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The Asia-Europe Meeting (ASEM): Towards a New Euro-Asian Relationship?

by

Jürgen Rüland



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The Asia-Europe Meeting (ASEM): Towards a New Euro-Asian Relationship?

I. Introduction

On March 1 and 2, 1996 twenty-six European and Asian leaders came together in Bangkok for an unprecedented meeting. Represented in Bangkok were the fifteen member states of the European Union¹, the European Commission through its President, the seven members of the Association of Southeast Asian Nations (ASEAN)² plus China, South Korea, and Japan. Bangkok was an attempt to rebuild a relationship that was marred in recent years by frequent clashes over human rights, democracy, environmental issues, and trade. In Bangkok both sides set aside these differences, focussing instead on the interests they had in common. The meeting thus ended on an essentially positive note. Some observers even went so far as to predict the flowering of a relationship that in the end could emulate the successful Trans-Pacific cooperation under the auspices of the Asia Pacific Economic Cooperation (APEC).³ While the prospects for a closer Asian-European cooperation may have indeed become much brighter after Bangkok, the significance of this relationship is only slowly being appreciated by the European public. This at least is the cogent conclusion, if European media and academic interest in the event is used as the yardstick.⁴ It is therefore the purpose of this paper to provide background information on Asian-European relations in general and the Bangkok Summit in particular, including a detailed analysis of the interests involved on both sides. The paper basically argues that the momentum in Euro-Asian relations is increasingly tilting to the Asian side.

The study begins with a brief introduction of the cornerstones of Asian-European cooperation: The European Union (EU) and the Association of Southeast Asian Nations (ASEAN) (Chapter Two). This is followed by a short account of Asian-European relations up to the eve of the Bangkok Summit (Chapter Three). „Preludes to Bangkok“ (Chapter Four) focuses on the preparatory phase of the summit by analyzing the motives of both sides for the meeting as well as the interests and objectives of the participants. Chapter Five summarizes

¹ Members of the EU are Austria, Belgium, Denmark, the Federal Republic of Germany, Finland, France, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom.

² ASEAN members are Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam.

³ APEC has at present eighteen members: ASEAN (minus Vietnam), the US, Canada, Australia, New Zealand, Japan, South Korea, the People's Republic of China, Taiwan, Hong Kong, Mexico, and Chile. The second summit, held in November 1994 in Bogor, however agreed on a three-year moratorium for the admission of new members. Interested in becoming new members are Vietnam, India, Pakistan, Russia, and Latin American countries such as Colombia and Peru. See *Straits Times*, 28 February 1996, p. 14.

⁴ Even prestigious academic publications such as the „*Jahrbuch der Europäischen Integration*“ (Yearbook of European Integration) did not devote a separate chapter to the EU's relations with Asia so far, although ample space is given to the analysis of the Union's external relations. See Werner Weidenfeld/Wolfgang Wessels (Hrsg.), *Jahrbuch der Europäischen Integration 1994/95*, Bonn: Europa Union Verlag, 1995.

the achievements and results of ASEM. Policy recommendations for strengthening European relations with Asia are offered in Chapter Six. The paper concludes with a brief discussion of the possible impact of interregional summits such as ASEM or APEC on the unfolding new world order and the structure of international relations (Chapter Seven).

II. EU and Asia -- Diverse Approaches Towards Cooperation

When, in 1957, France, the Federal Republic of Germany, Italy, the Netherlands, Belgium, and Luxembourg concluded the *Treaties of Rome* a new era dawned in European politics. Although more ambitious plans for a United States of Europe had to be discarded after the French rejection of the project of a European Defence Community in 1954, the *Treaties of Rome* paved the way for an incrementalist model of integration that rested on increasing cooperation in specific policy areas. Economic cooperation subsequently became the engine of European integration which from the very beginning required member states to transfer pieces of national sovereignty to the supranational institutions of the then European Economic Community (EEC). Today the European Union (EU)⁵ has become the most integrated regional organization world-wide.

The idea of an integrated Europe is not new. As early as the 1920s farsighted politicians such as German Foreign Minister Gustav Stresemann and his French counterpart Aristide Briand knew that only cooperation could pave the way for peaceful neighborliness among the major continental powers. But it took another world war before Europeans began to realize that unbridled nationalism and hegemonic designs had not only ended their role as global powers but -- even worse -- also completely destroyed their economies. Under the leadership of committed Europeans of the first hour such as Jean Monnet, Henri Spaak, Alcide de Gasperi, and Konrad Adenauer a European movement with firm popular roots emerged.⁶ When after 1947 in the unfolding Cold War the United States designed their containment policy vis-à-vis the Soviet Union, they could build on these foundations.⁷ This was the reason that the *European Recovery Plan* (ERP) -- better known as *Marshall-Plan* -- explicitly required for its implementation the creation of European institutions.⁸

The Soviet threat and the American containment policy gave the European idea an explicit security dimension, thus seemingly supporting the widely shared belief that cooperation

⁵ After the ratification of the *Treaty of Maastricht* in late 1992, the European Community was renamed European Union.

⁶ See Hans von der Groeben, Die Europäische Gemeinschaft, in: Karl Kaiser/Hans-Peter Schwarz (eds.), *Weltpolitik. Strukturen - Akteure - Perspektiven*, Bonn: Schriftenreihe der Bundeszentrale für politische Bildung, 1985, pp. 361-377.

⁷ See Walter Lipgens, Die Europabewegung, in: Hans-Peter Schwarz (ed.), *Handbuch der deutschen Außenpolitik*, München: Piper 1975, pp. 675-678.

⁸ See Walter Lipgens, Die Bundesrepublik und der Zusammenschluß Westeuropas, in: Hans-Peter Schwarz (ed.), *Handbuch der deutschen Außenpolitik*, München: Piper 1975, p. 682.

among states is frequently the result of commonly perceived security threats.⁹ As US foreign policy increasingly sought to incorporate the West German economic and military potential into the emerging Western camp, strong European institutions were regarded by Germany's western neighbors not only as a safeguard against the Soviet Union, but also against a potentially resurgent Germany. European integration thus evolved under the auspices of double containment.

But while security considerations may have been at the cradle of European integration, with the *Treaties of Rome* economic and, hence functionalist, objectives took over as the main rationale for cooperation. The EEC was instrumental for the boom that helped most western European economies to recover from the post-war devastation and reach unprecedented levels of prosperity in the 1960s. By 1968 -- within only ten years -- the first target had been achieved in the form of a customs union. However, under the impact of conflicting national interests, the collapse of the Bretton Woods monetary system, severe recessions (the oil crises of the 1970s), and several rounds of membership extension, integration deepened only slowly during much of the 1970s and the first half of the 1980s.

The *Single European Act* of 1986, the *Treaty of Maastricht* (1991), and the *Single European Market* (1993) provided European integration with new momentum. But by the mid-1990s much of the post-Maastricht euphoria has already evaporated. Pressures for a further opening of the Union emanating from the Eastern European reform states, persistent socio-economic disparities¹⁰, sluggish economic growth, institutional bottlenecks, and growing skepticism over the envisioned *Economic and Monetary Union* (EMU) have raised the question as to whether the targets of Maastricht can be attained in time. Without doubt, the EU is at the crossroads. The coming years will decide whether the Union stagnates at the level of an intergovernmental organization with spheres of supranational decision-making, succumb -- as some predict -- to a process of renationalization, or whether European integration will move towards a European federal system.

The European approach to cooperation may be characterized by the following three overriding principles:

- codification;
- institutionalization; and
- supranationality.

Codification refers to the highly detailed contractual foundation of the EU. The *Treaties of Rome*, the *Single European Act*, and the *Treaty of Maastricht* are voluminous international

⁹ See, for instance, Mohammed Ayoob, The Primacy of the Political: South Asian Regional Cooperation (SARC) in Comparative Perspective, in: *Asian Survey*, Vol. XXV, No. 4, April 1985, p. 445.

¹⁰ See Angelina Topan, Die Kohäsionspolitik der Europäischen Union: Die Kohäsion Spaniens, Griechenlands, Portugals und Irlands im Spannungsfeld von Vertiefung und Erweiterung, Diss. phil., University of Freiburg 1996.

contracts that determine the obligations and rights of the signatories in great detail. Moreover, since its inception in 1958 the EU has produced thousands of regulations and ordinances that have become part of the member states' national law.¹¹

Closely related to the principle of codification is *institutionalization*. The EU has built up an institutional framework that critics regard as increasingly unwieldy and lacking in transparency. Especially the European Commission -- as the most significant supranational institution -- has attracted most of this criticism. With its twenty-three general directorates and some 15,000 officials it is frequently referred to as a mammoth bureaucracy. While criticism directed at the inevitable inertia of such a large bureaucracy may be justified, it tends to overlook the fact that the Commission is possibly the most innovative body among the European institutions. It is an undisputable fact that most new programs and ideas emanate from the Commission. The competence and the know-how assembled here has helped the EU to perform reasonably well in multilateral fora such as the GATT and the newly established WTO.

As a key decision-making body, the Council of Ministers is another core institution of the Union. It brings together not only the Union's foreign ministers; today virtually all ministries have their own rounds of regular meetings in Brussels. As a result, the Council of Ministers meets at least three to four times a week -- an exceptionally high level of interaction.

After 1969 another major policy-making body of the Union emerged, which is not mentioned by the original European treaties. Initially summit meetings under the auspices of the European Council of the Heads of State and Government were held only on an irregular basis. But by 1974, following a resolution passed at the Paris Summit of the same year, they gradually evolved into a routine event in the calendar of the EC. By specifying their functions, the Summit of Stuttgart (1983) and the *European Single Act* (1986) formalized these meetings. The *Treaty of Maastricht* finally confirmed the twin role of the European Council as the pace setter for European integration and as a key body for the Union's Common Foreign and Security Policy. At present, the European Council meets at least twice a year.¹²

Because European decision-making is strongly dominated by the Euro-bureaucracy and national governments, critics frequently criticize the Union for its apparent lack of democracy. In response to this criticism, the European Parliament has been gradually strengthened over the last two decades. In 1979 direct elections were introduced, while the *Single European Act* and the *Treaty of Maastricht* extended its legislative responsibilities. But for most crit-

¹¹ During the German unification process, a EU working group screened some 40,000 pages of legal texts on their implication for unification. See Karl Kaiser, *Deutschlands Vereinigung. Die internationalen Aspekte*, Bergisch Gladbach: Gustav Lübbe Verlag GmbH, 1991, p. 24.

¹² See Werner Weidenfeld/Wolfgang Wessels (eds.), *Europa von A-Z. Taschenbuch der europäischen Integration*, Bonn: Bundeszentrale für politische Bildung, p. 169-173.

ics, these changes do not go far enough. It is still the Council of Ministers which dominates European legislation.

Apart from the Parliament, there is a plethora of other European institutions such as the European Court of Justice, the European Investment Bank, the Economic and Social Committee, the Board of Regions, and the European Court of Auditors. In addition, some 250 interest groups and lobbying firms have opened offices in Brussels¹³. With the reform of the EU's regional policies and the adoption of the subsidiarity principle in the *Maastricht Treaty*, state, regional, and provincial governments of many EU countries followed in their footsteps, establishing representations in Brussels as well. All this signifies a very dense network of transnational communication and interaction within the Union.¹⁴

Supranationality refers to the continuous transfer of national sovereignty to European institutions. For the founding fathers of the EEC supranationality had basically a security dimension. Under the *Schuman Plan* the integration of key economic sectors such as the coal and steel industry of the two largest continental powers, France and West Germany, was seen as an important safeguard against any future (German) temptation to use economic strength for the rebuilding of a military machine and the revitalization of hegemonic ambitions. In fact, at every crucial juncture throughout their recent history, Germans themselves advocated a deepening of integration in order to allay their neighbors' fears of a revived German assertiveness. Both the social-liberal coalition's new policy towards the East in the early 1970s as well as German unification were accompanied by major German initiatives to deepen European integration. While a first initiative towards an Economic and Monetary Union (*Werner Plan*) fizzled out in the turbulences of the crumbling Bretton Woods monetary system and the subsequent energy crises, Chancellor Kohl's initiatives two decades later went even a step further by linking the Economic and Monetary Union (EMU) with European Political Cooperation towards a Common Foreign and Security Policy.

In recent years the *Single European Market* and the run up to the EMU with their concomitant harmonization and convergence of economic policies have considerably restricted national decision-making options. As a consequence, legislation for a wide range of economic and social policies now originates in Brussels. Nevertheless, as shown by recent studies, it is premature for predictions of a demise of the nation state. The nation state is still vibrant and displays a surprising vitality in policy fields such as regional policy, social policy, and

¹³ See Hans-Wolfgang Platzer, *Die transnationale Zusammenarbeit der Gewerkschaften im Europa der 90er Jahre*, Bonn: Friedrich-Ebert-Stiftung 1991, quoted from Wolfram Friedrich Klein, *Der MERCOSUR. Unternehmer- und Gewerkschaftsverbände im wirtschaftlichen Integrations- und Modernisierungsprozeß*, Diss. phil., University of Rostock 1996, p. 197.

¹⁴ See also Beate Kohler-Koch, *Interessen und Integration. Die Rolle organisierter Interessen im westeuropäischen Integrationsprozeß*, in: *Politische Vierteljahresschrift*, Sonderheft 23, hrsg. von Michael Kreile, Europäische Integration, Opladen: Westdeutscher Verlag, 1992, pp. 81-119.

environmental policies.¹⁵ The Council of Ministers and the European Council as well as institutional arrangements such as unanimity in a number of decision-making areas are additional counterweights against a rapidly deepening integration. The run up to the EMU and the difficulties of member states to fulfill the convergence criteria set in Maastricht¹⁶ have even increased public skepticism towards more supranationality.

ASEAN pursues a model of cooperation which clearly deviates from the „Cartesian concept“¹⁷ of the Europeans. Founded in 1967 at the height of the Vietnam War and intensifying communist insurgencies in their own peripheral regions, security figured prominently among the motivations of member states to cooperate. Contrary to the stipulations of the founding document, the *Bangkok Declaration*, which emphasized economic cooperation as the main rationale for Southeast Asian regionalism, security provided the cement for the grouping until the early 1990s. The *Nixon Doctrine* (1969), the communist victory in Indochina (1975), the American withdrawal from mainland Southeast Asia (1976), the Cambodian War (1978-1991), and the growing presence of the Soviet Pacific fleet in Southeast Asian waters made security cooperation a paramount priority. Especially the Cambodian War strengthened intraregional cohesion.

Although the region was endemically instable, most ASEAN countries enjoyed an unprecedented economic boom in the past decades. But the boom was much less the result of regional cooperation than of national efforts. This changed only in the early 1990s. The spectre of a failure of the Uruguay Round, the preparations for the European Single Market, the negotiations for NAFTA, the fledgling APEC process, economic liberalization and modernization in low-wage countries such as China, India, and Vietnam, and the anticipated re-routing of capital flows to the East European transformation economies increased fears in the region that Southeast Asia would soon be cut off from technologies and capital. At their Fourth Summit in Singapore in 1992, ASEAN leaders therefore agreed to set up a free trade zone (AFTA) of its own which, after initial setbacks, is now being implemented.¹⁸ ASEAN

¹⁵ See Angelina Topan, *Die Kohäsionspolitik der Europäischen Union: Die Kohäsion Spaniens, Griechenlands, Portugals und Irlands im Spannungsfeld von Vertiefung und Erweiterung*, Diss. phil., University of Freiburg 1996.

¹⁶ Maastricht stipulates the following convergence criteria for participation in the Economic and Monetary Union: inflation must be below 1.5 percent; the budget deficit must be below 3 percent of the GNP; public debts must be below 60 percent of the GNP, a national currency should not have been devalued during the two years prior to 1996 and currency variations should not exceed 2.25 percent; and long-term average interest rates should not exceed 2 percent of the level in the three countries with the lowest interest rates. See Pascal Fontaine, *Europa in zehn Lektionen*, Luxembourg: Amt für Veröffentlichungen der Gemeinschaft, December 1994, p. 26.

¹⁷ See Noordin Sopiee, *Asian Approach Best Way to Build Enduring APEC*, in: *The Straits Times*, 1 September 1994, p. 27.

¹⁸ See Jürgen Rüländ, *AFTA -- ein Gemeinsamer Markt in Südostasien. Zögerlicher Sprung ins kalte Wasser*, in: *Das Parlament*, No. 7, 12 February 1993, p. 12. Recent economic policies of ASEAN are also discussed in Peter Wichmann, *Die politischen Perspektiven der ASEAN. Subregionale Integration oder supranationale Kooperation*, Hamburg: Mitteilungen des Institutes für Asienkunde, No. 262, 1996, pp. 57-79.

expects AFTA to develop into a full-fledged free trade area for most industrial goods and services by the year 2003, and for a number of agricultural products by 2010.¹⁹

But despite a thrust towards a more institutionalized cooperation since the Singapore Summit, ASEAN has never pursued an integration strategy based on supranationality as has the EU. This is hardly surprising, since -- except for Thailand -- most Southeast Asian countries were colonies until a few decades ago. With nation-building just achieved or still underway, it is almost self-evident that these newly independent nation states are hardly willing to forgo national sovereignty for which -- as in the case of Vietnam and Indonesia -- they had to fight bloody liberation wars. The main principles of ASEAN cooperation may thus be summarized as follows:

- informality, consensus, pragmatism, and flexibility;
- lean cooperation; and
- regional resilience.

Except for the *Treaty on Amity and Cooperation* (1976) and the *Treaty on the Southeast Asian Nuclear Weapons Free Zone* (1995), ASEAN has not based its cooperation on international treaties. Unlike those of the EU, most documents are very short and consist of only a few pages. They mainly outline principles and norms of cooperation, and only lately contain specific rules and procedures for implementation. If cooperation is to succeed under such conditions, much depends on personal trust among the chief decision-makers. As a result, ASEAN has cultivated a highly informal negotiation style that seeks to avoid tough bargaining, confrontations, embarrassments, and majority decisions. More important than quick and concrete results is the maintenance of harmony among members and their representatives. This, of course, implies lengthy negotiations; no decision is made before a consensus has been reached.²⁰ But ASEAN's personalized and informal decision-making style very much reflects the region's political culture which accords a much stronger role to the executive and individual political leaders than in Europe. This gives ASEAN decision-makers greater scope of action than their European counterparts who, by contrast, are subject to closer scrutiny by parliamentary bodies, the media, and a critical public opinion.

While in the past controversial issues used to be shelved, they are now transferred to a so-called „track two“ process. Organized by the region's Institutes for Strategic and International Studies (ISIS), an epistemic community consisting of academics, senior officials, politicians, and military officers has emerged that meet regularly in an informal and personal capacity to discuss such matters. This allows a debate of sensitive problems without

¹⁹ See ASEAN Secretariat, *AFTA Reader, Volume I. Questions and Answers on CEPT for AFTA*, Jakarta, November 1993; ASEAN Secretariat, *AFTA Reader, Vol. III: New Time Frame: Acceleration of Tariff Reduction*, Jakarta, September 1995; *ASEAN Update*, October 1995, p. 1; and *ASEAN Update*, January-February 1996, p. 2.

²⁰ See Jörn Dosch, *Entscheidungsprozesse und Machtverteilung in der ASEAN am Beispiel der Außenministerkonferenz 1993*, in: *ASIEN*, No. 52, July 1994, pp.7-22.

damaging official relations. When finally a consensus emerges, negotiations can quickly be shifted to official channels.²¹ More flexibility has also been reached through the so-called „Seven-minus-X“-formula. It allows members who are unable to implement a decision to postpone it, without however blocking further progress on the issue among the other members. Yet, some observers fear that with the admission of Vietnam in July 1995, the typical, harmonious style of decision-making, which has become a hallmark of ASEAN, may be replaced by the tougher, more bargaining-oriented Vietnamese approach.

A concomitant of *personalized* and *informal* processes of decision-making is a low level of *institutionalization*. The grouping's main decision-making body is the Annual Meeting of Foreign Ministers (Annual Ministerial Meeting, AMM). It is supported by a Standing Committee, which prepares the meetings of the foreign ministers.

Apart from the AMM there are other ministerial meetings, the most important being the Annual Meeting of the Economic Ministers (AEMM) which convened for the first time in 1975.²² Most other ministerial meetings (labor, education, environmental ministers etc.) are of more recent origin -- they were established in the 1980s. But compared to the EU, these ministerial meetings are held much less frequently.

Summits have been rare in the first twenty-five years of the organization's history. There were only four up to 1992. Moreover, it took ASEAN fourteen years before a secretariat was established. Located in Jakarta, it was poorly staffed -- up to the early 1990s not more than forty senior diplomats worked there.²³ Its powers were weak -- its main function was to coordinate meetings and prepare them technically. It had virtually no decision-making powers of its own. As an intergovernmental organization, all major decisions of ASEAN were prepared by the national bureaucracies. Organizational and political progress thus depended very much on their varying competence.

However, major changes took place in the aftermath of the Singapore Summit. ASEAN increasingly realized that the global reach of political and economic relations required a professional staff in the secretariat. Subsequent years thus saw its successive professionalization. Professionals were hired on a time contract basis and senior staff increased from forty to seventy. The status of the Secretary General was upgraded to ministerial rank.²⁴ Func-

²¹ On the „track two“ process see Pauline Kerr, The Security Dialogue in the Asia Pacific, in: *The Pacific Review*, Vol. 7, No. 4, 1994, pp. 397-409; Desmond Ball, A New Era in Confidence Building: The Second-Track Process in the Asia Pacific Region, in: *Security Dialogue*, Vol. 25, No. 2, June 1994, pp. 157-176; Desmond Ball, *The Evolution of „Second Track“ Process in a Regional Security Cooperation in the Asia Pacific Region (CSCAP)*, Kuala Lumpur 1993.

²² See Hans H. Indorf, ASEAN in Extra-Regional Perspective, in: *Contemporary Southeast Asia*, Vol. 9, No.2, September 1987, p. 91.

²³ See Jürgen Rüland, Europa -- Ein Modell für Asien?, in: *Aussenpolitik*, Jahrgang 43, Heft 4, 1992, pp. 392-401.

²⁴ ASEAN Standing Committee, *Annual Report of the ASEAN Standing Committee 1992-1993*, Jakarta 1994, p. 50.

tional programs²⁵ were initiated and the secretariat now plays a major role in the implementation of the AFTA. Guidelines for tariff reductions and customs harmonization are worked out by the secretariat, signifying an extended role.²⁶ Meanwhile, the secretariat coordinates some 230 meetings per annum. But even though critics speak of an incipient process of „Brusselsization“²⁷, institutionalization of ASEAN is still weak. Transnational interactions of nongovernmental actors still play a negligible role in the organization's decision-making process. Despite a remarkable growth of economic interest groups and NGOs throughout the 1980s, tight regulations still limit the growth and influence of private sector organizations on government decisions and even more so on regional decision-making. Official contacts among such groups are still weakly developed on a regional basis. Although some forty-one public organizations are officially registered with the ASEAN Secretariat, they do not have institutionalized access to the policy-making process. They have merely extended the corporatist system of interest representation prevailing in most member states to a regional level. Even the Chambers of Commerce and Industries as major representatives of the private sector have only recently been consulted by the Secretariat and other ASEAN institutions.²⁸

Not surprisingly, therefore, despite proposals for further institutionalization such as the creation of an ASEAN parliament, for the time being there are no recognizable intentions to go beyond intergovernmental cooperation. In fact, much seems to suggest that ASEAN's extension to a Southeast Asia-10-grouping will slow down cooperation. Similar contradictions might emerge between deepening and extension, a familiar occurrence in the EU. Given the enormous socioeconomic disparities and the lack of a coherent regional development strategy beyond the neoliberal trust in market forces and development aid provided by Western countries and Japan, the obstacles created by extension might be even more formidable than for the EU -- even if Eastern European states are admitted. Kishore Mahbubani's claim that Southeast Asian nations are better able to integrate their underdeveloped peripheries than the EU, does not sound convincing in this context.²⁹

Aversions to codification and institutionalization may also be explained by a different conception of law. Though they are becoming less prevalent, in most Asian societies traditional notions of law persist. In Asia, social order rests much more on custom and traditional

²⁵ The functional programs initiated at the Singapore Summit covered environment, social development, drugs, culture and information, and science and technology. The 29th AMM held in Jakarta in July 1996 agreed that functional cooperation must be accorded the same priority as political and economic cooperation. See *The Straits Times*, 19 July 1996.

²⁶ See Jürgen Rüland, Die Gemeinschaft Südostasiatischer Staaten (ASEAN): Vom Antikommunismus zum regionalen Ordnungsfaktor, in: *Aus Politik und Zeitgeschichte*, B 13-14/95, 24 März 1995, p. 11.

²⁷ Quoted from Jörn Dosch/Manfred Mols, Why ASEAN Cooperation Cannot Work as a Model for Regionalism Elsewhere -- A Reply, in: *ASEAN Economic Bulletin*, Vol. 8, No. 2, November 1994, pp. 212-222.

²⁸ Interview information, Jakarta, March 1995.

²⁹ See Kishore Mahbubani, The Pacific Way, in: *Foreign Affairs*, Vol. 74, No. 1, January/February 1995, p. 105.

moral precepts than on impersonal and abstract legal provisions. Law, on the other hand, has an essentially negative connotation and is associated with punitive actions of the state and tax extraction. The lack of an indigenous tradition of jurisprudence, the pervasive role of personalism in society and the Asian penchant for flexibility and pragmatism are major reasons why most Asians have great difficulties in thinking purely in contractual terms.³⁰ It is evident that legal thinking that is context and case-oriented is a major impediment to institutionalization and rule-based cooperative arrangements.

Unlike in Europe cooperation is not regarded as a process that irreversibly leads to a politically and economically integrated community with supranational decision-making bodies. Cooperation in Southeast Asia has been much more inspired by the idea that Third-World nations must join forces in order to overcome their economic and political dependency from the industrialized nations. Especially during the 1970s when Third-World nations vigorously campaigned for a *New Economic World Order*, South-South cooperation was considered a panacea to overcome underdevelopment and dependency by mobilizing their own resources and capacities. But as global strategies of Third-World syndicalism such as the Nonaligned Movement and the Group of 77 were severely handicapped due to their heterogeneity, great expectations were placed on regional organizations in the pursuance of „collective self-reliance“. ³¹ In Southeast Asia „collective self-reliance“ appeared in the form of „regional resilience“ -- originally an Indonesian concept.³² „Regional resilience“, however, involves a different understanding of cooperation than in Europe. Cooperation is not necessarily a step towards integration, but more modestly a means for the building of national strength and independence. The Indonesian foreign policy doctrine of „*bebas dan aktif*“ (free and active) perfectly mirrors these intentions, signifying a limited willingness to have foreign policy options restricted by cooperative arrangements. Nationalism is still a strong force in the region and usually prevails in cases of conflict over the principle of cooperation.

China, Japan, and South Korea, the other participants on the Asian side in Bangkok, have only very recently joined regional organizations. Japan and South Korea are founding members of the APEC which China joined in 1991. All three nations are also members of the ASEAN Regional Forum (ARF), an embryonic security network for the Asia-Pacific region in which the EU -- as one of ASEAN's dialogue partners -- is represented too. Both organizations, however, have so far developed only low levels of institutionalization. Cooperation

³⁰ See Oskar Weggel, *Die Asiaten. Gesellschaftsordnung, Wirtschaftssystem, Denkformen, Glaubensweisen, Alltagsleben, Verhaltensstil*, München: Verlag C.H. Beck, 1990, S. 121.

³¹ For the concept of „collective self-reliance“ see Volker Matthies, Kollektive Self-Reliance, in: Dieter Nohlen/Franz Nuscheler (ed.), *Handbuch der Dritten Welt. Unterentwicklung und Entwicklung: Theorien - Strategien - Indikatoren*, Band 1, Hamburg: Hoffmann und Campe, 1982, pp. 380-395.

³² On „regional resilience“, see Bernhard Dahm, Nationale und Regionale „Resilienz“ in Südostasien. Ein kultureller Begriff im Sicherheitsdenken der ASEAN-Staaten, in: Guido Eilenberger/Manfred Mols/Jürgen Rüland (eds.), *Kooperation, Regionalismus und Integration im asiatisch-pazifischen Raum*, Hamburg 1996, p. 93-102.

is loose and entails utmost flexibility for the members to implement rather vague policy resolutions which mainly consist of broadly defined principles.

Such differing concepts of cooperation cannot be without impact on the expectations towards interregional interactions and its results. The EU is forced to recognize that it has lost its self-styled model function and that, if it hopes to gain from interregional cooperation with Asians, it has to adapt to a culturally different style of cooperation.

III. The Road to Bangkok

ASEAN has presently ten dialogue partners, the EU, the US, Canada, Japan, Australia, New Zealand, and South Korea. At the Fifth Summit of ASEAN in Bangkok it was agreed in principle to accept India as the eighth dialogue partner, Russia and China were admitted at the 29th AMM in Jakarta in July 1996.³³ ASEAN meets with its dialogue partners on an annual basis under the auspices of the so-called Postministerial Conferences (PMC) which are held immediately after the AMM. The meetings are organized on the basis of a 6+7 format (with the admission of Vietnam changed to 7+7) and -- until 1994 -- additional 6+1-meetings.³⁴ Until 1991, mainly economic and trade issues were discussed at the PMCs. In recent years security issues were added.³⁵

The EU is the first of ASEAN's interregional partners. ASEAN-EU relations can be traced back to the early 1970s. It was ASEAN which took the initiative, mainly due to fears of losing Commonwealth preferences after the British accession to the EC in 1973.³⁶ In 1972 ASEAN established a Special Coordinating Committee with the objective of conducting an institutionalized dialogue with the EC. The ASEAN Brussels Committee (ABC) was created in the same year. Composed of ASEAN diplomatic representatives accredited to the EC, it served as a liaison body in Brussels and as ASEAN's ear at the pulse of European affairs. Later additional ambassadorial committees were established in Bonn, Paris, and London, which met on an annual basis with the host country's foreign minister. Similarly, the EC, too, established such committees in ASEAN capitals.³⁷ Since 1972 ASEAN also enjoys ac-

³³ See *Handelsblatt*, 19 July 1996, p. 8.

³⁴ With the latest extension of the dialogue partners to ten, each dialogue partner can only talk to one foreign minister, who is accompanied by senior officials of the six other ASEAN member states. See *Financial Times*, 26 July 1996, p. 4.

³⁵ On the external relations of ASEAN see Barbara Dreis/Susanne Nicolette Strauß, Die Außenbeziehungen der ASEAN. Vom Juniorpartner zum einflußreichen pazifischen Akteur, in: *Aus Politik und Zeitgeschichte*, B 13-14/95, 24. März 1995, pp. 13-19.

³⁶ See Andreas Gerlach, Europa und die „vier Tiger“ -- eine wechselseitige Herausforderung, Bochum: Universitätsverlag Dr. N. Brockmeyer 1993, p. 133; Klaus-Albrecht Pretzell, Die ASEAN vor der ersten Gipfelkonferenz Asien-Europa, in: *Südostasien aktuell*, März 1996, p. 163.

³⁷ See Hans H. Indorf, ASEAN in Extra-Regional Perspective, in: *Contemporary Southeast Asia*, Vol. 9, No. 2, September 1987, and Manfred Mols, EG-ASEAN. Ein Modell interregionaler Zusammenarbeit?, in: *integration*, Vol. 12, No. 3, 1989, pp. 127-139.

cess to the EC's Generalized System of Preferences (GSP). Three years later relations became more formalized through the creation of a Joint Study Group comprising ASEAN and EC officials. Meanwhile, in Brussels ASEAN ambassadors had entered into a regular dialogue with the Committee of Permanent Representatives of the EC Council of Ministers.³⁸

By the end of the 1970s the EC had graduated to a full-fledged dialogue partner of ASEAN and in March 1980 a formal cooperation agreement was signed in Kuala Lumpur. As early as in 1978 the first ministerial meeting was held, and this became a regular event after the signing of the cooperation agreement, concluded initially for a five-year term, after which it was to be renewed every two years, subject to the right of either party to terminate it by written notice given six months before the date of expiry.³⁹ Hosted alternately by ASEAN and the EC, eleven ministerial meetings were held at eighteen-month intervals between 1978 and 1994. A Senior Officials' Meeting (SOM) prepares the ministerial meetings. The Fifth Ministerial Meeting held in November 1984 in Dublin paved the way for the establishment of an ASEAN-EC Economic Ministers' Meeting (AEEMM) which convened for the first time in October 1985 in Bangkok.⁴⁰ Finally, in 1978, the EC opened a Commission for South and Southeast Asia in Bangkok.⁴¹

An analysis of the joint communiqués published at the end of the ministerial meetings reveals two major issues: economic and security-related matters.⁴² But it also shows that for much of the 1970s and 1980s the ASEAN-EC relationship was basically asymmetrical. Hans-Christoph Rieger is certainly right when he observes that Europe was much more important for ASEAN than ASEAN for Europe.⁴³ Irregular attendance of the ministerial meetings by EC foreign ministers, who sent their deputies and in some cases even only senior officials, were taken in ASEAN capitals as a sign of disrespect. From an ASEAN viewpoint European disinterest in Southeast Asia culminated at the Eighth Ministerial Meeting in Kuching in February 1990. Only five out of twelve European foreign ministers

³⁸ See Hans-Christoph Rieger, ASEAN-EC Economic Cooperation, in: Kernial Sandhu et al. (eds.), *The ASEAN Reader*, Singapore: Institute of Southeast Asian Studies 1992, p. 335; C.P.F. Luhulima, ASEAN-European Community Relations in the Year 2007. Paper Presented at the Conference „ASEAN: Future Economic and Political Cooperation, Konrad-Adenauer-Foundation, November 13-15, 1992, Kuala Lumpur.

³⁹ See Cooperation Agreement Between the Member Countries of ASEAN and the European Community, Kuala Lumpur, Article 8.

⁴⁰ See Klaus-Albrecht Pretzell, Die ASEAN vor der ersten Gipfelkonferenz Asien-Europa, in: *Südostasien aktuell*, März 1996, p. 163.

⁴¹ See Manfred Mols, EG-ASEAN. Ein Modell interregionaler Zusammenarbeit?, in: *integration*, Vol. 12, No. 3, 1989, pp. 127-139; Hans-Christoph Rieger, ASEAN-EC Economic Cooperation, in: Kernial Sandhu et al. (eds.), *The ASEAN Reader*, Singapore: Institute of Southeast Asian Studies 1992, p. 335; C.P.F. Luhulima, ASEAN-European Community Relations in the Year 2007. Paper Presented at the Conference „ASEAN: Future Economic and Political Cooperation, Konrad-Adenauer-Foundation, November 13-15, 1992, Kuala Lumpur.

⁴² For a review of the early European-ASEAN relations see Eric Teo, ASEAN-EEC Diplomatic Consultations on the Eve of an Extended Kuala Lumpur Agreement, in: *Contemporary Southeast Asia*, Vol. 7, No. 2, September 1985, pp. 116-126.

⁴³ See Hans-Christoph Rieger, ASEAN-EC Economic Cooperation, in: Kernial Sandhu et al. (eds.), *The ASEAN Reader*, Singapore: Institute of Southeast Asian Studies 1992, p. 338.

attended the meeting. Conspicuous by their absence were, above all, the foreign ministers of the leading European powers such as France, the United Kingdom, and Germany. ASEAN ministers felt particularly offended as they expected to be briefed by their European counterparts on the implications the forthcoming single market and the collapse of socialism in Eastern Europa would have on ASEAN-EC relations.⁴⁴

The list of economic topics is equally revealing since it made the EC appear as donor and ASEAN as the recipient of European largesse⁴⁵:

- Requests for more European investment in the ASEAN region;
- Demands for more development aid;
- More technology transfers;
- Commodity agreements;
- Persistent complaints about what was seen as increasing European protectionism through antidumping measures and non-tariff trade barriers; and
- Demands for a better access to the European market.

ASEAN also persistently expressed its displeasure that the cooperation agreement did not change its position at the bottom of the EC's preferential hierarchy. Indeed, during much of the 1970s and 1980s the EC's South policy primarily concentrated on the African-Caribbean-Pacific nations (ACP), most of which were former French or British colonies, and the Mediterranean region. Through the *Lomé Treaties* and special preferential agreements, the ACP and the Mediterranean countries received trade benefits more favorable than the general preferences given to ordinary developing countries. Moreover, the successive appointment of Spanish commissioners for development added a Latin American bias to the EC's Third-World policies.⁴⁶

The considerable space that security-related topics occupy in the communiqués is somewhat misleading about their real significance for ASEAN-EU relations. Despite increasing globalization, distance still seemed to limit the mutual concern for security-related issues. The ministerial meetings were thus mainly a forum for a loose exchange of information on recent political and security-related developments in the respective region.⁴⁷ Some observers such as Hans H. Indorf attributed little more than symbolism to these dialogues.⁴⁸ However,

⁴⁴ See Klaus-Albrecht Pretzell, Die ASEAN vor der ersten Gipfelkonferenz Asien-Europa, in: *Südostasien aktuell*, März 1996, p. 164.

⁴⁵ For an equally reserved assessment see Hans Indorf, ASEAN in Extra-Regional Perspective, in: *Contemporary Southeast Asia*, Vol. 9, No. 2, September 1987, p. 91.

⁴⁶ See *Far Eastern Economic Review*, 4 August 1994, p. 18.

⁴⁷ See Commission of the European Communities, *Towards a New Asia Strategy*, Brussels 1994, p. 10.

⁴⁸ See Hans H. Indorf, ASEAN in Extra-Regional Perspective, in: *Contemporary Southeast Asia*, Vol. 9, No.2, September 1987, p. 98.

such a critical assessment overlooks the fact that during much of the 1980s security-related consultations were overshadowed by the Cambodian conflict which in Europe was not only seen as a regional flashpoint, but -- in line with the Soviet invasion of Afghanistan, the presence of Cuban soldiers in Africa, and the expansion of the Soviet Pacific fleet -- as part of a carefully designed Soviet offensive in the Third World. Hence, ASEAN could firmly count on European solidarity in international fora such as the United Nations General Assembly, while Europeans sought ASEAN's reassurance for their Afghanistan policies. European nations persistently voted for the ASEAN-sponsored resolution condemning the Vietnamese occupation of Cambodia and demanding an immediate withdrawal of its troops. Moreover, Europeans also accepted thousands of Indochinese for resettlement and provided sizeable amounts of development aid in an effort to promote political stability in ASEAN societies.⁴⁹ But all in all, especially at the level of project cooperation, the ASEAN-EU relationship remained rather superficial, shallow, and ineffective. „Too often funds and attention have been scattered over tiny projects“ with little impact, as Jacques Pelkmans laments.⁵⁰

EU relations with China also originated in the mid-1970s. After official relations were opened in 1975, the EC concluded the first Trade Agreement with Beijing in 1978. It was upgraded to a Trade and Cooperation Agreement in 1984. Since the expiry of its original five-year term in 1990, the agreement has been renewed automatically on an annual basis. In 1980 the EC extended its GSP scheme to China. Yet, after generous provisions in the late 1970s, due to a rapidly growing Chinese trade surplus more recent trade agreements with China have increasingly restricted access of so-called „sensitive goods“ to the European market.⁵¹

For many years the Euro-Japanese relationship was confined to trade and monetary issues.⁵² Conflicts loomed over European antidumping practices against Japanese exports and local content rules for Japanese cars manufactured in European plants.⁵³ Vice versa, Europeans constantly complained about Japan's mercantilistic trade policies characterized by numerous non-tariff trade barriers and the widening deficit in trade and investments.⁵⁴ By the early

⁴⁹ Europeans claimed to have contributed almost 40 percent of the total international aid for refugees from Cambodia and Vietnam. See Jacques Pelkmans, ASEAN-EC Relations in the 1990s, in: Lee Lai To/Arnold Wehmhoerner (eds.), *ASEAN and the European Community in the 1990s*, Singapore: Singapore Institute of International Affairs 1993, p. 56.

⁵⁰ Ibid., p. 55.

⁵¹ See Sandro Sideri, The Economic Relations of China and Asia-Pacific with Europe, in: *Development Policy Review*, Vol. 13, 1995, pp. 213-246.

⁵² See Paul Kevenhörster, *Japan. Außenpolitik im Aufbruch*, Opladen: Leske und Budrich 1993, p. 208.

⁵³ See Karl-Rudolf Korte, Die Wirtschaftsbeziehungen zur EU, in: Hans-Jürgen Mayer/Manfred Pohl (eds.), *Länderbericht Japan. Geographie, Geschichte, Politik, Wirtschaft, Gesellschaft, Kultur*, Darmstadt: Wissenschaftliche Buchgesellschaft 1995, p. 344.

⁵⁴ Between 1970 and 1994, the trade deficit widened from US \$ 0.5 bn to US \$ 22.2 bn. See Karl-Rudolf Korte, Japan und der Europäische Binnenmarkt, in: *Außenpolitik*, 40. Jahrgang, Heft 4, 1989, p. 414 and Eurostat,

1980s, the EC took Japan to the GATT over the *keiretsu* system which in the view of the EC violates antitrust laws.⁵⁵

Until the late 1980s political relations had a low priority for both sides. When the Japanese made overtures for closer political relationships in the late 1970s, the Europeans reacted aloof. Ministerial meetings were finally institutionalized in 1983, but suspended for nearly four years between 1986 and 1990.⁵⁶ Similar to ASEAN-EC ministerial meetings, political discussions were described by observers as mere „*tours d'horizon*“.⁵⁷

The *EC-Japanese Declaration* of 1991 marked a watershed in Euro-Japanese relations, because it gave political, economic, cultural, scientific, and technological cooperation a comprehensive framework.⁵⁸ Although Japanese foreign policy remained Asia-centered and strongly influenced by the bilateral security relationship with Washington, security and strategic issues increasingly appeared on the Euro-Japanese agenda. The Gulf War, peace keeping, the reform of the UN, discussions on confidence building measures (CBMs) for the Asia-Pacific region, and the implications of the collapse of the Soviet Union were such themes of mutual interest. Japan received observer status in the Conference for Security and Cooperation in Europe (CSCE) and, vice versa, supports European requests for an observer status in APEC.⁵⁹ Japan also contributed seed capital to the newly established European Bank for Reconstruction and Development (EBRD), but in comparison to South Korea Japanese aid to Eastern European reform states as well as investments of Japanese firms have been disappointing.⁶⁰

Also on the trade front, the density of contacts grew. European and Japanese officials began to meet regularly in order to identify reasons for the poor performance of European companies in Japanese markets. Improvements resulting in better market access for Europeans have been reached on car parts, European beer, and Japan's acceptance of European quality control certificates.⁶¹ Vice versa, the EU lifted all quantitative restrictions on Japanese exports and Japan's „voluntary self-restraint“ in the automobile sector will also be shelved until the year 2000. The Commission could, however, not prevent that France, Italy, and

Aussenhandel. Monatliche Statistiken, 3/1996, pp. 14,18. See also Madeleine Preisinger-Monloup, Vom Gegner zum Partner: Japan und die EU, in: *Europa-Archiv*, Vol. 49, No. 13/14, p. 374.

⁵⁵ See Brian Bridges, Japan and Europe. Rebalancing a Relationship, in: *Asian Survey*, Vol. XXXII, No. 3, March 1992, p. 282.

⁵⁶ *Ibid.*, p. 235.

⁵⁷ *Ibid.*, p. 236.

⁵⁸ See Paul Kevenh rster, *Japan. Au enpolitik im Aufbruch*, Opladen: Leske und Budrich, 1993, p. 210.

⁵⁹ Statement of the Japanese Consul General at a Conference jointly organized by the Konrad-Adenauer-Foundation and the Institute of Political and Administrative Sciences, University of Rostock, on 2 November 1995 in Rostock on „Japan und Deutschland in der internationalen Politik: Neue Herausforderungen nach dem Ende des Kalten Krieges“

⁶⁰ See Madeleine Preisinger-Monloup, Vom Gegner zum Partner: Japan und die EU, in: *Europa-Archiv*, Vol. 49, No. 13/14, p. 377.

⁶¹ See *Far Eastern Economic Review*, 17 November 1994, p. 30.

other proponents of a more protectionist trade policy succeeded in easing decision-making procedures for antidumping measures by replacing the former vote by qualified majority by a simple majority vote.⁶²

Apart from ASEAN, China, and Japan the EU also concluded cooperation agreements with other Asian countries: India (1973, 1982, 1994), Sri Lanka (1975, 1994), Bangladesh (1976), Pakistan (1986), Macao (1993), Mongolia (1993), Nepal (1994), and Vietnam (1995). They were complemented by sectoral trade agreements most of which focus on textiles. Moreover, the EU has opened offices and representations in Japan (1974), India (1982), China (1988), Pakistan (1988), Indonesia (1988), South Korea (1989), Bangladesh (1989), the Philippines (1990), and Hong Kong (1993) (See Table 1).⁶³ Additional agreements with India, Pakistan, Laos, and Cambodia are in the pipeline for 1996⁶⁴ and internally the EU paid tribute to the rise of Asia by creating a division responsible for East and South-east Asia.⁶⁵

While European relations with ASEAN and most other Asian nations were always marked by a discrepancy between action and rhetoric, and unpredictable shifts, they took a turn for the worse towards the end of the 1980s. The violent suppression of the democracy movement in Burma by the military (August and September 1988) and the Tiananmen massacre (June 1989) drew heavy criticism in Europe. Like most Western nations, the EC imposed sanctions on Burma and China. However, in the case of China they were short-lived and lifted -- protests of the European Parliament notwithstanding -- already by October 1990. Full-scale economic cooperation thus resumed in January 1992.⁶⁶ But also ASEAN-EC relations markedly worsened. While hitherto human rights and democracy did not play a significant role in official relations⁶⁷, Western governments also began to single out ASEAN countries such as Indonesia, Malaysia, and Singapore for their controversial human rights records and slow progress towards a more democratic government system.

⁶² See Madeleine Preisinger-Monloup, Vom Gegner zum Partner: Japan und die EU, in: *Europa-Archiv*, Vol. 49, No. 13/14, p. 378.

⁶³ Commission of the European Communities, *Towards a New Asia Strategy*, Brussels, 13 July 1994, p. 30.

⁶⁴ See *Handelsblatt*, 23 January 1996, p. 1.

⁶⁵ Interview information.

⁶⁶ See Roberto Menotti, European-Chinese Relations in the Nineties, in: *The International Spectator*, Vol. XXX, No. 4, October-December 1995, p. 75.

⁶⁷ See Stuart Harris/Brian Bridges, *European Interests in ASEAN*, London, Boston, and Henley: Routledge & Kegan Paul 1983, p. 47.

Table 1: The European Union's Co-operation and Other Agreements with the Countries of Asia (and Date of Establishment of EU Delegations in Asian Countries)

	<i>Framework Trade and/or Co-operation Agreements; Declarations etc.</i>	<i>Sectoral Trade Agreements</i>	<i>Date of Establishment of Delegation</i>
I. East Asia			
Japan	Joint Declaration (91)	Fusion (89) Environment (89)	1974
Korea (ROK)		Textiles (87)	1989
China	Trade (78); Trade and Co-operation (84)	Textiles (89)	1988
Taiwan			
Hong Kong		Textiles (86)	1993*
Macao	1993	Textiles (87)	
Mongolia	1993		
North Korea			
II. Southeast Asia			
ASEAN	1980		
Brunei			
Indonesia		Tapioca (82) Textiles (87)	1988**
Malaysia		Textiles (87)	
Philippines		Textiles (87)	1990
Singapore		Textiles (87)	
Thailand		Tapioca (82) Textiles (87)	1978
Cambodia			
Laos			
Vietnam		Textiles (93)	
Burma			
III. South Asia			
India	1973/82/94	Sugar Cane (75) Textiles (87)	1982
Pakistan	1986	Textiles (87)	1988
Sri Lanka	1975/95	Textiles (87) Coconut (75)	
Nepal	1994-95		
Bangladesh	1976	Textiles (87)	1989
Maldives			
Bhutan			
Afghanistan			

*Office; **Representation

Source: Commission of the European Communities, *Towards a New Asia Strategy*, Brussels, 13 July 1994, Annex III, p. 30.

Table 2: Economic Indicators

<i>Country</i>	<i>GDP Growth, in Percent</i>			<i>GDP per Capita (nominal), in US \$</i>	<i>GDP per Capita (Purchasing Power Parity), in US \$</i>
	<i>1970-1980</i>	<i>1980-1992</i>	<i>1994</i>	<i>1994</i>	<i>1994</i>
EAST ASIA	7.1	7.5	6.6		
Japan	4.3	4.1	0.7	37,500	21,328
South Korea	9.6	9.4	8.3	7,250	10,534
China	5.2	9.1	11.8	435	2,660
Hong Kong	9.2	6.7	5.5	18,500	22,527
Taiwan	n.d.	8.2*	6.5	11,236	13,235
ASEAN	7.3	5.5	7.9		
Indonesia	7.2	5.7	7.4	645	3,388
Malaysia	7.9	5.9	8.5	3,230	8,763
Philippines	6.0	1.2	4.3	850	2,660
Singapore	8.3	6.7	10.1	18,025	21,493
Thailand	7.1	8.2	8.5	1,905	6,816
Vietnam	n.d.	n.d.	8.8	220	1,263
SAARC	3.5	5.2	4.7		
Bangladesh	2.3	4.2	4.5	220	1,290
Bhutan	n.d.	6.9	5.0	415	1,475
India	3.4	5.2	4.2	310	1,280
Maldives	n.d.	n.d.	6.1	470	1,373
Nepal	2.7	5.0	2.9	180	1,165
Pakistan	4.9	6.1	3.0	440	2,235
Sri Lanka	4.1	4.0	6.9	550	3,030
OTHERS	3.2	3.1			
Papua New Guinea	2.2	2.3	14.4	1,249	2,470
Australia	3.0	3.1	5.0	16,400	19,007
New Zealand	1.9	1.4	5.3	13,700	17,045
USA	2.8	2.7	3.7	25,200	25,900
Canada	4.6	2.8	3.4	18,900	21,268
Chile	1.8	4.8	n.d.	2,730**	n.d.
Mexico	6.3	1.5	n.d.	3,470**	n.d.
Germany	2.6	2.6	2.3	23,975	20,165

* 1981-1992

** 1992

Source: World Bank, *World Development Report 1994*, Washington D.C. 1994, S. 162-165 and *Asia Week, Economic Indicators*, 10 August 1994, p. 43; Asian Development Bank, *Asia Development Outlook 1995 and 1996*, Manila 1995; Institut der Deutschen Wirtschaft Köln, *Zahlen zur wirtschaftlichen Entwicklung der Bundesrepublik Deutschland*, Köln 1995, p. 22.

The end of the Cold War and the collapse of the Soviet Union was seen by many Westerners as a confirmation of the superiority of Western values and the Western way of life. No longer in need of the support of authoritarian, albeit pro-Western regimes in the block confrontation, they felt not only legitimized but even obliged to press for democratic changes in these societies. The *New World Order* propagated by US President George Bush by all its hollowness is essentially a world order based on Western values such as liberal democracy, human rights, market economy, and disarmament. In Asia -- and other parts of the Third World -- this was read as an attempt to establish a unipolar world order⁶⁸, and to impose a new *Pax Americana* on the rest of the world. Asian governments thus vehemently resented Western policies to link trade and aid with human rights, democracy, social, and environmental issues. For Malaysian Prime Minister Mahathir Mohamad this was a new form of colonialism, an intervention into the internal affairs of Asian states, and an attempt to slow down their rapid economic growth.

These defensive reactions against what was regarded as an imposition of Western values went hand in hand with a more assertive attitude towards the West. Relations with the West were increasingly characterized by a new self-confidence that arose out of the region's tremendous economic success. The Newly Industrialized Economies (NIEs) of East Asia (Taiwan, South Korea, Hong Kong) and the ASEAN countries (except for the Philippines) persistently displayed average annual growth rates (see Table 2) between 7 and 8 percent and in some years even reached double-digit growth rates. While the economic success story is the propelling force of the „renaissance of Asia“, ASEAN's much heralded role of a model for South-South cooperation has given birth to an incipient regional identity. This identity, which is still confined to small governmental and epistemic elites, is largely derived from an indigenous culture of cooperation which is seen as equal or even superior to Western forms of cooperation. It has made Asians aware of their own capability of institution-building beyond the seemingly overpowering European model.

Pride in these achievements coincided with what was regarded as symptoms of Western decline. Not surprisingly, the debate on the decline of the US as a world power that followed the publication of Paul Kennedy's influential book on the rise and fall of great powers⁶⁹, received much attention by Asian elites. Economic recession, high unemployment rates, and social anomies such as drug addiction, rising criminality, and the decay of the family were taken as proof of the Western decline thesis.⁷⁰

⁶⁸ See Charles Krauthammer, The Unipolar Moment, in: *Foreign Affairs*, Vol. 70, No 1, 1991, pp. 23-33.

⁶⁹ See Paul Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500-2000*, New York: Vintage Books, 1987; for a critique see Joseph S. Nye, Jr., *Bound to Lead. The Changing Nature of American Power*, New York: Basic Books, Inc. Publishers, 1990.

⁷⁰ See, in particular, Mahathir Muhamad, *The Government System of Malaysia*, Kuala Lumpur: Government Printer 1995 and Mahathir Muhamad/Shintaro Ishihara, *The Voice of Asia*, Tokyo: Kodansha International 1995.

The conclusions that were drawn from this debate in Asia were twofold. First, that the future belongs to Asia. This optimistic worldview is based on a firm belief in technological progress and that everything is manageable. The coming century will thus inevitably be „Asia's time in the sun“. ⁷¹ And second, that the West has no right to interfere into the internal affairs of Asian countries. Hence, relations between the West and Asia must be much more evenhanded than in the past. Lectures by the former colonial masters on the form of government and human rights are thus no longer tolerated.

On the ideological front Western universalism was countered by Asian relativism. Its message was that there are Asian values that differ markedly from Western values. Asian values were portrayed as more authority-based, hierarchical, and communitarian. ⁷² Contrary to Western individualism they emphasize the right of the collective, unity, social harmony, consensus, and respect for authority. Not the individual, but the family is the fundamental social entity -- a notion which has its equivalent in the corporatist image of the nation as a family. Thus, as an integral part of a collective, the individual has not only rights, but also obligations and responsibilities, which take precedence over individual rights especially when the common good is at stake. The confrontational style of liberal democracy -- which is frequently criticized as a „50 percent + 1-dictatorship -- is thus regarded as potentially divisive and therefore inherently alien to Asian culture. Liberal democracies are thus easily discredited as a danger to political stability and, as a corollary, an obstacle for rapid economic development. What Asian societies thus need is not democracy, but „good governance“: firm governmental authority that will „provide economic well-being, political stability, social order, communal harmony, and efficient and honest administration“. ⁷³

In the Asian view these cultural differences also justify an indigenous approach to human rights. Accordingly, human rights can only be understood within the cultural, historical, and economic context of a nation. The less developed nations in the region have used this argument to underscore the imperative of development: where poverty has not yet been eradicated, social and economic rights must have priority over political rights. The economically more advanced countries, on the other hand, argue slightly differently. For them the preservation of traditional Confucian virtues such as authority, hierarchy, discipline, moral integrity, hard work, and educational achievement are needed not only to keep at bay the „dangers of decadence“ ⁷⁴ and „spiritual pollution“, but also to maintain the ethical foundation for Asia's superior economic competitiveness.

⁷¹ See Kishore Mahbubani, The Pacific Way, in: *Foreign Affairs*, Vol. 74, No. 1, January/February 1995, p. 102.

⁷² See Beng-Huat Chua, *Communitarian Ideology and Democracy in Singapore*, London and New York: Routledge, 1994.

⁷³ See Samuel P. Huntington, Democracy for the Long Haul, in: *The Straits Times*, 10 September 1995, p. 5.

⁷⁴ See Kishore Mahbubani, The Dangers of Decadence. What the Rest Can Teach the West, in: *Foreign Affairs*, Vol. 72, No. 4, 1993, pp. 11-14.

Many of these thoughts originated in Singapore where they have been elaborated by politicians and intellectuals such as Senior Minister Lee Kuan Yew, Kishore Mahbubani, a permanent secretary in the Ministry of Foreign Affairs, and Tommy Koh, a former ambassador to the United States and currently head of a renowned think tank, the Institute of Policy Studies. But while the „Singapore school“⁷⁵ spearheaded the Asian value discourse, the new Asianism fell on fertile ground elsewhere in the region. Others such as Malaysian Prime Minister Mahathir Mohamad, social critic Chandra Muzaffar, the political establishment in Indonesia, the Chinese government, and even Japanese authors such as Shintaro Ishihara have echoed many of these arguments.⁷⁶

It is not possible here to probe deeper into the Asian value debate which has, inevitably, provoked Western responses.⁷⁷ The most influential and perhaps also most controversial among them was an article published by Samuel P. Huntington in *Foreign Affairs* in which he predicted cultural conflicts as the new constituting element of international relations and, as a logical consequence, a future „*clash of civilizations*“.⁷⁸ Suffice it to say, the much increased international profile of East and Southeast Asian nations has indeed caused a string of diplomatic tussles by the early 1990s. The Ninth and the Tenth ASEAN-EC Ministerial Meetings in Luxembourg (1991) and Manila (1992) led to heated exchanges on human rights.⁷⁹ EC and ASEAN differed over the treatment of the Burmese junta which had violently suppressed a democracy movement in 1988 and was accused by the Western media and international human rights organizations of flagrant violations of human rights. While European governments sought to isolate the State Law and Order Restoration Council (SLORC) by minimizing official contacts and terminating development aid, ASEAN governments pursued a policy of „*constructive engagement*“. Although this policy may have been motivated by the desire to balance the intensifying Burmese-Chinese trade and military cooperation, ASEAN countries -- foremost among them Thailand and Singapore -- were

⁷⁵ For a critique of the „Singapore School“ see Eric Jones, Asia's Fate. A Response to the Singapore School, in: *The National Interest*, Spring 1994.

⁷⁶ See Shintaro Ishihara, *Wir sind die Weltmacht. Warum Japan die Zukunft gehört*, Bergisch Gladbach: Gustav Lübbe Verlag GmbH, 1992; Mahathir Muhamad, *The Government System of Malaysia*, Kuala Lumpur: Government Printer 1995; Mahathir Muhamad/Shintaro Ishihara, *The Voice of Asia*, Tokyo: Kodansha International 1995.

⁷⁷ For Western contributions see Rüdiger Machetzki, Keine Angst vor Arroganz, in: *Die Zeit*, 10. Februar 1995, p. 7; Manfred Mols/Claudia Derichs, Das Ende der Geschichte oder ein Zusammenstoß der Zivilisationen? Bemerkungen zu einem interkulturellen Disput um ein asiatisch-pazifisches Jahrhundert, in: *Zeitschrift für Politik*, Jahrgang 42 (Neue Folge), Heft 3, pp. 225-249; Wolfgang Heinz, Gibt es ein asiatisches Entwicklungsmodell? Zur Diskussion über „asiatische Werte“, Cologne: Berichte des Bundesinstituts für Ostwissenschaftliche und Internationale Studien, 55-1995; Clark D. Neher, Asian Style Democracy, in: *Asian Survey*, Vol. XXXIV, No. 11, November 1994, pp. 949-962; Denny Roy, Singapore, China, and the „Soft Authoritarian“ Challenge, in: *Asian Survey*, Vol. XXIV, No. 3, March 1994, pp. 231-242; Donald K. Emmerson, Region and Recalcitrance: Rethinking Democracy Through Southeast Asia, in: *The Pacific Review*, Vol. 8, No. 2, 1995, pp. 223-248.

⁷⁸ See Samuel P. Huntington, The Clash of Civilizations?, in: *Foreign Affairs*, Vol. 72, No. 3, 1993, pp. 22-49.

⁷⁹ See *Süddeutsche Zeitung*, 25 July 1992, p. 10; *Bangkok Post*, 29 October 1992, p. 11, 30 October 1992, p. 7, 31 October 1992, p. 7; *The Nation Review*, 2 November 1992, p. 4; *Far Eastern Economic Review*, 6 October 1994, pp. 15-16.

also interested in striking favorable business deals which give them access to Burma's (still) abundant natural resources.⁸⁰ The killing of at least fifty unarmed demonstrators by Indonesian security forces in Dili, the capital of East Timor, in November 1991 added more fuel to the human rights controversy. East Timor, a former Portuguese colony, was annexed by Indonesia in late 1975⁸¹ and declared the twenty-seventh province in 1976.⁸² The incident has since been on the agenda of ASEAN-EC meetings. While Portuguese demands for a referendum on the future of its former colony have been categorically rejected by Indonesia⁸³, Portugal responded by blocking any progress on a revision of the ASEAN-EC cooperation agreement of 1980. Dutch threats to withhold development aid after the Dili incident were answered by Indonesia by unilaterally ending development cooperation with the Netherlands.⁸⁴

Another bone of contention were Western press reports on Asian countries, which were rejected by Asian governments as sensational, irresponsible, and factually wrong. When in February 1994 the British *Sunday Times* published an article linking Malaysian Prime Minister Mahathir Mohamad to an alleged corruption scandal, Kuala Lumpur retaliated by a temporary exclusion of British companies from Malaysian government contracts.⁸⁵ In Malaysia and Singapore nearly all major Western-owned dailies and news magazines such as the *Far Eastern Economic Review*, *Asiaweek*, the *Asian Wall Street Journal*, and the *International Herald Tribune* had their circulation at one time temporarily restricted. Journalists, columnists, and editors were taken to the courts for critical reports which the government regarded as libellous. China, too, repeatedly deported critical Western journalists. The most recent case was German journalist Henrik Bork of the *Frankfurter Rundschau* in December 1995.

European criticisms gradually began to relax around 1993. By 1992 Europe's position in interregional trade had markedly deteriorated. While in 1980 Europe still had a surplus in its trade with Asia and Northern America, by 1992 the balance was negative in both cases.⁸⁶ A sense of economic doom and rising unemployment in Europe, unabated growth in the Asia-Pacific region, and growing fears of an emerging Asia-Pacific regional trading bloc after the first APEC-Summit in Seattle (November 1993), finally made political leaders and

⁸⁰ See Bertil Lintner, „Outrage“. *Burma's Struggle for Democracy*, Hong Kong: Far Eastern Economic Review, 1989.

⁸¹ Western human rights organizations charge that in the aftermath of the occupation as a result of fighting, hunger, and epidemics almost 200,000 persons died; Indonesian government figures are considerably lower.

⁸² As a consequence, the UN still considers Portugal to be the administrative power in East Timor. One of the few Western countries that have so far acknowledged Indonesian sovereignty over East Timor is Australia.

⁸³ See *Das Parlament*, 3 May 1996, p. 13.

⁸⁴ See Allert P. van den Ham, Development Cooperation and Human Rights: Indonesian - Dutch Aid Controversy, in: *Asian Survey*, Vol. XXXIII, No. 5, May 1993, pp. 531-539.

⁸⁵ See *Far Eastern Economic Review*, 17 March 1994, p. 19.

⁸⁶ See Sandro Sideri, The Economic Relations of China and Asia-Pacific with Europe, in: *Development Policy Review*, Vol. 13, 1995, pp. 229, 230.

businessmen realize that better relations with Asia were needed. Although trade with Asia had been on the rise for years, Europe's relative importance as a trading partner had constantly declined. The trade balance was clearly in favor of Asia which, however, was mainly due to the considerable Chinese and Japanese trade surpluses.⁸⁷ In 1970, for instance, Europe accounted for 25 percent of all Asian imports. By 1994 this figure had declined to 15 percent.⁸⁸ Even worse was the European position in terms of investments which declined from 6 percent in 1980 to 2.6 percent in 1994.⁸⁹ Although these relative losses were partly attributed to a rapidly expanding intraregional (and intrafirm) trade in the Asia-Pacific region⁹⁰, Europeans painfully realized that they were latecomers to the Asian economic boom.⁹¹

There are strong indications that Europeans lost important ground on Asian markets during the second half of the 1980s. In anticipation of the Single Market, European firms were fully occupied with the need to improve their competitiveness. Investments were therefore primarily made in Europe. In fact, from 1987 onwards capital investments and intraregional exports increased by 6 to 7 percent per annum.⁹² As a consequence, not much capital was available for investment in Asia at a time when liberalization in Asian economies was gaining momentum and several ASEAN economies were approaching their „take off“ point. For European entrepreneurs the decision to invest in Europe was all the more cogent, as Asia was not considered a common market, where investment in one country could be used as an export platform for the entire region. In fact, a survey on European business attitudes to ASEAN conducted in 1986, saw European businessmen complaining about numerous internal trade barriers, overly complex investment regulations, and excessive red tape. Hence, direct exports to the region from the home base were seen as a more cost-effective way of trading with Asia.⁹³

⁸⁷ By mid-1990 China had a trade surplus of about US \$ 10 billion, while the Japanese surplus amounted to nearly US \$ 21.5 billion (1995), down from US \$ 26 billion (1993). See *Süddeutsche Zeitung*, 30 April 1996, p. 26; Sandro Sideri, The Economic Relations of China and Asia-Pacific with Europe, in: *Development Policy Review*, Vol. 13, 1995, p. 232.

⁸⁸ See *The Economist*, 2 March 1996, p. 25.

⁸⁹ See *Asian Wall Street Journal*, 26 December 1995, p. 1.

⁹⁰ See Rüdiger Machetzki, Europas Bedeutsamkeit für Ostasien. Wider einige übliche Argumente, in: *Südostasien aktuell*, März 1996, pp. 166-168.

⁹¹ Already by the early 1980s studies highlighted the declining European trade and investment position in ASEAN. But as the ASEAN accounted for only 2 percent of European exports not much attention was attributed to this fact. See Stuart Harris/Brian Bridges, *European Interests in ASEAN*, London, Boston, and Henley: Routledge & Kegan Paul 1983.

⁹² See Hans-Wolfgang Platzer, *Die Europäische Gemeinschaft*, Bonn: Friedrich-Ebert-Stiftung, August 1990, p. 29.

⁹³ See Hans H. Indorf, ASEAN in Extra-Regional Perspective, in: *Contemporary Southeast Asia*, Vol. 9, No. 2, September 1987, pp. 92-93.

Similarly alarming were publications such as Konrad Seitz' bestseller „*Die japanisch-amerikanische Herausforderung*“.⁹⁴ Seitz, a former head of the German Foreign Ministry's planning staff and presently ambassador of the Federal Republic to the People's Republic China, warned of a widening technology gap between Japan and the US on the one hand and Europe on the other. While -- based on superior production technologies („*lean production*“), research capacities, and elite education -- the former had gained the leadership in future-oriented key technologies such as electronics, chips, communication, gene and biotechnologies, Germany and Western Europe are increasingly lagging behind due to their continued reliance on twentieth century products such as automobiles, machine tools, pharmacy, and chemical products. In these mature manufacturing sectors, however, they will come under increasing pressure by the rapidly advancing NIEs which are able to produce these goods at the same quality but much cheaper. And, indeed, there is an increasing trend for German firms to go abroad for purchasing patents, licences, soft ware, engineering, and data processing services. Within a decade, the bill for technological services has not only tripled, but also become chronically deficitary.⁹⁵ If the trend continues, Seitz predicts, Europe will decline to a technological colony of the US and Japan in the not so distant future.

In Europe, Germany was the first to react. After touring five Asian countries in February and March 1993⁹⁶, Chancellor Helmut Kohl encouraged the Ministry of Foreign Affairs to devise a framework for more innovative and systematic policies vis-à-vis Asia. In September 1993 the ministry came out with a policy concept for Asia, which was soon approved by the Cabinet. At the same time, major German business associations agreed to establish the Asia-Pacific Committee (APA) as an instrument to increase the presence of German firms in the region. Somewhat earlier, in July 1993, the Ministry of Economic Cooperation had published its own Asia policy paper and, finally, in 1995, the Ministry for Education, Science, Research and Technology also came out with an Asia strategy. While the Asia policy paper of the German government was strongly biased in favor of a more visible economic German presence in Asia, it also included paragraphs on other aspects of foreign relations such as cooperation in the field of security policy, cultural and development cooperation, and a more systematic cooperation in research and technology. 1994 and 1995 thus saw a steady stream of senior German politicians travelling to Asia and the number of economic delegations touring Asia also increased significantly. German Centers for Industry and Trade were opened in Shanghai, Singapore, and Seoul with the objective of facilitating the entry of German Small and Medium-Scale Industries (SMEs) to the Asian markets and, on a

⁹⁴ See Konrad Seitz, *Die japanisch-amerikanische Herausforderung. Deutschlands Hochtechnologie-Industrien kämpfen ums Überleben*, Stuttgart/München/Landsberg: Bonn aktuell, 1990 and Konrad Seitz, *Die japanisch-amerikanische Herausforderung. Europas Hochtechnologieindustrien kämpfen ums Überleben*, in: *Aus Politik und Zeitgeschichte*, B 10-11/92, 28 February 1992, pp. 3-15.

⁹⁵ See *Bonner Generalanzeiger*, 18 May 1996, p. 18.

⁹⁶ India, Singapore, Indonesia, Japan, and South Korea.

bilateral level, economic and scientific cooperation was strengthened with countries such as Japan, Singapore, Malaysia, and Indonesia. With the establishment of a German-Japanese Joint Cooperation Committee for Technology and Environment the widening technological gap that Konrad Seitz had deplored in his writings, was to be tackled.⁹⁷ Only recently, during his visit to Japan, German Minister of Economic Affairs, Günter Rexrodt, announced the preparation of a policy concept paper on Japan in February 1996.⁹⁸ Moreover, by 1995, other European nations such as France, the UK, and Belgium had also designed an Asia strategy for the purpose of strengthening their bilateral ties with Asian partners.

Table 3: Hourly Costs per Worker, Manufacturing Sector, 1995

<i>Country</i>	<i>Costs Per Hour of Work, in US \$</i>
Germany (West)	31.88
Norway	24.38
Netherlands	24.18
Japan	23.66
Sweden	21.36
France	19.34
United States	17.20
Italy	16.48
Canada	16.03
Australia	14.40
Ireland	13.83
United Kingdom	13.77
Spain	12.70
Malaysia	7.33
Taiwan	5.82
Thailand	5.40
Philippines	5.30
Hong Kong	4.82
Indonesia	2.21
Vietnam	1.67
China	1.51
Mexico	1.51

Source: US Bureau of Labor Statistics, adapted and complemented from *Bangkok Post*, 12 September 1996, p. 1 and *Jakarta Post*, 25 August 1996, p. 6.

Following the German example, the EU drafted an Asia policy in July 1994. The policy paper was approved under German Presidency at the Essen Summit in December 1994.⁹⁹ As in

⁹⁷ So far, the results seem to be rather disappointing. The Committee mainly focusses on environmental technology which -- albeit important -- is not necessarily one of the key technologies where Germany has to catch up.

⁹⁸ See *Handelsblatt*, 20 Februar 1996, p. 1.3.

⁹⁹ See *Jakarta Post*, 8 December 1994, p. 8; *Far Eastern Economic Review*, 4 August 1994, pp. 18-19.

the German policy paper, economics also figured high on the agenda of the European Asia strategy. The paper made great efforts to emphasize the region's vast economic opportunities, which, if seized, could help to create many new jobs in Europe. According to World Bank figures, half the growth in world trade up to the year 2000 will be generated in East and Southeast Asia alone.¹⁰⁰ By the year 2000, another EU paper pointed out, there will be some 400 million consumers in East and Southeast Asia with incomes comparable to European and American standards.¹⁰¹ It is considered possible that China alone will have overtaken America's economy in size by the year 2010.¹⁰² Moreover, infrastructure development itself will absorb up to US \$ 150 billion of capital equipment each year for the next ten years. Rapidly rising energy needs will make Asia as a whole place nearly half of all global orders for power generation equipment. Asia will be the single largest market for telecommunication equipment, and in line with increasing ecological pressures, environmental technologies will likewise become a rapidly growing market.¹⁰³ By 1992 Asian-European trade had overtaken Transatlantic trade, but is still trailing Transpacific trade. According to latest EU statistics, EU trade with all Asian countries stood at US \$ 312.5 billion in 1994, while two-way trade with the US amounted to US \$ 235 billion.¹⁰⁴ The EU's trade with ASEAN alone is already larger than with the whole of Latin America. Since 1984 European exports to Asian countries almost tripled -- increasing from ECU 39 billion to ECU 110 billion in 1994. As a result, Asia's share of European exports almost doubled from 11 percent to 20 percent in 1994.¹⁰⁵ Seven of the EU's largest trading partners are now Asian countries.¹⁰⁶

These economic changes provided the background for gradual changes in the European position vis-à-vis the ASEAN Burma policy and for toning down criticism on human rights violations in Asia. During the PMCs of the twenty-seventh AMM in Bangkok German Foreign Minister Kinkel speaking for the EU Presidency for the first time indicated that the EU may renounce its policy of isolating Burma and enter into a „critical dialogue“ with the junta if there is some improvement in its human rights record.¹⁰⁷ Considered as the litmus test was the release of Burmese opposition leader Aung San Suu Kyi. This marked a clear rapprochement to the ASEAN position as it enabled the Burmese government to free Aung San Suu Kyi in June 1995 without, however, significantly improving its human rights record in all other areas. Two months later, in September 1994, at the eleventh ASEAN-EU

¹⁰⁰ See Commission of the European Communities, *Towards a New Asia Strategy*, Brussels, 13 July 1994, p. 15.

¹⁰¹ European Commission, *ASEM Background Paper*, Brussels 1996, p. 7.

¹⁰² See *Asia Yearbook 1996*, Hong Kong: Far Eastern Economic Review, 1996, p. 20; Richard Halloran, *The Rising East*, in: *Foreign Policy*, No. 102, Spring 1996, pp. 3-21.

¹⁰³ See Commission of the European Communities, *Towards a New Asia Strategy*, Brussels, 13 July 1994, p. 23.

¹⁰⁴ European Union, Press Release on ASEM, p. 7.

¹⁰⁵ The European Commission, *The European Union and Asia*, Brussels 1996, p. 3.

¹⁰⁶ Eurostat, *Aussenhandel. Monatliche Statistiken*, 3/1996, p.14.

¹⁰⁷ See Jürgen Rüländ, *Neue Wege der Zusammenarbeit in Süd-Ost-Asien. Die Gemeinschaft Südostasiatischer Staaten (ASEAN) nach dem 27. Ministertreffen in Bangkok (22.-28. Juli 1994)*, Rostock: Universität Rostock, Rostocker Informationen zu Politik und Verwaltung, Heft 1, 1994.

ministerial meeting in Karlsruhe, human rights issues had ceased to play a major role on the EU side¹⁰⁸, although the beginning of the conference was overshadowed by Singapore's decision to go ahead with the execution of a Dutch national convicted of drug offenses. This episode and the Karlsruhe meeting have shown that the ASEAN has gained the upper hand in determining the topics, style, and procedures of the meetings. A Malaysian official thus commented with satisfaction that „in Karlsruhe we finally moved from the courtroom to the negotiating table.“¹⁰⁹

Table 4: EU Trade with ASEAN (Figures in MECU)

	<i>EC Imports</i>	<i>EC Exports</i>	<i>Trade Balance</i>
1980	6,857	5,369	-1,488
1983	7,917	9,269	1,350
1985	9,972	9,810	-162
1987	10,037	8,906	-1,131
1988	12,203	10,689	-1,514
1989	15,173	14,110	-1,063
1990	16,748	16,083	-665
1991	19,947	17,282	-2,665
1992	22,403	19,278	-3,125
1993	25,667	22,920	-2,747
1994	29,940	27,759	-2,181
1995	33,355	33,991	636

Source: Commission of the European Communities, *Creating A New Dynamic in EU-ASEAN Relations*, Brussels, 3 July 1996, Annex 1, 2.1.

One day after Karlsruhe the first ASEAN-EU meeting of business leaders was held in Stuttgart. Although the meeting was by no means smooth, as there existed different viewpoints regarding the relationship between trade and social and environmental issues, a more pragmatic relationship seemed to emerge in which both sides concentrate on business. It was thus no accident that Singaporean Prime Minister Goh Chok Tong used another business

¹⁰⁸ See *Entwicklung und Zusammenarbeit*, 11/1994, p. 301; *Jakarta Post*, 5 December 1994, p. 2.

¹⁰⁹ See *Far Eastern Economic Review*, 6 October 1994, pp. 15-16.

meeting, the Europe-East Asia Economic Summit organized by the Swiss-based World Economic Forum in Singapore, to launch his proposal of a Europe-Asia summit.¹¹⁰ The idea was agreed upon in principle, and in May 1995 European and Asian governments finally fixed March 1996 as the date for such a summit.¹¹¹

IV. Preludes to Bangkok

On the European side, motivations for improved relations with Asia were pretty clear: economic recession and a sense of lost opportunity had changed priorities from political issues to an economic agenda. But why were Asian nations so keen on building a new relationship with Europe? Several factors must be taken into account.

Despite sluggish economic growth and a declining share in Asia's trade, Europe is still a major market for Asian products.¹¹² The widely shared belief in Europe that Asia is an increasingly serious competitor for trade and investments may lead to deepening protectionist sentiments in the Union, especially if new, economically weaker members from Eastern Europe are admitted in the near future. ASEAN fears of growing European protectionism are exacerbated by moves of the European Commission to end the tariff concessions ASEAN countries have enjoyed in the last twenty-four years.¹¹³ In 1992 the EC's GSP scheme enhanced market access to Europe for some 72 percent of Asian exports.¹¹⁴ Although Asian interventions have slowed down the phasing out of the concessions, the EU revised its GSP scheme for manufactured products in 1995. The new scheme includes a „graduation mechanism“, under which the economically more advanced developing countries gradually lose GSP benefits. Asian countries such as Singapore, South Korea, Malaysia, and Thailand will be the first affected by this change.¹¹⁵

Even more disadvantageous for Asia will it be, however, if stiffening European protectionism is accompanied by particularistic regional free trade agreements like those envisioned with MERCOSUR¹¹⁶, Mexico¹¹⁷, Mediterranean countries¹¹⁸, Eastern Europe, Russia, and

¹¹⁰ See *The Straits Times*, 6 January 1995, p. 6.

¹¹¹ See *The Straits Times*, 4 May 1995, p. 9.

¹¹² As convincingly argued by Rüdiger Machetzki. See his „Europas Bedeutsamkeit für Ostasien. Wider einige übliche Argumente“, in: *Südostasien aktuell*, März 1996, pp. 166-168. Especially for Asia's developing countries, Europe is still the most important market after the US. See Commission of the European Communities, *Towards a New Asia Strategy*, Brussels, 13 July 1994, p. 15.

¹¹³ See *Far Eastern Economic Review*, 6 October 1994, pp. 15-16.

¹¹⁴ Commission of the European Communities, *Towards a New Asia Strategy*, Brussels, 13 July 1994, p. 6.

¹¹⁵ European Union, *The European Union and Asia*, Brussels 1996, p. 4; interview information, Jakarta, March 1996. See also recent disagreements over the withdrawal of tariff concessions under the new GSP scheme, affecting ASEAN farm products such as frozen shrimps, canned tuna, canned pineapple, palmoil, and coconut oil. *Bangkok Post*, 28 August 1996, p. B1; *The Straits Times*, 28 August 1996, p. 16.

¹¹⁶ See *Jakarta Post*, 27 February 1996, p. 5.

¹¹⁷ See *Handelsblatt*, 22 May 1996, p. 3.

South Africa¹¹⁹. More recent proposals for new transatlantic treaties that also cover economic relations and calls for the creation of a TAFTA further added to Asian concerns.¹²⁰ Regular consultations and closer relations would thus provide Asians with a forum to influence European trade policies in favor of an open system. The Republican victory at the Congressional mid-term elections in November 1994, the rise to political prominence of figures such as former presidential candidate Ross Perot and publicist Patrick Buchanan and fears of an imminent American return to isolationism have likewise impressed on Asians the need for a greater diversification of interregional relations.

Equally important under the conditions of economic globalization is the continued flow of investments and technology to Asia. As European investment levels are still low compared to the United States and Japan, Asians expect to benefit from plant relocations and increased attention paid to Asian markets by European firms.

Besides these more immediate economic considerations, a revitalized Asian-European relationship also involves geopolitical and geoeconomic interests. Especially for the smaller and economically less advanced nations is it an attempt to diversify economic relations and avoid economic and political dependencies that inevitably emerge as a result of the strong Japanese and American presence in the region.

Preparations for the Bangkok Summit intensified in the latter part of 1995. This led to controversies inside both camps over the participants. While in Europe the Eastern reform states¹²¹ lobbied in vain to be included in the European delegation, ASEAN countries were confronted with similar demands from Australia, New Zealand, and India. Although Japan and Singapore strongly supported the inclusion of Australia and New Zealand¹²², Malaysian Prime Minister Mahathir was adamant in arguing that Australia and New Zealand are not part of Asia. After some debate India, which until very recently was isolated from the emerging Asia-Pacific economic and security networks, was also left out. If India was admitted -- ASEAN members feared -- Pakistan and other South Asian states, would have to be included in the Asian line-up, too.¹²³ This has raised fears in ASEAN diplomatic circles that the Indo-Pakistani conflict may spill over into the negotiations with the Europeans and

¹¹⁸ See *Handelsblatt*, 29 November 1995, p. 11.

¹¹⁹ See *Das Parlament*, 26 February 1996, p. 19; Eberhard Rhein, Besser als ihr Ruf: die EU-Außenpolitik, in: *Internationale Politik*, Vol. 51, No. 3, March 1996, pp. 55-58.

¹²⁰ See *Bangkok Post*, 29 February 1996, p. 9; *Handelsblatt*, 10 May 1996, p. 2.

¹²¹ Poland in particular repeatedly requested to be invited to Bangkok. *Bonner Generalanzeiger*, 29 February 1996, p. 4.

¹²² See *Bangkok Post*, 29 March 1996, p. 5.

¹²³ Interview information, Kuala Lumpur, August 1995; *The Straits Times* 13 September 1995, p. 17, 23 September 1995, p. 28.

distract from the more relevant topics. Yet, after becoming elevated to the status of an ASEAN dialogue partner, India will participate on the Asian side in future summits.¹²⁴

While India, Australia, and New Zealand made great efforts to be among the participants in Bangkok, China initially hesitated. China generally dislikes multilateral gatherings for two reasons: they curtail her bargaining power and they arouse fears of being confronted head-on with controversial issues such as human rights, democracy, the Taiwan crisis, the territorial disputes in the South China Sea, and Chinese nuclear weapons testing. Hence, especially for the Asian side, the inclusion of China must be seen as an attempt to „civilize“ China by engaging her.¹²⁵ On the other hand, China began to regard ASEM as part of her strategy to diversify political and trade relations in view of her deteriorating relationship with the US. In Beijing Washington is increasingly seen as pursuing a containment policy towards China similar to the one directed against the Soviet Union during the Cold War. Europeans, though concerned about China's human rights record, were less critical of her Taiwan policy and also seem to be prepared to offer China better terms for entry to the World Trade Organization (WTO). While Europeans are more inclined to accept China's stated willingness to meet all WTO obligations at the level of ordinary developing countries¹²⁶, the US pushes for much stricter terms commensurate with China's position as the world's eleventh largest trading nation. This includes American demands that China makes greater progress in opening her markets by dismantling long-standing non-tariff trade barriers such as quotas and licenses and protecting intellectual property rights more effectively before being admitted.¹²⁷

Composed of the seven ASEAN members plus China, Japan, and South Korea¹²⁸, Mahathir thus succeeded in making the Asian delegation look like the controversial East Asian Economic Caucus (EAEC).¹²⁹ The EAEC was first proposed by Mahathir in late 1990 and was in his view to assume the role of an exclusivist East Asian economic pressure group able to counter the North American influence in the APEC. Although the creation of the EAEC has become officially acknowledged ASEAN-policy and has been placed under the umbrella of APEC, the proposal has not made much headway, mainly due to vocal American opposition and, as a consequence, Japanese indifference. Yet, the proposal is by no means dead. It regularly surfaces when trade relations between the US and their Asian counterparts deterio-

¹²⁴ A European delegation travelled to New Delhi directly after the Bangkok Summit in order to discuss modalities of a future Indian participation in the dialogue. During the summit, India underscored her keen interest to participate in future Asian-European meetings by placing a full-page advertisement in the *Bangkok Post* on the second day of the summit. See *Bangkok Post*, 2 March 1996.

¹²⁵ See *Bangkok Post*, 29 February 1996.

¹²⁶ Status of a developing country would give China temporary relief from some of the stricter free-trade requirements of developed nations. See *The Straits Times*, 1 March 1995, p. 3.

¹²⁷ See *Handelsblatt*, 13 December 1994, p. 14; *Süddeutsche Zeitung*, 6 February 1995, p. 17; *The Straits Times*, 1 March 1995, p. 3; 14 March 1995, p. 1; *Bangkok Post*, 22 March 1996, p. 23.

¹²⁸ *The Nikkei Weekly*, 26 February 1996, p. 24.

¹²⁹ See *Jakarta Post*, 1 February 1996, p. 5.

rate. Fears that Mahathir may succeed in reviving the EAEC under the guise of an Asian-European Summit explains repeated critical American comments on the Bangkok Summit.¹³⁰

In the months prior to the summit, both camps were busy in sorting out conflicting interests and preparing a negotiation strategy. In December 1995 the EU heads of state and government met at their summit in Madrid, ASEAN leaders at the organization's Fifth Summit in Bangkok. Further meetings of Asian foreign ministers in Phuket (Thailand) and Asian economic ministers in the northern Thai town of Chiang Rai followed in February 1996.¹³¹ These meetings were partly prompted by the European demand that the heads of government and state be accompanied by their foreign ministers.¹³² In the past ASEAN economic ministers have repeatedly complained about a lack of information and consultation by their foreign ministers, especially when the latter discussed economic matters. As economic ministers thus implicitly questioned the economic competence of their foreign ministers, this led to a somewhat uneasy relationship between the AMM and the AEMM, the two most important ministerial rounds in ASEAN.¹³³ Hence, the demand of Asian economic ministers to play a role at the summit, too. European foreign ministers had their last preparatory meeting in Brussels at the end of January.¹³⁴

In January 1996, senior Italian diplomats, representing the EU Presidency, and their Thai counterparts as the hosts met in order to work out a preliminary text for a Chairman's Statement as the official conference document. The protracted deliberations illustrated the difficulties of circumventing controversial issues such as democracy, human rights, East Timor, and the relation between trade and social and environmental matters and finding mutually acceptable formulations for the document.¹³⁵

Finally, on invitation of the European Commission and the Italian Presidency more than one hundred experts from Asia and Europe, representing the fields of culture, research, business, and media gathered in Venice on 18-19 January 1996. The meeting closed with a „*Message of Venice*“ which urged a better mutual understanding despite „diverse perceptions of accepted values in Europe and Asia“, intensified networking for strengthening economic, scientific, and cultural links, and more efforts to improve the image of Europe in Asia and that of Asia in Europe in civil society as a whole.

¹³⁰ See Mohamed Ariff, The EAEC and the Role of Japan, in: Institute of Economics, Chuo University, *30th Year Anniversary Commemoration Symposium*, Tokyo: Chuo University Press, 1995, pp. 145-172.

¹³¹ See *Jakarta Post*, 14 February 1996, p. 4.

¹³² See *Bangkok Post*, 3 February 1996, p. 6.

¹³³ See C.P.F. Luhulima, ASEAN Institutions and Modus Operandi: Looking Back and Looking Forward, in: Noordin Sopiee/Chew Lay See/Lim Siang Jin (eds.), *ASEAN at the Crossroads. Obstacles, Options and Opportunities in Economic Cooperation*, Kuala Lumpur: Institute of Strategic and International Studies (ISIS) Malaysia, 1987, pp. 171-174.

¹³⁴ See *Asia Times*, 29 January 1996, p. 6.

¹³⁵ See *The Straits Times*, 21 February 1996, p. 2.

As there was no concrete summit agenda¹³⁶, uncertainty as to which issues would be raised by members of the two delegations persisted until the opening of the summit itself. For the Asian side the big question was whether Europeans would raise the controversial issues such as East Timor and human rights. Ignoring German, French, and British advice to take a pragmatic approach, Portugal, for instance, insisted that it would bring up the East Timor case at the meeting.¹³⁷ Moreover, Scandinavian countries indicated that they might take China to task over the alleged abuses in Chinese orphanages.¹³⁸

Indonesian foreign minister Ali Alatas therefore warned Europeans not to bring up „irrelevant“ and „controversial“ issues at the summit.¹³⁹ This was a thinly veiled threat that, if Europeans did not concentrate on topics of interest to both sides, the summit would fail. But since the Asian media in particular jumped on these remarks and persistently referred to them, they had a different impact than originally intended. For nearly two weeks they made human rights a media theme which must have signified even to the most insensitive observer that there might indeed be something wrong with human rights in Asia. Yet, Indonesians were right when they pointed out that Portugal was an improbable advocate of human rights in East Timor. As the territory's former colonial master, Portugal had administered East Timor for more than 300 years by total neglect, thus sharing responsibility for present problems. Though widely ignored by the press and allegedly obstructed by the Thai authorities¹⁴⁰, a NGO presummit meeting held in Bangkok¹⁴¹ further highlighted the human rights problems which most of the summit participants wanted to sidestep.¹⁴²

The Indonesian call for a pragmatic approach to the summit was strongly supported by France, which conducted a high profile public relations campaign in the region during the weeks prior to the summit, perceiving it as a last chance to get a foothold in Asia.¹⁴³ President Chirac's self-confident announcement of reopening a „new frontier“¹⁴⁴ in Asia barely conceals the fact that the region has been severely neglected in the past¹⁴⁵:

¹³⁶ See *Asian Wall Street Journal*, 26 February 1996, p. 1; *International Herald Tribune*, 28 February 1996, p. 1.

¹³⁷ See *Asian Wall Street Journal*, 26 February 1996, p. 1.

¹³⁸ See *Asia Times*, 29 January 1996, p. 1; *Jakarta Post*, 3 February 1996, p. 11, 19 February 1996, p. 1; *International Herald Tribune*, 28 February 1996, p. 1.

¹³⁹ Similarly Malaysian Minister of Trade and Industries, Rafidah Aziz, see *Jakarta Post*, 14 February 1996, p. 4, 19 February 1996, p. 1.

¹⁴⁰ According to press reports there were plans on the part of the Thai security forces to prevent the NGO forum from meeting. See *Bangkok Post*, 29 February 1996, p. 4.

¹⁴¹ Attended by approximately 100 NGOs. See *Jakarta Post*, 29 February 1996, p. 1.

¹⁴² See *Bangkok Post*, 29 February 1996, p. 1.

¹⁴³ See *Jakarta Post*, 19 February 1996, p. 1.

¹⁴⁴ See *The Straits Times*, 28 February 1996, p. 26.

¹⁴⁵ French investments in Indonesia, for instance, only rank fourteenth. See *Jakarta Post*, 13 February 1996, p. 1. For a critical assessment of French Asia policy see François Godement, *Une Politique Française pour L'Asie-Pacifique?*, in: *Politique Etrangère*, Hiver 1995/1996, pp. 959-970.

- Relations with Vietnam were only normalized after President Mitterand's state visit in 1993;
- French China policy has been on a zig-zag course for years. A deal with Taiwan over the delivery of Mirage Jets and frigates led to a crisis in relations with Beijing which retaliated by excluding French firms from bidding for the Kanton subway project. Relations with Beijing were only patched up after the visit of Prime Minister Balladur to the People's Republic in 1994.¹⁴⁶
- French relations with Japan were frosty for much of the 1980s. Only a few years ago, then French Prime Minister Edith Cresson was on record as likening the Japanese to „ants“ and „outcasts.“¹⁴⁷

Moreover, French support of Indonesia reflected her own vulnerable position as a result of her nuclear tests in the South Pacific, which had caused an uproar of protest in many parts of Asia, especially in Japan.¹⁴⁸ But France went even a step further: by announcing to sign a protocol endorsing the Treaty of the *Southeast Asia Nuclear Weapons Free Zone*¹⁴⁹ after minor changes in the text, she hoped to gain the goodwill of ASEAN members. France would thus be the first nuclear state to endorse the treaty which Southeast Asian nations had signed at their Fifth Summit in Bangkok in December 1995.¹⁵⁰ The endorsement was a well calculated move directed at Southeast Asian aspirations for prestige and recognition as international players. In exchange, Paris hoped to be given a seat separate from the EU on the ASEAN Regional Forum (ARF). Such hopes were entertained by Britain, too¹⁵¹ -- moves which do not bode well for the European goal of consolidating its Common Foreign and Security Policy. Finally, Japan was to be placated by a show of French support for Tokyo's cherished goal of obtaining a permanent seat on the UN Security Council.

In general, however, the objectives of both sides were pretty clear on the eve of the summit. The Asian participants urged the EU to end its discriminatory trade policies vis-à-vis non-members and -- following the APEC example -- pursue a policy of „open regionalism“. Some Asian leaders even called for an Asian-European trade liberalization scheme similar to the APEC with fully liberalized trade by 2010.¹⁵² Calls for „open regionalism“ were spearheaded by Tokyo which itself was under fire by the Europeans because of its peculiar distribution and retail system that is almost impenetrable for outsiders. If Europeans would con-

¹⁴⁶ See *Far Eastern Economic Review*, 21 April 1994, p. 28.

¹⁴⁷ See Brian Bridges, Japan and Europe. Rebalancing a Relationship, in: *Asian Survey*, Vol. XXXII, No. 3, March 1992, pp. 231.

¹⁴⁸ See *Jakarta Post*, 19 February 1996, p. 1.

¹⁴⁹ See *The Straits Times*, 28 February 1996, p. 26

¹⁵⁰ Nuclear powers expressed reservation over the wording and scope of the treaty. Objections focussed on the geographic extent of the zone and the right of passage. See *The Straits Times*, 29 February 1996, p. 15.

¹⁵¹ See *Bangkok Post*, 29 February 1996; *The Straits Times*, 3 March 1996, p. 20.

¹⁵² See *Jakarta Post*, 29 February 1996, p. 4.

tinue to consolidate their „fortress“, so the message, Asian countries may respond in kind by converting APEC into a regional trading bloc.¹⁵³ The notion of a „fortress Europe“, that increasingly resorts to protectionist policies, was also behind other Asian demands: particularly high on the agenda figured calls for an ending of antidumping practices. In rejecting European moves to link trade with social standards and ecological issues Asian delegations repeated an old position. Finally, Asians were interested in receiving new European commitments for investments and technology transfers to the region.

On the European agenda the most important item was the intensification of trade and obtaining a better foothold on Asian markets. There was also considerable interest in strengthening European investments in Asia, but this issue was linked to European overtures to draft a multilateral investment code similar to that being discussed by the OECD. Europeans also sought Asian support for the forthcoming WTO-ministerial conference scheduled to meet in Singapore in December 1996 and for defining common positions for earlier negotiations on the liberalization of services in the finance, telecommunication, and maritime transport sectors. The EU hopes to gain major Asian concessions for further liberalization in these sectors. Europeans were also interested in better protection of patents and intellectual property rights by Asian countries -- especially China -- and less discriminatory bidding procedures for public works projects.

V. The Summit and its Results

The summit discussions were dominated by economic themes. The most delicate issue threatening the success of the meeting, East Timor, was skillfully bilateralized by the Thai hosts. At the end of a presummit welcome dinner, the Thai's arranged an impromptu-meeting between Portuguese Prime Minister Antonio Guterres and Indonesian President Suharto. It was the first meeting of leaders of the two states since Indonesia annexed East Timor in 1975. For a short time it even appeared that some movement would come into the stalemate positions. At the meeting with Suharto Guterres proposed that Indonesia should free jailed East Timor resistance leader José Xanana Gusmao and guarantee human rights in the former Portuguese colony. Portugal would respond by restoring partial diplomatic relations with Indonesia.¹⁵⁴

While some observers somewhat prematurely spoke of a breakthrough in Portuguese-Indonesian relations, Indonesia reacted guardedly and suggested that the Portuguese proposals be put on the agenda for the next round of the UN-brokered East Timor consultations in Geneva in June.¹⁵⁵ Days after the summit, however, Indonesian Foreign Minister Ali Alatas

¹⁵³ See *Jakarta Post*, 16 February 1996, p. 8; *Handelsblatt*, 19 February 1996, p. 8.

¹⁵⁴ Under this proposal Portugal would station Portuguese diplomats in the embassy of a friendly third country in Jakarta, while Indonesia would do the same in the Portuguese capital. See *Bangkok Post*, 2 March 1996, p. 1.

¹⁵⁵ See *International Herald Tribune*, 2 March 1996, p. 5.

declared that there was little substantial change in the Portuguese position.¹⁵⁶ But the bilateral meeting had two important effects:

- It saved the Portuguese Prime Minister's face on his home front since he could argue that he had raised the issue in Bangkok; and
- East Timor would not reappear as a topic at the summit, thus not disturbing the discussions of the leaders.

Bangkok basically confirmed earlier shifts in the symmetry of Asian-European relations. The Asian side determined the format as well as the topics of the summit:

- Singapore, an ASEAN-member, initiated the summit;
- The absence of a predetermined summit agenda met Asian preferences for personal talks in an informal atmosphere and the dislike of institutional arrangements;
- The Asian side prevailed in opting for a pragmatic approach that excluded controversial issues; and
- Asian participants tabled a large number of proposals some of which took the Europeans by surprise.

It is thus not surprising that Asian participants valued the symbolic meaning of the meeting even more than the concrete results. Almost no commentator in the region forgot to point out with great satisfaction that in Bangkok Europe and Asia for the first time sat at the negotiation table evenhandedly.¹⁵⁷ „Colonial arrogance“ -- as outspoken Malaysian Prime Minister Mahathir Mohamad put it -- and disinterest in the region's affairs are deeply ingrained in the memory of Asian elites.¹⁵⁸

While Bangkok may turn out as an important step forward in the turbulent Asian-European relationship, summits should not be overestimated. Summits -- even if well prepared -- can only define general guidelines for future action. Much will depend on how the national bureaucracies and the private sector implement these guidelines.

That the Bangkok Summit agreed on a very detailed work agenda indicates that there is indeed political will to achieve progress. Paragraph 19 of the Chairman's Statement outlines a wide array of follow-up measures:

- The *Foreign Ministers'* and the *Senior Officials' Meeting* in charge of the first ASEM would coordinate and prepare for the second ASEM on the basis of the result of the first ASEM. A *Foreign Ministers' Meeting* will be held in 1997;

¹⁵⁶ See *Far Eastern Economic Review*, 14 March 1996, p. 17; 21 March 1996, p. 21.

¹⁵⁷ See *Far Eastern Economic Review*, 14 March 1996, p. 17.

¹⁵⁸ See *Handelsblatt*, 11 May 1995, p. 10.

- An *Economic Ministers' Meeting* would be held in Japan in 1997 to discuss relevant economic issues;
- An informal *Senior Officials' Meeting* would be held in Brussels in July 1996 on ways to promote economic cooperation between the two regions, and in particular liberalization and facilitation of trade and investments, with an initial emphasis on WTO issues. But as Bangkok has shown, there is little likelihood that Europeans will succeed in getting Asian support for their plan to link trade with labor and ecostandards. The EU intends to bring up this issue at the forthcoming WTO meeting in Singapore, while Asians argue that labor standards should be discussed only in the International Labor Organization (ILO), "and not in international trade or non-labor related fora".¹⁵⁹ European protestations that their basic intention is only to eradicate forced and child labor have so far done little to dispel Asian fears that social and ecoclauses could be easily abused for protectionist purposes.¹⁶⁰
- A Meeting of a Government and Private Sector Working Group would be convened in Thailand to draw up within six months an *Asia-Europe Investment Promotion Action Plan* to promote greater flows of investment between Asia and Europe.

From a German perspective, this body could perhaps be used to channel more Asian investments to the new *Länder* which have so far been ignored especially by Japanese and - - to a lesser extent -- South Korean investors.¹⁶¹

- Yet, the wording of the Chairman's statement shows that -- despite sympathies from Japan and Singapore¹⁶² -- Europe has not achieved its original goal of securing Asian support for a global investment code. A multilateral treaty on foreign direct investments such as is presently being discussed by the OECD would establish rules for liberalizing foreign investment and guarantee foreign investors equal treatment with nationals and full repatriation of profits. At the 1994 APEC Summit in Bogor, Indonesia, the US had pursued similar objectives and failed. Especially less developed nations like Indonesia reject such a plan. Indonesian Foreign Minister Ali Alatas, for instance, argued that if foreign capital „could enter all sectors unimpeded it would threaten the existence of

¹⁵⁹ See *Jakarta Post*, 27 April 1996, p. 10, quoting from the joint communique of the eleventh ASEAN Labor Ministers' Meeting.

¹⁶⁰ See *Far Eastern Economic Review*, 14 March 1996, p. 17. In ASEAN's view, a typical example is a EU announcement following the Rio de Janeiro Earth Summit that it will not import timber products from countries without a complete reforestation plan. All ASEAN countries exporting timber automatically fall in this category. Not surprisingly, ASEAN members regard such a regulation as a non-tariff trade barrier. See *Bangkok Post*, 22 January 1993, p. 13.

¹⁶¹ See Heinrich Kreft, Japan und Ostdeutschland, in: *Die politische Meinung*, No. 277, December 1992, pp. 65-71 and Heinrich Kreft, Europa im Blickpunkt japanischer Investoren, in: Manfred Pohl (ed.), *Japan 1991/92. Politik und Wirtschaft*, Hamburg: Institut für Asienkunde, 1992, pp. 342-357; Manfred Kreft, Die neuen Bundesländer als Investitionsstandort für japanische Unternehmen, in: Manfred Pohl (ed.), *Japan 1991/92. Politik und Wirtschaft*, Hamburg: Institut für Asienkunde, 1992, pp. 358-368.

¹⁶² See *Jakarta Post*, 1 March 1996, p. 1.

SMEs“.¹⁶³ Behind such a rule-based system Alatas suspects an „unbalanced approach with all freedoms given to the investing country but no corresponding freedoms for the receiving country.“¹⁶⁴ Alatas' position was supported by an improbable ally: the NGOs coming together in Bangkok for a presummit meeting. From an NGO perspective a multilateral investment code „would abolish the power and legitimate right of states and peoples to regulate the entry, conditions, behavior, and operation of foreign companies and foreigners in their countries“¹⁶⁵.

- An *Asia-Europe Business Forum* is scheduled to hold its inaugural meeting in France in 1996 and the next meeting in Thailand. At this Forum, Senior Officials would consider the appropriate modalities for fostering greater cooperation between the business and private sectors of the two regions. In this connection, a business conference would be held in 1997;
- Malaysia would act as coordinator for a planned *Trans-Asian railway network* (commencing initially with the railway project of the Mekong Basin Development) and for the possible subsequent integration of this railway network with the Trans-European railway network.¹⁶⁶ Malaysian Prime Minister Mahathir earlier proposed a Pan-Asian railway project which would serve similar functions as the Transeuropean Networks. The first stage would be a high-speed train running from Singapore through Malaysia, Thailand, and Laos to Kunming in the Southeastern Chinese province of Yunnan. Stage two would make Bangkok a nodal point of an east-west axis connecting Ho Chi Minh City in Vietnam with the Burmese capital of Rangoon. These links would be a major element in the plans to link the resource-rich, yet underdeveloped Mekong River Basin with the boom economies of Southeast Asia. In a last stage the Southeast Asian railway network would be connected with the Chinese system and through Beijing and Russia, linked to the European railway system.
- Asian countries expect major European investments and technology transfers for such a project which would be implemented by consortia of private investors. France whose TGV has already won a major contract in South Korea against tough competition from the German ICE is the frontrunner in such a project.¹⁶⁷
- The establishment in Thailand of an *Asia-Europe Environmental Technology Center* to undertake research and development activities as well as provide policy guidance to both

¹⁶³ Ibid.

¹⁶⁴ See *Financial Times*, 3 March 1996, p. 1. The ASEAN Chambers of Commerce and Industry (ASEAN-CCI) also spoke out against such a code at its council meeting in Jakarta. See *Jakarta Post*, 12 April 1996, p. 1.

¹⁶⁵ See *Jakarta Post*, 1 March 1996, p. 1.

¹⁶⁶ See *The Straits Times*, 29 February 1996, p. 19.

¹⁶⁷ See *Jakarta Post*, 5 March 1996, p. 5.

regions' governments and peoples. This would be another area where Germany could benefit since she is one of the market leaders in environmental technologies.

- An *Asia-Europe Foundation* would be set up in Singapore with contributions from Asian and European countries as well as private firms doing business in both regions, to promote exchanges between think tanks, peoples, and cultural groups. Singapore has offered to contribute US\$ 1 million to initiate this foundation;
- An *Asia-Europe University Programme* would be started to foster exchanges of students and scholars with a view to developing better understanding of the cultures, history, and business practices of both regions;
- Intellectual exchanges between Asia and Europe through the holding of seminars and symposia on international and regional issues and the establishment of networks amongst think tanks from both regions;
- Objective studies on economic synergy between Asia and Europe to provide future prospects and a solid basis for developing effective policy measures;
- Youth exchange programs of mini „Davos-type“ to strengthen cultural links and mutual understanding between the two regions.
- A second ASEM will be held in two years' time in the United Kingdom and the third ASEM in the Republic of Korea in the year 2000.¹⁶⁸

While the summit basically discussed economic themes, security-related issues were on the agenda as well. But the conflict zones such as North Korea, Taiwan, and the Spratly Islands played a minor role in the talks. As time was short and both sides are represented in the ARF, the meeting addressed more general issues of mutual concern. Both sides, for instance, expressed their interest in an effective reform and greater democratization of the UN system including the Security Council, the General Assembly, and UN finances.¹⁶⁹ But here too, the Chairman's Statement, concealed a more complex situation as major powers inside both camps differed on the nature of these reforms. While Germany, Japan, and Indonesia seek a permanent seat on the Security Council, present members such as China, UK, and France show little enthusiasm for changing the UN Charter which is a precondition for extending its membership. Differences also exist as Indonesia, for instance, is calling for greater Third-World representation, majority voting, and an abolition of the veto. These at least were some of the demands made by Indonesia during her presidency of the Nonaligned Movement (NAM) between 1992 and 1995. Not acceptable for France was the idea of a collective ASEAN-permanent seat on the Security Council,¹⁷⁰ perhaps because it would con-

¹⁶⁸ See Chairman's Statement, Paragraph 19.

¹⁶⁹ See Chairman's Statement, Paragraph 7.

¹⁷⁰ See *Bangkok Post*, 2 March 1996, p. 7.

stitute a precedent for a common European seat - an idea which is likewise rejected by France.

Other security-related matters discussed included the leaders' declared determination „to pursue systematic and progressive efforts to reduce nuclear weapons globally with the ultimate goal of eliminating those weapons and of general and complete disarmament under strict and effective international controls.“ In order to reduce the dangers emanating from North Korean nuclear policy, the EU contributed 5 million ECU (US \$ 6.24 million) to the international consortium providing North Korea with safe nuclear reactors for power generation.¹⁷¹ The leaders also expressed their „commitment to the nonproliferation and prohibition of biological and chemical weapons, in particular to the early entry into force of the Chemical Weapons Convention.“¹⁷²

Apart from the plenary sessions most leaders used the summit for bilateral talks and state visits in the region. Altogether some fifty bilateral talks were held in Bangkok. Outstanding in this respect was French President Chirac who managed to talk to all ten Asian leaders.¹⁷³ Chinese Prime Minister Li Peng conducted at least nine meetings, while German Chancellor Kohl met four of his Asian colleagues.¹⁷⁴

Noteworthy from a European perspective was a cooperation agreement with South Korea. The agreement includes the removal of trade barriers in financial services and, in particular, telecommunication, where foreign ownership is restricted to 33 percent.¹⁷⁵ Both sides also committed themselves to restrict their shipbuilding capacities, reduce subsidies in the shipbuilding industry, and enforce intellectual property rights effectively. The new agreement also prevents Korea from concluding bilateral agreements that exclude Europe. This clause refers to a Korean deal on patent protection with the US in the late 1980s which initially gave unilateral benefits to the latter.¹⁷⁶ Both sides also stated their intention to respect democratic principles and human rights. Most of these stipulations essentially reflect European interests as they committed South Korea to liberalization where its markets are protected (finance and telecommunications) or to exert self-restraint where it has a commanding mar-

¹⁷¹ See *Financial Times*, 3 March 1996, p. 1.

¹⁷² See Chairman's Statement, Paragraph 8.

¹⁷³ Interview information, Jakarta, March 1996.

¹⁷⁴ Indonesian President Soeharto, Chinese Prime Minister Li Peng, Singaporean Prime Minister Goh Chok Tong, and Philippine President Fidel V. Ramos. See *Bonner Generalanzeiger*, 29 February 1996, p. 4. A meeting with Malaysian Prime Minister Mahathir did not materialize. See *Der Spiegel*, 4 March 1996, p. 172.

¹⁷⁵ See *Financial Times*, 2 March 1996, p. 4. Despite the agreement, the EU has now lodged a complaint with the WTO over its exclusion from the South Korean market for telecommunication equipment. According to the European Commission, European exporters are losing annually around US \$ 900 mio. due to the South Korean policy of shutting this market. What makes the issue even more annoying from the European perspective is a South Korean-American bilateral agreement that allows US exporters to get a foot into this highly lucrative market. See *Jakarta Post*, 13 May 1996, p. 11.

¹⁷⁶ Ibid. See also Andreas Gerlach, *Europa und die „vier Tiger“ -- eine wechselseitige Herausforderung*, Bochum: Universitätsverlag Dr. N. Brockmeyer, 1993, p. 124.

ket position (shipbuilding). South Korea's willingness to agree to the European terms was facilitated by her desire for membership in the OECD¹⁷⁷ which gave Europeans some leverage in the negotiations.¹⁷⁸

Seen in this perspective, the summit was a successful start. Taking into account the fledgling APEC process and the traditionally close transatlantic relations, a missing link was filled. Nevertheless, doubts lingered on the Asian side as to whether the Europeans will overcome their inward-looking attitude and work for a dynamic growth of Asian-European relations. Several Asian officials were quoted by the press as saying that „the European leaders seemed badly prepared“.¹⁷⁹ Also negatively registered in Asia was the fact that European leaders only slowly committed themselves to attend the summit and that, in the end, four European leaders were absent.¹⁸⁰ Even German Chancellor Helmut Kohl -- otherwise a strong advocate for closer Asian-European relations -- initially seemed to hesitate as he suspected that Bangkok would be little more than a „feel-good“ meeting without concrete results.

As expected, ASEM does not intend to emulate the APEC process. For the time being there will be no institutionalization in the form of a secretariat or other permanent structures. But as work intensifies and new areas of cooperation emerge, a process of „low-intensity“ institutionalization cannot be ruled out.

ASEM thus did not agree on a timetable for trade liberalization comparable to that of APEC which resolved at its Bogor Summit in 1994 to remove all tariff barriers in the Asia-Pacific region by 2020. But the trade talks made very clear that Asian governments expect the EU to reciprocate with open regionalism by extending single market benefits on a MFN-basis to non-members as well. In Bangkok, the EU reacted defensively to these demands by linking further liberalization measures to the results of the next APEC summit in Manila later in the year. In the future this issue may create severe internal controversies between the more protectionist European economies such as Italy and France, and the more liberally minded members such as Germany, the Netherlands, and, to some extent, the United Kingdom.

While European officials privately acknowledged that Europe may have to consider bolder liberalization moves of its own „if APEC moves ahead of Europe“¹⁸¹, the EU held ground in the antidumping debate. The EU maintained that antidumping measures are a legitimate instrument to counter unfair trade, but also pointed out that only 0.7 percent of European

¹⁷⁷ See *Far Eastern Economic Review*, 17 October 1996, p. 108.

¹⁷⁸ See *Jakarta Post*, 2 March 1996, p. 9.

¹⁷⁹ See *Financial Times*, 4 March 1996, p. 4.

¹⁸⁰ The prime ministers of Spain, Sweden, Denmark, and Luxembourg.

¹⁸¹ See *Financial Times*, 3 March 1996, p. 1.

imports are affected by such sanctions.¹⁸² In the past, especially China, Japan, and South Korea have been the targets of EU antidumping measures.¹⁸³

Unsuccessful were Thailand's efforts to secure European participation in the Mekong Basin development project aimed at accelerating the socioeconomic development of the Indochinese Peninsula. That the initial European response has been cautious, may have several reasons: first, Mekong Basin development is basically seen as a project primarily benefitting Thailand. The fifty-four dam projects planned in the region will undoubtedly supply Thailand with urgently needed energy, but leave the project sites in Laos, Burma, Yunnan, Cambodia, and Vietnam with the environmental fall out and serious social problems. Most of these projects will be located in Laos, which is already seen by observers as becoming the „battery of Asia“. ¹⁸⁴ And, second, as Asian economies grow by leaps and bounds, there is an increasing feeling that the burden of correcting regional imbalances must be borne to a much greater extent than hitherto by the region itself. Europe, in return, was seeking contributions from Asia for the reconstruction of former Yugoslavia. So far, only South Korea has responded with a symbolic contribution of US \$ 1 million.¹⁸⁵

VI. Towards A European Asia Strategy

The following sections do not pretend to outline a blueprint for future European activities in Asia. As this has already been done elsewhere, there is no need to reinvent the wheel. With its Asia strategy, the EU has submitted a comprehensive policy framework which, if implemented together with the work program agreed at ASEM, may indeed give Asian-European relations a push. But the success of the EU's Asia policy is not so much a question of innovative strategies. To a much greater extent it is a question of intensity, continuity, commitment, and cultural empathy.

The EU's Asia paper presents a wide array of objectives, priorities, justifications, instruments, and strategies. It is thus beyond the scope of this analysis to discuss the paper in all its ramifications. Where in the following sections policy proposals are made, they will focus only on aspects that may need greater emphasis or may complement the EU's policy paper. Nevertheless, before turning to major aspects of the EU's Asia strategy, a few general assessments are in order.

¹⁸² Interview information, Jakarta, March 1996. See also European Union, Press Release on ASEM, p. 10.

¹⁸³ Between 1987 and 1992 Japan was the target of twenty-one antidumping measures of the EU, China in twenty cases, South Korea seventeen, and Turkey fifteen. See Matthias Bauermeister, *Die Japan-Politik der EG vor dem Hintergrund asymmetrischer Wirtschaftsbeziehungen*, in: Wilfried von Bredow/Thomas Jäger (eds.), *Japan, Europa, USA. Weltpolitische Konstellation der 90er Jahre*, Opladen: Leske und Budrich 1994, p. 128.

¹⁸⁴ See *Asian Wall Street Journal*, 4 March 1996, p. 1.

¹⁸⁵ See *Far Eastern Economic Review*, 14 March 1996, p. 17.

- Top priority is clearly accorded to the objective of a strengthened European economic presence in Asia. A greater share in the region's trade is seen as an important step out of the present economic malaise and for maintaining a leading role in world trade.
- All other objectives are subordinated to this economic imperative, even though the paper devotes sizeable space to the goal of fostering closer political relations with Asia. The desire for improved political relations takes into account:
 - that Asia's growing economic weight increasingly elevates her stature in international politics; and
 - that closer economic relations also have a security dimension. Intensified trade necessitates open and safe sealanes of communication. Without peace and political stability based on regional security arrangements risk-averse European investors will be hesitant to consider long-term engagements in the region.
- Although the paper forcefully pleads for an improved security architecture in the Asia-Pacific region, it says surprisingly little about existing threats to regional security.¹⁸⁶ The only exception is concern over the unfolding regional arms race and the ensuing need for arms control regimes. However the flashpoints in the region such as the Korean Peninsula, Taiwan, the South China Sea, Cambodia, Kashmir, and the numerous territorial disputes are not even mentioned. Other controversial issues such as human rights, democracy, and the rule of law do appear on the agenda for political dialogue, but have clearly been subordinated to the other objectives which, apart from economic presence, include stability and poverty alleviation.¹⁸⁷
- This however, may cause a serious dilemma for the EU's Asia policy. While the strategy's message is that the EU relegates contentious issues such as human rights, democracy, and rule of law to a backseat, it leaves unclear what will happen if human rights violations of a present or future ASEAN member state exceed a certain threshold of tolerance. Will this lead to a renewed shift back to a value-oriented policy involving heavy criticism of these states? If so, and the present controversy over Burma's forthcoming accession to ASEAN suggests such a shift, new conflicts are inevitable as is a return to the acrimonious relationship of the early 1990s.
- While the part on political relations remains generally vague, the section on economic cooperation enumerates a large number of concrete steps designed to improve Europe's position in Asia. This must largely be attributed to the fact that external trade has come under the prerogatives of the supranational Commission, whereas the Common Foreign and Security Policy is still very much an intergovernmental process dominated by na-

¹⁸⁶ See Carsten Hermann-Pillath, Außenpolitik statt Exportförderung. Für eine Neuorientierung der deutschen China-Politik, in: *Internationale Politik und Gesellschaft*, Nr. 2, 1996, p. 147.

¹⁸⁷ See Commission of the European Communities, *Towards a New Asia Strategy*, Brussels, 13 July 1994, p. 3.

tional executives and the Council of Ministers. Taking into account the divergent interests of the member states, political relations will still be dominated by the iron rule of the smallest common denominator. But even the section on economic relations sidesteps the most crucial question: how to reconcile the emphasis devoted to an open multilateral trading system with the EU's increasingly protectionist attitude perceived by Asians.

- A major thrust of the EU's Asia strategy is Asian-European institution-building which pursues two intentions: First, improving the European image in Asia and, second, opening new avenues for European businesses to enter Asian markets. If duly implemented, these policies will most likely improve the EU's position in Asia. Yet, their weakness may be that they lack an in-depth dimension: they may not reach far enough beyond intensified contacts among elite circles and may thus not be able to penetrate additional layers of society in both regions. Future refinements of the policy paper should thus make governmental and -- even more importantly -- nongovernmental and transnational interactions between both regions more permanent, less accidental and intermittent, and more visible in the public discourse.
- As the title of the EU's policy paper „*Towards a New Asia Strategy*“ suggests, relations with Asia must be regarded as a *process*. The Asia policy paper should therefore only be viewed as a first step, providing a general policy framework. But as Asia is a culturally, politically, and economically highly diverse region -- a fact acknowledged by the Commission -- the policy paper should be complemented by *country* and *sector papers*. Only then will the EU be able to pursue a flexible and „modular“ strategy adapted to the specific contexts of the various subregions as demanded by the authors of the policy paper. The approval of a comprehensive concept for Japanese-EU relations in July 1992¹⁸⁸ and the recent release of a China policy paper entitled „A Long-Term Policy for China-Europe Relations“ must therefore be viewed as first moves in this direction. In July 1996 a strategy paper on South Asia followed which places great emphasis on the EU's political and economic ties with India.¹⁸⁹ If the economic reform agenda will be continued by the new Indian government, India promises market potentials next to those of China. Intensified relations with South Asia have to take into account that even though the absorptive capacities of India's markets are still comparatively low, the race for an economic headstart on the subcontinent is already on. After the collapse of the Soviet Union, the US has become India's largest trading partner and Japan has also considerably stepped up her activities in South Asia.¹⁹⁰ While Tokyo has in recent years considerably increased

¹⁸⁸ See Madeleine Preisinger-Monloup, Vom Gegner zum Partner: Japan und die EU, in: *Europa Archiv*, Vol. 49, No. 13/14, 1994, p. 377.

¹⁸⁹ See *Far Eastern Economic Review*, 11 July 1996, p. 28.

¹⁹⁰ As reported by the *Asia Times*, Japan is presently pushing towards building a „giant economic and cultural center in a prime location of New Delhi to oversee mutual trade, economic, and cultural relations under one roof“. See *Asia Times*, 20 August 1996, p. 1.

development aid¹⁹¹, Japanese investors have begun scouting for projects and joint venture partners.¹⁹² A European Asia policy that neglects India could therefore maneuver the EU into the same position of a latecomer as presently in East and Southeast Asia. Moreover, relations with India and SAARC as a regional organization would diversify Europe's Asia policy and -- in view of the lately quite volatile partnership with ASEAN -- would make it less dependent on ASEAN's intermediating services.

Opportunities for intensified Indo-European relations are generally good. Closer European cooperation with India coincide with Indian efforts to diversify her foreign relations in response to the loosening of the erstwhile special relationship with the Soviet Union and China's increasingly assertive policies in the Asia-Pacific region.¹⁹³

Finally, likewise in July 1996, the Commission launched a new policy paper on ASEAN-EU relations.¹⁹⁴ While the fact in itself is laudable, its most remarkable feature is a greater emphasis on human rights compared with the Asia Strategy released two years earlier, although intensified economic cooperation continues to figure as the overriding objective.¹⁹⁵ This may have consequences for the future path of cooperation. Backed by the new policy agenda, Portugal will almost certainly persist to confront Indonesia on East Timor and thereby block any new formal cooperation agreement with ASEAN. This at least must be concluded from the Commission's obvious preference for the formulation of a less-formalized action plan, on which details of future cooperation would be based.¹⁹⁶

- Unfortunately the paper also says nothing about the *financial support* available for the Union's new Asia policy. Without such a framework, similar problems may occur as in Germany's Asia policy, which is quite obviously not supported by sufficient funding for the proposed activities.¹⁹⁷

Major internal differences over trade and security policies and a lack of proven foreign policy institutions may also seriously impede Europe's Asia strategy. At least three major cleavages are immediately recognizable:

¹⁹¹ In 1994/1995 the Japan Overseas Economic Cooperation Fund provided nearly 33 percent of all Indian soft loans. This is a 12 percent increase since 1990/1991. See *Asia Times*, 20 August 1996, p. 1.

¹⁹² A 200-member delegation from Japan in search of projects is expected to visit India in October 1996. See *Asia Times*, 20 August 1996, p. 1.

¹⁹³ See Citha D. Maaß, Umorientierung der indischen Außenpolitik nach dem Kalten Krieg, in: *Aussenpolitik*, Vol. 44, No. 1, 1993, pp. 34-43.

¹⁹⁴ See Commission of the European Communities, *Creating a New Dynamic in EU-ASEAN Relations*, Brussels, 3 July 1996.

¹⁹⁵ *Ibid.*, p. 12.

¹⁹⁶ *Ibid.*, p. 29.

¹⁹⁷ See *Bonner Generalanzeiger*, 29 March 1995, p. 4.

- *Conflicts between large and small member states.* Large European powers such as France, UK, Germany, and Italy¹⁹⁸, which are heavily dependent on exports and global economic competitiveness and are therefore interested in improved economic relations, are likely to pursue a more pragmatic Asia policy. Smaller European nations such as the Netherlands, the Scandinavian countries, and Portugal, on the other hand, are less prepared to subordinate the normative elements of their foreign policies to economic objectives. Less dependent on economic success in Asia, they are more likely to continue operating from moral high ground by raising themes such as democracy and human rights. The most likely consequence of these internal cleavages will be policy inconsistencies and a lack of European predictability for the Asian side.
- *Conflicts of interest in trade policies.* France, Italy, and the Southern European nations are more inclined to pursue protectionist policies, thus giving rise to continued Asian complaints about multiple barriers blocking access to European markets. Germany, the Netherlands, and the UK, on the other hand, favor a more liberal European trade regime. The accession of Eastern European reform states to the EU will most likely further strengthen the protectionist camp.

Similarly, competing export interests will also put European solidarity to a severe test. Recent French policy pronouncements to the effect of supporting Indonesia's controversial car policy when it is taken to task by Japan, the US, and the EU for violating WTO rules is a clear case in point.¹⁹⁹

- *Conflicts of interest over security policies.* Especially France and the UK as permanent members of the UN Security Council and nuclear powers aspire for a special status separate from the EU in Asian regional organizations such as ARF. The French and British application -- together with Mongolia and North Korea²⁰⁰ -- will have disastrous consequences for the EU's Common Foreign and Security Policy. ASEAN and other Asian states will eagerly grasp this invitation to thrive a wedge into the EU and thereby minimize the EU's influence in the region. The French and British²⁰¹ application can even be regarded as a sabotaging of the Maastricht process and the related efforts of deepening European integration. Especially in Germany it will strengthen the increasingly vocal forces that are critical of the Maastricht type of integration and instead demand that Germany returns to a foreign policy that gives first priority to her national interests. If other members will retaliate the French and British moves, a spiral of renationalization may be

¹⁹⁸ After visiting China, South Korea, and Hong Kong in October 1996, Italian foreign minister Lamberto Dini followed the German and French examples and likewise indicated a policy shift towards trade promotion with a „soft political line“. See *Far Eastern Economic Review*, 17 October 1996, p. 17-18.

¹⁹⁹ See *Jakarta Post*, 24 April 1996, p. 1 and 19 July 1996, p. 12.

²⁰⁰ See *Handelsblatt*, 19 July 1996, p. 8.

²⁰¹ Britain reiterated its move for ARF membership during the visit of Defense Secretary Michael Portillo in Australia early September 1996. See *Jakarta Post*, 10 September 1996, p. 12.

set in motion in Europe that brings political and economic integration to a halt. Similarly adverse effects have other unilateral actions such as the (meanwhile ended) French nuclear tests in the South Pacific which undermine the credibility of the EU's arms control and nonproliferation policies and further strain relations with ASEAN and Japan.

These cleavages must urgently be overcome through a better synchronization of the EU member states' Asia policies. Otherwise the EU will be held hostage by major powers like China which are able to exploit their economic potential by playing off European countries one against another.

Following these more general assessments is an examination of major components of an European Asia strategy, namely:

- Economic cooperation
- Development cooperation
- Image building measures and cultural cooperation
- Awareness building measures
- Political cooperation

1. Economic Cooperation. Economic cooperation is a key concern of European Asia policy. It is thus no accident that the EU's Asia paper devotes considerably more space to the promotion of economic activities than to the other components of its Asia strategy. Indeed, European efforts to strengthen her economic presence in Asia should not relent, even if some authors are now beginning to dispute the justification of a specific Asia policy by arguing that:

- European exports to Asia are growing rapidly,
- Asia is still more dependent on the European and American markets than vice versa and that, as a corollary, notions of a shifting balance of economic power to the Asia-Pacific region are premature, and that
- Asia's future economic growth will be seriously inhibited by growth pathologies such as environmental degradation, exhaustion of natural resources, unplanned international migration, and social and spatial inequities.

Although these arguments put overly apologetic visions of the emerging Pacific century into proper perspective, they may mislead the European public. They are a temptation to fall back into the old complacency that ignores the challenges of an unfolding global economy and to postpone some urgently needed albeit painful adjustments of the social system and in areas such as education, science, technology, work organization, and work ethics. The emerging competition with Asia gives European nations a chance to reform their increas-

ingly ossified, because overregulated decision-making processes which reduce their economic potential to react flexibly to new developments in the world economy.

Ranking foremost on the EU's economic agenda are efforts to improve the macroeconomic conditions for European businesses in Asia. None of these are new. More than at the bilateral level, these negotiations mainly take place within the framework of the newly created multilateral institutions of the WTO. A major European objective is thereby the swift and complete implementation of the results of the Uruguay Round. Many of the proposals aiming at an simplification of trade and investments are similar to those discussed by APEC:

- Removal of domestic obstacles for exporters and investors
- Greater transparency in tariff structures and customs procedures
- Harmonizing certifications and quality control requirements
- Levelling the playing field in the area of government procurements
- Improving the data basis on trade-related matters
- Treating foreign investors as nationals
- Protection of intellectual property.

Apart from these basic objectives, the EU has recently launched numerous other initiatives supporting trade and investment in Asia:

- The *European Community Investment Partners* (ECIP) scheme was devised to support European firms and their counterparts to set up joint ventures (JVs). Apart from Asia, the program also targets Latin America and the Mediterranean region. Between 1988 and 1994 ECIP approved 442 projects totalling ECU 50 million.²⁰² 292 projects worth about ECU 30 million have been approved for Asia.²⁰³
- ASEAN countries have long demanded access to credits of the *European Investment Bank* (EIB). The EU finally agreed at the Tenth ASEAN-EC Ministerial Meeting in Manila to expand the bank's operations to Asia.²⁰⁴ For the 1993 to 1995 period the EU commissioned ECU 100 million per annum for projects in Asia. Priority is given to projects of „mutual interest“. By mid-1995 the EIB had approved six major projects in India, Pakistan, Indonesia, Thailand, and the Philippines worth ECU 251 million, all of which are related to energy and infrastructure development.²⁰⁵

²⁰² European Commission, *The European Union and Asia*, Brussels 1996, p. 7.

²⁰³ See Commission of the European Communities, *Towards a New Asia Strategy*, Brussels, 13 July 1994, p. 7.

²⁰⁴ See C.P.F. Luhulima, ASEAN-European Community Relations in the Year 2007. Paper Presented at the Conference „ASEAN: Future Economic and Political Cooperation, Konrad-Adenauer-Foundation, November 13-15, 1992, Kuala Lumpur; *The Nation Review*, 21 October 1992, p. B12.

²⁰⁵ European Commission, *The European Union and Asia*, Brussels 1996, p. 8.

- *Regional Technology Centers* seek to alert Asians to the possibilities offered by European technology.²⁰⁶ So far the EU has set up:

- The *Asian-EC Energy Management Training and Research Center* in Indonesia
- The *China-EC Biotechnology Center* in Beijing
- The *Regional Institute of Environmental Technology* in Singapore (in collaboration with the Singapore Institute of Standards and Industrial Research).

- In view of the plans to build a Transasia rail network, of subway construction in many Asian cities, and the proverbial traffic jams in the region's large agglomerations, the EU should complement these centers by a

Transportation Technology and Traffic Management Center.

- In 1993, through the newly established European Business Associations, the EU started setting up *European Business Information Centers* (EBICs) in various Asian countries. The first was opened in Manila, followed by another in Bangkok, and additional centers are planned in India, Indonesia, and Singapore. The EBICs seek to counter one of the most frequent criticisms aired against the EU, i.e. its apparent lack of transparency. Especially after 1985 when the EU started preparations for the Single Market, the number of new regulations governing trade, investment, and standards proliferated. If Europeans are already getting lost in this jungle of rules and legal provisions, what of the Asians with their traditional dislike of abstract rules and legally binding regulations?²⁰⁷ The result is that the EU frequently ends up being blamed for allegedly violating GATT rules and for pursuing a protectionist course.

The EBICs offer information to Asian exporters and investors about business and partnership opportunities in Europe, existing EU and national regulations, technical standards and norms, quality control provisions, and environmental standards. The information comes from data bases and will increasingly be provided in the national language. The EBICs rely on expert teams composed of Europeans and nationals of the host country. While some competition with the national chambers of commerce of the EU member countries may occur, the EBICs basically complement the assistance available to European SMEs which are still reluctant to enter the Asian markets. Also, the smaller European countries without a strong diplomatic and private sector infrastructure in Asia will most likely benefit from the EBICs.²⁰⁸

²⁰⁶ Ibid., p. 8.

²⁰⁷ On Asian conceptions of law, see Oskar Weggel, *Die Asiaten. Gesellschaftsordnungen, Wirtschaftssysteme, Denkformen, Glaubensweisen, Alltagsleben, Verhaltensstile*, München: Verlag C.H. Beck, 1990.

²⁰⁸ See the informative research paper of Jürgen Wagner, *A New European Union Strategy Towards Asia. Motivations, Guidelines, One Example and Prospects*, Tübingen/Bangkok: Chulalongkorn University European Studies Program (CUESP) and European Studies Program (ESP), University of Tübingen, Germany 1995.

The creation of European Business Associations should also be used as a tool to forge more economic cooperation among EU member states in Asia. The throat cut competition between the French TGV and the German ICE in several Asian countries is a case in point where cooperative strategies could work to the advantage of both partners.

- *Asia Invest* is another new EU program devised for Asia. The Commission has allocated some 30 million ECU (US \$ 38 million) for the program which aims to facilitate relations between SMEs in Europe and Asia, enabling them for example to organize group meetings or set up information bureaus about EU projects in Asian and European countries.²⁰⁹
- *More direct interactions between transnational organizations in the economic field.* Contacts between business associations should cease to be mediated through the national associations or government bodies. In fact, as there is a broad range of local and regional trade and business associations in Europe and increasing organizational diversification in the economic sphere of Asian countries, too, new layers of networks should be established that would give European firms and traders better access to the hinterland markets.

If not already done so, the EU delegations in Asia should use new communication technologies for their information drives. The Internet offers unprecedented opportunities for expeditiously disseminating relevant information about the EU and legislation pertinent to trade and investment in Europe. Moreover, in order to sharpen the European profile, the delegations should organize more seminars, symposia, and workshops on mutually interesting economic topics in the Asian host countries. In order to promote synergy the EU should establish a network among existing European governmental and nongovernmental organizations in the region. The target groups of such events should be economic decision-makers from the government sector, academics, representatives of economic interest groups, entrepreneurs, and journalists. Well organized cooperation with the media is particularly crucial for a better image of Europe as an economic partner. Furthermore, trade fairs could be used to set up EU pavillons, which also provide information about the EU, member countries, and trade opportunities.

2. Development cooperation. Perhaps nowhere more evident than in the EU's development policy is the lack of coordination between its various Asia-related policies. Trade, aid, and investment are not parts of an integrated concept. *Ad hocism* thus governs policies in these areas. This has led to a grave mismatch between the EU's role as the second largest aid donor and its subordinate economic position in Asia. Until 1991 the Commission and member states spent some US \$ 4.8 billion. This was slightly less than the aid provided by Japan (US \$ 5.5 billion), but almost three times the amount earmarked by the US (US \$ 1.8 billion).²¹⁰ It must therefore be assumed that Japan and the US have used their aid more effec-

²⁰⁹ See *Jakarta Post*, 22 January 1996, p. 9.

²¹⁰ See *Trends*, 24/25 September 1995, p. 1.

tively to promote their economic interests while Europeans have financed the poverty alleviation programs and measures to cure the region's growth pathologies.

The weak link between development aid and economic presence in the region has not been lost on the Commission. In fact, the Commission reported that only 12 percent of the aid can be categorized as economic aid.²¹¹ While the EU should continue its poverty alleviation programs, it should concentrate them on the least developed nations of the region: South Asia and Indochina. From a European perspective it is increasingly less acceptable if economically booming Southeast Asian nations delegate responsibilities for social and ecological policies to foreign donors. This would indeed be „welfarism“ as the Asian value school tends to label Europe's concern for social security. South Korea, for instance, although knocking at the doors of the OECD, is spending a measly 0.05 percent of GNP for foreign aid.²¹² The more Asian economies mature the more responsibility they must take for combatting poverty in their own backyards and the less acceptable is a „freerider“ role in the international efforts for poverty alleviation.

Indochina is a good example where prospering neighbors should (and could) adopt a higher profile in poverty alleviation. It is thus regrettable that a Thai proposal for setting up an ASEAN fund to assist the Southeast Asian mainland nations failed to find the consent of the other ASEAN members.²¹³ The rejection of the proposal reflects the unrelented persistence of nationalist sentiments among ASEAN members which found no evidence that the scheme would benefit the region as a whole more than Thailand. Thailand is suspected to aspire for the role of a political and economic power house in this subregion. Moreover, the economically less advanced ASEAN members are concerned that such a program would change the status of ASEAN from an aid recipient to a donor, thus adversely affect the inflow of international assistance for the group.²¹⁴ By defining criteria for the admission of future dialogue partners, ASEAN has now even confirmed its commitment to revolve the burden of developing Burma, Laos, and Cambodia upon external donors. At their twenty-ninth AMM, ASEAN members agreed that one of these criteria is the preparedness of future dialogue partners to assist in the economic rebuilding development of these war-torn countries.²¹⁵

While mere technical and financial aid to Southeast Asia's booming economies should indeed be downgraded or at least be tied to market conditions, *personnel cooperation* should be extended. A step towards this objective could be the formation of a *European Develop-*

²¹¹ See Commission of the European Communities, *Towards a New Asia Strategy*, Brussels, 13 July 1994, p. 6.

²¹² See *Far Eastern Economic Review*, 17 October 1996, p. 108.

²¹³ Thailand made the proposal during the preparations for the Fifth Summit. See *Bangkok Post*, Inside Indochina, 19 September 1995, p. 1.

²¹⁴ See *Bangkok Post*, Inside Indochina, 19 September 1995, p. 1; *Jakarta Post*, 20 November 1995, p. 6.

²¹⁵ See *Handelsblatt*, 20 July 1996, p. 8. Another criterion is the compatibility with ASEAN's political and economic orientations. However, if this criterion is taken serious, most of ASEAN's present dialogue partners would not qualify.

ment Corps consisting of young volunteers with vocational skills and expertise. They could be deployed in the EU's development projects in the less advanced nations of Southeast Asia (Indochina, Philippines, Indonesia) and South Asia, and in other developing countries too. The experiences gathered by these volunteers would likewise be a valuable addition to the still limited stock of expertise on Asian societies, but would also be a contribution to the building of a European identity.

3. Image Building and Cultural Cooperation. In an era where military power is declining in importance as a means to influence international relations, economic strength and „*soft power*“ are increasingly becoming the factors shaping power structures. Soft cooptive power is „the ability of a country to structure a situation so that other countries develop preferences or define their interests in ways consistent with its own. This power tends to arise from resources such as cultural and ideological attraction as well as rules and institutions of international regimes.“²¹⁶

The present propagation of Asian values mark a deliberate attempt to build up Asian *soft power*. The idealization of traditional Asian values as opposed to „Western decadence“ pursues the objective of creating a Pan-Asian identity that can be utilized defensively against the onslaught of Westernization with its individualization of life styles and political liberalism and of creating Asian solidarity against the West in international fora.²¹⁷ If Europe wants to increase its political and economic stature in Asia, it must also develop *soft power*. Perhaps nowhere more than in Asia is *soft power* to such an extent a matter of *image building*. What the brandname of a product is for the Asian consumer is the image of his/her counterpart for the political decision-maker.

Unfortunately, the present image of Europe in Asia is essentially shaped by negative stereotypes: Perhaps even more than the image of the US, which is still perceived as a superpower, has the image of Europe in Asia been damaged by the debate on Western decline. Commentators essentially mean Europe when they speak of a „wounded West“. Weakened by spells of „Eurosclerosis“ Europe is seen as increasingly developing „inward-looking attitudes“²¹⁸ and a „siege mentality“²¹⁹, seeking to protect its „geriatric economies“²²⁰ behind a „fortress“. The „European disease“ has made Europeans „industrially uncompetitive“ and „technologically laggard“.²²¹ The Bosnian debacle has seemingly confirmed notions of an indecisive and weak Europe which -- on top of that -- operates with „double standards“.

²¹⁶ See Joseph S. Nye, Jr., *Soft Power*, in: *Foreign Policy*, No. 80, Fall 1990, p. 168.

²¹⁷ Of course, the Asian values concept also has a domestic dimension. It targets opponents with liberal leanings as well as the fundamentalist forces strengthened by the religious revival of the past decade.

²¹⁸ See *Far Eastern Economic Review*, 4 August 1994, pp. 18-19.

²¹⁹ See Kishore Mahbubani, *The Dangers of Decadence. What the Rest Can Teach the West*, in: *Foreign Affairs*, Vol. 72, No. 4, 1993, p. 11.

²²⁰ See *Jakarta Post*, 15 January 1996, p. 1.

²²¹ See Brian Bridges, *Japan and Europe. Rebalancing a Relationship*, in: *Asian Survey*, Vol. XXXII, No. 4, 1992, p. 231.

While in the case of the Iraqi invasion of Kuwait, several European nations contributed troops to the UN-sanctioned intervention under American leadership, there was no initiative to repel the aggressors in Bosnia. Critical attitudes are further reinforced by Europe's colonial past in much of Asia which was by no means „benign“. Especially the older generation of Asian leaders that was socialized in the years of the independence movements still harbors bitter memories of the colonial era. This has nurtured a hate-love relationship to Europe and great sensitivities which can be easily offended.

That such perceptions have grown in recent years has several reasons. One reason frequently overlooked is the fact that the older generations' unhappy memories of a colonial past are paralleled by a serious lack of knowledge about Europe among the younger generation of leaders. Even policy advisors and academics generally have little more than text book knowledge of modern Europe which, in some cases, may be complemented by superficial impressions gathered on occasional short trips to the old continent.²²²

This is no coincidence. Except for the former British colonies of Asia, today the overwhelming majority of the region's political scientists, economists, and security specialists received their higher education at home, in North America and, increasingly, also in Australia. While a sizeable number of Asian students still come to Europe, there seems to be a bias towards classical arts and -- to a lesser extent -- the natural sciences, whereas the number of economists and social scientists is declining.²²³ In fact, a random sample of policy advisors and opinion makers shows that there is only a negligible number of recognized European specialists among them. The same holds true for the media. Few Asian journalists have specialized on Europe.

Ironically, in this case, the much vaunted emergence of a global information society works to the disadvantage of the industrialized Western countries. Articles in leading Asian dailies, especially the English-language press, are frequently bought from Western news agencies and authored by Western journalists. As they tend to focus on the critical aspects of Western societies, many of these articles are written in the best tradition of Western muckraker journalism. Asian readers, in many countries exposed to restricted press freedom, culturally averse to open and public criticism, and with limited first hand experience of Europe, have difficulty in putting critical journalism in proper perspective. As a result, such reports reinforce the widespread notion of a continent in constant decline.

²²² Brian Bridges made similar observations even for Japan. Writing in 1992, Bridges noted: „...few senior or influential Japanese politicians are knowledgeable or interested in relations with Europe....The academic community has only a few specialists on European studies, and many of these tend to be single country rather than regional specialists.“ See Brian Bridges, Japan and Europe. Rebalancing a Relationship, in: *Asian Survey*, Vol. XXXII, No. 4, 1992, p. 240.

²²³ The German *Humboldt Foundation*, for instance, registered a significant decline of Japanese visiting scholars to Germany in the fields of law, humanities, and social sciences. See *Frankfurter Allgemeine Zeitung*, 22 April 1996. Similarly a press release of the German Academic Exchange Service, *Bonner Generalanzeiger*, 16 May 1996, p. 2.

However paradoxically it may sound, this leads to the conclusion that more *Asians* should report on Europe. The assessment of social and political conditions elsewhere is a question of perspective. It is strongly determined by subjective experiences and the reporter's own background. Hence, many Asian journalists, especially those from developing countries, would possibly portray Europe in a more favorable light. Aware of the deficits of their own societies, they would realize that the picture of a Europe in decay is to a considerable extent the result of deliberately distorted perceptions of the „Asian value“ school, whose proponents tend to picture Western societies by exaggerating their (undeniable) pathologies into a general pattern, while at the same time apologetically portraying an idealized version of Asian societies. So if they were to see with their own eyes many Asian journalists would discover that Europe still has much to offer in institutional, technical, and managerial solutions that is worth being emulated and adapted to their own society. The EU's public relations policy should respond to these insights by:

- Sponsoring training programs for Asian journalists specializing on Europe,
- Inviting more groups of journalists than hitherto to exposure trips to Europe, and
- Supporting the formation of an *Asian-European Journalists' Association*.

The best way for improving the European image in Asia is a well-designed *cultural policy*. Culture is thereby defined in the broadest sense. It includes educational and training activities, science-related exchange programs, media activities, and the promotion of arts. Therefore, intensified meetings between academics and think tanks and the strengthening of university cooperation as agreed at ASEM, can only be an initial step on the way towards a deeper mutual understanding.

Especially if relations are to develop on a long-term, broader basis, a wider segment of the public must be better informed on Asia and Europe, respectively. This could be achieved through the following measures:

- *Mobility programs in both directions*. A first step in this direction could be the EU's recently inaugurated „*Junior ASEAN-EU Managers' Program*“ (JEM). In order to strengthen personal ties between future European and Asian business executives and to learn more about the other side's business culture, the Commission set aside ECU 22.5 million (US \$ 29 million). The program will provide nine months training courses for some 700 Asians in European firms and for 300 Europeans in Asia.²²⁴
- *University Cooperation* moves in the right direction have also been made at the Venice meeting by proposing that *university cooperation* should be intensified to a level similar to the European density. For this purpose, mobility programs for students and teaching staff such as SOCRATES, ERASMUS, ESPRIT, and EUREKA²²⁵ should be comple-

²²⁴ See *Jakarta Post*, 22 January 1996, p. 9.

²²⁵ See *Handelsblatt*, 23 January 1996, p. 7.

mented by a specific program for Asia that might be called *CONFUCIUS*.²²⁶ European students in particular must be interested to participate in such programs, since the present student exchange is highly unbalanced. In Germany, for instance, there were 21,134 registered Asian students in 1991²²⁷, but only about 800 Germans studied in Asia. Such a distorted relationship is typical of most other European nations as well.

- *Sandwich programs* would be a particularly useful approach for increased student and staff mobility. With financial assistance of the EU *Euro-Asian Master's Programs* should be established in such areas as European politics, development management, economics, and law. Exchange in social science disciplines would stimulate the value debate and expose future Asian leaders to a Europe beyond the myths and stereotypes.
- *European Study Centers*. Beyond the conventional language departments, European studies are relatively undeveloped in Asia. This constitutes a need for *European Study Centers* which train young economists, lawyers, and political scientists in European affairs. The European studies program of Thailand's *Chulalongkorn University* could serve as a model for such a program which should be established with the financial support of the EU, member countries, and European firms in the region's major universities.²²⁸
- *Long distance learning*. Both the *Euro Master's programs* as well as the *European Study Centers* could be considerably strengthened by the increasingly popular programs of *long distance learning* beamed out via satellite. Departments of European universities specialized in European affairs could develop modules on European integration, politics, security politics, economy, and society. This would not only considerably reduce the costs of European study programs, but also widen their reach as even remote provincial universities may be able to receive them.
- *Strengthening the role of Asia in the curricula of key disciplines*. Even today Asia still plays a negligible role in the curricula of key disciplines such as economics, business administration, social sciences, and law at most European universities. The UK with its tradition of area studies may be the exception. While in some continental universities the traditional language and linguistic study programs are gradually being expanded to include business, management, technology, contemporary politics, and economics²²⁹, the majority still offer Asia-related topics in the above-mentioned disciplines, if at all, only in a very unsystematic, random manner. Fortunately, ossified departments are gradually coming under pressure from the students who increasingly choose Asian topics for their

²²⁶ Outside East Asia the program may operate under a different name commensurate with the philosophical heritage of these regions.

²²⁷ Calculated from Bundesministerium für Bildung, Wissenschaft, Forschung und Technologie (BMBF), *Bildungs- und forschungspolitische Schwerpunkte in der Kooperation mit Ländern des asiatisch-pazifischen Raums*, Bonn, October 1995, S. 35

²²⁸ See *The Nation Review*, 14 September 1992, p. 23.

²²⁹ For Germany see the overview provided by Petra A. Plate, in: *ASIEN*, No. 59, April 1996, pp. 149-158.

master's and doctoral theses. But it will take time until Asian studies are as well established as programs on North America, European integration or Eastern Europe. The EU could contribute to strengthening the academic infrastructure by funding professorships and teaching positions similar to its *Jean Monnet Program*, possibly also in cooperation with private sector businesses with economic interests in Asia.

- Even more regrettable, however, is the fact that the labor market only hesitantly absorbs graduates of Asian studies. Business firms -- especially SMEs -- still content themselves with a quite parochial outlook by preferring graduates with a conventional degree in business administration or economics. As surveys and numerous discussions with business representatives have shown, the notion is still widespread that knowledge on Asia can be acquired „on the job“. ²³⁰ But not only business firms prefer the generalist over the specialist -- the same holds true for most organizations and government institutions, including the EU as well. This unprofessional attitude must change as quickly as possible -- not only to provide jobs for graduates of Asia-related programs, but to provide Europe's Asia policy with greater continuity and better expertise. Competence is an important image-building factor in Asia -- a point driven home by the critical comments of some Asian officials on the alleged bad preparation of European leaders for the Bangkok Summit. It is only a minor consolation, when interestingly, Asian countries commit similar blunders in their policy towards Europe. Bridges, for instance, reports of „a continual turnover of staff posted to Europe“ which „inhibits deeper understanding“ ²³¹.
- Image building measures reaching a broader spectrum of the public in Asian countries include the organization of *European Years*, *European cultural festivals*, and the launching of *European TV* and *broadcast programs*. Especially the media must be more systematically instrumentalized for such public relations offensives. For this purpose, the EU should develop a *country-wise marketing strategy* for Asia.
- *Institutes of European Culture* ²³² could complement the work of national cultural institutes such as the Institut Francais, British Council, or the Goethe Institutes. Unfortunately, under the present austerity policies most of these institutes are suffering from deep budgetary cuts which severely impede the reach of their activities. If Europe's cultural presence is to be strengthened in Asia, these policies must be swiftly reversed.

²³⁰ See, for instance, the panel discussion of the German Society for Asian Studies, held in Berlin, 12 May 1995, the subsequent debate in *ASIEN* and the survey results in Jost Bandelin/Gerald Braun/Jürgen Rüland, *Wirtschaftspartner Asien. Mecklenburg-Vorpommerns Unternehmer auf der Suche nach neuen Märkten*, Rostock: Rostocker Informationen zu Politik und Verwaltung, Heft 4 1995.

²³¹ See Brian Bridges, Japan and Europe. Rebalancing a Relationship, in: *Asian Survey*, Vol. XXXII, No. 4, 1992, p. 240.

²³² For a similar proposal see Dieter W. Bennecke, Defizite der deutschen auswärtigen Kulturpolitik. Stellungnahmen von Experten, in: *Internationale Politik*, 3/1996, p. 44

- In order to support such cultural activities a *European Fund for Cultural Cooperation* should be launched. The fund could also be tapped to sponsor major events in the region such as anniversary conferences of think tanks and other respected nongovernmental organizations. Such events would not only be a gesture of good will, but also help Europeans to strengthen personal and institutional ties and provide them with a forum to relay policy messages to Asian audiences (through prominent key note speakers).

4. Public Awareness Building in Europe. While the image-building measures proposed above primarily focus on Asian audiences, much homework needs to be done to familiarize the European public with developments in Asia. Although the EU sponsors numerous educational programs on the role, functions, and perspectives of the EU, programs on the relationship with Asia are conspicuously lacking. In cooperation with member governments, the EU should identify multiplier organizations able to support such an information campaign. This includes sponsoring or co-sponsoring information programs, conferences, symposia, and public hearings on Asia in collaboration with national institutions. Knowing more about Asia and the resultant global economic changes is crucial to help the public understand the need for the inevitable structural adjustments in the areas of welfare policy, production and work organization, work ethics, higher education and science, and public finance.

- One of the first activities in this field is *Asia Urbs* which combines awareness-building with economic objectives. The Commission set aside some ECU 30 million (US \$ 38 million) for *Asia Urbs* which will be launched in summer 1996. *Asia Urbs* calls for a transfer of know how between towns and urban councils in Europe and Asia with the possibility of co-financing projects such as water treatment and garbage processing plants or pilot schemes.²³³ The awareness effect would even be increased if such technical cooperation could be pursued under the umbrella of *city twinning programs*. Until now few European cities have partnerships with Asian cities which go beyond the occasional exchange of folklore groups. City twinning should also include an economic cooperation component through organizing joint trade exhibitions and trade fairs, the matching of business partners, formation of JVs, and cooperation of local trade and business associations.
- Observations of the past three years suggest that there is considerable potential for Asia-related activities. Many organizations and institutions have jumped on the Asian bandwagon by organizing seminars focussing on the Asian economic miracle. Yet, few of them have proceeded to develop a systematic Asia strategy. Usually these seminars and symposia are content to provide a broad and often rather superficial overview on recent developments in the Asia-Pacific region, but they fail to systematically pursue specific questions arising out of such discussions. While this may be sufficient to create awareness for the Asia theme, Asia is thus relegated to a fashion of the public discourse in

²³³ See *Handelsblatt*, 23 January 1996, p. 7.

competition with other fashions. If the EU is serious about keeping the Asian theme on the public agenda, it must provide funds for Asia-related research, seminars, and information drives, since for most organizations a theme is only fashionable as long as there are funds. Moreover, while the EU sponsors research in many science-related disciplines, there is no research program focussing on the Union's external relations.

5. Political Cooperation. The progress of all these measures depends to a great extent on better political cooperation between the EU and Asia. However, improving political relations with Asia today confronts the EU with an uphill task. As a result of a deeply internalized eurocentric worldview and a lack of farsightedness, the EU has failed to capitalize on the chances provided by ASEAN's early overtures for building an institutionalized relationship. The ASEAN-EU relationship is thus a good case for the realist argument that intensified communication does not automatically produce better policy results and closer cooperation. Now that ASEAN has become a much courted political actor, with the number of dialogue partners increased to ten, and with much improved perspectives for further diversifying her external relations (with MERCOSUR countries, South Africa, and even Eastern Europe),²³⁴ it is much more difficult for the EU to regain influence lost. This has reduced the EU's chances for concluding a new cooperation agreement with ASEAN. ASEAN's increased policy options have impaired Europe's bargaining position. If, against all odds, an agreement or any other formal cooperation statement is eventually signed, it will carry ASEAN's handwriting. That such an agreement will include human rights and democracy clauses on EU terms is unlikely under these circumstances.

Developments after ASEM have shown that controversial issues such as human rights, democracy, and the rule of law, which had been put aside in Bangkok, soon resurfaced.

- East Timor, for instance, reappeared on the agenda after a group of East Timorese sought refuge in the German Embassy in Jakarta²³⁵;
- A letter of invitation, sent by the President of the European Parliament to the separatist Free Papua Movement (OPM) of Irian Jaya, to visit and address the European Parliament on human rights, cultural identity, and environmental concerns, caused the ire of the Indonesian government. Jakarta saw in this act a blatant violation of Indonesia's territorial integrity and „a very dangerous precedent“²³⁶;

²³⁴ See, for instance, the state visits of Argentina's President Carlos Menem to Malaysia and Indonesia in August 1996 and a business forum organized by the Latin American Division of the Thai Foreign Ministry in Bangkok. Yet, trade between ASEAN and MERCOSUR countries is still insignificant. It amounted to US \$ 321 mio. between Argentina and Malaysia and US \$ 234 mio between Argentina and Indonesia in 1995. Malaysia has now become a major investor in South Africa. See *Jakarta Post*, 24 August 1996, p. 8, 27 August 1996, p. 9; *Bangkok Post*, 28 August 1996, p. B2; and *The Straits Times*, 28 August 1996, p. 29.

²³⁵ See *Frankfurter Rundschau*, 18 April 1996, p. 1; *Süddeutsche Zeitung*, 19 April 1996, p. 7.

²³⁶ See *Jakarta Post*, 28 March 1996, p. 2; 12 April 1996, p. 2.

- During a session of the UN Human Rights Commission in Geneva Chinese diplomats berated German Foreign Minister Klaus Kinkel who had urged China to improve its human rights record²³⁷;
- In Paris, French Prime Minister Alain Juppé was pressured by his visiting Chinese counterpart Li Peng to drop a dinner address that included references to the human rights situation in China.²³⁸
- After a resolution passed by the German Parliament condemning human rights violations in Tibet, China cancelled Foreign Minister Klaus Kinkel's trip to the People's Republic scheduled for June 1996. Sino-German relations have suffered a severe set-back since.
- A meeting between the European Parliament and members of the ASEAN Inter-Parliamentary Organization (AIPO) which was later also joined by delegations from China, Japan, and South Korea, ended on a sour note after the Chinese delegation walked out in protest. The Chinese anger was prompted by a resolution of the European Parliament on Tibet. The Malaysian delegation strongly protested questioning of environmental policies which it considered an intrusion on Malaysian domestic affairs. At the end of the meeting doubts lingered as to whether there will be any follow up dialogue, as the Asian participants felt greatly offended by the confrontative style of European Parliamentarians.²³⁹
- A new ASEAN-EU controversy emerged in connection with Burma's elevation to observer status in ASEAN. Critical remarks by EU Commissioner Manuel Marin annoyed ASEAN leaders and received a blunt rebuff. Similarly resented by ASEAN leaders was a resolution of the European Parliament to impose economic sanctions on Burma for the junta's dismal human rights record.

Future European relations with Asia and the success of the agenda agreed upon in Bangkok will to a considerable extent depend on the way these issues are handled. Yet, it is clear that the EU's strategy of giving priority to economic objectives without sacrificing the normative underpinnings of its foreign policy requires a precarious balancing act. Unfortunately neither the EU's Asia policy nor that of major member states have so far been able to strike such a balance. In recent years, Europe's Asia policy has been on a zig-zag course between *realpolitik* and moralism and between principles and embarrassing opportunism. As shown in Chapter Three, since 1993 the EU seemed bent on a realist policy.²⁴⁰ It toned down human rights issues at high level meetings and concurred with ASEAN's course on Burma. ASEM, in particular, seemed to carry the message that the EU is now prepared to accept a realist policy and pragmatism as the common rules of the game. Earlier, during his trip to

²³⁷ See *Süddeutsche Zeitung*, 22 March 1996, p. 4; *Handelsblatt*, 18 April 1996, p. 12.

²³⁸ See *Jakarta Post*, 14 April 1996, p. 2.

²³⁹ See *Jakarta Post*, 22 April 1996, p. 2.

²⁴⁰ In the sense of the realist school of international relations.

China in November 1995, German Chancellor Helmut Kohl had even visited a garrison of the People's Liberation Army -- the army responsible for the Tiananmen massacre on 4 June 1989. Hence, for the Chinese - who, like other Asians, attach great importance to political symbolism - the German Parliament's Tibet resolution must have indeed come as a surprise, likewise Commissioner Marin's critical remarks on ASEAN's policy vis-à-vis Burma. What makes things even worse is the fact that these abrupt shifts are accompanied by a cacophony of contradictory statements that frequently leave Asian counterparts bewildered. One example: While German Foreign Minister Klaus Kinkel, representing the German EU Presidency, in his speech at the Postministerial Meetings of the twenty-seventh AMM in Bangkok (July 1994) softened European criticism of the Burmese junta and ASEAN's policy of „*constructive engagement*“²⁴¹, the EU Commissioner responsible for external political relations, Hans van den Broek, in another speech on the same occasion, seemed to accord a much higher priority to human rights and democracy.²⁴² Similar examples are easily found.

Rapid and abrupt policy shifts sow great confusion among representatives of political cultures which have been described as „*low trust*“ cultures. Where -- as has been shown in Chapter Two -- cooperation is dependent on a high level of harmony, consensus, informal and gradually deepening personal relationships, such policy shifts naturally raise fears of becoming double-crossed. The dubious legacy of European colonialism and the highly asymmetrical relationship throughout the postindependence period exacerbate such anxieties. Worse, these inconsistencies undermine even well designed policy strategies. In the emerging atmosphere of distrust the scope for realist policies declines with the effect that breakthroughs on vital issues become unlikely. Equally, a high moral stance will not be credible when it is easily discarded for short-term economic gains. Moral positions are taken even less seriously, if their proponents are seen to be in a state of decline. The Burmese Foreign Minister's remarks in Jakarta to the effect that Rangoon does not attach much importance to Western pressure on Burma because in the long run Western economic interests will prevail, is a case in point. The early relaxation of European (and German) sanctions imposed on China after Tiananmen is another example and gives credence to such statements. Still worse, if such policy reversals are a reaction to counterpressures, they signify weakness in Asian eyes, and thus cause a serious loss of prestige for the EU. They are taken as another indication of the EU's declining political and economic clout. This unfortunate lack of trust and respect -- that can be read between the lines of many statements even at ASEM -- is also inhibiting efforts to develop channels of communication and fora where the controversial issues could be frankly discussed.

Political cooperation with the Asian side is further impeded by the fact that not only smaller countries such as Burma, Cambodia, and Laos are internally instable, but that also major

²⁴¹ See Klaus Kinkel, Introductory Statement of the EU-Presidency at the ASEAN Post Ministerial Conferences (PMC 6+7), Bangkok, 26 July 1994.

²⁴² See Hans van den Broek, Opening Statement, 3+1 Meeting, 27 July 1994.

powers such as China and Indonesia are threatened by internal strife. How will the EU respond, if internal tensions in these countries reach a point where governments resort to outright repression with all its unpleasant concomitants? The question that emerges from such a scenario is whether the EU should stick to a strictly realist policy or whether it should seek moral high ground, even to the point of imposing sanctions --, a course which would inevitably lead to new confrontations. As these questions are controversially debated by policy makers, academics, and the media, it may be useful to systematically examine the *pros* and *cons* of either choice before tentative answers on these delicate issues are attempted.²⁴³

The case for realist policies:

- Proponents of realist policies would argue that in its strategy paper the EU has defined a clear priority of interests. Foremost among the motives for a new Asia policy are economic interests. The persistent sluggish growth of European economies going hand in hand with structural unemployment, and a weak position in the world's most dynamic markets are indeed driving forces legitimizing such a policy. Yet, it is clear that economic inroads into Asian markets are unthinkable without a certain degree of accommodation with the powers that be. Especially large-scale projects related to infrastructure modernization, which will trigger investments of more than one trillion US \$ in the next ten years, will be essentially awarded by the state or managed by state enterprises. These projects are usually highly politicized and are thus objects of intense lobbying. Several states such as the People's Republic of China, but also Malaysia have repeatedly used them to punish or reward Western nations for their foreign policies. Only those conglomerates which entertain close ties to the highest political levels will in the end, perhaps with the support of their own governments, benefit from these opportunities.
- A foreign policy agenda largely based on values easily runs the risk of producing double standards. Many of the groups that now push for a value-oriented foreign policy have been silent during the Cold War era about human rights abuses in the Soviet bloc or even pleaded for dialogue and accommodation. Moreover, if moralist policies are taken at face value, Western nations would have difficulties of conducting normal relations with nearly two-thirds of the world's nations. A striking – albeit frequently forgotten – Asian example about the janus-faced nature of moralist policies is the European policy vis-à-vis Burma. Up to 1988, when the military violently suppressed the country's fledgling democracy movement, Western nations were the regime's major aid donors. Next to Japan, Germany was the second largest aid donor to this seclusive nation. Yet, the Ne Win re-

²⁴³ Arguing for a value-oriented foreign policy are Per Fischer, *Indiskrete Fragen zur China-Politik des Westens*, in: *Europa Archiv*, Vol. 47, No. 1, 1992, pp. 18-26 and Carsten Hermann-Pillath, *Außenpolitik statt Exportförderung. Für eine Neuorientierung der deutschen China-Politik*, in: *Internationale Politik und Gesellschaft*, Nr. 2, 1996, pp. 145-160; for realist policies see Rüdiger Machetzki, *China in the Asia Pacific Region and in the World*, in: Wolfgang Pape (ed.), *Shaping Factors in East Asia by the Year 2000 and Beyond*, Hamburg: Institute of Asian Affairs 1996, p. 166.

gime -- in power since 1962 -- was no better than the State Law and Order Council (SLORC) that violently took over in 1988.

- Moreover, it is relatively easy to impose sanctions on small or medium-sized and (from a European perspective) strategically less important nations such as Burma, but it is a completely different matter to confront big powers such as China or Indonesia. As the case of the Dutch-Indonesian aid controversy of 1992 has shown, big powers do not hesitate to sever ties unilaterally when pressured too hard. In the end the damage may be greater for the donor than the receiving country. Leverages to press such countries to behave in the desired way are limited anyway, and even more so when acting from a position of political and economic weakness as in the case of the EU.
- One of the main reasons for criticizing Burma's elevation to observer status and the forthcoming full membership in ASEAN is that it will place Burma under ASEAN protection. ASEAN solidarity would more or less immunize it from external criticism, while the EU would have to sit at the table with a regime of which it strongly disapproves and which in the process would gain international recognition. But against such a viewpoint it may be argued that even a nation such as Burma cannot be isolated completely. The EU sits at the same table with the regime in numerous other international fora -- foremost among them the UN.
- A European policy of isolation towards Burma and pressure on ASEAN to abandon its „*constructive engagement*“ do not take into account ASEAN's strategic interests in Burma. While the EU has no vital geopolitical and only secondary security interests in the region, the case is different for ASEAN. Although ASEAN and other Asian nations are greatly interested in the exploitation of Burma's abundant natural resources, this is only one half of the truth. Burma is strategically located at the juncture of South and Southeast Asia and the entrance of the Strait of Malacca. To isolate Burma would mean to push her even further into the arms of Beijing. Rangoon and Beijing started to develop a close political and economic relationship in the late 1980s when both were isolated by the international community in response to their violent repression of democracy movements. Since then China has replaced Thailand as Burma's most important trading partner. Even more worrisome for ASEAN is that China has become SLORC's major arms supplier and that the two countries have since developed a close security relationship. In the context of China's assertive behavior in the South China Sea and its inroads into Burma (up to the point of allegedly using military installations on islands in the Andaman Sea) are seen by Southeast Asians as a pincer-like Chinese advancement into the region. ASEAN policy towards Burma is thus almost inevitably a balancing act that needs to accommodate SLORC.
- The EU has signed the ASEM chairmen's statement that commits all signatories to recognize human rights and democracy in accordance with respective UN documents. But it

also rejects interferences in the internal affairs of sovereign states in the pursuance of these objectives. European pressures on ASEAN to follow the EU in imposing sanctions on Burma or at least to exert influence on the junta to allow a gradual political opening are regarded by ASEAN as precisely such interferences in internal affairs. The same holds true for European suggestions to keep Burma out of ASEAN. This comes close to an attempt to dictate to ASEAN who should become a member and who should not. Needless to say, this is unacceptable to ASEAN. Similarly insensitive was a joint Canadian and European proposal to establish a contact group under the aegis of the UN to speed up democratic reforms in Burma. The implied message of this proposal was that ASEAN is unable to handle regional affairs and therefore needs external support. Such proposals unnecessarily damage relations. They confirm Asian suspicions that, despite all their lipservice, European attitudes towards Asia are still unchanged and governed by the old colonial-type paternalism that is so resented in Asian elite circles.

The case for a value-oriented Asia policy:

- Proponents of an Asia policy giving priority to Western values argue that a shift towards a more pragmatic policy mainly dictated by economic considerations comes close to opportunism and would confirm Asian notions of European weakness. If Europe is to regain a stronger political and economic position in Asia it must insist on its core values and propagate them convincingly. After all, democracy, human rights, rule of law, and social justice are concepts that have an increasingly vocal constituency in Asia, too. That they are inherently alien to Asian societies is basically a myth created by ruling elites searching for ideological formulas in order to retain and legitimize their power. As „soft power“ has become a major resource to influence international relations, several Asian governments have been highly successful in developing images of a specifically Asian political culture based on traditional Asian values.
- The internal political structure is not without consequences for the worldview of governments. Open political systems which adhere to democratic procedures of decision-making and the rule of law are less likely to resort to violence in their external relations than authoritarian regimes. Where repression and the use of force dominate domestic politics, there may be an in-built tendency to apply them in international relations as well. And where, internally, rule of law is relegated to a back seat, there is less probability that such states will be willing to commit themselves to rule-bound behavior and cooperation in their external relations. The more authoritarian a political system, the less developed are internal controls over the conduct of its foreign policies, and the greater the tendencies to use force and act unilaterally. Vice versa, the more democratic political systems are, the more they will be interested in a „civilized“ conduct of international relations and the more stable security relations will become in a region that until recently was characterized by endemic use of military force and where major security threats persist.

It is thus a fallacy if ASEAN (and other Asian powers) believe that it is possible to divest security mechanisms developed in the West such as confidence building measures of their value connotations such as democracy, human rights, and rule of law.²⁴⁴

- Values also have major implications for economic competitiveness. Nonrecognition of social rights, ecological standards, and intellectual property rights enable Asian economies to produce more cheaply and without prohibitive R+D costs. As a result, there will be no level playing field in trade and European countries will pay dearly by a continued relocation of industrial plants to Asia, a persistent loss of jobs, and continued structural unemployment.
- There is the belief that ASEAN (and most other Asian countries) is still more dependent on Europe than Europe on Asia. Europe is still a major market for Asian exports and a source for investments and technology. Rapidly increasing exports to Asia, so it is argued, have shown that as the European business community becomes better informed, Europe is quite able to master the Asian challenge even on their hometurf. With some effort the EU can regain an economic strength that may serve as a solid base for a value-based foreign policy.
- As has been illustrated by more recent developments, even under present conditions Western pressures in these areas have not been without success. Several Asian governments have installed human rights commissions, increased minimum wages, at least tacitly accepted the existence of independent labor unions, and introduced new and stricter environmental laws. There is also a definite shift from thinking primarily in terms of economic growth to giving more consideration to social equity and a more balanced regional development. Moreover, ASEAN as a regional organization is also giving greater emphasis to these issues by initiating its so-called functional cooperation in the areas of science and technology, environment, social development, drugs, and culture and information. The twenty-eighth AMM in Jakarta even agreed that functional cooperation will be intensified in the future and be accorded the same priority as security and economic cooperation.
- Proponents of a value-based Asia strategy also maintain that ASEAN's „*constructive engagement*“ policy vis-à-vis Burma has produced few tangible results.²⁴⁵ In fact, the recent and present crack downs of the junta on the opposition organized in the National League

²⁴⁴ See, for instance, the formalistic concept of democracy proposed by Hadi Soesastro and Jusuf Wanandi who argue that „democracies are basically a matter of form and procedures, and not of content“. Hadi Soesastro/Jusuf Wanandi, Towards an Asia Europe Partnership -- A Perspective from Asia, in: *The Indonesian Quarterly*, Vol. XXIV, No. 1, 1996, p. 52. For a critique of the Asian approach also see Jürgen Rüland, Politische und soziokulturelle Aspekte von Kooperation und Integration im asiatisch-pazifischen Raum, in: Guido Eilenberger/Manfred Mols/Jürgen Rüland (eds.), *Kooperation, Regionalismus und Integration im asiatisch-pazifischen Raum*, Hamburg: Mitteilungen des Instituts für Asienkunde, No. 266, 1996, p. 73-92.

²⁴⁵ For a critical Asian assessment of „*constructive engagement*“ see J. Soedjati Djiwandono in the *Jakarta Post*, 23 July 1996, p. 1.

for Democracy (NLD) under the leadership of nobel prize laureate Aung San Suu Kyi and the mysterious death in custody of British-Burmese businessman James Leander Nichols²⁴⁶, an honorary consul for several European countries, prove only too clearly that the regime is unable and unwilling to introduce political reforms. Critics of ASEAN's „*constructive engagement*“ approach have argued to this effect for a long time.

All these arguments only reveal the complexities involved in political cooperation between the EU and Asian countries. A European strategy towards Asia thus defies the simple formulas. To a great extent it depends on the assessment of European competitiveness in the world economy and the shifts in political and economic gravity from the West to Pacific Asia. Adopting Morgenthau's warning that policy makers frequently tend to ignore shifts in the balance of power²⁴⁷, the argumentative baseline here is that indeed such a shift is underway at the expense of Europe – even if taking into account the vulnerabilities of the Asian growth model. The EU's competitive edge in world trade has weakened and at the same time its ability to pursue moralist policies irrespective of the socioeconomic consequences for itself. Taking further into account the complexities of international relations, it is argued here that a single issue foreign policy²⁴⁸ would indeed be an untoward limitation of European policy options. The question as to whether Europe's Asia policy should be value-based or mainly focussing on economic interests is thus not an „either or“: it must include both dimensions, even if critics object that this is the attempt of quadrating the circle. Yet it goes without saying that such a policy calls for a sophisticated *multi-layered agenda*.

- **Pragmatic official relations.** If foreign policy should not be constructed on a single issue, the EU's Asia policy must entail a pragmatic dimension. This does not mean that basic values such as human rights, democracy, and rule of law are to be sacrificed on the altar of economics. On the contrary: they must continue to be pillars of European foreign policy. But given Europe's weakened economic position, they must be pursued in a way that its economic costs are tolerable. This means that at least high-level official relations should follow a more pragmatic, statesmanly course. In other words: highly publicized public condemnations of Asian governments by Western leaders should be avoided at summits and other high level meetings – especially if vital European interests are at stake. European economic competitiveness and jobs are such vital interests, because they are the foundations of the European model of social peace and security. High-level, official cooperation should therefore focus on the essentials of cooperation: i.e. on the areas where both sides expect to benefit. Otherwise, if such meetings regularly turn out to be a

²⁴⁶ Nichols, a confidant of Aung San Suu Kyi, was arrested because he illegally possessed a fax machine. See *Asia Week*, 26 July 1996, p. 20.

²⁴⁷ See Hans J. Morgenthau, *Macht und Frieden. Grundlegung einer Theorie der internationalen Politik*, Gütersloh: C. Bertelsmann Verlag, 1963, p. 135.

²⁴⁸ Although much of what Tommy Koh has said in a recent book about human rights and democracy may be debatable, his assessments of the nature of the foreign policy process are plausible. ²⁴⁸ See Tommy T. B. Koh, *The United States and Asia. Conflict and Cooperation*, Singapore: Times Academic Press, 1995, p. 92.

source of embarrassment for the Asian participants, they will make sure that such events do not take place.

- While value issues should not be excluded from official relations, Western critique and public condemnations must become more calculable for the Asian side. Asian government must know that there are limits to the toleration of human rights violations, whatever European economic interests may be. And they must know where these limits are: genocide, massacres perpetrated by security forces, „salvaging“ of political opponents, torture, forced labor, and severe forms of political repression. They all constitute flagrant violations of the human rights conventions of the UN that most Asian governments have signed and therefore have become universal concerns. Yet, these criteria must be applied consistently.
- In order to avoid abrupt policy changes and unnecessary public humiliations of Asian governments, which may have a long-term disruptive effect on mutual relations, Western nations should install *early warning mechanisms* at non-public, lower-level diplomatic echelons. They would have to communicate to Asian governments public sentiments in Western nations and where the threshold of tolerance is exceeded. If these thresholds are exceeded, the EU and European governments, possibly in coordination with the North American (USA, Canada) and Southern Pacific (Australia, New Zealand) nations should not hesitate to condemn such violations even to the point of imposing sanctions.
- A more pragmatic official track would also mean that the EU refrains from insisting on inserting clauses into cooperation agreements that commit the respective countries to democratic reforms and observance of human rights as recently -- and so far unsuccessfully attempted -- in the case of Laos and Cambodia.²⁴⁹ As most Asian nations are hardly models of Westminster, they will make such clauses a matter of principle, thereby leading to acrimonious debates and little progress in other fields of cooperation. Except for the already liberalized and democratized societies, they will be of little practical relevance, and -- ignored or circumvented by the addressees -- remain dead letters.
- In the event of major disagreements with ASEAN members or observers, as in the case of Burma during the Jakarta AMM and the subsequent ARF meeting, the EU should refrain from criticizing the organization as a whole. While US Foreign Minister Warren Christopher directed his criticism at the Burmese junta, Commissioner Marin's remarks implicated ASEAN as an organization. This only strengthens ASEAN solidarity and deprives the EU of the possibility of exploiting differing positions inside the Asian camp.
- Finally, the EU should complement its arsenal of possible sanctions against gross violators of human rights with incentives that may induce partners to introduce substantive political and economic reforms. The EU could offer nations with a good human rights

²⁴⁹ See *Far Eastern Economic Review*, 16 May 1996, p. 20.

record and progress towards a more open political system better terms of cooperation (development aid, trade, investment, and technology transfer) than the more authoritarian partners. This would translate into intensified and upgraded relations with countries such as India (as an alternative to China), South Korea, Thailand, and the Philippines.

At the same time, however, the Asian side must learn to accept that Western political systems represent a highly complex pluralist pattern of interests. In other words: there is a wide array of societal forces with an autonomous voice and abilities to act without prior approval by the government. If parliaments, political parties, NGOs, and the media criticize developments elsewhere, they are not the frontmen of a government-orchestrated game designed to interfere with domestic affairs of other countries. Their opinions should thus not be mistaken as a barometer for official relations.

This said, it can only be repeated that Western liberal values are neither „irrelevant“ nor should they be swept under the carpet. But the quintessence of this statement is that divisive issues must be taken up in a much more sophisticated manner than hitherto. It testifies to an almost unbelievable lack of political etiquette and sophistication if the European Parliament invites Asian delegations of parliamentarians (including a Chinese group) for a dialogue to Strasbourg and next door passes a resolution on Tibet condemning the Chinese government.²⁵⁰ In Asian eyes this can only be interpreted as a deliberate affront and humiliation. Also the confrontative and acrimonious style in which Commissioner Marin chose to publicly communicate his displeasure with the elevation of Burma to observer status in ASEAN must be avoided. Such statements are appropriate only for satisfying constituencies at home. They strongly offend the Asian side for which such criticism is yet another example of „colonial arrogance“ and paternalism. For the Asian side such treatment is tantamount to a loss of prestige and face and accordingly rejected. Its results in a hardening of incongruent positions, while the ensuing stalemate prevents the development of fora and channels where such issues could be discussed in a more relaxed atmosphere. Even worse, such confrontative behavior leads to a solidarization of ruling elites with political groups and intellectuals otherwise critical of their governments. Not surprisingly, strange bedfellows such as Malaysian Prime Minister Mahathir and social critic Chandra Muzaffar concur in rejecting what they regard as Western hegemony over values. Blunt and public criticism inadvertently strengthens the advocates of Asian values or -- as observed by *Far Eastern Economic Review* correspondent Michael R.J. Vatikiotis -- only helps to deepen anti-Western sentiments and to strengthen regional cohesion.²⁵¹ Without cultural empathy even a well conceived and innovative Asia strategy is bound to fail.

²⁵⁰ See *Jakarta Post*, 22 April 1996, p. 2.

²⁵¹ As argued by Michael R.J. Vatikiotis at the International Conference to Commemorate the Silver Anniversary of CSIS entitled „*One Southeast Asia in a New Regional and International Setting*“, Jakarta, 18-19 September 1996.

- ***Multiplying communication channels.*** In order not to derail the cooperation started in Bangkok, adequate channels for discussing controversial issues must be created. This could be done under the motto „*learning from Asia*“ by shifting divisive themes from the official „*track one*“ to an informal „*track two*“ ***diplomacy*** similar to what ASEAN and Pacific rim nations have been nurturing successfully for years. Adopting the Asian „*track two*“-approach for Asian-European relations must, of course, take Asian sensitivities seriously and ensure that such a dialogue is conducted tactfully. The Bangkok Summit has opened avenues for an informal policy discourse by referring to intellectual exchanges through seminars, symposia, and cooperation of think tanks. Think tanks, academics, the (German) political foundations, NGOs, and institutions such as the European Association of Asian Studies, the national societies of Asian Studies, the European Council for Security Cooperation in Asia-Pacific, and even the numerous bilateral friendship societies between European and Asian countries could play key roles in such a process. Experts could meet informally and discuss controversial issues without endangering official relations and embarrassing any of the actors involved. These „*track two*“-bodies and the media would thus serve a two-fold function: as communicative links between the government and the public discourse in their own region and as translators and interpreters of the debate in the other region for their own governments and publics. When finally a consensus emerges between both sides the discourse can be shifted back to the official track.
- In this context it would also make sense for the OSCE to grant observer status to ASEAN as it has already done in the case of Japan and South Korea.²⁵² Although -- as the Yugoslavian debacle has shown -- the CSCE/OSCE has failed in its ability to contain, let alone to solve, inner-state ethnic wars, it may still serve as a model to familiarize Asian policy makers with the wide array of confidence-building measures developed during and shortly after the end of the Cold War. Perhaps of even greater value would be the opportunity provided by such an observer status to add to ASEAN's know-how on Europe, thereby contributing to a better understanding of European policy processes and political thinking. It could help to limit the impact of the clichés concerning Europe that freely circulate in much of Asia and thus reduce the strains in mutual relations that arise out of such misperceptions.
- The EU should also deepen relations with the ***South Asian Association of Regional Cooperation (SAARC)*** and use the grouping as a stepping stone for an early access (at least as an observer or dialogue partner) to the emerging ***Indian Ocean Cooperation***.
- Although both sides currently emphasize that ASEM should not become institutionalized, the emergence of institutional structures is almost inevitable, the more ASEM consoli-

²⁵² For a proposal to this effect see Hadi Soesastro/Jusuf Wanandi, Towards an Asia Europe Partnership -- A Perspective from Asia, in: *The Indonesian Quarterly*, Vol. XXIV, No. 1, 1996, p. 57.

dates as a process with an expanding number of projects and areas of cooperation. Europe should use such a process of creeping institutionalization to accommodate future ASEM institutions. Especially *Bonn* with its envisioned role as a *North-South-Center* could be a good location for ASEM institutions. Europe (and Germany, in particular) should also try to attract major events of the ASEM process as part of an effort to publicize and popularize national and EU Asia policies.

VII. ASEM and International Politics

The paper concludes with an attempt to assess the impact of ASEM on international relations in more general terms. Five major aspects deserve attention:

- ASEM is another indication of the rise of a new type of forum in international relations. In the future, international relations will be increasingly shaped by regional actors such as the EU, ASEAN, NAFTA, MERCOSUR, and (possibly) EAEC. Their fora will be interregional groupings such as APEC, ASEM, and ARF. Interregional dialogues add a new layer of policy-making to the international system and are thus an additional phenomenon of „complex interdependence“.²⁵³

With the emergence of interregional dialogues at least five major policy-making levels can be identified in the international arena:

- global regimes and global multilateral fora (such as GATT, WTO, nonproliferation, Convention of the Sea, environment, social development, habitat etc.),
- interregional dialogues (such as APEC, ASEM, and, possibly, in the future, the Indian Ocean Cooperation and the emerging links between ASEAN and MERCOSUR),
- regional groupings (such as the EU, ASEAN, NAFTA, SAARC, MERCOSUR, etc.),
- subregional groupings (such as Sijori, EAGA etc.)
- bilateral relations.

Among these five layers region-based interactions (layers two to four) are becoming increasingly crucial for international relations, while global multilateral fora and bilateral relations are declining in importance. Due to an ever increasing number of international actors, their heterogeneity of interests, and the growing complexity of policy fields it is becoming more and more difficult to reach a consensus at multilateral global fora. Here the smallest common denominator reigns but also phenomena such as „freeriding“ and

²⁵³ For the concept of „complex interdependence“ see R.O. Keohane/J.S. Nye, *Power and Interdependence. World Politics in Transition*, Boston and Toronto: Little, Brown and Company, 1977.

cheating are difficult to check in the absence of meaningful sanctions. The predicament of multilateral negotiations is best illustrated by their duration. It took the Uruguay Round of GATT negotiations (1986-1994) no less than eight years to reach compromises that could finally be accepted by all parties. Similar experiences have been made with other global negotiation rounds.²⁵⁴ Even more cumbersome is the subsequent implementation of such agreements, as many countries do not ratify them or evade them when it proves more advantageous for short-term national gains.

Bilateral political interactions, on the other hand, are losing in importance, as more and more policy issues -- environment, transportation, trade, and investment, to name only a few -- transcend national borders and increasingly have multilateral, or at least, regional implications.

- Interregional dialogues may thereby contribute positively to the institutionalization of international relations. The pressures for harmonizing interests and, hence, the need for compromise solutions within and among the regional camps will add another layer of negotiations and communication to existing dialogue structures. Moreover, as conflicting attitudes towards cooperation clash with each other in such interregional arenas, pressures for convergence of cooperation styles emerge. For Asia, where a realist worldview is still dominant and military power still widely recognized as an important means for advancing national interests, this may be equivalent to the need to accept a higher level of institutionalization and rule binding than hitherto, while Europeans may have to rethink their tendency to overinstitutionalization and overregulation of international relations, thus accepting more flexible and pragmatic procedures of policy-making.

Emerging big powers such as China or India with their ingrained preference for unilateral action²⁵⁵ could be engaged through these dialogues, thereby increasing the costs of unilateral actions. Overlapping multiple memberships in regional groupings may facilitate conflict mediation with third parties, but may also weaken interregional cohesion since conflicts of interests must be expected to occur.

Although great powers in Asia generally dislike multilateral politics, interregional dialogues provide opportunities for them too. They can be viewed as the highest level of a cascade of balancing systems. ASEM, for instance, can be used by China as a balancing forum against an incipient American anti-Chinese containment policy. The interregional level thus complements bilateral balancing acts such as the continuing rapprochement with Russia.

- ASEM has closed a missing link in these emerging interregional networks. While a Transatlantic dialogue has been in existence since the late 1940s and a formalized Trans-

²⁵⁴ The negotiations for the UN Convention on the Law of the Sea, for instance, lasted nine years (1973-1982).

²⁵⁵ For a more benign view of China see Christoph Müller-Hofstede, *Von der Peripherie ins Zentrum -- Die Volksrepublik China als Weltmacht neuen Typs*, mimeographed paper, Cologne, August 1994.

pacific dialogue since the creation of APEC in 1989, there was no framework for an Asian-European dialogue. ASEM has now created a comprehensive framework for Asian-European relations. Closer interactions between Asian groupings and Latin America (MERCOSUR) can be expected to follow soon.

- ASEM underscores the conventional wisdom that economic gravity is shifting towards the Asia-Pacific region. But if ASEM develops into a process, it may also accelerate shifts in political gravity, thus confirming assumed theoretical relationships between economic power and political influence.

So far, the USA has been at the center of the emerging interregional networks. Washington plays a leading role in APEC, is the dominant actor in NAFTA, and even after the end of the Cold War continues to be the linchpin of the Transatlantic relationship.

But with ASEM Asia has also developed links to all major interregional players. Taking into account Asia's rapidly growing economic weight and the changes in Asian-European relations in the past years, ASEM confirms earlier notions that Asia is clearly on the offensive in Asian-European relations.

Often belittled and ridiculed, Malaysian Prime Minister Mahathir's EAEC proposal makes sense if seen in such a context. If it develops into an East Asian regional pressure group²⁵⁶, Asia's political and economic influence will further grow. The chances that EAEC gets off the ground increase, the more the US is locked in trade wars with Japan, China, and other Asian nations. If EAEC develops an independent profile, it would end APEC's dual role as a regional actor and an interregional forum. EAEC would then face the Anglo-Saxon Pacific and South American littorals organized in NAFTA and CER.²⁵⁷

The embryonic Indian Ocean cooperation²⁵⁸ promoted by Australia, South Africa, and India, may further increase Asia's political weight, if links to APEC, ASEAN, and EAEC are developed.

However, a potential weakness in Asia's emerging power could be the highly heterogeneous nature of her regional actors.²⁵⁹ Asian regional organizations are politically, economically, and culturally highly diverse. The resultant diversity of interests exacerbates difficulties in defining common bargaining strategies vis-à-vis other regional actors. Moreover, the persistent search for the smallest common denominator and changing

²⁵⁶ See Mohamed Ariff, *The EAEC and the Role of Japan*, in: Institute of Economics, Chuo University, *30th Year Anniversary Commemoration Symposium*, Tokyo: Chuo University Press, 1995: 153.

²⁵⁷ CER means Closer Economic Relations and is a free trade agreement between Australia and New Zealand concluded in 1965.

²⁵⁸ A new meeting of Indian Ocean littorals is scheduled for 9 September 1996 in Mauritius. The participants will for the first time also include Malaysia and Indonesia which so far watched the emerging cooperation network with reservation. See *Asia Times*, 4 September 1996, p. 3.

²⁵⁹ Intra-ASEAN tensions are analyzed in Harald David, *Die ASEAN nach dem Ende des Kalten Krieges. Spannungen und Kooperationsprobleme*, Hamburg: Mitteilungen des Institutes für Asienkunde, No. 244, 1995.

power relations within these regional groupings may produce inconsistent policies and piecemeal and incrementalist solutions to the issues at stake. But with each new round of accession the EU, too, is becoming increasingly heterogeneous. In ten years from now, former EU Commission President Delors predicted, the EU may have between twenty-four and thirty-six members.²⁶⁰ By comparison America -- even if NAFTA is extended to South America -- is a much more homogeneous actor.

- Intensified interregional relations also mean a constant loss of public influence on the conduct and formulation of foreign policies. The new types of summit diplomacy create a diplomatic and technical elite that prepares and conducts these negotiations. These epistemic communities²⁶¹ are increasingly insulated from the wider public -- a tendency which is aggravated by the complexity of many of the issues under discussion. International relations at this level are thus increasingly removed from the control of parliamentary bodies, the media, and the public at large. Foreign policy formulation may thus be regressing to the arcane science that it used to be in former centuries. It is, however, questionable whether intransparent decision-making processes will be tolerated by the public, especially if the norms and values of their respective societies are no longer recognizable. The resultant opposition may create increasing problems for governments to implement multilateral agreements.

²⁶⁰ See Brian Bridges, Japan and Europe. Rebalancing a Relationship, in: *Asian Survey*, Vol. XXXII, No. 4, 1992, p. 241.

²⁶¹ For the concept of epistemic communities, see Peter Haas, *Saving the Mediterranean: The Problem of International Environmental Cooperation*, New York: Columbia University Press 1990.

List of Abbreviations

ABC	ASEAN Brussels Committee
ACP	African-Caribbean-Pacific Nations
AEEMM	ASEAN-European Economic Ministers' Meeting
AEMM	Annual Economic Minister's Meeting
AFTA	ASEAN Free Trade Area
AIPO	ASEAN Inter-Parliamentarian Union
AMM	Annual Ministerial Meeting
APA	Asia Pacific Committee (Asien-Pazifik-Ausschuß)
APEC	Asia Pacific Economic Cooperation
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
ASEAN-CCI	ASEAN Chambers of Commerce and Industry
ASEM	Asia Europe Meeting
CBM	Confidence Building Measures
CEPT	Common Effective Preferential Tariff
CER	Closer Economic Relations
CSCAP	Common Security Cooperation Asia-Pacific
CSCE	Conference for Security and Cooperation in Europe
CUESP	Chulalongkorn University European Study Program
EAEC	East Asian Economic Caucus
EAGA	East ASEAN Growth Area
EBIC	European Business Information Center
EBRD	European Bank for Reconstruction and Development
EC	European Community
ECIP	European Community Investment Partnership
ECU	European Currency Unit
EEC	European Economic Community
EG	Europäische Gemeinschaft (European Community)

EIB	European Investment Bank
EMU	Economic and Monetary Union
ERP	European Recovery Plan
ESP	European Study Program
EU	European Union
GATT	General Agreement of Tariffs and Trade
GDP	Gross Domestic Product
GmbH	Gesellschaft mit beschränkter Haftung
GNP	Gross National Product
GSP	Generalized System of Preferences
ICE	Inter-City Express
ILO	International Labor Organization
ISIS	Institute of Strategic and International Studies
JEM	Junior ASEAN-EU Managers' Program
JV	Joint Venture
MERCOSUR	Mercado Común del Cono Sur (Common Market of the Southern Cone)
MFN	Most Favored Nation
NAFTA	North American Free Trade Agreement
NAM	Nonaligned Movement
NGO	Nongovernmental Organization
NIE	Newly Industrialized Economy
OECD	Organization for Economic Cooperation and Development
OPM	Free Papua Movement
PMC	Postministerial Conferences
R+D	Research and Development
SAARC	South Asian Association for Regional Cooperation
SEANWFZ	Southeast Asia Nuclear Weapon Free Zone
Sijori	Singapore-Johor-Riau
SLORC	State Law and Order Restoration Council

SME	Small-Scale and Medium-Sized Industries
SOM	Senior Officials' Meeting
TAFTA	Transatlantic Free Trade Area
TGV	Train à Grand Vitesse
UK	United Kingdom
UN	United Nations
US	United States
WTO	World Trade Organization

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