and not to lose out to the Americans and Japanese. The Asians were worried about 'fortress Europe' with the creation of the Single Market, its focus on Central and Eastern Europe and the internal debates on the Maastricht Treaty. They wanted to be sure that they would not be shut out of Europe. Engaging Europe was also a way of diversifying their economic and foreign policy dependence away from the Americans.

The strategic reason behind ASEM was the concept of closing the triangle – balancing the relations and creating strong links between the three engines of growth – America, Europe and East Asia. The argument was that strong transatlantic ties exist between Europe and the US and transpacific ties were also increasingly dense because of APEC and other bilateral relations that exist between the US and its various Asian partners. But ties between Europe and Asia were weak and lacking, and hence there was a need to have a forum under which linkages could be built and strengthened. The further argument is that only close links among the three key economic players would forestall the spectre of closed, competing blocs, and ensure the continued openness of the global economic order powered by the three engines. This would in turn contribute to global stability and prosperity.

Of course, each member state or regional grouping brings with them their own calculation of strategic and concrete interests. For example, for ASEAN, another strategic rationale would be to engage China in as many multilateral fora as possible, and to bring the bigger Northeast Asian economies of 'plus three' to bear in their relations with Europe. At a more concrete, tangible level, there is of course the hope that the ASEM process will facilitate and result in more trade and investments between the two regions.

The overall strategic rationale of completing the triangle was the accepted raison d'être of ASEM. But underlying this broad strategic rationale were slightly different interest calculations and perceptions. Hence, when the inaugural ASEM summit took place in 1996, the objective for ASEM was couched in the broadest terms; this was reflected in the Chairman's Statement that the 'Meeting recognized the need to strive for a common goal of maintaining and enhancing peace and stability, as well as creating conditions conducive for economic and social development. To this end, the Meeting forged a new comprehensive Asia-Europe partnership for Greater Growth. This partnership aims at strengthening links between Asia and Europe thereby contributing to peace, global stability and prosperity (Chairman's Statement of the inaugural Asia-Europe Meeting, Bangkok, 2 March 1996).

This broad objective – to create a forum for dialogue – underlined the perception that ties between Asia and Europe were weak, and to be able to get together to dialogue and exchange views on different issues would in itself be an achievement. One should therefore take a long view of ASEM and see it as a long-term project from building mutual understanding and trust to cooperating on useful projects. The positive side of framing ASEM in such broad terms is to accept that ASEM is about building relationships and cannot be measured in quantitative terms. It is qualitative in nature and it would be wrong to look for concrete outcomes from every single event. The downside, however, is that this very broad objective leaves room for all sorts of interpretation and has created different expectations, pulling the process in different directions. This in turn has created the sense that ASEM is unfocused, inefficient and ineffective. It is also generally felt that this kind of vast undertaking cannot be sustainable. In a world of constant flux whereby attention and resources are needed to tackle all sorts of challenges, there is need to be more focused and to deliver concrete results that can in turn help sustain the process.

This is particularly so as the external environment during which ASEM was conceived and launched is vastly different to the present environment. What are some of these significant changes in the external environment and how did ASEM's agenda respond to these changes?

The Asian Financial Crisis – the First Crisis of Globalization?

The Asian financial crisis (AFC) that began with currency attacks on the Thai baht in July 1997 was to spread and engulf almost the whole East Asian region by 1998. It is now well-known that a combination of factors was responsible for the outbreak of the AFC. Though the affected countries are primarily to be blamed for the policy mistakes they had made, the AFC was also a broader reflection of the potential negative effects of globalization. Therefore it was not surprising that the AFC produced a crisis of the concept of globalization which in turn contributed to the wave of anti-globalisation movements that hit the streets of Seattle and were partly responsible for the failure of the WTO talks in 1999.

The Asian financial crisis also brought the first tint of doubts about the ASEM process. Asians were frustrated with Europe's initial response to the financial crisis (seen as indifferent and unhelpful). Warnings by some Asian leaders such as Lee Kuan Yew on why 'Europe should have a direct interest in containing the crisis of confidence in Asia, in view of the substantial losses that European banks faced'[2] and enlightened self-interest of key European players saved the day.

The 2nd ASEM Summit was held in London in April 1998 to signal that Europeans were not fair-weather friends. At the height of the crisis, with the gloom and doom, it was important that the meeting did take place, and with a good turnout by the ASEM leaders. The leaders reaffirmed their commitment to the ASEM process and more concretely, an ASEM Trust Fund was proposed to help crisis-affected Asian countries. The ASEM Trust Fund in some way vindicated the Europeans and supporters of ASEM hailed this as a significant outcome of the ASEM process. Yet critics would also note that the fact that the Europeans anchored the ASEM Trust Fund in the World Bank rather than in the Asian Development Bank, or having it managed under the ASEM process, perhaps reflected a continuing lack of trust. This, however, might not be fair, as at the time of the crisis, ASEM was only 2 years old, and much older fora such as APEC and regional organizations like ASEAN had also failed to respond adequately to the problems in the immediate aftermath of the AFC.

East Asian Regionalism Gathered Pace

There is no doubt about the havoc and hardships that the AFC created for several Asian societies and their peoples. But there was also a silver lining: the crisis created an impetus for change, and more importantly, in a strange and paradoxical way, the AFC had the salutary effect of stimulating new thinking on the part of East Asians with regards to regionalism.

The development of East Asian regionalism needs to be a slow process to accommodate the complex diversities, differences and historical antagonisms.

What is therefore remarkable is that despite these vast differences, regional cooperation and integration is taking root in East Asia. The first phase of regional cooperation and integration is driven by a mix of spontaneous market forces (economic regionalization) and political forces in reaction to what is happening in other regions, particularly in Europe, and with the formation of NAFTA in America.

The AFC clearly demonstrated the interdependencies in the region due to economic regionalization, and the vulnerabilities of the region to external forces. This prompted the region to re-examine existing regional cooperative arrangements and take steps to create new mechanisms and institutionalize some of the older arrangements in response to the increasing interdependence. East Asians' frustration with the lack of help from the US in the advent of the crisis and increasing dissatisfaction with the market fundamentalism of the IMF led to more concerted efforts to enhance regional policy coordination. It was during the crisis that several initiatives such as the idea of an Asian Monetary Fund, proposed by Japan, surfaced.

Despite its essentially reactive nature, progress has been made in developing East Asian regionalism in recent years. At the political and policy level, the ASEAN + 3 process that begun in earnest after the AFC has achieved a certain momentum. Various concrete initiatives, particularly in the financial arena, have been launched.

The ASEM process had been credited for indirectly helping to drive East Asian regionalism. A number of scholars have argued that the ASEM process has helped Asia to define itself. By having to deal with such a well-defined region such as the EU, Asian ASEM members have to get their act together. The preparations for ASEM set off a process of consultation and coordination among the Asian ASEM members who also happen to constitute the 'ASEAN + 3'. By its willingness to deal with the ASEAN + 3 as an entity, the EU bestowed an aura of legitimacy on East Asian regionalism.

While ASEM may not be directly credited for being the impetus behind an emergent East Asian identity, constructivist scholars would argue that the various trans-regional or inter-regional fora such as ASEM, APEC and FEALAC (Forum for East Asian and Latin American Cooperation) can help lead to the development of discourse of East Asianness. This process is helped by epistemic communities of think tanks and intellectuals who in their discourse and activities have helped generate the consensus on the need of building an East Asian community.

A common feeling is therefore to be seen emerging among some political, business and intellectual leaders in East Asia that they all share a common interest and joint responsibility for the creation of a more stable regional order and that

they are on the threshold of building an East Asian community. Yet, the reality is that there is still no clear overarching vision of East Asian regionalism and a lack of specific blueprint for East Asia to further integrate. East Asian region-building is a work in progress. How far and how fast East Asian regionalism will develop will in turn impact the development of the ASEM process. There is no doubt that an integrated East Asia with a unified voice would strengthen the ASEM process and have a profound impact on the functioning of ASEM. An empowered East Asian region and a unified Europe truly engaged with one another could play a useful role in enhancing multilateralism and strengthening global governance which is much needed when the global situation is in such flux in the aftermath of September 11.

The September 11 Attacks and Its Aftermath – the Crisis of Multilateralism

September 11 was a watershed in the 21st century. It heralded the rise of an extremist, destructive ideology that rejects modernity but yet utilizes the very tools of global connectivity and globalised networks to indiscriminately inflict terrifying damage. The impact of the collapse of the World Trade Center on the psyche of the Americans and the excuse it gave for the Bush administration to pursue policies relying primarily on hard power and squandering the soft power built by Americans over the years was unfortunate. It led the US to war on Iraq, a war launched despite many dissenting voices within the international community.

The reality of course is that even before September 11, the US under the Bush administration had been increasingly unilateralist and had displayed disregard for multilateral institutions and agreement painstakingly built up by the international community. The decision to renege on the Kyoto Protocol on Carbon Emissions, its abrogation of the 1972 ballistic missile treaty, the rejection of the International Criminal Court, are just some examples. The decision to go ahead with the war on Iraq despite widespread apprehension and unease was to accentuate the problems of international terrorism. An increasingly complex international environment was to bring stress to many of the multilateral norms, regimes and institutions built up painstakingly after the Second World War.

After a series of high profile terrorist attacks in Europe and Asia following September 11, Asia and Europe acknowledged the seriousness of tackling terrorism. However, there is also more recognition than in the US that the problems cannot be solved by military force alone and there is a need for a more comprehensive approach targeting the root cause of terrorism. The 4th ASEM Summit in Copenhagen issued a Declaration on Cooperation against Terrorism and announced a series of initiatives and activities to enhance ASEM cooperation

on international terrorism. The initiatives ranged from Dialogue on Cultures and Civilisations, and regular seminars on anti-terrorism, to more specific calls for ASEM members to accede to and implement all existing international conventions and protocols on terrorism and trans-national organised crime, and targeting specific areas such as symposia on anti-money laundering to thwart the financing of terrorist activities.

ASEM has also consistently called for the need to reaffirm the principles of multilateralism in dealing with global problems. In all key ASEM meetings, ministers and leaders reiterate the multilateral principles, and the 6th ASEM Foreign Ministers Meeting specifically issued an ASEM Declaration on Multilateralism. Yet the reality is that ASEM's record so far has shown that it is strong in rhetoric but weak in substance.

An Enlarged and Fragmented Europe?

It was the concern about a 'fortress Europe' in the early 1990s that provided one of the underlying rationale to have ASEM to engage Europe. The fear of a self-absorbed Europe has again surfaced in the wake of the enlargement process and the debates surrounding institutional reforms with the rejection of the Constitution Treaty by the Netherlands and France.

The EU has tried to develop its Common Foreign and Security Policy as a first step towards defining the EU's relations with the outside world. However, in the run-up to the Iraq war, the EU displayed its inability to speak with one voice on security and strategic issues. The expansion of the EU from 15 to 25 would only add to the differences and make it difficult for the EU to have a concerted policy. Therefore Asians are inclined to believe that an enlarged EU would set back its capacity to act. With further enlargement envisaged (Romania and Bulgaria) and as EU begins its accession talks with Croatia and Turkey, some scholars wondered if Europe would again become self-absorbed.

Compounding the problem is of course the constitutional and budget crisis that created uncertainty as to where the EU is heading. The crisis is a reflection of the much more fundamental problems facing European societies. European societies are under huge pressure to restructure their economies and tweak their welfare systems in the face of aging populations and worldwide economic competition. EU member states' ability to manage diversities within their own societies as seen in debates on immigration and integration and tensions with ethnic and religious minorities are also having an impact on citizens' senses of well being and security. As Europeans confront their own insecurity, the internal wrangling and uncertainty may further limit the EU's capacity to engage Asia.

Proliferation of Initiatives

ASEM is now at a cross-roads. Much has changed since ASEM was first launched in 1996. What all the above major trends point to is an increasingly complex environment that challenges us to rethink the usefulness of dialogue forum such as ASEM.

ASEM has essentially responded to the above global and regional changes in a piecemeal manner by adding more and more initiatives. The proliferation of initiatives has been an issue of concern as critics noted a lack of focus and direction. The impact of many of the one-off initiatives and the effectiveness of other initiatives has been questioned.

It is difficult to gauge how much of an impact these initiatives have on the Asia-Europe relationship. Are these the most cost-effective and efficient ways of building trust and confidence, increasing knowledge and understanding and building support for the ASEM process? To what degree do these initiatives translate into concrete projects that would ultimately benefit ASEM governments and peoples? Is there too much wasteful duplication? These are just some of the questions often raised.

Such mushrooming of activities and initiatives is a reflection of a much more fundamental problem with regards to the specifics of ASEM. That is, while ASEM's broad objective of strengthening Asia-Europe cooperation is clear, the reality is that the specifics of this objective and how to achieve it are still evolving. Thus far, ASEM's objectives have been couched in the broadest terms as reflected in the Asia-Europe Cooperation Framework 2000. Differences in perspectives and priorities hamper ability to prioritise and to deepen dialogue to concrete policy cooperation. This in turn has contributed to the proliferation of initiatives. Hence, what one sees is many movements but little progress.

While acknowledging that ASEM should be viewed in a long-term perspective, and that dialogues in various areas from the official summits and ministerial meetings to all the different conferences, meetings and workshops are building blocks towards greater partnership, it is also feared that interest in ASEM could wane (and has indeed waned) as meeting or 'forum' fatigue begins to set in. Without delivering on what would be deemed as visible benefits that could be profiled in the media and made known to the public, the support and interest in ASEM would fade into oblivion.

Identity Crisis

Closely related to the problems of proliferation of initiatives is the issue of ASEM's identity. It has been difficult to capture ASEM's identity, distinct from that of other multilateral institutions, regional organisations and bilateral frameworks.

Is ASEM just a 'Meeting' or 'Process' or is it a 'Framework' or an 'Institution'? Should ASEM be viewed as an inter-regional meeting/process/framework/institution or an inter-governmental one?

How does ASEM add value to Asia-Europe relations within the myriad of EU-ASEAN, EU-China, EU-Japan and EU-South Korea frameworks? Since the launch of ASEM, other bilateral dialogues between EU and its Asian partners have also been strengthened. The EU-Japan dialogue that actually began before ASEM in 1991 was revitalized during the 10th Summit in 2001 with an Action Plan for reinforced cooperation. The EU-China Summit was launched in 1998 and has grown from strength-to-strength. The newest EU-Korea Summit, which began on the sideline of ASEM 4 meeting in Copenhagen in 2002, held its second summit in Hanoi in 2004.

With all these competing frameworks, the question about ASEM's role and identity is indeed pertinent. Is ASEM supposed to be THE overarching framework in which all other above bilateral and inter-regional fora should be subsumed? Or should ASEM remain just one of the many frameworks? If the latter, then the next question would be what is ASEM's unique comparative advantage, and what special added-value can ASEM bring compared to the other frameworks and fora?

The lack of a clear identity is also closely linked to the issue that had been raised by many ASEM observers and commentators – the lack of visibility and public profile. Hence, even after 10 years of ASEM, in a survey of third level students in Beijing, 68.6% of respondents 'do not know ASEM'. Asian media coverage of events suggested that ASEM is mostly the concern of officials and leaders, and not so much the concern of the average citizens.

Institutional Challenges

The only visible institution created out of the ASEM process is the Asia-Europe Foundation (ASEF). The mission of ASEF, as enshrined in the Chairman's Statement from the 1st ASEM Summit, is to enhance better mutual understanding between Asia and Europe through greater intellectual, cultural and people-to-people exchanges. ASEF has therefore been instrumental in helping organize various dialogues under the socio-cultural and intellectual pillar of the ASEM process.

ASEF's role in bringing about closer understanding between Asia and Europe has been recognised, especially through its various activities targeted at young people such as ASEF University and the Young Leaders Symposium. However, it also suffers the same problem as the official ASEM process – a proliferation of activities and yet a lack of public profile and visibility.

The question has long been raised of whether ASEM needs a Secretariat. One of the key concerns expressed is that with a proliferation of activities, a Secretariat is essential to help coordinate all these activities to provide continuity and focus. Contrary to the popular perception that Asians prefer a loose framework, in a research commissioned by JCIE, most of the Asian papers actually called for the institutionalization of the ASEM process with the creation of a small but professional Secretariat to replace the current mechanism of four coordinators. Particularly with the enlarged membership, the feeling is that it is essential to have a Secretariat to manage the ASEM process. An ASEM Secretariat can also be a clearing house for information about its activities and help to raise the profile of ASEM with more concerted efforts.

There is an asymmetry in ASEM in the sense that Europe is a well-defined and integrated entity with the European Commission and European Council to coordinate the EU's position, while Asia is loosely defined and there is no counterpart in Asia equivalent to the Commission or Council that could help to coordinate Asia's position. The existing coordinating mechanism was in part designed in response to such realities. But such asymmetry itself is also one of the reasons for calling for an ASEM Secretariat.

The truth, however, is that establishing a Secretariat can mitigate the practical problems of coordination and can help in raising the profile of ASEM, but it would not help resolve the more fundamental problem of differences in perspectives and priorities amongst the member states. What do member states want out of ASEM? Can they muster the political will to make ASEM a relevant forum? Can they agree on a few areas where they believe that Asia and Europe can add value and produce tangible results so as to revitalize the ASEM process? And are there enough champions and leaders within the 39 ASEM member states and societies that would be willing to work tirelessly to help drive the ASEM process? All these questions need to be seriously thought through if the ASEM process is to be revitalized and given a new impetus.

The Myanmar Issue and the Enlargement of ASEM

The issue of Myanmar membership in ASEM has also impacted on the ASEM process. The tussle over whether to admit Myanmar together with the other two new ASEAN member states – Laos and Cambodia, into the ASEM process as EU enlarged from 15 to 25, has resulted in the cancellation of two important Ministerial meetings. The 6th ASEM Economic Ministers' Meeting and Finance Ministers' Meeting to be held in the Netherlands were cancelled. The issue was supposed to be resolved when the Europeans finally agreed to the accession of

Myanmar, under the condition that Myanmar would be represented at a lower level than that of Head of State or Government.

ASEM membership was therefore enlarged at the 5th ASEM Summit in Hanoi in October 2004 expanding from 26 to 39 members, including all the 10 new EU Member States and the 3 new ASEAN Member States. But this would not be the end of the problems. At the same time that Myanmar joined ASEM, the European Council announced the decision to tighten existing sanctions against Myanmar, including the expansion of the visa ban and banning new investments in state-owned Burmese enterprises. The lack of internal reforms within Myanmar, and the secrecy of the military junta, would continue to pose challenges for Asia and Europe. The European political realities make it difficult for the European leaders to participate in meetings involving the Myanmar junta. At the same time, the Asian ASEM members cannot compromise on the principles of equality and non-interference in domestic affairs. The issue of Myanmar's participation in meetings, particularly those involving the senior leaders would be a perennial problem.

Beyond the question of Myanmar, the enlarged ASEM in itself would also compound the problems enunciated above. Enlarging without significant deepening would further complicate the identity and institutional challenges, and impact on even the quality of the informal dialogue that ASEM is supposed to treasure.

The Future of ASEM – Problems and Prospects

ASEM is now at a cross-road. With the various internal challenges and external changes, there is a need to rethink the ASEM process. Some progress has been made in improving dialogue between Asia and Europe on a whole range of issues; however, while the dialogue has been broad, it has not been deep. The dialogue process has also stayed at the information-sharing level and has not moved onto a substantive cooperation level (here cooperation is defined more specifically using the concept defined by Robert Keohane[3]).

While there were high hopes and a sense of optimism during the first two years of ASEM, the subsequent development of the relationship has been seen by many as leaving much to be desired; ASEM was lagging behind in concrete achievements. Though one would not dismiss the value of dialogue in itself, international cooperation cannot be sustained in the long run without visible or tangible benefits.

Whether ASEM could move beyond the dialogue stage would hinge on political will, and willingness to review the whole process and make significant changes to the current *modus operandi*. What are some of these changes that need to be considered?

The Chairman's Statement of the 7th Foreign Ministers Meeting in Kyoto noted that cooperation among the ASEM partners which now represent about 40% of the earth's population, 50% of global GDP and 60% of world trade is becoming increasingly important in addressing key global issues that the international community is facing.

Indeed with such figures, Asia-Europe relations need to be thought of globally and not narrowly. Constructive thinking is needed when the global order is under stress, and internationalism is under threat from terrorists, anti-globalisation movements and unilateralist behaviour. New imperatives exist for Asia and Europe to work together, purposefully in a global setting, but also for each other regionally. No one questions this need for Asia and Europe to come together to support global governance and to work for the mutual benefit of the peoples of Asia and Europe. Yet, is ASEM in its present form the best forum to address all the challenges that face us? Solutions to 21st century problems will often by definition be global; should they best be handled in global institutions such as the UN and the WTO? ASEM should not attempt to be a mini-UN; or should it? How does ASEM complement and add value to other global and regional multilateral fora?

In considering the future of ASEM, one should perhaps start by posing a few fundamental questions to the political leaders and bureaucrats of the ASEM member states and to those engaged in Asia-Europe affairs:

Are they prepared to commit time and resources to deepen the relationship and cooperation between Asia and Europe through the ASEM process? Is the ASEM process just a loose overarching framework to stimulate other specific areas of cooperation among wider or narrower groupings of European and Asian countries? Or is it seen as a useful framework for inter-regional cooperation in itself as well as a facilitator of cooperation between states or groups of states in the two regions? What do we hope to realistically achieve or accomplish from the ASEM process? In short we need to make concrete ASEM's goals and objectives. Only by clearly articulating ASEM's objectives and goals can we then go to the next step of considering how to improve on its management, how to profile it, and to substantially consider what specific areas to focus on and how to really benchmark its usefulness or otherwise.

The other fundamental question that needs to be addressed is the degree of trust and confidence between East Asia and Europe? Without a certain level of trust and confidence, very few common endeavours can get off the ground.

Unfortunately, there is no one position or single answer to these fundamental questions reflecting the presence of divergent views yet to be fully reconciled. Some ASEM members see ASEM more as a loose overarching framework to complement the other bilateral, regional and global frameworks. It is not the

framework to be complemented by other fora. ASEM thus is used for dialogue to explore and understand each other's position and viewpoints but not for concrete cooperation – as this will take place either in the global institutions such as the WTO or regional or sub-regional institutions or bilaterally. However, there are also some members who feel that ASEM is a useful framework for inter-regional cooperation, and cooperation should take place at this level for the mutual benefit of Asia and Europe, for instance in the area of trade and investments. In short, they feel that there are issues that can be usefully and exclusively addressed at this level. For the former, they do not look for concrete outcomes from every single ASEM event. For the latter, they want to see more action-oriented plans and deliverables at the ASEM level.

On the question of trust and confidence, there is a general consensus that after 10 years of talking, a certain comfort level has been achieved, and hence Asia and Europe should be ready to move beyond mere exchanges of views to functional cooperation and closer coordination of positions in larger multilateral fora such as the UN and the WTO.

An Idealist Vision of ASEM's Future

ASEM at this juncture is primarily a loose overarching framework for dialogue to be complemented by specific cooperation at other different levels. The analogy is that of a country club. There is often a myriad of reasons for people joining a country club – some join to network, others join for the different facilities offered. Some join because the entrance fee is low compared to other clubs, and others join because of proximity to work or home.

However, the vision is for ASEM to move towards an effective inter-regional dialogue and cooperation framework. The analogy is then that of an Association or a Society of people with some common interests. In short, ASEM must therefore move from being a social club to a serious Association or professional Society in pursuit of common interests of mutual benefits not only to its members but also to the wider global community. ASEM in this case will become more achievement oriented. As a forum linking two regions that account for two-thirds of world trade and international output, it will become a significant player in the international arena. It will in fact become one of the most important building blocks for global governance. And there are good reasons for doing so:

First, it is not too far-fetched to assume that most if not all of the ASEM members want to maintain peace and stability, and look towards more sustainable economic prosperity.

Second, Asia and Europe are growing in importance as they each increasingly acquire a sense of regional identity. No doubt the European identity is in a much

more advanced stage than the East Asian identity, and East Asian regionalism is not a stage comparable to the European Union. Nevertheless, the economies of East Asia have become increasingly integrated and inter-connected. Intraregional trade as share of East Asia's trade rose from 35% in 1980 to 54% in 2003. This is comparable with the 66% in the European Union. Deeper economic integration will require a stronger institutional structure, which will in turn lead to a stronger sense of joint destiny and regional identity.

Third, even though an enlarged EU has appeared hesitant and divided at times, Europe will remain as one of the largest and influential regions in the world. Similarly, an increasingly integrated and economically dynamic East Asia will want to consider how to translate this growing economic weight into global influence.

Fourth, both Asia and Europe feel the weight of the American superpower. The main question they face today is how to strengthen their own cooperation without being seen as ganging up on the US, but at the same time, helping to keep US unilateralism or potential isolationism in check.

Fifth, Asia and Europe are becoming increasingly interdependent. They face a similar set of challenges, trans-national in nature – environmental degradation, infectious diseases, terrorism, etc. – in which they have to work together to address with urgency and tenacity.

For the vision of ASEM as an effective inter-regional dialogue and cooperation framework to build peace and stability and sustainable economic prosperity, one of the most crucial issues for ASEM is how to help East Asia integrate.

The US was the external federator that contributed in some ways to the construction of the European community. In the case of East Asia, US attitude is ambivalent if not slightly suspicious and worried about the potential of an East Asian community that could fall under the influence of China. In contrast, the EU through ASEM has indirectly helped the smaller Asian countries in accommodating the rise of China. ASEM has opened the door for China to discover the virtue and perhaps also the pitfalls of multilateralism. Therefore the potential for the EU to be the external federator in the East Asian community project is not far-fetched. In fact Asians, while maintaining that the European integration model cannot be copied, have in recent years acknowledged that much could still be learnt from European experience.

The next important issue is for ASEM to identify the common interests that bind the two regions. What should be the common agenda for ASEM? It would be difficult to mobilize energy and enthusiasm from members without a clear identification and definition of a set of issues of common interest. ASEM should not attempt to over-stretch itself by discussing any issue under the sun and straining

its credibility. It must bring focus to its cooperation agenda, institutionalize the ASEM process further and provide benchmarks for measuring the progress and benefits of ASEM for its societies and peoples. Broadly, the guidelines for what issues ASEM should focus on should be:

What Europe can offer Asia is essentially considered as 'soft power' or civilian power. Asia-Europe cooperation should therefore focus on soft issues (non-traditional or human security issues) and economic interests.

The issues must resonate within Asian and European societies. Issues such as balancing the pursuit of economic growth with good environmental governance that directly impact the quality of life are gaining prominence and urgency.

Furthermore, they should build on the success of some of the Asian-European initiatives or joint actions taken in other contexts, such as, the Aceh Monitoring Mission led by representatives of the EU and with involvement by several ASEAN countries.

A Pragmatist Way Forward

The idealist vision faces various obstacles and constraints – the most fundamental being the different interests calculations of the ASEM partners. To get all 39 ASEM partners to subscribe to this grand common vision is a Herculean task. Lack of leadership, the fact that both the EU and East Asians have not begun to see each other as 'strategic' partners and are still focused on the US, and that it will be a long time before the East Asian community becomes a reality, means that it is a long, difficult road ahead to realize the full potential of the Asia-Europe partnership within the ASEM framework.

Recognising this fact does not mean 'writing off' the ASEM process. There is a more pragmatic way forward to improve the ASEM dialogue in response to the current criticisms. ASEM can continue to be an informal dialogue forum to create collegiality amongst Asian and European leaders, but at the same time, work towards a more efficient management of the process and create projects that will bring about mutual benefits for the ASEM partners.

A few things for ASEM to bear in mind in moving ASEM onto a pragmatic, step-by-step approach to strengthening Asia-Europe partnership for mutual benefit are:

First, ASEM should avoid *ad hoc* programmes and one-off projects or initiatives. What needs to be done is to identify a few key concrete areas within the plethora of initiatives that have been started where ASEM can make an impact. Ongoing initiatives and dialogue in areas that have already received some sort of affirmation and positive feedback should be further developed. Moving from mere dialogue and conferences, specific projects in these areas can then be developed with a

clear roadmap and benchmarks to track the progress of the projects. Tangible results are indispensable if international cooperation is to survive in the long run. Though it may not be possible to show 'tangible results' for every event, there must be benchmarks for progress in any long-term cooperation agenda. In the short term, ASEM must strike a balance between visionary projects that have long-term gestation periods and down to earth initiatives such as increased scholarships for students, information and help for SMEs from Asia and Europe wanting to invest in these two regions.

Second, since ASEM is a forum of equal partners and decision-making is by consensus, to circumvent the problem of inertia from lack of agreement, the principle of 'variable leadership' and 'coalition of the willing' can be applied particularly in functional projects and cluster of issues. Clusters of countries can take the lead in clusters of issues in which they have particular interest and expertise, and are willing to commit time and resources to drive concrete projects that will produce tangible benefits for all.

Third, raising ASEM's profile is seen as one of the biggest challenges. To this end, efforts must be taken to enhance ASEM's profile by tapping into the resources and expertise of the institutions and networks linked to ASEM such as ASEF, the AEBF and ASEFUAN. There is need to strengthen the density of ties among these ASEM-linked institutions and network and to examine concrete ways of coordinating their work and profiling ASEM. Links with civil society should also be strengthened; the involvement of non-state actors in the ASEM process will enhance its legitimacy. Ultimately, for the ASEM process to really take off, it needs to build a strong constituency of actors who believe in ASEM.

Fourth, some sort of institutionalization is deemed essential for the smooth functioning and greater efficiency of the ASEM process. The argument for a Secretariat is based on the fact that the enlargement of the ASEM process will make the ASEM process more complex and hence the need for greater coordination. The Secretariat can also provide focus and continuity and ensure momentum. More importantly, the Secretariat can help profile and raise the visibility of ASEM activities and achievements. Currently, the preferred official position is to have a virtual Secretariat. Much thought would need to be put into how to make this work. Also, while the European side has a permanent institution, the European Commission, involved in the coordination of ASEM activities, the Asian side is relying on rotating mechanisms which may not be as effective. Hence, the idea of an Asian ASEM Secretariat situated perhaps within an existing Asian institution such as the ASEAN Secretariat should be considered.

Fifth, the Leaders' Summit should be kept informal and interactive to capitalize on what was initially seen as one of the 'strengths' of ASEM. The summit should

continue to be held biennially with ample time for frank exchange of views on regional and global development and with opportunities for bilateral and sub-regional meetings at the sideline.

Conclusion

A decade is a short period for an institution, but may be considered long in politics with the vagaries of shifting interests, shifting alliances and changes in domestic and external environment. ASEM@10 is at a crossroads; it is facing both fading political interest and a need for rethinking its institutional design which was conceived ten years ago in an environment that had undergone tremendous changes.

To continue to play a role in strengthening Asia-Europe relations, ASEM needs to take cognizance of the external changes and internal challenges and respond to the growing expectations and criticisms.

As a 10-year old soft institution, ASEM has provided a platform for confidence building between EU and East Asia, but has not made any significant impact in the global arena in terms of tangible benefits. Tangible benefits are indispensable if international cooperation is to survive in the long run as nation states are unwilling to put resources into meetings and fora without at some stage reaping some of the benefits. The time therefore has come for the people involved in the ASEM process to seriously reconsider the design, the format, and the specific objectives of ASEM, and take steps to improve on the management of the process if interest and any progress in the ASEM process are to be maintained.

Notes

1 This chapter is drawn largely from the Report on ASEM by the Asian Research Team, led by Mr Tadashi Yamamoto of JCIE and Dr Yeo Lay Hwee from SIIA.

2 Robles, Alfredo, Jr. 'ASEM and Asia-Europe Relations: Between Investment Promotion and the Financial Crisis', (http://selene.uab.es/_cs_iuee/catala/obs/working%20Papers/wp092001.html), accessed 01.03.2006.

3 In Keohane's concept of cooperation discussed in his book 'After Hegemony', cooperation does not equal harmony or absence of conflict. Instead cooperation refers to a situation in which actors coordinate their behaviour through a process of negotiation in order to arrive at an outcome that is acceptable to all. In short cooperation requires active attempts to adjust policies to meet the demands of others. The mere fact that two parties share common interests does not necessarily mean cooperation will naturally follow. A formal definition offered by Keohane that 'inter-governmental cooperation takes place when the policies actually followed by one government are regarded by its partners as facilitating realization of their own objectives, as the result of a process of policy coordination'.

10

The Perception of ASEM in China

Zhu Liqun

The purpose of the ASEM process is to help build a new partnership based on equality between Asia and Europe, to promote the democratization of international relations and to accelerate the development of multilateralism. China has been involved in the process from the very beginning, and has played an active role in it. It is therefore very important to analyze the Chinese public's, elites' and policy-maker's views of the ASEM process. To some extent, it is their attitude and perception that influence the future development of the overall process. The research, supported by the Japan Centre for International Exchanges (JCIE), is conducted by the ASEM research team headed by Prof. Zhu Liqun, Assistant President and Director of European Studies Centre of China Foreign Affairs University. The team consists of Zhu Jiejin, Hui Gengtian, Lin Minwang and Sun Junhua. Thanks are extended to the departments concerned at the *Xinhua* News Agency for their help with the research project.

The Public's Perception of the ASEM process

We handed out 1000 questionnaires and took random samples in four universities, namely, *Tsinghua* University, Peking University, *Renmin* University of China and China Foreign Affairs University. This survey, meant to find out what students know about ASEM, includes questions that relate to two aspects: perception of facts and attitudes as well as comments. The sample size was 1000, with the validity rate being 97%. The sample distribution conforms to the principle that the sample size is in proportion to the total number of students studying at the university: Accordingly 300 questionnaires were handed out at Tsinghua University, 300 at Peking University, 300 at Renmin University of China and 100 at China Foreign Affairs University. After retrieving the questionnaires, the research group organized their examination, and the de-selection of invalid ones. Epidata software was used for data input to ensure the quality of the statistics. Afterwards, the data was checked and sorted by statistical software. The statistical

analysis of the data was conducted using SPSS 11.5. The whole process was under the effective management and quality control of the research team.

Among the valid samples, 602 were male, accounting for 62.13% of the total, and 367 were female, accounting for 37.87%. The following table shows the distribution of the samples' education background, majors and age.

Table 1: Basic information on the survey

Basic information	Content	Valid sample	Percent %
Gender	Male	602	62.06
	Female	367	37.84
Education	Undergraduate	795	81.96
Background	Graduate	146	15.05
	Others	27	2.78
Major	Science	386	39.79
	Art	355	36.60
	IR	88	9.07
	Others	138	14.23
Age	19 - 22	664	68.45
	23 - 30	268	27.63
	Above 30	35	3.61

Based on the survey, we could make the following conclusions about the samples' cognitive knowledge about the Asia-Europe Meeting.

1) Students have limited knowledge of ASEM.

The survey suggests that students know little about ASEM and have a poor knowledge about the basic facts of ASEM. When asked, 'Do you know ASEM?', 68.6% of the respondents answered, 'Heard of it, but do not know it well;' While only 7.64% of the respondents said, 'Know it well,' and 1.34% said, 'Know it very well.'

We designed six questions about the basic facts of ASEM in the questionnaire to investigate the respondents' knowledge about the ASEM process. The survey shows that on average each respondent answered only 1.3 questions correctly. The following table shows the six questions asked:

Table 2: The six questions asked to test the respondents' knowledge

Q 1	The first ASEM Summit was held in____(place).
Q 2	ASEM Summits have been held for___ times.
Q 3	There are__ states participating in the ASEM today.
Q 4	Last ASEM Summit was held ____(time).
Q 5	Asia in 'Asia-Europe Meeting' refers to____.
Q 6	Europe in 'Asia-Europe Meeting' refers to____.

From Table 3 the conclusion can be drawn that students in China know little about ASEM. Moreover, only 4 students – 0.4% of the total respondents – could correctly answer the question on the basic facts of ASEM.

Table 3: The Distribution of Correct Answers about the Basic Facts of ASEM

Number of correct answers	Valid sample	Valid (%)
0	351	36.2
1	232	23.9
2	212	21.9
3	115	11.9
4	49	5.1
5	7	0.7
6	4	0.4
total	970	100

When asked the questions 'Do you know about the Asia-Europe Foundation (ASEF)?' and 'Do you know about the ASEM Trust Fund', most respondents answered 'No'. Furthermore, the percentage of students who know about ASEF and the ASEM Trust Fund is very low (see Chart 1).

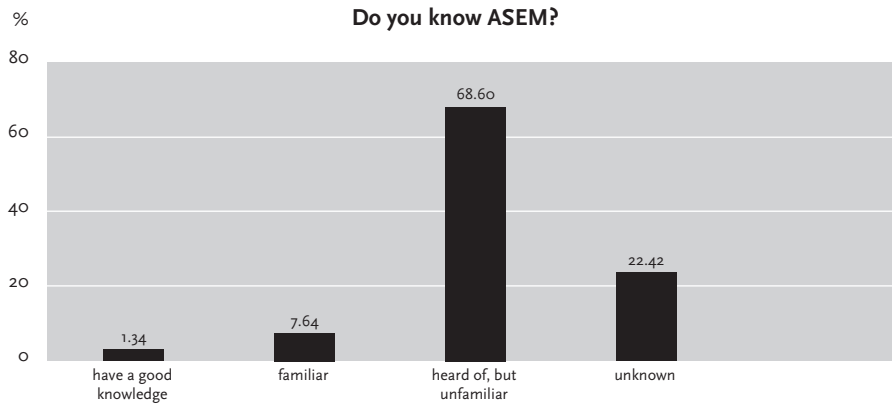

Chart 1

2) Students have generally a positive view towards the role of the ASEM process.
The survey shows that 46.2% of the respondents think ASEM is important or very important. Only 4.3% think it is unimportant (see Chart 2).

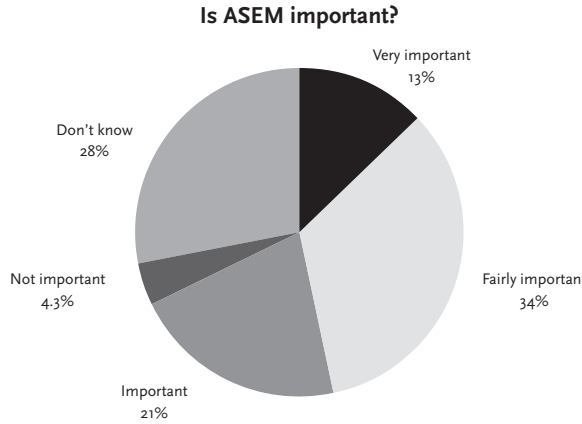

Chart 2

When asked about the role of ASEM in promoting the democratization of international relations, 31.57% of the respondents said it was very important or important, and only 5.28 % thought it was not important. This result shows that students are quite positive about ASEM (see Chart 3).

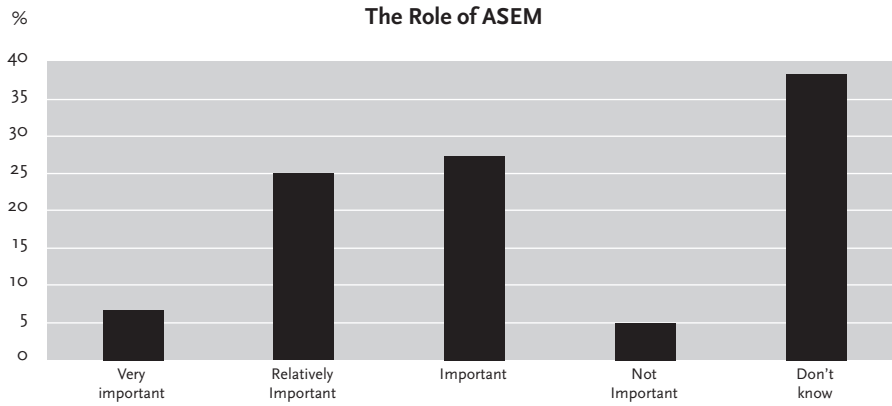

Chart 3

When asked whether ASEM was strategically important to China, 66.94% of the respondents answered, 'Yes.' When asked to assess China's role in the ASEM process, 44.56% of the respondents answered that it was, 'Very important', or 'Important'. 4.25% answered 'Not important' (see Chart 4).

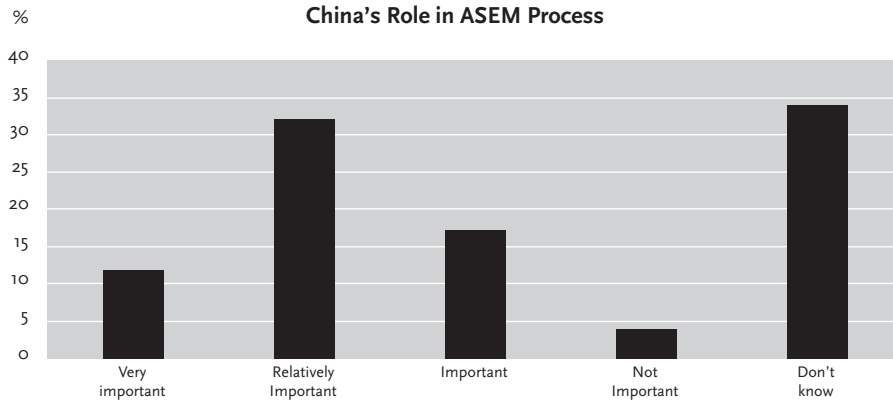

Chart 4

When asked whether the role of ASEM has been strengthened or weakened in recent years, 8.07% of the respondents answered 'Greatly strengthened', 34.64% said 'Slightly strengthened,' and 4.24% of the respondents thought 'Weakened' (see Table 4).

Table 4: The role of ASEM in recent years

Attitudes of respondents	Valid sample	Valid (%)
Greatly strengthened	78.00	8.07
Slightly strengthened	335.00	34.64
Not strengthened	101.00	10.44
Weakened	41.00	4.24
Don't know	412.00	42.61
In total	967.00	100.00

There are three questions in the questionnaire, which ask for the respondents' view on the role of ASEM in promoting economic cooperation, political dialogue as well as social and cultural exchanges. The survey shows that the respondents hold the view that ASEM has played the most important role in the area of social and cultural exchanges. According to the findings the least important role has been in economic cooperation (see Chart 5).

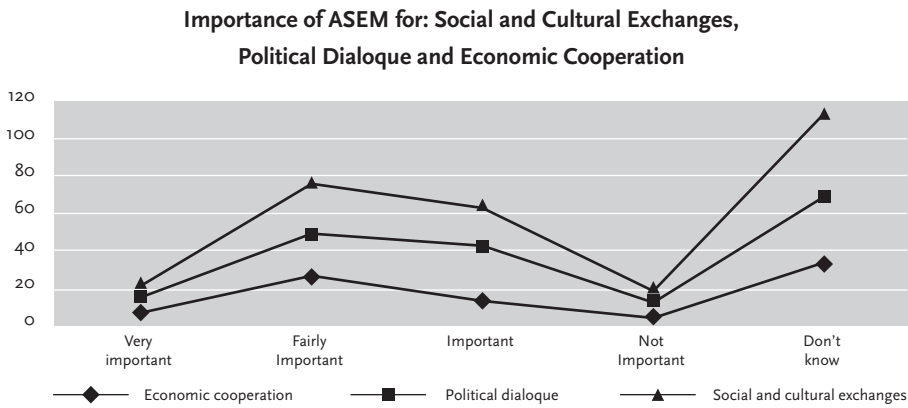

Chart 5

The survey shows 53.74% of the respondents suggested that ASEM should give priority to economic cooperation in the future, including energy security cooperation, and scientific and technological cooperation, and that political dialogue and cultural exchange should come later (see Chart 6).

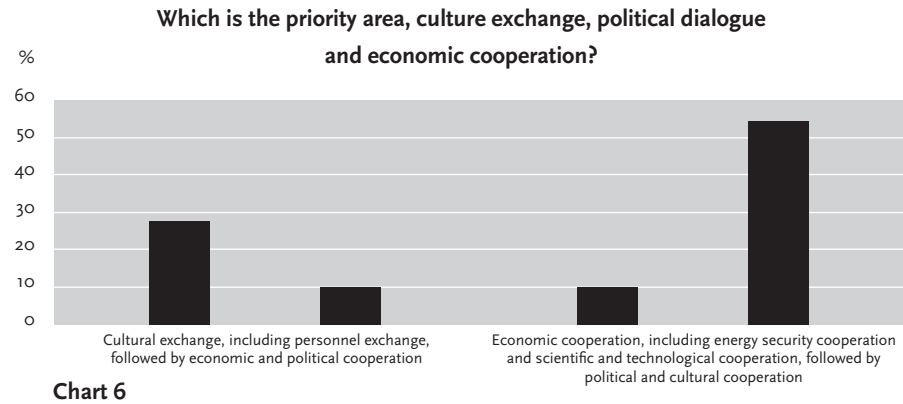

Chart 6

In general, students have very limited knowledge about ASEM, which is clearly demonstrated by their low scores for the six questions about ASEM's basics. In sharp contrast with the low level of awareness, students have a positive view about the role of ASEM and its influence. Meanwhile the statistics show that most of the respondents tend to think China has played an active role in the ASEM process. These three points are the major conclusions of the survey.

In Chinese society students are the group most capable of receiving and interpreting information. If they know little about ASEM, then it is safe to deduce

that the general public in China knows even less about the ASEM process than students do.

How can this knowledge pattern be explained? An analysis of the data provided by the questionnaires indicates that those students who know about ASEM are those who major in International Relations. This is shown in Table 5.

Table 5: Correlation between majors and ASEM knowledge

		Do you know about ASEM?				
Types of major		Know it very well	Know it well	Dont't know it well	Don't know	Total
technology	Count	2	15	262	106	385
	% within Types of major	0.5%	3.9%	68.1%	27.7%	100%
arts	Count	5	35	249	65	354
	% within Types of major	1.4%	9.9%	70.3%	18.4%	100%
internation al studies	Count	4	14	56	14	88
	% within Types of major	4.5%	15.9%	63.6%	15.9%	100%
others	Count	2	9	96	31	138
	% within Types of major	1.4%	6.5%	69.6%	22.5%	100%
Total	Count	13	73	663	216	965
	% within Types of major	1.3%	7.6%	68.7%	22.4%	100%

($\chi 2 = 35.605$_P=0.001)

From Table 5 we can see that the percentages of respondents who know ASEM very well or well are high if they major in International Relations studies. Therefore, the distribution of knowledge about ASEM is a function of the major or subject that a given student has taken. This indicates that only the students of international studies know about the ASEM process and outsiders know little about it.

Yet, this gives rise to the question: why do students think highly of ASEM despite their scant knowledge of it? The only reason for this illogical phenomenon might be that young students have a generally positive perception about Europe and consider better Asia-Europe relations to be desirable. Students wish to see further development of cooperation between Asia and Europe, the advancement of multilateralism, the promotion of the democratization of international relations and China's importance within the ASEM process. Based on this survey a satisfactory explanation to this question cannot be given. The analysis of the media coverage of ASEM shall offer further explanations.

Media Coverage, Elites' and Policy-maker's Perceptions

Media Coverage

In order to analyse the media coverage, the *Xinhua* News Agency's news coverage and commentary about the ASEM process since 1996 has been examined. Furthermore, the same was done for the APEC process. This approach allows for a comparison and an assessment of the frequency and density of ASEM-related media coverage.

After searching all published Chinese news scripts that mention ASEM-related words or phrases within the time period from the beginning of 1996 to July 2005, in total 778 documents were identified. Among these 355 used words like 'ASEM' or 'Cooperation between Asia and Europe' in their headlines. Out of those 333 are factual reports and 22 are commentaries. Most commentaries have a positive view of ASEM, as is shown in their respective headlines (see table 6).

Table 6

Publishing time	Headlines of commentaries
28/02/1996	Commentary: Creating a New Situation of Asia-Europe Cooperation
02/03/1996	News Report: Initiating New Epoch of Asia-Europe Relations
03/03/1996	*People's Daily* Editorial: New Starting Point of Asia-Europe Relations
18/03/1996	ASEM, a Historic Meeting
16/10/1996	Summary Report: New Steps in Asia-Europe Cooperation
16/02/1997	Summary Report: Positive Results Achieved at ASEM Foreign Ministers' Meeting
31/03/1998	Summary Report: An Important Topic for ASEM
02/04/1998	Summary Report: Asia-Europe Cooperation towards the 21st Century
03/04/1998	Feature Article: Asia and Europe Joining hands in Creating the Future
05/04/1998	Summary Report: A New Chapter of Asia-Europe Cooperation
19/10/2000	Summary Report: Strengthening Cooperation between Asian and European Countries for Common Development
21/10/2000	Summary Report: Asia and Europe Entering the New Century Hand in Hand
26/05/2001	Summary Report: Strengthening Asia-Europe Cooperation in the New Century
25/09/2002	Summary Report: Asia-Europe Cooperation Gets on a New Stage
22/07/2003	Summary Report: Asia and Europe Attach Importance to Economic Cooperation for Common Development
23/07/2003	Summary Report: The 5th ASEM Economic Ministers' Meeting Highlighted
24/07/2003	Summary Report: China Playing an Important Role in Asia-Europe Cooperation
24/07/2003	Commentary: An Important Dialogue between Asia and Europe
25/07/2003	Summary Report: ASEM Foreign Ministers' Meeting Prompting Consultation and Cooperation

06/10/2004	International Watch: Asia-Europe Cooperation Maturing
09/10/2004	Commentary: A New Chapter in Asia-Europe Dialog and Cooperation
09/06/2005	Asian and European Countries Seeking for Universality among Cultural Diversities

In the same period 2690 documents used the acronym 'APEC', amongst which 945 documents have 'APEC' or 'Asia-Pacific Cooperation' in their headlines. And there are 26 commentaries among the 945 documents. The following table compares the quantities of news coverage about ASEM and APEC.

Table 7

	Number of articles with relevant key phrases	Number of articles with relevant key phrases in the headlines	Number of commentaries about relevant topics	Orientation of comments
ASEM	778	333	22	positive
APEC	2690	945	26	generally positive

There are three times as many reports on APEC as there are on the ASEM process. Yet, APEC commentaries outnumber ASEM commentaries only by a small margin. That is to say, the news coverage about ASEM per year is only 35.5 on average, while APEC's is 269. One reason might be that the APEC economic leaders' meetings take place annually while ASEM summits are held on a biannual basis.

Elites' Perceptions

The findings on the elites' perceptions reflect the discourse between experts in International Relations and Asia-Europe Affairs during the 'Seminar of Evaluation of Asia-Europe Relations and the 10-Year Process of ASEM', which was held by European Studies Centre of China Foreign Affairs University on September 15th, 2005. Besides the conclusion reached at the seminar, the reference information also includes some articles and literature on the ASEM process[1].

Although the news reports are positive on the whole, the scholars of international relations, especially Asia-Europe relations, take both positive as well as negative views on the ASEM process. On the one hand, they think ASEM has made impressive progress in the last decade. On the other hand, they also contend that the ASEM process faces many challenges.

On the positive side, the scholars think ASEM has made achievements in the following three aspects. First, ASEM serves as a platform and channel

through which the consultation and cooperation between Asia and Europe in international affairs are enhanced. The ASEM Summit and Foreign Ministers' Meetings have held dialogues on major international and regional issues of common concern, including global issues, Asian and European politics, security situations, hot regional issues etc. Therefore, ASEM has played a role in building mutual trust and promoting political dialogues among Asian and European countries. The ASEM Declaration on Multilateralism, released by the 6th Asia-Europe Foreign Ministers' Meeting in April 2004, reflects the consensus that Asia and Europe share with respect to broad areas of international order, like politics, security, development, dialogues of civilizations etc. Asia and Europe thus expand their influence in each other's region through ASEM. This process is conducive to the democratization of international relations and the development of multilateralism.

Second, it has made efforts to promote dialogues on sustainable development of the two continents and the world economy. Talks on macro economic and fiscal policy coordination are carried out through programs such as TFAP and IPAP in order to advance the bidirectional investment flows. Furthermore, ASEM also contributes to the financial stability of Asia through the setting up of the ASEM Trust Fund.

Third, under the framework of ASEM, active cooperation has been conducted and progress has been made in the areas of education, science and technology, environment, social security, health care, immigration and the fight against trans-national crime. Such cooperation also initiated a process of building a new concept of Asia-Europe relations, which is characterized by equal partnership and multilateral cooperation. The common goal of Asia and Europe is to accelerate the building of a world of peace, cooperation and harmony without hegemony.

In spite of the positive points, most of the scholars also see the problems and challenges which the ASEM process is facing. They can be summed up as follows:

First, ASEM is not the priority concern of either party's foreign policy. European countries' priority list includes the eastward expansion of the EU, issues of the greater neighbouring areas and the Middle East etc. East Asian issues are just one of its many policy concerns. Even though the EU puts emphasis on participating in Asian affairs, ASEM is only one of the channels for its participation. The EU pays greater attention to the bilateral mechanisms with ASEAN, China and Japan than to the multilateral mechanism of ASEM. Europe would like ASEM to be a tool that facilitates the convergence of Asian and European policies, since the EU underscores the political dialogues and the direction of the future development of political cooperation with Asia.

As for East Asia, the countries in the region have never become an integrated whole when dealing with the EU in the ASEM process. They share neither a clear overall objective nor the same degree of attention to ASEM. Most East Asian countries are more interested in economic and technological cooperation with Europe than in other issue areas. Under such circumstances, the major challenge ASEM faces is how to change the function of 'a forum' and make practical progress.

Second, the fact that ASEM is not institutionalized has resulted in loose cooperation and slow development. ASEM holds that all countries, large or small, are equal, and adopts the principle of consensus. Although it has set up a regular meeting mechanism, it has neither official treaties nor institutionalized arrangements, and the papers signed during the meetings put no binding power on its members whatsoever. This un-institutional and unbinding arrangement may help to build up a flexible and comfortable cooperation environment and enhance mutual trust and cooperative will. But it also blocks information exchange, wastes resources and causes inefficiency. Decision-making by consensus has resulted in the fact that many valuable proposals cannot be adopted because of individual countries' opposition. This has seriously paralyzed the function of ASEM. In addition, documents adopted by ASEM have no legal power. In this case, ASEM could become a chatting place wasting both time and resources for the expressions of the wills of parties.

Some scholars argue that the lack of formalization and institutionalization is exactly a major feature of ASEM, and a feature that should be kept during the current stage of the development of the process. These scholars do not emphasize formal institutions or binding force, but shared norms. Due to the asymmetric power distribution, differences in culture, tradition, values, and interests between Asia and Europe, and variety of internal interests of both sides, 'the institutionalization of ASEM, if it were to be realized in the future, should be flexible and suitable for the diversity of actors in regional cooperation'[2].

Third, there has been inequality in the process of Asia-Europe cooperation, although ASEM seeks to set up equal partnership. Differing from the United States in the ways of imposing policy pressures on Asian countries for issues such as human rights and democracy, European countries admit the diversity of civilizations in Asia-Europe cooperation and hope to solve human rights problems through political dialogues. But actually they sometimes also adopt 'double standards'. 'European centrism' and a 'European superiority complex' has convinced European countries that anything that benefits them will of course benefit the rest of the world. Consequently, European countries have hoped that Asian countries would develop in accordance with the European mode,

and completely accept Western values such as democracy, freedom and human rights.

Fourth, the 'American factor' is an important aspect which affects Asia-Europe cooperation. Both Europe and Asia attach great importance to relations with America, since the United States enjoys an obviously advantageous position in the handling of Asian affairs, especially with regard to security issues. The expansion of European influence in Asia through ASEM has aroused the concern of the United States. Further Asia-Europe cooperation will shake US dominance in Asia and provoke reactions. China-Europe negotiations on the lifting of the EU arms embargo on China have felt pressure from America. Since both Asia and Europe place their relations with the US as the No. 1 issue in diplomacy, the process of Asia-Europe cooperation is of course influenced and restrained by American policies and goals.

Perceptions of Policy-makers

In order to analyse the perceptions of policy-makers that are involved in ASEM affairs, interviews were conducted with officials from the International Department, the Policy Research Department and the European Department of the Ministry of Foreign Affairs of the PRC. The interviews were conducted in the autumn of 2005.

Driving forces for the development of ASEM

The ASEM process has been initiated and developed against the background of economic globalization and political multi-polarization. Guided by its foreign strategy with effective multilateralism at its core, the EU seeks to exert an active influence on the world. At the same time, the influence of East Asian countries continues to grow owing to their rapid economic development. But the linkage between Asia and Europe at present is much weaker than that of America and East Asia or that of America and Europe. Thus, it is a strategic necessity to develop close cooperative relations between the two continents, who have a lot in common in promoting multilateralism and safeguarding global security and prosperity.

Economic globalization is another driving force for closer Asia-Europe cooperation. To build a cooperative structure and a win-win situation is in the economic interests of both parties. Currently, the total population of ASEM members amounts to 2.4 billion, which is 40% of the world's total; the total amount of ASEM members' GDP reaches 2 billion dollars, which adds up to half of the world's GDP; the trade volume among its members approximates 1.33 billion dollars, 60% of the world's total. These numbers indicate that Asia-Europe cooperation will have great impact on the global pattern and economic

development. China's promotion of ASEM is also driven by China's domestic demands for economic development and a harmonious society. Conducting economic and technological cooperation with Europe and learning from its governing experience are of great significance for China's strive to become a harmonious and well-off society.

Content and Features of the ASEM process

The cooperation conducted under the framework of ASEM covers political dialogues, economic and trade cooperation and cultural exchanges. The ASEM process is currently characterized by dialogues with weak cooperation. The dialogues often focus on policies and strategies, emphasizing understanding and coordination of each other's positions. The institutionalized cooperation in the economic and trade area is rather weak with few significant achievements. Besides, the development of cooperation is unbalanced in areas of politics, trade and economy and culture. There are many high-level political dialogues, but inadequate policy cooperation in economy and trade. Yet, the dialogues among cultures and civilizations appear to be very active.

The issues discussed in ASEM, which are closely related to the latest developments in international affairs, feature the flexibility of the dialogue mechanism and the diversity of its topics. Unlike APEC whose focus is mainly on economy and trade, as well as science and technology, a great variety of issues are discussed in ASEM. Political dialogues and cultural exchanges have helped demonstrate the soft power of member states. Despite the immature institutionalization of ASEM, Chairman's Statements deal with hot issues like global political security and convey very powerful political messages and express the political wills of Asian and European actors.

Problems and Prospects of ASEM

We should not make negative assessments about ASEM simply because it has made few significant achievements. Instead, we should evaluate it from a long-term and strategic perspective. Though cooperation has been inadequate and few substantive results have been achieved up to now, dialogues, the main content of ASEM, after all help facilitate mutual understanding and lay foundations for further coordination. Therefore, dialogues are conducive to the development of cooperation. With the deepening of mutual understanding, cooperation will be a natural result. It takes time to go from dialogues to cooperation since such a step has to bridge the gap between the two regions in terms of cultures, traditions and values. Therefore, the accumulative role of ASEM should not be underestimated.

However, the problems of ASEM should not be overlooked either. European and East Asian countries do have different political appeals in the process of ASEM. The former countries emphasize more the un-institutionalization of the meetings as well as the role of the political and human rights dialogues, while the latter are greatly concerned with actual cooperation in economy and trade and, in this area, intend to turn dialogues into cooperation. Thus, Asian countries have greater enthusiasm towards ASEM than their European counterparts. In sum, different political appeals have restrained the cooperation and prevented the process from reaching its full potential. Because of different historical backgrounds and cultural values, there are also some in-depth problems that add difficulties to the realization of equal partnership between EU and Asia. The ASEM Economic Ministers' and Finance Ministers' Meetings were postponed in 2004 because of the Burma issue. Though the approach of the EU differs from the one of the US in how to deal with the idea of human rights, the EU and the US have a lot more in common in terms of ideologies and values.

There are outstanding technical problems as well. Ten Central and Eastern European countries acceded to the EU in 2004 and thus became ASEM members. This enlargement of ASEM caused many practical problems in the management of ASEM and the effective dialogue and cooperation among member countries. Big differences among Asian countries also add to the difficulty in the policy coordination within the ASEM process. Therefore Asian countries are often in disadvantage since they cannot coordinate and unify their positions.

China and ASEM

The Chinese government pays great attention to the multilateral diplomatic mechanism of ASEM. It holds the view that the process is both in the interests of Asia and Europe and that its results are of great importance to the development of mutual cooperation. This is even more important when assessed from a long-term and strategic perspective.

The importance that the Chinese government has attached to ASEM is not merely rhetorical. Among all the members, China has made the most proposals for the convening of ministers' meetings. China has taken actions to actively promote the ASEM process. Besides, China enjoys close and good cooperative relations with the member states of the EU. The EU countries have paid great attention to China's role in ASEM. Furthermore, the Chinese government reckons that the ASEM process has set up a good platform for dialogue among leaders from the EU and East Asia. The multilateral mechanism of ASEM complements the bilateral mechanism between the EU and China well.

Conclusions and Suggestions

From the perspective of perception, the Research Team has analyzed and studied the achievements made and challenges faced by the Asia-Europe Meeting over the past ten years. The general conclusions and suggestions are as follows:

General conclusions: First, college students have rather poor knowledge about the Asia-Europe Meeting, but think positively of its influence and role. The level of awareness of the general public can be deduced from the students' perception of the ASEM process. It can thus be stated that the general public knows even less about the process. Yet, its evaluation and attitudes tend to be positive. Poor knowledge about the ASEM process correlates with the slight coverage by the media, while the positive evaluation and attitudes are consistent with the positive news reports and official perception. This reflects the public support of the Chinese government's policy towards the process.

Second, the elites have relatively complex perceptions, and their evaluation, though both positive and negative, is mainly critical. For this part of the survey, the samples are experts and scholars who do research on ASEM. They have a comprehensive and systematic understanding of the process and are capable of a comparative and analytical approach. Accordingly they have more complex perception than the general public. While making a positive appraisal of ASEM, they all expressed their disappointment. Their evaluation of the status, role and influence of ASEM is far more negative than that of the general public and the policy-makers.

Third, the Chinese government has a developmental and far-sighted perspective on the ASEM process. It places more emphasis on its potentials, the role of dialogues and communications, and shows more patience with its gradual process of development. From the official perception, we find that China attaches great importance to Asia-Europe cooperation and the development of China-Europe relations, not only to meet the challenges in economy and in the process of globalization, but also to meet the demands of its own development. It is not intended to counterbalance the United States.

The rapid development of globalization and the profound changes of the international situation have posed new challenges to both Asia and Europe. Europe is confronted with huge pressures imposed by profound economic restructuring, while Asia, witnessing the deepening of regional cooperation needs to learn from European experience. Europe's development needs Asia and Asian development is indispensable from the cooperation and support of Europe. Besides, there are still some misunderstandings in the bilateral relations between Asian and European countries, which call for efforts to enhance confidence, remove mistrust and reinforce mutual communication. Therefore, it is essential to further strengthen

Asia-European cooperation by fostering substantive results from the Asia-Europe Meeting. To this end, we put forward the following suggestions:

Firstly, ASEM should be institutionalized. A small standing body such as a secretariat should be set up to replace the mechanism of four coordinators so as to ensure effective coordination and communication and avoid waste of human and material resources. In order to make substantive achievements efforts should also be made to follow up and implement ASEM initiatives once they have been adopted by the leaders.

Secondly, new subjects and cutting-in points should be explored for the further development of ASEM, such as cooperation in the areas of energy, finance, science and technology and education. These new subjects should be concrete and practical, reflecting the common concerns of both Asia and Europe and serving common interests. The cooperation in functional fields promises more tangible results by avoiding politically and ideologically sensitive issues.

Thirdly, extensive people-to-people exchanges should be enhanced. Various ways of communication can be adopted to strengthen the ties, promote cultural understanding and deepen friendship. We should also set up a mechanism for regular exchange of visits of young people and regular contact and cooperation mechanisms between institutions of higher learning. New ways of thinking should be cultivated through people-to-people exchanges and identity nurtured between the two regions by adopting a positive and constructive attitude towards the Asia-European political dialogue. Identity is going to be an important factor in directing the future development of Asia-Europe relations.

Notes

1 Guangsheng Lu, 2005, ASEM: Institutions and its Effects, *International Forum*, No.2, 38:1-6; Guang Pan/Jianhua Yu, 2004, *From Silk Road to Asia-Europe Meeting*. Beijing: CCPS Publishing House; Guang Pan/Wang *Zheng*, 2004, Brief Analysis of Institutionalization of Asia-Europe Meeting. *Contemporary International Relations* No. 7, 177:8-20; Guang Pan, 2004, Development and Prospect of Asian-Europe Relations in Next Century, *Social Observations*, No.9; Yuanlun Qiu, 2004, Current Situation and Future Development of Sino-European Relations, *Social Observations*, No11; Xuming Fu, 2002, How to Handle the 'Mess' of Asia-Europe Meeting. *China Economic Times* May 21st; Yichen Dai, 2004, Dimensions of Asian-European Cooperation, *Social Observations*, No11; Chengxu Yang, 2001, Bright Future of Asian-European Cooperation, *World Economy and Politics*, No.12, 256:15-18; Xizhen Zhang, 2000, Asian-European Cooperation and China, *Contemporary Asian Pacific*, No.8, 68:37-42; Guang Pan, 2000, Development of Asian-European Cooperation and Its Impact on

International System in Turning Point of the Century, *Academic Research Quarterly*, No.3; Jianhua Yu, 1999, An Analysis of Some Issues in Development of Asian-European Relations, *Academic Research Quarterly*, No.3; Yanshen Wei, 1999, Coming Euro and Asian-European Relations, *Contemporary Asian Pacific*, No.1,49:27-34; Guangwu Zhang, 1996, Development of European-Asian Relations After End of the Cold-War, *European Studies*, No.1,14:29-35.

2 Guang Pan/Zheng Wang, 2004, Brief Analysis of Institutionalization of Asia-Europe Meeting. *Contemporary International Relations* No. 7, 177, 2004, p. 13.

Abbreviations

ACP	African, Carribbean and the Pacific
ADB	Asian Development Dank
AEBF	Asia-Europe Business Forum
AECF	Asia-Europe Cooperation Framework
AEVG	Asia-Europe Vision Group
AFC	Asian Financial Crisis
AIBC	ASEAN-India Business Council
AMF	Asian Monetary Fund
AMIS II	African Union Mission to Sudan II
AMM	Aceh Monitoring Mission
APEC	Asia-Pacific Economic Cooperation Forum
APMF	Asian Pacific Monetary Fund
APT	ASEAN+3
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
ASEF	Asia-Europe Foundation
ASEFUAN	Asia-Europe Foundation Alumni Network
ASEM	Asia-Europe Meeting
AVS	ASEM Virtual Secretariat
BiH	Bosnia and Herzegovina
BIMSTEC	Bangladesh, India, Myanmar, Sri Lanka, Thailand Economic Cooperation
BJP	Bharatiya Janata Party
BOBCOM	Bay of Bengal Community
CAEC	Council for Asia Europe Cooperation
CAR	Central Asia Republics
CBERS	China-Brazil Earth Resources Satellite
CECA	Comprehensive Economic Cooperation Agreement
CFSP	Common Foreign and Security Policy
CMI	Crisis Management Initiative
CNPC	China National Petroleum Corporation
COSA	Commission on Security Arrangements
CPM	Communist Party of India
CSP	Country Strategy Papers
CURD	Compania Vale do Rio Doce
DDA	Doha Development Agenda
EAEC	East Asian Economic Caucus

EAS	East Asian Summit
ECLAC	UN Economic Commission for Latin America and the Caribbean
EIAS	European Institute for Asian Studies
EIDHR	European Initiative for Democracy and Human Rights
EMBRAER	Empresa Brasileira de Aeronautica
EMS	European Monetary System
EMU	Economic and Monetary Union
EOM	Election Observation Mission
ESDP	European Security and Defence Policy
EU	European Union
EUPM	European Union Police Mission
FAC	Foreign Affairs Canada
FEALAC	Forum for East Asian and Latin American Cooperation
FSAP	Financial Sector Assessment Programme
FTA	Free Trade Agreement
FTAA	Free Trade Area of the Americas
FYROM	Former Yugoslav Republic of Macedonia
GAM	Free Aceh Movement
GDP	Gross Domestic Product
HLM	High-level Meeting
IADB	Inter-American Development Bank
ICAS	International Convention of Asian Scholars
ICC	International Criminal Court
IFI	international financial institution
IIAS	International Institute for Asian Studies
IMF	International Monetary Fund
IMP	Initial Monitoring Presence
IORARC	Indian Ocean Rim Association for Regional Cooperation
IPAP	Investment Promotion Action Plan
JCIE	Japan Centre for International Exchanges
LoC	Line of Control
Mercosur	Mercado Comun de Sul
MILF	Moro Islamic Liberation Front
Minmetals	Minerals and Metals Corporation
MoU	Memorandum of Understanding
NAFTA	North American Free Trade Agreement
NAM	Non-Aligned Movement
NSC	New Security Concept

OECD	Organization for Economic Co-operation and Development
OPLAN	Operational Plan
PDVSA	Petroleos de Venezuela SA
PULO	Pattani United Liberation Organisation
R&D	Research and Development
READI	Regional EU-ASEAN Dialogue Instrument
RII	Rabobank International Indonesia
RO	Regional Organisations
ROSCs	Reports on the Observance of Standards and Codes
RRM	Rapid Reaction Mechanism
SAARC	South Asian Association for Regional Cooperation
SAFTA	SAARC Free Trade Area
SAPTA	SAARC Preferential Trade Arrangement
SCO	Shanghai Cooperation Organization
SEATO	Southeast Asian Treaty Organisation
SME	Small and Medium Enterprises
TAC	Treaty of Amity and Cooperation
TFIP	Trade Facilitation and Investment Promotion
TFAP	Trade Facilitation Action Plan
TREATI	Trans-regional EU-ASEAN Trade Initiative
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organisation
US	United States
USSR	Union of Soviet Socialist Republics
WTO	World Trade Organization
ZOPFAN	Zone of Peace, Freedom and Neutrality

References

'ASEM Meeting on Child Welfare Opens' *People's Daily*, 11.11.2001. http://english.people.com.cn/200111/11/eng20011111_84311.shtml.

'ASEM-FMM Passes Tianjin Initiative,' *People's Daily Online*, 27.06.2005. http://english1.people.com.cn/200506/27/eng20050627_192501.html.

'Li Peng Expone Política China para con América Latina', *Beijing Informa*, 31.10.1995.

'Towards ASEAN + 4?', *The Hindu* 4.12.2004.

Aaron L. Friedberg. 'Will Europe's Past Be Asia's Future?' *Survival* 42(3) (Autumn 2000): 147-59.

Aggarwal, Vinod K. (ed.). I*nstitutional designs for a Complex World: Bargaining, Linkages, and Nesting*. Ithaca: Cornell University Press, 1998.

Annan, Kofi. 'In Larger Freedom: Towards Development, Security and Human Rights for All' (Report of the UN Secretary-General, A/59/2005) 21.03.2005.

Armstrong, David. 'Globalisation and the Social State' *Review of International Studies* 24 (October 1998): 469-70.

Asia-Europe Meeting. 'Bali Declaration on Building Interfaith Harmony within the International Community', 22.07.2005,

—— 'Tianjin Initiative on Closer ASEM Economic and Financial Cooperation (Final Version)', 26.06.2005, http://www.dt.tesoro.it/Aree-Docum/Relazioni/G7-e-gli-a/ASEM/tianjin_initiative_final.pdf.

Association of Southeast Asian Nations. 'Kuala Lumpur Declaration on the East Asia Summit, Kuala Lumpur, 14 December 2005', 14.12.2005, http://www.aseansec.org/18098.htm.

Audinet, Pierre/Shukla, P.R./Grare, Frederic (eds.). *India's Energy. Essays on sustainable development*, New Delhi: Manohar 2000.

Avila, John Lawrence. 'EU Enlargements and the Rise of Asian FTAs: Implications for Asia-Europe Relations' *Asia-Europe Journal* 1(2003): 213-222.

Axelrod, Robert and Keohane, Robert O. 'Achieving Cooperation under Anarchy: Strategies and Institutions' *World Politics*, 38 (1985): 226–254.

Ayoob, Mohammed. *India and Southeast Asia. Indian Perceptions and Policies*, London/New York 1990.

Barroso, José Manuel. 'The EU and China: Painting a Brighter Future Together (Speech by European Commission President)' 15.07.2005.

Baruah, Amit. 'Vietnam backs India for APEC membership', *The Hindu*, 08.11.2000.

—— 'India, ASEAN sign pact on free trade', *The Hindu* 9. 10.2003.

—— 'Observer status for U.S., South Korea in SAARC', *The Hindu* 18.04.2006.

Beattie, Alan. 'Mandelson Says China Not Ready for EU's Market Economy Status' *Financial Times* (London), 07.07.2005.

Beijing Informa, 12.07.1990.

—— 14.05.1996.

—— 23.07.1996.

—— 29.10.1996.

—— 10.06.1997.

Bergsten, Fred. 'Reviving the 'Asian Monetary Fund'', Institute for International Economics, Policy Brief 98-8, 1998, http://www.iie.com/publications/pb/pb98-8.htm, accessed on 23.11.2004.

Bergsten, Fred. 'The new Asian challenge', Institute for International Economics, Policy Brief 00-4, 2000, http://www.iie.com/publications/wp/2000/00-4.pdf, accessed on 12.04.2005.

Bersick, Sebastian. 'China and ASEM: Strengthening Multilateralism Through Inter-regionalism' in Wim Stokhof, Paul van der Velde and Yeo Lay Hwee (eds). *The Eurasian Space: Far More than Two Continents*, Singapore: Institute for Southeast Asian Studies, 2004, 138-154.

—— *Auf dem Weg in eine neue Weltordnung? Zur Politik der inter-regionalen Beziehungen am Beispiel des ASEM-Prozesses [Towards a New World Order? On the Politics of Inter-regional Relations: The Example of the ASEM Process]*. Baden-Baden: Nomos Verlag 2004.

—— 'EU-Asia Security Co-operation and ASEM' (Paper prepared for the ASEF Workshop on 'EU-Asia Relations: Cooperation on Regional Security and Integration', Brussels) June 2006.

Bhagwati, Jagdish. 'Don't Cry for Cancun' *Foreign Affairs* 83(1) (January /February 2004): 60-61.

Bhagwati, Jagdish and Panagariya, Arvind. 'Preferential Trading Areas and Multilateralism-Strangers, Friends, or Foes' In Jagdish Bhagwati and Arvind Panagariya (eds). *The Economics of Preferential Trade Agreements*, Washington DC: The AEI Press and College Park, MD: University of Maryland, Center for International Economics, 1996:53-54.

Blank, Stephen. 'India's rising profile in Central Asia' *Comparative Strategy* 22 (April-June 2003) 2: 139-157.

Bramsen, Christopher Bo. 'ASEM – A New Dimension in Asian-European Relations,' In Laurence J. Brahm (ed.). China's Century: *The Awakening of the Next Economic Powerhouse*, Singapore and New York: John Wiley and Sons (Pte.) Asia Ltd., 2001, 89-97.

Braud, Pierre-Antoine and Grevi, Giovanni. *The EU mission in Aceh: implementing peace*, EU Institute for Security Studies, Paris, 2005.

Bryden, Alan and Hänggi, Heiner (eds). *Security governance in post-conflict peacebuilding*, Geneva Centre for the Democratic Control of Armed Forces (DCAF), 2005.

Calder, Kent E. *Asia's Shifting Strategic Landscape: Japan as a post-Reactive State?* Foreign Policy Research Institute, fall 2003.

Chalmers Johnson. 'Blowback: The costs and consequences of American Empire', London, Time Warner Paperback, 2002.

Cheng, Joseph Y.S. and Zhang, Wankun. 'Patterns and Dynamics of China's International Strategic Behavior' *Journal of Contemporary China*, (2002) 11 (31): 235-260.

Chi, Hung Kwan. 'Yen Bloc – Toward Economic Integration in Asia', Washington D.C., The Brookings Institution Press, 2002.

Chimin, Chen. 'NATO, APEC and ASEM: Triadic Inter-regionalism and Global Order', Department of International Politics, Fudan University, Shanghai, 2005. http://www.cctr.ust.hk/articles/pdf/Chen%20Zhimin-Inter-regionalism%20and%20Global%20Order.pdf, accessed on 24.03.2006.

C*hina Brief, The Jamestown Foundation*, Vol. VI, Issue 6, 15.03.2006.

China Daily, 14.11.2004.

—— Business Weekly, 15.-21.03.1998.

—— 19.04.2001.

—— 23.11.2005.

China Facts and Figures 2005.

China Hoy, Vol. XLVI, No. 6, June 2005.

Choi, Young Jong and Caporaso, James A. 'Comparative Regional Integration', In Walter Carlsnaes, Thomas Risse and Beth A. Simmons (eds). *Handbook of International Relations*, London: Sage Publications, 2002.

Connelly, Marisela and Cornejo, Romer. *'China – América Latina. Génesis y Desarrollo de sus Relaciones'* Mexico City, El Colegio de México, 1992.

Crone, Donald. 'The Politics of Emerging Pacific Cooperation' *Pacific Affairs* 65(1) (Spring, 1992): 80-81.

Dai, Yichen. 'Dimensions of Asian-European Cooperation', *Social Observations*, No11, 2004.

Dai, Yan and Lam, Vincent. 'Composition of Currency Basket Revealed', *China Daily*, 11.08.2005.

de Oliveira, Henrique Altemani. 'Brasil-China: Trinta Anos de uma Parceria Estratégica', in http://www.asiapacifico.com.

Deiter, Heribert and Higgott, Richard. 'Exploring Alternative Theories of Economic Regionalism: From Trade to Finance in Asian Cooperation', *Review of International Political Economy* 10(3) (August 2003): 433.

Dent, Christopher M. 'ASEM and the 'Cinderella Complex' of EU-East Asia Economic Relations' *Pacific Review* 74(1) (Spring 2001): 25-52.

—— 'The Asia-Europe Meeting and Inter-Regionalism' *Asian Survey* 44(2) (2004): 214-5.

—— *The Asia-Europe Meeting (ASEM) and Inter-regionalism: Towards a Theory of Multilateral Utility* (Paper presented at the International Conference 'Ten Years of ASEM. Achievements and Possibilities of the Asia-Europe Meeting', University of Helsinki, 14-15.9.2005).

Deutsch, Karl W. et al. *Political Community and the North Atlantic Area: International Organisation in the Light of the Historical Experience*, Princeton, NJ: Princeton University Press, 1957.

Dong-ik, Shin and Segal, Gerald. 'Getting Serious about Asia-Europe Security Cooperation' *Survival* 39(1) (Spring 1997): 139-140.

Dosch, Jörn/Wagner, Christian. ASEAN und SAARC: Entwicklung und Perspektiven regionaler Zusammenarbeit in Asien, Hamburg: Abera 1999.

Dussell, Enrique. *Oportunidades y Retos Económicos de China para México y Centroamérica*, Comisión Económica para América Latina y el Caribe (CEPAL), September, 2004.

Eichengreen, Barry. 'Solving the Currency Conundrum: A Paper from the Project on Development, Trade, and International Finance', A council of Foreign Relations Paper, 2000.

El Universal, Mexico City, 22.05.2005.

Emmers, Ralf. *Cooperative Security and the Balance of Power in ASEAN and the ARF*, London and New York: Routledge Curzon, 2003: 31.

European Commission. *Declaration on behalf of the Commission by Mr. Santer, Sir Leon Brittan and Mr. Marín on the Euro-Asia Summit, Bulletin EU* 1/2 – 1996 Asia (2/10).

—— *Perspectives and Priorities for the ASEM Process into the next decade* (Commission Working Document, April 2000).

—— (Directorate General for External Relations). *Vademecum: Modalities for Future ASEM Dialogue – Taking the Process Forward*, 2001.

—— *An EU-India Strategic Partnership*, Brussels 2004, http://europa.eu.int/comm/external_relations/india/news/2004_comm.pdf.

—— *The EU's Relations with China – Overview*, January 2006, http://europa.eu.int/comm/ external_relations/china/intro/index.htm.

European Parliament - Committee on Foreign Affairs, Security and Defence Policy, Rapporteur: Salvatore Tatarella. *Report on the Commission working document on Perspectives and Priorities for the ASEM Process* (PE 229.876/fin., 20 April 1999): 12.

Far Eastern Economic Review, 25.05.2004: 31.

Ferguson, R. James. 'Shaping New Relationships: Asia, Europe and the New Trilateralism' *International Politics* 34 (December 1997): 398.

Fernández, Damián J. 'Cuba's relations with China: Economic Pragmatism and Political Fluctuation' in Donna Rich Kaplowitz. *Cuba's ties to a Changing World*, Boulder (Col), Lynne Rienner Publishers, 1993: 24-25.

Foreign Ministry of the People's Republic of China. China's Participation in ASEM, 15.11.2000, http://www.fmprc.gov.cn/eng/wjb/zzjg/gjs/gjzzyhy/2608/t15291.htm.

Forster, Anthony. 'The European Union and Southeast Asia: Continuity and Change in Turbulent Times' *International Affairs* 75(4) (October 1999): 747.

Freeman, Duncan. 'EU-China Trade: Perception and Reality' *Beijing Review*, 23.06.2005.

Fu, Xuming. 'How to Handle the "Mess" of Asia-Europe Meeting' *China Economic Times* May 21st, 2002.

Georg Wiessala. *The European Union and Asian countries*, Sheffield Academic Press, 2002.

Gilson, Julie. 'Europe-Asia: the Formal Politics of Mutual Definition', In Peter W. Preston and Julie A. Gilson (eds). *The European Union and East Asia: Inter-regional Linkages in a Changing Global System*, Cheltenham, UK: Edward Elgar Publishers, 2001.

—— *Asia meets Europe: Inter-Regionalism and the Asia-Europe Meeting*, Edward Elgar, Cheltenham, 2002.

—— *Inter-Regionalism and the Asia-Europe Meeting*, Cheltenham, UK and Northampton, MA: Edward Elgar, 2002, 10-11.

—— 'Weaving a New Silk Road: Europe Meets Asia'. In Vinod K. Aggarwal and Edward A. Fogarty (eds). EU Trade Strategies. *Between Regionalism and Globalism*. New York: Palgrave, 2004.

—— 'New Inter-regionalism? The EU and East Asia' *European Integration*, Vol.27, No.3, September 2005: 307-326.

Gong, Garitt W. 'The International Strategy of China's New Leaders' in Yun-han Chu, Chih-cheng Lo and Ramon H. Myers (eds.). *The New Chinese Leadership: Challenges and Opportunities after the 16th Party Congress*, Cambridge and New York: Cambridge University Press, 2004: 173.

Goodman, Peter S. 'Senators Hopeful of Compromise on Yuan' *Washington Post*, 24.03.2005.

Government of India, Ministry of External Affairs. *Annual Report 1998-1999*, New Delhi 1999.

—— Ministry of External Affairs. *Annual Report 2000-2001*, New Delhi 2001.

Grace Sung. 'Asem Fatigue: Was Madrid a symptom or a cure?' *The Straits Times*, 11 June 2002.

Graham, Kennedy and Felício, Tânia. *Regional Security and Global Governance: A Study of Interaction between Regional Agencies and the UN Security Council with a Proposal for a Regional-Global Security Mechanism*, VUB Press, 2006.

Grare, Frederice. 'Meeting India's Energy Needs: What Role for Central Asia?' in Audinet, P./Shukla, P.R./Grare, F. (eds). *India's Energy Needs. Essays on sustainable Development*, New Delhi 2000.

Gries, Peter Hayes. 'China Eyes the Hegemon' *Orbis* 49 (3) (Summer 2005): 403-406.

Gujral, Inder., *A Foreign Policy for India*, 1998.

Haine, Jean-Yves. 'The elusive quest for a European security and defence policy' in Bertrand Fort & Douglas Webber (eds). *Regional integration in East Asia and Europe*, Routledge, 2006.

Hänggi, Heiner. 'ASEM and the Construction of the New Triad,' *Journal of the Asia-Pacific Economy* 4(12) (1999): 66-67.

—— 'Regionalism through inter-regionalism: East Asia and ASEM' F. Liu and Philippe Régnier (eds). *Regionalism in East Asia: Paradigm Shifting?* Curzon Press, London, 2003: 220-230.

—— 'ASEM's security agenda revisited' in Wim Stockhof, Paul van der Velde and Yeo Lay Hwee. *The Eurasian space – Far more than two continents*, Singapore, 2004.

Hänggi, Heiner/Roloff, Ralf/Rüland, Jürgen (eds.). *Inter-regionalism in International Politics*, London, New York: Routledge 2006.

Hannon, Paul. 'EU Likely to Tread Softly on China's Yuan Revaluation' *The Wall Street Journal* Europe, 10.04.2006.

He, Li. 'Rivalry between Taiwan and the PRC in Latin America' *Journal of Chinese Political Science*, Vol. 12, No. 2, Fall 2005.

Hettne, Bjoern. 'Beyond the "New" Regionalism', Liu School of Management, 2005, http://www.eki.liu.se/content/1/c4/36/46/autumn%202005/h05%20%20NPE_Hettne_3.pdf.

Hettne, Bjoern and Soderbaum, Fredrik. 'Civilian Power or Soft Imperialism? The EU as a Global Actor and the Role of Inter-regionalism' European Foreign Affairs Review 10, 2005: 535-552.

Higgott, Richard. 'ASEM and the evolving Global Order', *Global Economic Review* Vol. 29, No. 1: 21-52, 2000: 35.

—— 'After Neo-liberal globalization: The 'securitization' of US Foreign Economic Policy in East Asia', *Critical Asian Studies*, 36:3, Routledge, 2004.

—— 'Regionalisation, Regionalism and Leadership: the Limits of Institutionalization

in East Asia, (Paper prepared for the GARNET Workshop 'Europe and Asia: Comparing Approaches to economic Integration)' UNU-CRIS, Bruges, 30.06.2006.

Hsiung, James. 'China's Omni-Directional Diplomacy: Realignment to Cope with Monopolar US Power' *Asian Survey* 35(6) (June 1995): 573-86. http://www.aseminfoboard.org/content/documents/050722_BaliDeclaration.pdf.

Hu, Xiao. 'China Urges ASEM to Adopt Needed Reforms' *China Daily*, 01.10.2004.

Inoguchi, Takashi. 'Globalization and Japan's Foreign Policy', *Japan's Review on International Affairs*, Fall 1999, 1999, p. 163.

Japan Center for International Exchange (JCIE) and University of Helsinki Network for European Studies. *ASEM in its Tenth Year – Looking Back, Looking Forward. An evaluation of ASEM in its first decade and an exploration of its future possibilities*, Ministry for Foreign Affairs, Finland, 2006.

Jiang, Shixue. 'Relaciones Bilaterales Chino-Chilena al Umbral del Siglo XXI' *Estudios Internacionales* (Chile), No. 133, January-March, 2001, p. 24.

John Quigley. 'Aceh Monitoring Mission gets underway' *EurAsia Bulletin* Vol. 9 No. 9&10 Sept-October, Brussels, 2005.

—— 'ESDP in Asia - the Aceh Mission extended' *EurAsia Bulletin* Vol. 10 No. 1&2 Jan-February, Brussels, 2006.

Johnston, Alastair Iain and Evans, Paul. 'China's Engagement with Multilateral Security Institutions' in Johnston, Alastair Iain and Ross, Robert S. (eds). *Engaging China: The Management of an Emerging Power*, London: Routledge, 1999: 235-72.

Keohane, Robert O. *After Hegemony: Cooperation and Discord in the World Political Economy*, Princeton: Princeton University Press, 1984.

Keohane, Robert and Nye, Joseph S. *Power and Interdependence: World Politics in Transition*, Brown and Company, Boston 1989.

Klein, Donald W. 'Japan and Europe in Chinese Foreign Relations' in Kim, Samuel S. (ed). *China and the World: Chinese Foreign Policy Faces the New Millennium*, Boulder and Oxford: Westview Press, 1998: 137.

Köllner, Patrick. 'Whither ASEM? Lessons from APEC and the Future of Transregional Cooperation' *Südostasien aktuell* 19(5), 2000: 429.

La Prensa, (Panama) 14.05.2004.

Lanteigne, Marc. *China and International Institutions: Alternate Paths to Global Power*, Milton Park, UK and New York, NY: Routledge, 2005: 12-32.

—— 'Norms and Nuances: An Assessment of the APEC model of Informal Cooperation,' *Cancaps Papier* 39 (January 2006).

Lee, Su-Hoon. 'Community Building in Northeast Asia: a Korean Initiative' (Paper prepared for the Conference Cross Currents: Regionalism and Nationalism in Northeast Asia) Stanford University, May 11-12, 2006.

Leonard, Mark. *Why Europe will run the 21st Century*, Fourth Estate, London 2005.

Lu, Guangsheng. 'ASEM: Institutions and its Effects' *International Forum*, No.2, 38, 2005:1-6.

Lu, Rucai. 'China y el BID. ¿A la Enésima va la Vencida' *China Hoy*, Vol. XLVI, no. 7, July, 2005: 24-26.

Luo, Guozheng. 'Nuevas oportunidades para el comercio entre China y Chile' *China Hoy*. Vol. XLVI, No. 6, June 2005: 21.

Maull, Hanns W. *Regional Security Co-operation: a Comparison of Europe and East Asia, Bonn*, Internationale Politik und Gesellschaft, 1997.

Maull, Hanns W. and Okfen, Nuria. 'Inter-Regionalism in International Relations: Comparing APEC and ASEM,' *Asia-Europe Journal* 1(2003): 237-49.

May, Bernhard 'Trilateral Relations in a Globalising World: ASEM and the United States' *Asia-Europe Journal* 3(2005): 38.

Medeiros, Evan S. 'China Debates Its "Peaceful Rise" Strategy' *YaleGlobal Online*, 22.06.2004, http://yaleglobal.yale.edu/display.article?id=4118.

Mi, Xiaorong. 'Evolution of the European Union's Policy toward China' *Foreign Affairs Journal* (Chinese People's Institute of Foreign Affairs) 63 (March 2002): 36.

Ming, Wan. 'Economic Interdependence and Economic Cooperation: Mitigating Conflict and Transforming Security Order in Asia' In Muthiah Alagappa (ed). *Asian Security Order: Ideational and Normative Features, Stanford: Stanford University* Press, 2003: 289.

Ministry of Foreign Affairs of the People's Republic of China. *China's EU Policy Paper*, 13 October 2003, http://www.fmprc.gov.cn/eng/wjb/zzjg/xos/dqzzywt/t27708.htm.

—— 'Hu Jintao holds talks with the leaders of India, Brazil, South Africa and Mexico', 7.07.2005.

Möller, Kay. 'Diplomatic Relations and Mutual Strategic Perceptions: China and the European Union' *China Quarterly* 169 (March 2002): 10.

Moore, Thomas G. 'Chinese Foreign Policy in the Age of Globalisation' In Yong Deng and Fei-ling Wang (eds). *China Rising: Power and Motivation in Chinese Foreign Policy*, Lanham and Boulder: Rowman and Littlefield Publishers, 2005: 126.

Moore, Thomas G. and Dixia, Yang. 'Empowered and Restrained: Chinese Foreign Policy in the Age of Economic Interdependence' In David M. Lampton (ed). *The Making of Chinese Foreign and Security Policy in the Era of Reform*, Stanford: Stanford University Press, 2001: 191-229.

Morrison, Charles E. 'APEC: The Evolution of an Institution' Vinod K. Aggarwal and Charles E. Morrison (eds). *Asia-Pacific Crossroads: Regime Creation and the Future of APEC*, New York, NY: St. Martin's Press, 1998:11.

—— 'Track 1/Track 2 Symbiosis in Asia-Pacific Regionalism,' The Pacific Review 17(4) (2004): 561.

Munro, Ross. 'The Loser. India in the Nineties' *The National Interest*, (Summer 1993): 62.

Nehru, Jawaharlal. 'Future Taking Shape' In Nehru, Jawaharlal. *India's Foreign Policy, Selected Speeches*, September 1946-April 1961, New Delhi: Ministry of Information and Broadcasting, Publications Division 1961.

Ngai, Ling Sum. 'A material-discursive approach to the 'Asian Crisis': the breaking and remaking of the production and financial orders', Peter W. Preston and Julie Gilson. *The European Union and East Asia: Inter-regional Linkages in a Changing Global System*, Cheltenham, Northampton, Edward Elgar, 2001.

Palmer, Norman D. *The new Regionalism in Asia and the Pacific*, Toronto 1991.

Pan, Guang. 'Development of Asian-European Cooperation and Its Impact on International System in Turning Point of the Century' *Academic Research Quarterly*, No.3, 2000.

—— 'Interactions Between Asian-European Cooperation and East Asian Development' *World Economy and Politics*, No.3, 259, 2002:27-31.

—— 'ASEM, how to take next step' *World Knowledge*, 1399, 2004:44-45.

—— 'Development and Prospect of Asian-Europe Relations in Next Century' *Social Observations*, No.9, 2004: 28-30.

Pan, Guang/Cui, Hongwei. 'Development of Asian-European Cooperation and its impact on the International System in a turning point of the century' Academic Research Quarterly, No.3, 2000: 64-72.

Pan, Guang/Wang, Zheng. 'Brief Analysis of Institutionalization of Asia-Europe Meeting' *Contemporary International Relations* No. 7, 177, 2004: 8-20.

Pan, Guang/Yu, Jianhua. *From Silk Road to Asia-Europe Meeting*. Beijing: CCPS Publishing House, 2004.

Park, Sung-Hoon. 'ASEM and the Future of Asia-Europe Relations, Background, Characteristics and Challenges.' *Asia-Europe Journal* 2(2004): 351-352.

Preston, Peter W. and Gilson, Julie. *The European Union and East Asia: Inter-regional Linkages in a Changing Global System*, Edward Elgar, 2001.

Qiu, Yuanlun. 'Current Situation and Future Development of Sino-European Relations' *World Economic and Politics*, No11, 2004: 9-17.

Radelet, Steven and Sachs, Jeffrey. 'The East Asian Financial Crisis: Diagnosis, Remedies, Prospects', Harvard Institute for International

Development, 1998, http://www2.cid.harvard. edu/ hiidpapers/bpeasia2.pdf, accessed on 19.11.2004.

Ram, N. 'Catching up in the east'. *The Hindu*, 29.11.2004.

Rao, P.V. Narasimha. India and the Asia-Pacific: forging a new relationship, Singapur 1994.

Ratliff, William. 'China goes South of the border', *Hoover Digest*, 2005, no. 1. Winter issue.

Ravenhill, John. *APEC and the Construction of Pacific Rim Regionalism*, Cambridge and New York: Cambridge University Press, 2001), 15-16.

Reiterer, Michael. 'ASEM: Value-Added to International Relations and to the Asia-Europe Relationship', Wim Stokhof, Paul van der Velde and Yeo Lay Hwee (eds). *The Eurasian Space: Far More Than Two Continents*, 2004.

—— 'Asia-Europe: Do They Meet? – Revisited' In Zainal Mantaha and Toshiro Tanaka (eds). *Enlarging European Union and Asia*. Tokyo: Asia-Europe Foundation and Keio University, 2005.

Renmin Ribao, 04.08.2005.

—— 10.01.2006.

—— 14.12.2003.

—— 20.01.2005.

—— 25.05.2004.

—— 30.03.2004.

Republic of Korea. *Overview Report on ASEM Initiatives. Evaluation and Recommendations for Future Improvements*, 2006.

Richards, Gareth A. and Kirkpatrick, Colin. 'Re-orienting Inter-regional Cooperation in the Global Political Economy: Europe's East Asian Policy' *Journal of Common Market Studies* 37(4) (December 1999): 692.

Robinson, Thomas W. 'Chinese Foreign Policy from the 1940s to the 1990s' *Chinese Foreign Policy, Theory and Practice*, Oxford, Clarendon Press, 1994: 589.

Robles, Alfredo, Jr. 'ASEM and Asia-Europe Relations: Between Investment Promotion and the Financial Crisis', (http://selene.uab.es/_cs_iuee/catala/obs/working%20Papers/wp092001.html), accessed 01.03.2006.

Rong, I. Wu, 'Taiwan's Participation in the Asia-Pacific Financial Stabilization Programs', Taiwan Institute of Economic Research, Working Paper, 1998, http://www.tier.org.tw/ APECC/hotnews/Discussion_Papers/manila.html, accessed on 13.11.2004.

Rose, Gideon. 'Neoclassical Realism and Theories of Foreign Policy' In: *World Politics*, 51 (1998): 144–172.

Rowse, Ben. 'Quiet Diplomacy Expected to Resolve ASEAN-EU Spat Over ASEM Summit' *Agence France-Presse*, 21.03. 2004, http://www.aseansec.org/afp/29.htm.

Rüland, Jürgen. 'The Asia-Europe Meeting - Transregional Forum at the Crossroads' in Stokhof, Wim/van der Velde, Paul (eds.). *Asian-European Perspectives. Developing the ASEM Process*, London: Curzon Press 2001: 60-77.

—— *The European Union as an Inter- and Transregional Actor: Lessons for Global Governance from Europe's Relations with Asia* (Paper presented at the Conference 'The European Union in International Affair'. National Europe Centre, Australian National University, July 3-4, 2002.

—— 'Asian Regionalism Five Years after the 1997/98 Crisis' In Christopher M. Dent. *Asian-Pacific Economic and Security Cooperation: New Regional Agendas*, Houndmills, UK and New York, NY: Palgrave, 2003: 64-65.

—— 'Inter-regionalism and the Crisis of Multilateralism: How to keep ASEM relevant?' (Paper presented at the International Conference 'Ten Years of ASEM. Achievements and Possibilities of the Asia-Europe Meeting'. University of Helsinki, 14-15.9.2005).

—— 'Inter-regionalism and the crisis of multilateralism: How to keep the Asia-Europe Meeting (ASEM) Relevant' *European Foreign Affairs Review* 11, 2006.

Seng, Tan. 'The Asian Experience in Security Cooperation' (Paper prepared for the ASEF Workshop on 'EU-Asia Relations: Cooperation on Regional Security and Integration') Brussels, June 2006.

Serradell, Victor Pou. 'The Asia-Europe Meeting: a historical turning point in relations between two regions' *European Foreign Affairs Review*, 1 (2), 1996.

Shambaugh, David. 'China Engages Asia: Reshaping the Regional Order' *International Security* 29(3) (Winter 2004/05): 69.

Shukla, Saurabh. 'Storming the Eastern Front' *India Today*, 04.07.2005.

Singh, Jaswant, India's Perspective on International and Regional Security Issues, lecture in Berlin, January 17, 2001, manuscript.

Solana, Javier. *European Security Strategy*, Council of the EU, Brussels, June 2003.

South China Morning Post, 19./25.05.1997.

—— 10./17./22.01.1997.

Sridharan, Kripa. The ASEAN Region in India's Foreign Policy, Dartmouth 1996: 50.

Stiglitz, Joseph. 'Globalization, Technology and Asian Development', Asian Development Bank, *Asian Development Review*, vol. 20, no. 2003.

Stokhof, Wim/van der Velde, Paul (eds.). *Asian-European Perspectives. Developing the ASEM Process, London*: Curzon Press 2001.

Stokhof, Wim /van der Velde, Paul/Yeo, Lay Hwee (eds). *The Eurasian Space: Far More than Two Continents*, Singapore: Institute for Southeast Asian Studies, 2004.

Stubbs, Richard. 'ASEAN Plus Three: Emerging East Asian Regionalism' *Asian Survey* 42(3) (May/June 2002): 440–455.

Swanström, Nicholas. 'The Prospects for Multilateral Conflict Prevention and Regional Cooperation in Central Asia' *Central Asian Survey* 23(1) (March 2004): 41-53.

Taipei Times, 31.05.2004.

Thakur, Ramesh and Van Langenhove, Luk. 'Enhancing Global Governance through Regional Cooperation' (Paper prepared for the Conference *Regionalisation and the Taming of Globalization?*, University of Warwick) October 2005.

Tian, Zengpei. 'Tres Etapas de la Diplomacia China' *Beijing Informa*, 18.09.1994.

Taylor, Ian. 'Neo-Liberal Globalism And Multilateralism: The Asia Pacific Economic Co-Operation Forum (APEC) as a Terrain of Struggle', Asia Research Centre, Murdoch University, Working paper No. 99, 2003, http://wwwarc.murdoch.edu.au/publications/wpapers.shtml, accessed on 25.11.2004.

Van Langenhove, Luk. 'Theorizing Regionhood' E-Working paper W-2003/1, UNU-CRIS, Bruges, 2001.

Vicziany, Marika. Inquiry into Nuclear Tests by India and Pakistan, Submission to the References Committee Australian Senate Foreign Affairs, Defence and Trade References Committee, The Australian Parliament, Parliament House Canberra Act 2600 (http://www.fas.org/ news/india/1998/09/980900-inq.htm). Accessed 2.8.2005.

Wagner, Christian. *From Hard Power to Soft Power? Ideas, Interaction, Institutions, and Images in India's South Asia Policy*, Heidelberg 2005 (Heidelberg Papers in South Asian and Comparative Politics, Working Paper No. 26), http://archiv.ub.uni-heidelberg.de/volltextserver/ volltexte/2005/5436/ pdf/hpsacp26.pdf.

Wagner, Helmut. 'Europäische Wirtschaftspolitik – Perspektiven einer Europäischen Wirtschafts- und Währungsunion (EWWU)', Berlin, Heidelberg, Springer, 1998.

Waltz, Kenneth N. *Theory of International Politics*, Reading 1979.

Wan, Leong Fee. 'From Asian Monetary Cooperation to Monetary Integration', Monash University Malaysia, 2003, http://www.hicbusiness.org/biz2003proceedings/Wan%20Leong%20Fee.pdf, accessed on 14.11.2004.

Watanabe, Matsuo. 'Issues in Regional Integration of East Asia: Conflicting Priorities and Perceptions', *Asia-Pacific Review*, Vol. 11, No. 2, 2004, pp. 7-8.

World Trade Organization Ministerial Conference. Fifth Session. Cancun, 10.-14.09.2003.

www.pdv.com, 13.09.2005.
Xinhua, 13.12.2005.
—— 19.05.2005.
Xu, Shicheng. 'La Larga Marcha Sur-Sur: China vis-à-vis América Latina' *Foreign Affairs* in Spanish, July–September, 2003.
Yadav, R.S. 'NAM in the New World Order' In: *India Quarterly*, 49 (1993) 3: 47.
Yang, Chengxu. 'Bright Future of Asian-European Cooperation' *World Economy and Politics*, No.12, 256, 2001:15-18.
Yanshen, Wei. 'Coming Euro and Asian-European Relations' *Contemporary Asian Pacific*, No.1, 49, 1999:27-34.
Yao, Kevin and Nishikawa, Yoko. 'China's Yuan Dominates Asia-Europe Meeting' *Reuters*, 26.06.2005.
Yeo, Lai Hwee. 'ASEM: Looking Back, Looking Forward' *Contemporary Southeast Asia* 22(1) (2000): 116.
—— *The Asia-Europe Meeting Process: From Sexy Summit to Strong Partnership?* Copenhagen: Danish Institute of International Affairs, 2002.
—— *Asia and Europe. The Development and Different Dimensions of ASEM*. London and New York: Routledge, 2003.
—— 'Dimensions of Asia-Europe Cooperation' *Asia-Europe Journal*, Springer, vol.2, no.1, January 2004.
Yi, Xiaoxiong. 'Chinese foreign policy in transition: understanding China's peaceful development' *Journal of East Asian Foreign Affairs*, Vol. 14-1, Spring-Summer, 2005.
Yu, Jianhua. 'An Analysis of Some Issues in Development of Asian-European Relations' *Academic Research Quarterly*, No.3, 1999: 51-60.
Zhang, Guangwu. 'Development of European-Asian Relations After End of the Cold-War' *European Studies*, No.1, 14, 1996:29-35.
Zhang, Sengen. 'Latinoamérica en el nuevo contexto mundial' *Beijing Informa*, 23.08.1994.
Zhang, Xizhen. 'Asian-European Cooperation and China' *Contemporary Asian Pacific*, No.8, 68, 2000:37-42.
Zhao, Suisheng. 'Deng Xiaoping's Southern Tour: Elite Politics in Post-Tiananmen China' *Asian Survey*, Vol. XXXIII, no. 8, August, 1993: 739-756.
Zheng, Bijian. 'China's "Peaceful Rise" to Great Power Status' *Foreign Affairs* 84(5) (September/October 2005): 18-24.

Contributors

Sebastian Bersick, Senior Research Fellow, European Institute for Asian Studies, Brussels.

Marisela Connelly, Centre for Asian and African Studies, El Colegio de Mexico, Mexico City.

Tânia Felício, Ph.D candidate and Project Researcher, United Nations University, Brugge.

Bart Gaens, Researcher, University of Helsinki, Finland, Network for European Studies, Project Assistant, ASEM 6 Secretariat, Ministry of Foreign Affairs.

Marc Lanteigne, Lecturer, McGill University, Montreal.

Michael Postert, Ph.D candidate, University of Newcastle upon Tyne.

John Quigley, Editor of *EurAsia Bulletin*, European Institute for Asian Studies, Brussels.

Wim Stokhof, Secretary General of the International Convention of Asia Scholars.

Paul van der Velde, Senior Consultant, International Institute for Asian Studies, Leiden and Amsterdam/Secretary of the International Convention of Asia Scholars.

Christian Wagner, Senior Research Associate, Stiftung Wissenschaft und Politik (German Institute for International and Security Affairs), Berlin.

Yeo Lay Hwee, Executive Director and Senior Research Fellow, Singapore Institute of International Affairs, Singapore.

Zhu Liqun, Assistant President of China Foreign Affairs University (CAFU) and Director of Institute of International Relations at CAFU, Beijing.