



PANORAMA

INSIGHTS INTO SOUTHEAST ASIAN
AND EUROPEAN AFFAIRS



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The contributions to this issue of *Panorama* spring from the 8th EU-ASEAN Think Tank Dialogue which was held in Berlin in May 2006. Launched in Manila in 1999 by the Konrad-Adenauer-Stiftung (KAS) and the ASEAN Institutes of Strategic and International Studies (ASEAN-ISIS), this annual dialogue brings together eminent voices from leading think tanks in Europe and Asia to promote intellectual exchange, policy oriented collaboration and mutual understanding. Almost a decade later, the dialogue has firmly established itself as a forum that takes the public discourse well beyond the measured diplomatic language of government summits that dominate reporting on issues of mutual concern.

Under the headline “Strengthening Regional and Inter-Regional Cooperation in Responding to Rising Extremism and Resurging Nationalism”, the 8th EU-ASEAN Think Tank Dialogue once again encouraged European and Asian scholars to jointly explore the causes of and possible solutions to a phenomenon that affects Europe and Asia in equal measures. Indeed, after the end of the Cold War, many states in Europe and Asia failed to collect the “peace dividend” which the end of competition between two ideologies was purported to herald. Instead, nationalism – understood as the desire to inextricably tie political identity to the land – often became wedded to extremism – the employment of violence to attain one’s goals. In Europe, states were faced with the consequences of the resurfacing of old nationalistic hostilities best exemplified by the violent conflict in the Balkans or the continued secessionist struggles of the Basques in Spain. In Asia, nationalism continues to stunt the

normalising of inter-state relations most notably as regards to relations between the two Koreas, as well as Japan and China.

As shown by the contributors to this issue of *Panorama*, deepening the process of regional integration is essential for the successful management of resurging nationalism and rising extremism in both Europe and Asia. The European Union recently underwent its most dramatic enlargement expanding its membership to 27 countries as part of its effort to further manifest stability and security in Europe. At the same time, the Union has stepped up its efforts to adapt its institutional and decision-making structure to respond to the demands of its citizens as well as to meet the challenges of a globalised world.

These efforts are mirrored in parts in Southeast Asia’s own integration efforts with ASEAN tackling the ambitious goal of overhauling the Association’s objectives and procedures by adopting an ASEAN Charter by 2007. Prof Hernandez of the Institute for Strategic and Development Studies (ISDS Philippines) provides an excellent assessment of the evolution and potential of the process of drafting an ASEAN Charter - the outcome of which may very well have an impact on ASEAN’s efforts to remain at the core of the region’s balance of power in the face of the two rising power houses China and India.

Nonetheless, the potential of closer inter-regional cooperation between the European Union and ASEAN in successfully stemming rising nationalism and its repercussions for inter-state relations is a thread running through all the contributions published here. As Dr Yeo Lay Hwee of Singapore’s Institute of International Affairs illustrates, the potential for inter-regional forums such as

the Asia Europe Meeting (ASEM) to be part of the solution to the region's problems is there but as yet not fully exploited.

Political will is one of the key ingredients to more successful inter-regional cooperation. Mutual understanding is another one. The EU-ASEAN Think Tank Dialogue allows its participants just that

– the opportunity to get a clearer understanding of the way European and Asians counterparts perceive different challenges and possible solutions and to pass on this valuable insight to political decision-makers in Europe and Asia.



Dr. Colin Dürkop
Singapore, July 2007

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INSTITUTION BUILDING THROUGH AN ASEAN CHARTER¹

Carolina G. Hernandez

Introduction

East Asia is presently abuzz with a flurry of activities related to regionalisation and regionalism. Regionalisation or the process of setting up flexible, non-binding mechanisms for region-wide dialogue, consultations, and cooperation is evident in the rise of new bodies and mechanisms both at the intergovernmental and non-governmental levels in Southeast Asia, East Asia, and the broader Asia Pacific region following the end of the Cold War and the Asian financial crisis of 1997. They include mechanisms for economic, financial, political, security (including non-traditional security), and functional issues. Among them are the Council for Asia Pacific Security Cooperation (CSCAP, 1993), ASEAN Regional Forum (ARF, 1994), ASEAN +3 (1997), East Asia Vision Group (EAVG, 2000), East Asia Study Group (EASG, 2001), East Asia Forum (EAF, 2002), East Asia Congress (2003), and the East Asia Summit (EAS, 2005).

Regionalism or the process of bringing regional cooperation to a higher plane, increasing economic interdependence, and promoting integration with region-wide institutions that are ideally rules-based is evident in the increasing

movement of the Association of Southeast Asian Nations (ASEAN) from economic cooperation towards greater economic integration, enhanced political and security cooperation, and greater socio-cultural cooperation. This movement is reflected in the ASEAN Vision 2020 (1997), Hanoi Plan of Action (HPA, 1998-2004), Bali Concord II (October 2003), Vientiane Action Programme (VAP, November 2004), and the development and adoption of an ASEAN Charter (2005-2007).

ASEAN, the only fairly successful regional cooperation and integration body in the third world, and perhaps second only to the European Union (EU) in this regard, was established as a loose grouping of five Southeast Asian states in August 1967. Their stated goal was to promote regional stability through economic and functional cooperation, with declarations of intent rather than a charter and by-laws, highly informal and flexible processes, minimal structures built slowly and incrementally, non-binding decisions, voluntary compliance, and no costs for non-compliance. During the last decade, ASEAN appears to be at the cusp of its development, starting from its ambitious

Vision 2020 and its present pre-occupation of building an ASEAN Community by 2020, including the adoption of an ASEAN Charter by 2007-2008.

At 40, ASEAN has indeed reached a crossroads as never before in its four decades of life. How it will respond to the challenges of the 21st century, including the kind of paradigm shift regarding how it conducts business and change in mindset its Leaders are prepared to undertake to realise the ASEAN Community will spell the difference between a responsive, relevant, and resilient ASEAN able to adapt to changing times and a rigid, moribund, and irrelevant ASEAN.

This paper addresses the institutional evolution and development of ASEAN regionalism highlighting the current preoccupation to adopt an ASEAN Charter containing “bold measures” by 2007. This statement reflects the ASEAN Leaders’ recognition that bringing regional cooperation “to a higher plane”, presumably including regional integration not only in the economic and financial realms, but also in functional and even political and security areas is an unavoidable imperative for which the adoption of a charter is critical if it were to address successfully the challenges of the 21st century and to realise the ASEAN Community of three pillars embodied in the Bali Concord II.

Following this brief introduction, the paper is divided into three parts dealing with (1) an overview of ASEAN institutional evolution, (2) the development and adoption of an ASEAN Charter focusing on the process and track two participation by the ASEAN Institutes of Strategic and International Studies (ASEAN ISIS) in particular through its

memoranda on the subject, and an epilogue on how a charter can contribute to institution-building and what lies ahead in the drafting and adoption of an ASEAN Charter.

ASEAN Institutional Evolution: An Overview

As already noted above, ASEAN is well-known for its suspicion of and discomfort with formal institutions and processes, as it is reluctant to move too fast in the adoption and implementation of region-wide cooperation programs. Hence its 40 years of existence are marked by an institution-building process that has been painfully slow and incremental at best.

The Secretariat, Secretary-General, and the Leaders’ Summit

For nine years following its founding, ASEAN activities were carried out by special desks inside each of the original five member states’ foreign ministries.² A secretariat was established in Jakarta only after the first leaders’ summit held in 1976 in Bali - that summit itself took all of nine years before it could be held. Even then, the Leaders’ Summit as the highest decision-making body of ASEAN was not held regularly until after the Fourth Summit held in Singapore in 1992, when a decision was made to hold a formal summit every two years and an informal summit also every two years in between the formal summits. Until then ASEAN leaders held their summits irregularly: in 1979 in Kuala Lumpur, three years after

the first summit; in 1987 in Manila after another eight years; and then in 1992 in Singapore five years thereafter.

The Secretariat was headed by the Secretary-General. He was Secretary-General “of the ASEAN Secretariat” until after the Fourth Summit which granted ministerial rank to the office and made its occupant “the Secretary-General of ASEAN”. The Secretariat was invested with far too many responsibilities, yet far too little power of its own. The Secretary-General has very little elbow room for policy initiatives, and marched in accordance with the tune and cadence set by the ASEAN Leaders and Foreign Ministers.

Even in the appointment of the Secretary-General, the preference for a slow evolutionary and incremental approach is evident. Although the Leaders agreed to open this post to competition and to break the traditional rotational occupancy of major ASEAN positions (such as the Chair of the ASEAN Standing Committee, for example), in the end, the practice of alphabetical rotation akin to the EU Presidency prevailed.

Hence, the first Secretary-General of ASEAN under this “new regime” was Malaysian Dato Ajit Singh, followed by Philippine Rodolfo Severino, Jr, who was succeeded by the current Secretary-General, Singaporean Ong Keng Yong. It would be unimaginable at the moment for someone other than from Thailand to follow Secretary-General Ong. Thus, Thailand’s choice, former Foreign Minister Dr. Surin Pitsuwan was confirmed to serve as the next ASEAN Secretary-General for a term of five years beginning on 1 January 2008.

Indonesia’s Informal Leadership

Meetings of officials at various levels define decision-making in ASEAN. There are no bodies invested with region-wide powers to carry out the daily work of the grouping. As noted earlier, decision is through consultation and consensus, compliance is voluntary, and there are no penalties for non-compliance. Leadership is highly informal. This role has been traditionally played by Indonesia, the largest member state of ASEAN. Progress in regional cooperation tended to stall when Jakarta was in trouble, such as during and immediately after the Asian financial crisis of 1997, a stalling that spilled into other regional mechanisms in which ASEAN plays an important, if not a central role, such as in the Asia Pacific Economic Cooperation (APEC) forum, for example.

It will be recalled that in the beginning ASEAN member countries had a lukewarm attitude towards APEC for fear that their own internal cooperation processes would be undermined, and their role in the region diluted. It took the former Indonesian President Soeharto’s leadership to get all of the ASEAN member countries, particularly Malaysia to attend and support the second APEC summit held in Bogor, Indonesia. However, this semblance of ASEAN unity behind the APEC process waned dramatically after the crisis, so that no substantial progress was achieved particularly after its Subic/Manila summit

The “intrusion” by APEC into political-security issues such as the independence of East Timor from Indonesia and global terrorism following the 9-11 attacks against the United States does not sit well with ASEAN. It prefers to leave political-

security issues to the ASEAN Regional Forum (ARF) where it controls the chair and shapes the agenda and would like to confine APEC in which the world's largest economies are key players to economic issues.

Moreover, the Third ASEAN Leaders' Summit held in Manila in 1987 would not have taken place had it not been for Indonesia's leadership. Two problems stood in the way of holding this summit. One was the avowed refusal of former Malaysian Prime Minister Mahathir Mohamed to come to the Philippines unless Manila dropped its claim to Sabah. The second stumbling block was the concern for the safety of the Leaders should they come to Manila so soon after the failed coup attempt against the government of Corazon C. Aquino in August 1987. Soeharto prevailed over Mahathir to come and obtained the agreement of the Aquino government to allow a ship of the Indonesian Navy to dock in Manila Bay to ensure the safety of the Leaders and the peaceful holding of the Third Summit. In a very substantial and real way, this event expressed ASEAN's vote of confidence for the Aquino government, thereby boosting its legitimacy in no small measure.

Regional Stability through Economic and Functional Cooperation

ASEAN also framed its goal of achieving regional stability in terms of cooperation in the economic and functional fields out of concern that it might be mistaken for a military alliance at a time when the Cold War was at its hottest and the former Indochina was under siege from advancing

communist presence. Yet, its member countries were very reluctant to share markets.

Early economic cooperation schemes it adopted such as the ASEAN Joint Industrial Projects (AJIP) and the Preferential Trade Agreement (PTA) failed for this reason. And the successive failure of its economic cooperation activities led the outside world to assess it, rather harshly as a failure in economic integration, missing thereby ASEAN's main goal of promoting domestic and regional peace and stability through economic and functional cooperation.

It would take major global developments seen as likely to threaten the individual member states' economic prospects for ASEAN to move from economic cooperation to incipient economic integration.

Imperatives for Broadened Regional Cooperation and Regional Integration

Only with the perceived threat of closed regionalism as posed by a 'Fortress Europe' through the adoption of a single market in Western Europe as well as the establishment of the North American Free Trade Area (NAFTA) in the early 1990s did ASEAN move to establish the ASEAN Free Trade Area (AFTA), an experiment in regional economic integration that is far too little to make a real difference. What AFTA achieved is to provide a dress rehearsal for more meaningful integration measures in the future³, within Southeast Asia and beyond. Without these twin challenges to the member states' economic prospects, it is questionable if ASEAN member countries would have considered forming

AFTA at the time they did.

Another landmark event that served as a push factor for ASEAN incremental regionalism is the Asian financial crisis. This demonstrated to ASEAN in crystal clear terms that it could not rely on existing multilateral financial institutions, particularly the International Monetary Fund (IMF), to provide a solution to a similar financial crisis that could recur in the future. Thus, it embarked on an expansion of regionalism by forming together with China, Japan, and South Korea the ASEAN +3 process to deal with financial and monetary issues. The Chiang Mai Initiative established a system of currency swaps that would serve as a buffer should a similar financial crisis affect the ASEAN +3 countries in the future. Of course, the regional financial surveillance mechanism produced by this process remains less than a regional body with sufficient teeth in the case of non-compliance, because reporting one's financial accounts remains voluntary as well. Here ASEAN's preference for non-binding commitments prevails once more.

The crisis also pushed ASEAN to adopt its Vision 2020⁴ that would create "a concert of Southeast Asian nations" in the region, where the Treaty of Amity and Cooperation (TAC), the Bangkok Treaty establishing a Southeast Asian Nuclear Weapons-Free Zone (SEANWFZ), and the Declaration on a Zone of Peace, Freedom and Neutrality in Southeast Asia would govern and would be respected by non-ASEAN states, "a partnership in dynamic development" for deeper economic integration, "a community of caring societies" dealing effectively with social and functional challenges, and "an outward looking ASEAN" indicating its

commitment to open regionalism, including the institutional reform of the Secretariat which the realisation of this vision requires.

Aware that gross disparities in terms of economic development have created a two-tier ASEAN, it adopted the Hanoi Plan of Action (HPA) that would implement this vision during the first six years (1998-2004). It engaged its key dialogue partners to assist in the implementation of this plan, including the EU and Japan with the latter pursuing a detailed bilateral programme in this regard. Whether it is coincidental, Vietnam has now demonstrated that it is possible to erode the two-tier ASEAN by narrowing the divide between the older and new ASEAN member countries. Vietnam has arrived at the gate of economic prosperity and development! It could serve as a model and inspiration to Cambodia, Laos, and Myanmar showing that with the right mix of macro-economic structural reforms and political will of the country's leadership, peace and prosperity are achievable.

Concerned with the rise of China that was seen as one of the causes for its loss of competitiveness, ASEAN initially adopted the concept of making Southeast Asia an ASEAN economic community even ahead of the adoption of the Bali Concord II. Its finance ministers commissioned McKinsey & Company to conduct a study on ASEAN competitiveness. This study concluded that the main reason for ASEAN's loss of competitiveness is its division into ten separate markets and production bases, and showed that its member countries' macro-economic structures although fairly sound need further reforms.

The apparent solution is to embark on a path of closer economic integration, to create an ASEAN economic community that would create a single production base and market covering over half a billion people in Southeast Asia. The argument stressed that inasmuch as the Association already has the major elements of an economic community such as AFTA, the ASEAN Framework Agreement on Services (AFAS), and the Initiative for ASEAN Investments (IAI), customs harmonisation, and the like, it should not make taking this additional step all that difficult. ASEAN ISIS in cooperation with the ASEAN Economic Forum (AEF) of regional economists, and the Institute of Southeast Asian Studies (ISEAS) produced a report (Annex 1) on this matter in March 2003 for consideration by ASEAN decision makers.⁵ Thus, ASEAN ISIS contributed to the production of a report which was one of the bases for the official acceptance of the concept of an ASEAN economic community that would soon be concretised in the Bali Concord II of October 2003.

When Indonesia assumed the chair of the ASEAN Standing Committee in 2003 and hosted the Leaders' Summit in Bali in October 2003, Jakarta served notice that it was going to retake the role of ASEAN's informal leader by pushing the initiative of community building in ASEAN further. Thus, at the 10th Summit, Indonesia led ASEAN in adopting the Bali Concord II seeking to establish an ASEAN Community by 2020. This community would have three pillars: an ASEAN Economic Community (AEC) for enhanced economic cooperation, an ASEAN Security Community (ASC) for political and security cooperation, and an

ASEAN Socio-Cultural Community (ASCC) for functional cooperation and the building of sharing and caring societies in the region.

In November 2004, the ASEAN Leaders adopted the Vientiane Action Programme (VAP) containing a plan of action for the next six years (2004-2010). The content of this action program is ambitious, forward-looking, and in some parts bold and revolutionary. If only ASEAN would succeed! The ASC includes six elements the contents of which if successfully implemented would assure a form of levelling off in the political development of ASEAN member countries. These six elements are the shaping and sharing of norms, political development, conflict prevention, conflict resolution, post-conflict peace building, and implementing institutions. The latter contains a commitment to develop and adopt an ASEAN Charter as an institutional vehicle to realise the ASEAN Community.

The adoption of the Bali Concord II can be seen as a concrete recognition by the ASEAN Leaders that integration and community building requires some degree of similarities in economic, political, and socio-cultural development of member states. Unlike in the EU where these similarities in the economic and political fields are promoted through cohesion policies and funds used prior to formal admission, ASEAN does not have any admission criteria. Hence, the three pillars of the ASEAN Community represent the goal of achieving cohesion post facto or after the act of admission to the Association had been accomplished.

This movement of ASEAN from economic and functional cooperation to

economic integration and enhanced cooperation to include other fields, including political and security was also driven by domestic imperatives, such as the necessity for regimes to deliver on their people's expectations to live in conditions of domestic peace, prosperity, and stability on the one hand, and to gain regime legitimacy on the other hand.

These recent developments are a remarkable sign of progress in Southeast Asian regionalism, particularly in the light of ASEAN's long-standing commitment to the norms of the Westphalian international system that work to preserve the autonomy and sovereign independence of nation states. Equality of states, respect for their national sovereignty and territorial integrity, non-interference in their domestic affairs, peaceful resolution of conflicts, and non-threat and non-use of force are the operating norms of ASEAN. These have served to attract the participation in ASEAN activities and processes of countries long removed from the mainstream of regional interactions, such as Myanmar and China to join its processes and become active participants in its gamut of mechanisms including the ARF and the ASEAN +3, and in the case of Myanmar to become a member of ASEAN.

These norms and processes served as strategic confidence building measures that brought these countries out of their relative isolation from the region and the world into regional engagement. But ASEAN has reached a substantive and challenging crossroads where its norms and processes need to be transformed in response to these changing and challenging times, and in particular to realise the goals of Bali Concord II. The development and adoption of an ASEAN Charter seems to

be an imperative of this changed environment where ASEAN must move and act if it were to remain relevant as it retains its capacity for resilience. This time around, there would be a need to include the interests and expectations of the peoples of ASEAN in its goals as well as in the shaping of decisions. Thus, consultations with groups outside government circles, the use of track two dialogues, and recognition of initiatives to include the peoples in community-building began to gain currency in ASEAN official practice.

The Development of an ASEAN Charter: Process and Track Two Participation

At the 11th Summit of ASEAN Leaders in Kuala Lumpur on 12 December 2005, an agreement to have a formal charter for ASEAN was adopted. Subsequently, the ASEAN Leaders appointed an Eminent Persons Group (EPG) tasked to conduct a study and to make proposals for an ASEAN Charter. Composed of former high-ranking government officials, including former Philippine President Fidel V. Ramos, Malaysian Deputy Prime Minister Musa Hitam, and Indonesian Foreign Minister Ali Alatas the EPG was assisted by former officials with personal experience in working on ASEAN matters and other regional specialists. Former Indonesian Foreign Minister Ali Alatas sought the assistance of the ASEAN ISIS to propose ideas that, he hoped, would be incorporated into the EPG report to the ASEAN Leaders.

Involving Track Two: AI Participation

ASEAN ISIS (AI) has had a long history of providing inputs to ASEAN policy making.⁶ Its regular interface with the ASEAN Senior Officials Meeting (ASEAN SOM) started in 1991 when its memorandum, *A Time for Initiative: Proposals for Consideration of the Fourth ASEAN Summit* argued for the establishment of what we now know as the ARF, AFTA, and the Special SOM consisting of political and defence officials. Its earlier memorandum on human rights and the environment helped shape ASEAN perspectives on these matters, particularly during the 1990s debate on “Asian values”. One of its three flagship programs, the 14-year old ASEAN ISIS Colloquium on Human Rights (AICOHR) includes the future establishment of a regional human rights mechanism as a principal goal while it contributes through annual dialogues to the building of a human rights constituency in the region. The proposals for an ARF, AFTA, and a Special SOM were adopted by the Fourth Summit and the proposal to establish a regional human rights mechanism is part of the plans for the building of an ASEAN Security Community.

Since 1991, the Joint Communiqué of the ASEAN Annual Ministerial Meeting (AMM) has included a paragraph recognising the contribution of ASEAN ISIS to ASEAN activities including the provision of inputs to ASEAN policy-making. In fact, its third flagship project, the ASEAN People’s Assembly (APA) is recognised in the VAP as one of the regional mechanisms for the promotion of people-to-people contacts, particularly to ASEAN community building.⁷ Consequ-

ently, the response of ASEAN ISIS to the appeal for assistance in thinking through the issue of an ASEAN Charter was nothing but positive and immediate.

As soon as the request came to the Center for Strategic and International Studies (CSIS) - the Secretariat of ASEAN ISIS - the ASEAN ISIS Heads convened in Singapore in March 2006 and then in April 2006 in Ubud, Bali, Indonesia.⁸ With the material support of the Konrad Adenauer Stiftung (KAS), the ASEAN ISIS brainstorming on the ASEAN Charter produced a Memorandum on the ASEAN Charter (Annex 2). It then submitted the memorandum to the EPG, Philippine Secretary of Foreign Affairs Alberto G. Romulo, and Indonesian Foreign Minister Hassan Wirayuda, as well as ASEAN Secretary-General Ong Keng Yong on 18-19 April 2006 during the EPG meeting and the retreat of the ASEAN Foreign Ministers in Ubud, Bali, Indonesia.

At the Singapore brainstorming meeting, the ASEAN ISIS heads agreed that the Charter should be forward-looking and people-centred, two characteristics that are serious departures from the ASEAN way of doing things (viz., slow and status-quo oriented and state-centric). They agreed that while it is important to recognise ASEAN’s norms and principles and past achievements in the Charter, there have to be new elements particularly, new ideas and institutions to strengthen ASEAN and to enable it to achieve its goal of a three-pillared ASEAN Community. They agreed to include in their memorandum proposals for new structural and institutional arrangements, new norms particularly, the need for compliance with decisions made, the

application of sanctions for non-compliance, and various modes of decision making other than consensus for crucial matters as will be discussed below.

The ASEAN ISIS Memorandum on the ASEAN Charter, 18 April 2006

The memorandum includes prefatory parts such as introduction, rationale for a charter, purposes of the charter, and nature of the charter. The fourth part deals with the elements of the Charter and includes the objectives of ASEAN, its principles of cooperation, and the proposed organs and institutional arrangements (the ASEAN Summit, General Council for ASEAN Community, ASEAN Standing Committee, ASEAN Secretariat, ASEAN Court of Justice, ASEAN Peace and Reconciliation Council, ASEAN Consultative Processes, ASEAN External Relations, Decision-Making Process, Rights and Obligations, Forms of Sanctions, and Financial Matters). The fifth part contains a conclusion which argues that the charter is intended to provide ASEAN cooperation with a more solid basis to respond to the challenges brought about by changes in the national, regional, and global environment.

The most significant part of this memorandum for institution building is the fourth part containing the elements of a proposed ASEAN Charter, particularly the proposed organs and institutional arrangements. It recognises present institutional arrangements such as the Summit, the ASEAN Standing Committee, and the Secretariat. However, apart from the Summit as the highest decision making body of ASEAN, the two other structures

presently in existence are reformed to such an extent that they might as well be new organs. The ASEAN Standing Committee, for example, is one of the five proposed principal organs of ASEAN, but it shares only the name of the present ASEAN Standing Committee. It will be newly established with prescribed membership and the purpose to support the work of three councils corresponding to the three pillars of the ASEAN Community which are also new bodies.

The five proposed principal organs are: the Summit; the General Council composed of ministers responsible for the realisation of the AEC, ASC, and ASCC with three councils corresponding to each of the three pillars; the new ASEAN Standing Committee; the Secretariat which will be given new powers under the Secretary-General and deputies for each of the three pillars of the ASEAN Community; a new and independent ASEAN Court of Justice; and the ASEAN Peace and Reconciliation Council to serve as an advisory body for conflict prevention, conflict resolution, and post-conflict peace building, and to play a role in these areas when requested to do so. These two latter councils are directly connected to the building of an ASEAN Security Community. The Secretariat under the Secretary-General would be strengthened in particular by providing it with monitoring powers over decisions made by the various decision-making bodies. This would improve ASEAN's performance which is so far noted as grossly inadequate and lacking in implementation.

Another institutional innovation consists of consultative processes which ensure the involvement of peoples, civil society groups, private business, and

parliamentarians in the policy-making process, including agenda-setting and monitoring of the implementation of commitments undertaken by ASEAN member states. These consultative processes will help ensure that ASEAN and its charter will become and remain people-centred. Decision-making will continue to be done by consensus, but failing this, the memorandum proposes a two-thirds majority vote of member states. The other exception to consensual decision-making is in crucial matters where the member state under consideration is excluded from the consensus. These crucial matters are:

- (1) when a government comes to power through unconstitutional means such as a military coup;
- (2) when a democratically elected party (parties) is unlawfully prevented from constituting a government,
- (3) when a government is engaged in gross and sustained violations of human rights,
- (4) when a member state fails to make financial contribution and pay its dues to ASEAN, and
- (5) any other matter deemed as consistent and deliberate non-compliance with ASEAN principles.

It is notable that these crucial matters speak directly or indirectly to the elements of shaping and sharing of norms and political development envisioned in the ASEAN Security Community and the VAP.

Also new and an advancement in institution-building is the proposed adoption of sanctions for non-compliance, including exclusion from participation in ministerial-level meetings, suspension

from participation in all ASEAN meetings, limitation of government-to-government contacts and other similar measures, and any other measures agreed upon by the ASEAN Summit. This provision for sanctions is nothing but revolutionary in the history of institution-building in ASEAN.

Finally, to ensure these new arrangements work as intended the memorandum proposed a new funding scheme where member states are grouped into four categories of contributions based on a weighting of GDP (15%) and GDP per capita based on PPP (85%) which would result in a ratio of 1:24 between the lowest and the highest contributions. When truncated to 1:6 and slightly corrected for simplification, the four groups would be Brunei, Indonesia, Malaysia, Singapore, and Thailand as the highest contributing members (at 6), followed by the Philippines (at 4), then by Vietnam (at 3), and Cambodia, Laos, and Myanmar (at 1) at the lower end. This scheme is up for review every five years.⁹ A basic contribution to the ASEAN Development Fund is USD 1 million for every member state which can be topped up by voluntary contributions.

Realising the ASEAN Economic Community, ASEAN ISIS Memorandum No. 2/2006

The second memorandum ASEAN ISIS submitted to the EPG criticised existing mechanisms for economic integration in ASEAN as inadequate for the realisation of the ASEAN Economic Community whose declared goal is to make the region a single market and production base,

turning regional diversity “into opportunities for business complementation” such that ASEAN can become “a more dynamic and stronger segment of the global supply chain”. To do this, the AEC which is an “FTA plus” or a “Common Market minus” - since it does not provide for all the elements of a full common market, particularly the free flow of labour and capital – must aim, beyond 2020 to become a full Common Market.

In this regard, the memorandum stressed the need for the ASEAN Charter to ensure the realisation of the ASEAN Economic Community by encouraging ASEAN governments to move towards (1) broadening the goal of the AEC beyond 2020 towards a full Common Market, (2) ensuring that no member state gets left behind in the regional integration process, (3) depoliticising economic issues by making economic dispute settlement a legal process and removing economic integration from the control and management of bureaucrats and putting it in the hands of professionals working within the proposed monitoring-empowered Regional Units working within a strengthened ASEAN Secretariat, (4) creating a more effective Dispute Settlement Mechanism (DSM) with powers to make legally binding decisions, (5) adopting new measures to improve Rules of Origin (ROOs) and to deal with non-tariff measures (NTMs), and (6) improving investment and competitiveness as integration deepens through cooperation among the ASEAN governments in “behind-the-border-measures” which require political will to undertake.

It needs repeating that to realise the AEC the ASEAN Charter must encourage the ASEAN governments to move in the

direction of the above list. (See Annex 3) In this sense, the ASEAN Charter can help in regional economic institution building.

On Mechanisms to Reduce Gaps Among ASEAN Member States, ASEAN ISIS Memorandum No. 3/2006

The third memorandum produced by ASEAN ISIS for the EPG stressed the importance of treating Cambodia, Laos, Myanmar, and Vietnam (CLMV) differently from the older ASEAN member states. The rationale for this is that trade and investment liberalisation does not yield equal economic benefits to all states. As transition economies, the CLMV do not have “adequate market players, rules and regulations, institutions, and capacity to implement responsive and correct macroeconomic policies”.

Therefore, to narrow the development gap among the member states of ASEAN, the CLMV must be provided with a development agenda that reinforces trade and investment liberalisation and domestic restructuring. This agenda must include adequate development assistance in technical and financial areas to develop both institutional and human resource infrastructures for the CLMV. (See Annex 4)

Other research and training institutions in Southeast Asia came up with their own initiatives and proposals for an ASEAN Charter. Among them are two Singapore-based institutions: the Institute of Southeast Asian Studies (ISEAS) and the Institute of Defence and Strategic Studies (IDSS). These efforts however are not covered by this paper.

Epilogue

The thrust of this paper has been to analyse how regional institution-building in Southeast Asia might be served by the ASEAN Charter. In this regard, one can only surmise how this would work in practice. The EPG's task is only the beginning of the process of developing and adopting an ASEAN Charter. When it submitted its report to the 12th Summit in Mactan, Cebu, the Philippines, it was reported that it did not include a recommendation on a regional human rights mechanism. Philippine President Gloria Macapagal Arroyo who chaired the ASEAN Standing Committee in 2006-2007 and therefore, hosted the 12th Summit was reportedly the reason for the inclusion of a recommendation on this matter in the EPG report. The 12th Summit in January 2007 appointed the High Level Task Force to Draft the ASEAN Charter (HLTF) and tasked it to report to the Leaders at their next summit in Singapore in November 2007. It is widely known that the Leaders wish to adopt an ASEAN Charter by 2008 at the latest, to push the realisation of the ASEAN Economic Community forward to 2010-2015, and that of the ASEAN Community to 2015. Singapore, the host of the 13th Summit appears determined to adopt the ASEAN Charter during its watch.

In which ways can an ASEAN Charter work as an institution-building mechanism? *First*, the Charter is in itself a vehicle that establishes ASEAN as a legal personality, transforming it from a loose grouping of sovereign nation states to an intergovernmental organisation which is also a legal entity. Like the United Nations and other international organisations, it would possess rights and duties under

international law.

Second, as already explained above, at least one of the proposals for an ASEAN Charter contains bold measures including the establishment of new institutions, norms, and processes as well as the restructuring and/or strengthening of existing institutions such as the Secretariat and the Secretary-General. The proposal even argues for the adoption of binding decisions, moving away from consensual decision-making in crucial matters falling within the domestic affairs of member states, and the application of sanctions for non-compliance.

Third, consultative processes are proposed to be set up and to be institutionalised, although the non-governmental groups that would avail of these consultative mechanisms would not be part of official ASEAN. These consultative processes will enable people, civil society groups, private business, and parliamentarians to provide inputs in agenda-setting and decision-making, as well as to assist in monitoring the implementation of agreements. This will enable ASEAN to be more on target with respect to people's aspirations and assist ASEAN to remain focused on the implementation of agreed programmes and projects, making it a more effective organisation.

Fourth, the fact that the various proposals for institution-building through the ASEAN Charter are linked to the three pillars of the ASEAN Community would help ensure its achievement and institutional development. Without institution-building to be mandated and made compulsory by the Charter, the realisation of the ASEAN Community could be compromised.

Fifth, in the view of the ASEAN ISIS Heads, their first memorandum on the ASEAN Charter, although forward-looking and bold in many respects, also build upon existing mechanisms, norms, programmes, and visions of the grouping, and therefore are in congruence with ASEAN values, future goals, realisation of the challenges facing the Association, and what are required to meet these goals and challenges successfully. This represents institutional growth in ASEAN through adaptation.

At the same time, this approach of building upon existing institutions and processes should also facilitate the acceptance by the Leaders of many of the proposals outlined in the memorandum, assuming these ideas reach the Leaders' Summit and are not derailed in the long process between the submission of the memorandum, to the work of the EPG, through filtering by the SOM of the work of the HLTF, and the acceptance of the HLTF draft by Foreign Ministers at the July 2007 AMM before being elevated to the Leaders' Summit in November 2007.

In fact, such a derailment almost took place when the HLTF was admonished by the ASEAN Senior Officials to draft a charter that is "practical and implementable", a guideline contrary to the mandate given to the HLTF at the 12th Summit namely, to draft a charter that is "bold, visionary, and people-centred". The Senior Officials reportedly included in their marching orders given to the HLTF that the draft should include an enabling provision for a regional human rights body, but should not include sanctions and majority voting arrangements. This information was shared by the HLTF Chair at consultations

with civil society groups in various ASEAN locations while it was conducting its work.

A practical and implementable charter can not be bold, visionary, and people-centred since the current official practice in ASEAN is to preserve the *status quo* as far as possible, including its norms and principles, to pay only lip service to people's expectations, and to take the path of least resistance in general. The composition of the HLTF mostly of retired and active duty bureaucrats who generally prefer the stability of existing rules and regulations rather than venturing into unknown terrain, seeking approval instead of displeasure from their superiors, conducting business as usual in spite of sea changes happening at the domestic, regional, and global levels does not conduce to the production of a bold, visionary, and people-centred charter.

For this reason, the ASEAN ISIS Heads hoped that the HLTF would include some of their own who, at one time or another had publicly addressed the Leaders arguing that the time for foot-dragging in ASEAN is over and what ails it is the need to implement decisions already made. Unfortunately, this hope was in vain.

Nevertheless, the process of drafting the Charter demonstrated what leadership by the summit host (who caused the inclusion of a recommendation on the establishment of a regional human rights body in the EPG report to the 12th Summit) and forward-looking foreign ministers can do to help ASEAN community-building prosper. When the HLTF draft worded the enabling provision on a regional human rights commission simply as ASEAN "to consider the establishment of [...]", it was reported

that two foreign ministers, the Philippines' Alberto G. Romulo and Indonesia's Hassan Wirayuda insisted on its replacement as ASEAN "shall establish [...]" a regional human rights commission. And while sanctions and various forms of majority voting were not included in the draft submitted to the July 2007 AMM, it was understood that these issues will be negotiated further. Instead of using the term "sanctions", other terms such as "measures in the event of non-compliance" are reportedly being negotiated, as well as leaving to the consideration of the Leaders instances when departure from consensus decision-making would be made.

Whether the High Level Task Force would eventually take cognisance of the points made in this notably coherent first ASEANISIS memorandum independently of the EPG Report, and whether the ASEAN Leaders would accept many of the proposals in the memorandum are matters beyond anybody's predictive abilities. What is certain is that the first ASEAN ISIS memorandum on the ASEAN Charter will contribute richly to institution-building in ASEAN and facilitate the realisation of the ASEAN Community as well as to help regionalism and integration in Southeast Asia prosper if and when taken seriously at various levels of ASEAN decision-making.

It is this uncertainty over the quality of the draft ASEAN Charter that will be considered at the 13th Summit in November 2007 which has led some officials and analysts to argue that if the draft charter is not bold, visionary, and people-centred as envisioned by the 12th Summit, it might be wise to postpone its adoption at the 13th Summit,¹⁰ and instead continue negotiation and

refinement of this present draft until a draft is agreed upon that is more conducive to the realisation of the ASEAN Community and to meeting the challenges facing ASEAN in the 21st century.

List of Annexes

1. ASEAN Institutes of Strategic and International Studies (ASEAN ISIS). "A Track Two Report to ASEAN Policy Makers – Towards an ASEAN Economic Community." Jakarta, March 2003.
2. "The ASEAN Charter," ASEAN ISIS Memorandum No. 1/2006, Bali, Indonesia, 18 April 2006.
3. "Realising the ASEAN Economic Community," ASEAN ISIS Memorandum No.2/2006, August 2006.
4. "On Mechanisms in ASEAN to Reduce Gaps Among Members," ASEAN ISIS Memorandum No.3/2006, August 2006.

ANNEX 1

A Track Two Report to ASEAN Policy Makers: Towards an ASEAN Economic Community

Introduction

1. On 9 March 2003, a number of individuals representing members of ASEAN ISIS (Institutes of Strategic and International Studies), and the AEF (ASEAN) Economic Forum met in Singapore to discuss the idea of an ASEAN Economic Community, policy directions for ASEAN and possible steps to be taken by ASEAN to realise that concept. The meeting was convened by SIIA (Singapore Institute of International Affairs) and CSIS (Centre for Strategic and International Studies) of Indonesia.
2. The meeting began with a presentation of the *Concept Paper on the ASEAN Economic Community* prepared by ISEAS, followed by a presentation of *A Policy Discussion Paper: Towards an ASEAN Economic Community* prepared by CSIS. The agenda included a brief presentation on the ASEAN Competitiveness Study Prepared by McKinsey and Company.
3. Participants agreed that the time has come for ASEAN to deepen and to accelerate its economic integration. The idea of an ASEAN Economic Community is seen as a logical extension of the various initiatives taken and implemented by ASEAN thus far towards greater economic integration. In other words, building an ASEAN Economic Community is the next logical step for ASEAN to take. This next step, however, requires a strong and firm commitment by ASEAN members to move forward in a credible and timely manner.
4. ASEAN's position on the regional and global stage has been adversely affected by developments in the past few years. ASEAN's challenge is not simply to restore its position or to catch up with the rapid progress in the region and the world. It needs to be ahead of the curve, at least in Asia. Deepening, and acceleration of regional economic integration, pursued through the ASEAN Economic Community project, will significantly elevate ASEAN's attractiveness as a global production base, drawing quality investments into the region and thus, will help sharpen the region's competitive edge. Deeper ASEAN integration is a key element in the grouping's growing trade and economic ties with other countries, and should proceed in tandem with such extra-regional efforts.
5. Diversity in the region, if properly capitalised on, can become ASEAN's greatest asset. Economic integration contributes to regional cohesion. This will strengthen ASEAN's bargaining power and geopolitical influence. The

ASEAN Economic Community Project, pursued in tandem with serious efforts to create an ASEAN Security Community, will transform the region into a zone of peace and prosperity, a force of stability in the wider region, and a constructive player on the global stage. These two efforts are mutually reinforcing.

6. Participants are of the view that the idea of an ASEAN Economic Community by 2020 is already firmly placed on the ASEAN agenda. It is important for ASEAN members to be more precise on the ultimate form of integration, to agree on the appropriate (sensible and feasible) path to achieving it, and to commit to greater institutional integration to successfully carry out the project. Participants are also of the view that the timeframe and credibility of the process are critical to the undertaking.

Ultimate Form of Integration

7. The vision for ASEAN economic integration, as contained in the ASEAN Vision 2020, envisaged “a stable, prosperous, and highly competitive ASEAN Economic Region in which there is a free flow of goods, services, investment, [and] a freer flow of capital.”
8. Participants suggest that there may be two ways to approach the task of formulating more precisely the ultimate form of integration. One way to do this is to start from where ASEAN is today and to define the

ASEAN Economic Community essentially as an “FTA Plus” arrangement that includes some elements of a common market. The other way to do this is to aim for the creation of a fully integrated market, and specifically address the areas where members will reserve deeper integration for a later stage, namely beyond 2020. The latter approach can be seen as a “common market minus” arrangement. This approach can be more liberalising. Its additional advantage lies in the explicit formulation of some kind of a “negative list” that can also be brought under the umbrella of the integration project.

9. A common market implies complete free flows of trade, including internal trade as in a customs union, as well as free mobility of labour and capital. Full mobility of labour involves the right to reside and to accept employment in all member countries, and mutual recognition of professional and technical qualifications. Full capital mobility requires lack of exchange controls, and full rights of establishment for firms in all countries. It has been argued that credible removal of tariffs may require policy harmonisation or common policies on taxes, wages, prices, etc. it may even require common rules governing competition and monopoly, and in environmental regulations. It is still a matter of controversy whether a full common market can be established without a single currency and a common system of prudential regulations of banks and other financial institutions.

10. Under the AFTA program, the region will achieve completely free flows of goods by 2020 already. In fact, the ASEAN-6 countries have adopted a 'target of zero' tariff AFTA by 2010, and the newer ASEAN member countries have advanced the deadline from 2018 to 2015 for most products. In fact, ASEAN members of APEC may also have introduced zero MFN tariffs by 2020. Under the AIA agreement, by 2020 there will already be free flow of investments, not only amongst ASEAN members but globally. In other words, by 2020 most – if not all – intra-ASEAN liberalisation in trade and investment will be multi-lateralised.
11. In view of the fact that by 2020 many ASEAN members will already adopt zero MFN tariffs and the other ASEAN members may have already brought down many of MFN tariffs to zero, ASEAN has the potential to embark on a programme to harmonise its external tariffs. This can be undertaken through progressive reduction of MFN tariffs by subsets of ASEAN members, especially those with higher tariffs. In the context of the WTO round, ASEAN members can develop common strategies to reduce their MFN tariffs. All these efforts help accelerate the free flow of internal trade (as in a customs union) and will significantly reduce transaction costs due to the progressive elimination of rules of origin requirements. It is indeed possible that by 2020 ASEAN will effectively become a customs union. This need not be seen as leading to the creation of a "Fortress ASEAN" because it results from progressive elimination of MFN tariffs. In moving in this direction, it should be recognised that some ASEAN members already have low or no tariffs (Brunei Darussalam and Singapore) and that these policies should be accommodated and indeed emulated by other ASEAN members.
12. The ASEAN Vision 2020 proposes to accelerate the liberalisation of trade in services. This will be pursued under the ASEAN Framework Agreement on Services (AFAS), which is meant to be more progressive than under the GATS (General Agreement on Trade in Services) of the WTO, namely GATS plus. In the area of services liberalisation, two issues need to be contemplated in greater depth. First, it is perhaps most important for ASEAN to focus on the sequencing of its services liberalisation, starting with cooperation in strengthening the regulatory environment and institutional capacity. Second, it may well be that the liberalisation of services should immediately be undertaken beyond ASEAN. This means the adoption of an ASEAN policy of global opening for its services sectors.
13. The ASEAN Vision 2020 specifically proposes to accelerate the free flow of professional services. There have been proposals to remove barriers to the movement of skilled labour in ASEAN. The free flow of professionals and skilled labour may be seen as an important element of investment

liberalisation in the region. Liberalisation for such skilled professionals should be prioritised. However, it should also be noted that significant movement of unskilled labour has already taken place in the region. Regularised flows are a means to creating a progressively liberal environment in this area. A common policy approach to regularise these flows should be brought under the umbrella of the integration project, taking into account the different population and geographical characteristics in each member state.

14. Free mobility of capital in ASEAN is another important element of investment liberalisation in the region. Financial sector liberalisation in the region should be focused on its appropriate sequencing and accordingly promote cooperation in strengthening the regulatory environment and institutional capacity. With a few exceptions, the region already has liberal exchange regimes. Concerns over the volatility of short-term capital flows are legitimate and can be addressed through the development of a common policy approach.
15. The development of common policy approaches could lead to the practice (and habit) of policy harmonisation that will also characterise the ASEAN Economic Community.

Path Towards Deeper Integration

16. An assessment of the region's "initial conditions" for integration suggests

that simultaneous trade and investment liberalisation should indeed be ASEAN's main vehicle for integration. In view of the gaps that exist amongst members of ASEAN, particularly between ASEAN-6 and CMLV, it appears that investments – more so than trade – provide the glue to hold ASEAN together. ASEAN has appropriately embarked on trade and investment liberalisation through AFTA and AIA. The next step is to consolidate these two undertakings. Fast tracking of specific sectors or areas may help build capacity and constituency.

17. Mutual trade dependence and relative symmetry were the main reasons for the reliance by the European Community (EC) on trade liberalisation alone as the engine for subsequent integration of factor and service markets. It should be noted that most services were left untouched by intra-EC liberalisation until the 1990s. Initially, this focused only on financial services, telecommunication, and transport. Later it was extended to include electronic commerce, electricity, and natural gas, railways, and postal services. The Single Market Programme in 1992 led to the introduction of mutual recognition of standards and a series of concrete measures to enhance competition in service markets.
18. ASEAN's economic integration project, which is driven by a deepening and acceleration of trade and investment liberalisation, will also need to introduce some safeguard mechanisms that are based on clear

- principles. Participants have stressed the importance of these safeguards but point to the need to ensure that they do not become obstacles to longer-term liberalisation efforts.
19. Attempts must always be made to achieve some overall balance of gains for members. This is the first principle. Experience elsewhere has shown that a trade-off can be made between net economic costs and political benefits for members. If this cannot be achieved, some flexibility can be adopted. This principle is known as ASEAN minus X (or 10-X). However, it may be more appropriate to formalise a two-speed ASEAN, which can involve different subsets of ASEAN members for the different areas of cooperation. The implementation of a two-speed ASEAN should be based on an agreement by all ASEAN members and on a case-by-case basis. It should be accompanied by commitments to and efforts to bridge the gaps within ASEAN.
 20. ASEAN may want to introduce the principle of redistribution of income or resources, which could be formalised into either compensation schemes or joint efforts to provide regional public goods that would benefit the less developed members of ASEAN most, so as to ensure political feasibility of the integration project.
 21. There may be a need to exclude, temporarily or even permanently, some sensitive sectors from the liberalisation objective. However, ASEAN must come to an agreement to bring these sectors under the umbrella of the integration project through a common policy approach. Such common policies can focus on managing production and trade. The use of domestic policy instruments (e.g. subsidies) as a substitute for trade policy should also come under some common discipline.
 22. A critical element of the integration project is the establishment of a credible dispute settlement mechanism (DSM). With the adoption of the Protocol on Dispute Settlement Mechanism in 1996, ASEAN has begun to move to more formalised dispute settlement mechanisms. However, dispute settlement within ASEAN should be taken out of the political realm (involving senior officials and ministers) and be brought into the legal realm. Participants strongly believe that the success of the undertaking will depend on the existence of a credible DSM. The composition, structure, and operation principles of the DSM should be clearly defined. Consent of all the parties to a dispute should be the core principle of the mechanism so as to be able to produce credible binding solutions.
 23. The adoption of a common external trade policy is another important element of the integration project. This is particularly the case since ASEAN as a group as well as individual ASEAN members have embarked on a series of preferential, discriminatory free trade agreements (FTAs). Such a common policy would include the development of a common ROO (rules of origin)

approach/methodology. It may also help define the role for the first mover(s) to use the FTA to strategically engage respective partners in the Southeast Asian region as a whole. ASEAN may need to embark, sooner rather than later, on harmonising the external tariffs of its members. Subsets of ASEAN can do this by forming separate customs unions that will also help accelerate the reduction of MFN tariffs.

Institutional Design

24. Participants believe that for ASEAN to be able to move ahead it must be transformed from being an inter-governmental cooperation structure into a regional institution. This process will be gradual, but a strategic introduction of its “regional units” into the existing structure can bring about significant results.
25. It is imperative that the ASEAN Secretariat be continuously strengthened. ASEAN be continuously strengthened. ASEAN governments must be ready to put greater resources into the ASEAN Secretariat. The principle of equal contribution by all members should be abandoned and be replaced by a more creative formula. A stronger ASEAN Secretariat can function as the driver and guardian of the integration objective. Existing units should gradually be transformed into regional units, staffed by nationals who are formally independent of governments. The ASEAN Secretariat

could eventually be transformed into an ASEAN Commission. National level political oversight continues to be provided by the AMM (with the assistance of SOM) and the AEMM (with the assistance of SEOM) or eventually an ASEAN Council of Ministers.

26. A DSM forms an integral part of the institution. As shown by experience elsewhere, a credible DSM can be established even at the early stages of institutional integration. A mechanism to monitor progress also needs to be established.

Recommendation

27. Participants believe that ASEAN policy makers can and should come up with a more precise understanding of the ultimate form of ASEAN economic integration. An ASEAN Economic Community as described in this Report is achievable in 2020. It is a logical extension of the various initiatives taken and implemented by ASEAN. It is also consistent with the ASEAN Vision 2020.
28. The main focus should be given to achieving genuinely and completely free flows of trade and investment as the main vehicle for ASEAN integration.
 - a) The most important step is the consistent implementation and acceleration of the AFTA and AIA programmes.
 - b) Measures should also be taken to seriously eliminate all non-tariff barriers.
 - c) Harmonisation of external tariffs

- must soon be introduced into the ASEAN agenda, especially amongst members with higher tariffs.
- d) A host of facilitation measures, such as harmonisation of customs procedures and standards, and other measures as proposed in the ISEAS Concept Paper and the ASEAN Competitiveness Study (ACS), are to be undertaken as part of the short term timeframe, namely in the next two years.
 - e) A credible DSM should be established also within the next two years.
 - f) ASEAN policy makers should officially adopt the principle of a “two-speed” ASEAN.
 - g) ASEAN policy makers should support the creation of “regional units” as a first step towards institutional integration. Regional units are staffed by nationals who are formally independent of governments.
- h) ASEAN should agree on introducing safeguard mechanisms, but these safeguards will be managed by the “regional units”.
 - i) Regional Units should also be given charge of other areas where common policy approaches have been adopted. This includes the management of development collaboration (e.g. IAI) and the monitoring of progress. In these two areas such regional units should be established immediately.
29. ASEAN member states should consider focusing on the effort to move towards an ASEAN Economic Community, with leaders giving strong political support and impetus to moving forward with the proposal.

Jakarta, March 20003

This report has been prepared by the Convenors of the Track 2 Meeting, namely the Centre for Strategic and International Studies (CSIS) of Indonesia and the Singapore Institute of International Affairs (SIIA) on the basis of discussions involving the following individuals:

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- 2. Mr. Shahrin Mohd. Tamit
- 3. Ms. Shazainah Shariffudin

ASEAN ISIS (AI)
ASEAN Economic Forum (AEF)
AI

Cambodia

- 4. Dr. Kao Kim Hourn

AI

Institution Building through an ASEAN Charter

Indonesia

- | | |
|-----------------------|------------|
| 5. Mr. Jusuf Wanandi | AI |
| 6. Dr. Mari Pangestu | AI and AEF |
| 7. Dr. Hadi Soesastro | AI and AEF |

Laos

- | | |
|------------------------------|----|
| 8. Amb. Sengchanh Soukhaseum | AI |
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Malaysia

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| 9. Dato' Moh. Jawhar Hassan | AI |
| 10. Dr. Mahani Zainal Abidin | AEF |

The Philippines

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| 11. Dr. Carolina G. Hernandez | AI |
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Singapore

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| 12. Mr. Simon Tay | AI |
| 13. Dr. Hank Lim | AI and AEF |
| 14. Dr. Chia Siow Yue | AEF |
| 15. Dr. Eric Teo | AI |

Thailand

- | | |
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| 16. Dr. Chookiat Panaspornprasit | AI |
| 17. Dr. Narongchai Akrasanee | AEF |

Vietnam

- | | |
|---------------------------|----|
| 18. Amb. Trinh Quang Tanh | AI |
|---------------------------|----|

The meeting was also attended by Dr. Denis Hew, who also made the presentation on the Report by ISEAS, Mr. Adam Schwarz and Ms. Eleanor Chye, who presented the ASEAN Competitiveness Study by McKinsey, and Ms. Yvonne Yew from the Singapore Ministry of Foreign Affairs as observer.

ANNEX 2

THE ASEAN CHARTER

**ASEAN Institutes of Strategic and International
Studies
(ASEAN-ISIS)**

**Memorandum
No. 1 / 2006**

**Bali, Indonesia
18 April 2006**

THE ASEAN CHARTER

ASEAN-ISIS Memorandum
No. 1 / 2006
Bali, Indonesia, 17 April 2006

A. Introduction

1. On 12 December 2005, leaders of the Association of Southeast Asian Nations (ASEAN), during the 11th Summit in Kuala Lumpur, decided that it is time for the Association to have a formal charter as the basis of cooperation. The decision should be seen as the basis not only for consolidating its achievements, but also for promoting further necessary changes in order to adapt to the changing environment and challenges.
 2. The agreement to have a charter provides an opportunity for ASEAN to once again demonstrate its maturity and efficacy as a forward-looking organisation. Therefore, for ASEAN to move forward and engage in a meaningful cooperation in the future, this opportunity should not be missed. In this Memorandum, the ASEAN Institutes of Strategic and International Studies (ASEAN-ISIS) sets out to propose how such a charter should be conceived.
- decades of cooperation. ASEAN is now a regional home for all ten Southeast Asian countries. It has served the Member States well. Since its inception in August 1967, ASEAN has functioned as the bedrock of regional stability which, in turn, facilitated the attainment of prosperity. Both the quest for stability and the pursuit of prosperity have been carried out through cooperative efforts among Member States, in the spirit of togetherness and mutual-respect.

B. Rationale for a Charter

1. On the 8th August 2007, ASEAN will be 40 years old. Much has been accomplished within the span of four
2. During the span of almost four decades of its existence, ASEAN has also established itself as an organisation capable of responding and adapting to the challenges of the day. That has been well demonstrated in three episodes of ASEAN's developments during which it has faced different challenges. First, during the first decade of formative years, ASEAN navigated well in nurturing intra-regional cooperation while managing challenges attendant to the Cold War. Intra-mural cooperation was primarily aimed at building trust among Member States, especially at leaders level.
3. The second period, which started from 1976, can be seen as a period of consolidation. Internally, ASEAN was

faced with the challenge of accelerating economic cooperation marked by the agreement on ASEAN Free Trade Area (AFTA) in 1993. On the political front, conflict in Indochina since 1978 presented the biggest challenge for ASEAN. As the dream of ASEAN-10 finally became a reality with the conclusion of conflict in Cambodia in 1990 and the inclusion of Vietnam and other Southeast Asian states into ASEAN, it embarked upon the task of managing the challenge of expansion and the need to adjust to a new role in the post-Cold War era.

4. The third period, the ascent of globalisation and the outbreak of economic crisis in 1997, presented more complex challenges to ASEAN at the turn of the 21st Century. Within the changing regional and international environment brought about by globalisation, ASEAN is now faced with the challenge of dealing with the resurgence of several problems, including terrorism and the need to deliver on the promise of economic prosperity to its people. There is also the problem of addressing a changing regional and global order occasioned by the rise of China and India.
5. Indeed, as it enters the 21st Century, ASEAN has set out for itself a noble goal of being a community of nations. As envisaged in the Declaration of ASEAN Concord II of 2003, Member States are now bonded together by a commitment to realise an ASEAN Community comprising of three integrated pillars of ASEAN Security Community, ASEAN Economic Community, and ASEAN Socio-Cultural Community. By transforming

itself into a Community, ASEAN seeks not only to ensure durable peace, stability and shared prosperity in Southeast Asia, but also to strengthen its role as the pivot in building peace and stability in the wider Asia-Pacific region. In other words, ASEAN has set out for itself the task of deepening intra-mural cooperation and enhancing extra-mural role, especially in its role as the driver of institution-building in the wider Asia-Pacific region.

6. Realising the ASEAN Economic Community requires deepening of regional economic integration. Past and current experience suggests that without adequate institutional mechanisms, including those that are regional in nature, progress cannot be assured. These institutional mechanisms should help pool resources more effectively, as well as share costs and distribute gains more equitably.
7. ASEAN is clearly aware that challenges to the realisation of these twin goals are formidable. It requires both the consolidation of regional cooperation and the enhancement of its capacity to act effectively in the international sphere. It necessitates organisational adjustments and the assertion of international identity. ASEAN needs to promote greater integration and to have a legal personality. In order to meet these challenges, ASEAN needs to ensure that the ASEAN agreements are effectively implemented. And, the drafting of an ASEAN Charter serves as an important step towards the fulfilment of such requirements. The ASEAN Charter will confer ASEAN

with a solid basis for intra-mural cooperation and for a more effective international role.

C. The Purposes of the Charter

The ASEAN Charter should serve the following purposes:

1. to establish ASEAN as a legal entity;
2. to stipulate ASEAN's goals and objectives;
3. to provide ASEAN with effective legal and institutional frameworks in order to achieve those goals and objectives;
4. to set the direction for ASEAN's future;
5. to define rights and obligations of Member States;
6. to specify ASEAN's working procedures and principles; and
7. to specify dispute-settlement mechanism among Member States

D. The Nature of the Charter

The ASEAN Charter should NOT be:

1. merely a codification of existing documents;
2. a justification for making the existing norms, values, principles and objectives unalterable and inflexible; and
3. state-centric.

The ASEAN Charter should be:

1. open to new ideas and forward-looking;

2. amenable to adjustments as the situation dictates;
3. based on the formation of an ASEAN Community which already provides a road-map for ASEAN; and
4. people-oriented

E. Elements of the Charter

1. Objectives of ASEAN

The objectives of ASEAN as a regional organisation have been set out in various documents. However, there is a need to group all objectives into a single body of document such as in the ASEAN Charter. Those objectives that must be included, among others, are:

- 1) to enhance peace and stability in the region;
- 2) to promote shared prosperity among the peoples of the region;
- 3) to ensure the well being of its people by enhancing human security and eradicating poverty, hunger, disease and illiteracy;
- 4) to strengthen mutual understanding, trust, and confidence through intensifying political and security cooperation;
- 5) to narrow development gaps among its Member States;
- 6) to accelerate regional economic integration;
- 7) to enhance ASEAN economic competitiveness;
- 8) to promote market-driven integration and open regionalism and facilitate the role of the private sector in national

- and regional development;
- 9) to develop and consolidate democracy and the rule of law, and respect for human rights and fundamental freedoms;
 - 10) to enhance good governance in all spheres—political, economic and social;
 - 11) to promote and develop a community of caring societies;
 - 12) to develop and strengthen a common ASEAN identity among its peoples, whilst maintaining their individuality and celebrating their diversity; and
 - 13) to ensure that ASEAN remains an effective and constructive player in international affairs, contributing to regional and global peace, development and prosperity.

2. Principles of ASEAN Cooperation

The ASEAN Charter should serve as a legal document that guides the direction of ASEAN cooperation in the future. ASEAN, its people and its Member States, need to undertake to build the ASEAN Community and pursue the objectives of ASEAN in accordance with the following principles:

- 1) Respect for the dignity, human rights and well being of all peoples, regardless of race, religion, or gender.
- 2) Respect for the sovereignty and independence of all States.
- 3) Respect for the principle of sovereign equality and non-interference in the internal affairs of States.
- 4) Mutual consultation and cooperation on domestic matters that gravely affect the security and well-being of other Member States.¹¹
- 5) Promotion of peace through the subscription to the concept of cooperative and comprehensive security.
- 6) Abstention from threat or use of force in inter-State relations and settlement of differences and disputes through peaceful means.
- 7) Enhance the region's international competitiveness and outward-oriented look through regional economic cooperation.
- 8) Utilise the market to primarily drive the process of economic integration, with the active role of the state, to facilitate efficient economic interactions by private actors, including small and medium enterprises.
- 9) Strive for economic integration in tandem with efforts to narrow the development gaps and regional cooperation to lessen domestic adjustments to economic policies.
- 10) Abstention from further strengthening and enhancing military alliances.¹²
- 11) Preservation of Southeast Asia as a zone that is free of nuclear weapons and weapons of mass destruction.
- 12) Commitment towards the prevention and punishment of international crimes including genocide.
- 13) Adherence to constitutional and democratic change of government.
- 14) Strict observance of international norms and international law in relations with each other and with other States, and faithful fulfilment of its obligations.

3. Organs and Institutional Arrangements

ASEAN should review and rationalise its existing institutional structure to enhance efficiency and effectiveness. The structure should (1) set the direction of the organisation, (2) facilitate the functions of the organisation and (3) ensure the implementation of its programs.

In order to carry out its functions effectively, the principal organs of ASEAN should comprise the following¹³:

- a. The ASEAN Summit.
- b. The General Council for ASEAN Community
- c. The ASEAN Standing Committee
- d. The ASEAN Secretariat
- e. The ASEAN Court of Justice
- f. The ASEAN Peace and Reconciliation Council

A. The ASEAN Summit

The ASEAN Summit shall be the supreme policy-making and decision-making body of ASEAN. It shall comprise the Heads of State/Government of ASEAN Member States, and convene at least once a year, and chaired by the ASEAN Heads of States/Government in rotation.

B. The General Council for ASEAN Community

The General Council for ASEAN Community comprises of ministers responsible for the realisation of the three pillars of the ASEAN Community, and consists of three councils:

1. Council for ASEAN Security

Community, chaired by the Foreign Minister of the hosting Member State;

2. Council for ASEAN Economic Community, chaired by the Minister responsible for international trade of the hosting Member State; and
3. Council for ASEAN Socio-Cultural Community, chaired by the Minister responsible for education and/or culture of the hosting Member State.

The Foreign Minister of the hosting Member State also functions as the Chair of the General Council for ASEAN Community.

The General Council for ASEAN Community is responsible for the implementation of the decisions of the ASEAN Summit and provides policy recommendations to the ASEAN Summit.

In order to support its functions, the General Council for ASEAN Community should (1) establish other ASEAN Ministerial and Official Bodies as it sees fit; and (2) engage and regularly consult with the peoples and civil society, the businesses, and Parliamentary representatives of ASEAN as part of its deliberative and decision-making processes.¹⁴

C. The ASEAN Standing Committee

In order to support the work of the three councils of the Council of ASEAN Community, ASEAN should establish the ASEAN Standing Committees comprising the ASEAN Committee for ASEAN Security Community, ASEAN Committee for ASEAN Economic Community, ASEAN Committee for ASEAN Socio-Cultural Community, the ASEAN Committee for External Relations, and

the ASEAN Committee for Budget and Administration Affairs.

Members of the ASEAN Committee shall be comprised of high level Permanent Representatives from each Member State, appointed by the respective Governments and accredited to ASEAN. The Permanent Representatives shall represent their respective governments at the ASEAN Standing Committee.

D. The ASEAN Secretariat

The ASEAN Secretary-General shall be the chief administrative officer of ASEAN, appointed by the ASEAN Summit upon the recommendation of the ASEAN governments.

The ASEAN Secretary-General should perform the following functions:

- a) Chair the ASEAN Standing Committee;
- b) Oversee the implementation of ASEAN programmes and measures;
- c) Service and ensure the proper functioning of all the organs of ASEAN;
- d) Provide advice on matters of interest to ASEAN;
- e) Conduct research and studies on matters of interest to ASEAN;
- f) Prepare and submit progress and compliance reports on programmes and actions mandated by ASEAN;
- g) Represent ASEAN in international forums when directed by the ASEAN Summit;
- h) Negotiate on behalf of ASEAN when authorised by the ASEAN Summit, and sign the resulting agreements on behalf of ASEAN;
- i) Assume confidence-building and conflict-resolution functions when requested and authorised by the

ASEAN Summit.

- j) Engage and regularly consult with the peoples and civil society, the businesses, and Parliamentary representatives of ASEAN as part of its above functions, especially (b), (d) and (f).

The ASEAN Secretariat should be located in Jakarta and comprise of the Secretary-General and five Deputies Secretary-General, namely, Deputy Secretary-General for Security Community, Deputy Secretary-General for Economic Community, Deputy Secretary-General for Socio-Cultural, Deputy Secretary-General for External Relations, and Deputy Secretary-General for Budget and Administrative Affairs.

Recruitment of ASEAN Secretariat staff should be based strictly on merit, competence and personal integrity and conducted with utmost transparency.

E. The ASEAN Court of Justice

Increasingly, ASEAN is concluding agreements that go beyond political commitments to include legally binding rules and obligations. ASEAN Member States also uphold norms and principles of international law in their relations inter se.

An ASEAN Court of Justice should be established as an independent body to ensure the timely resolution of any disputes that arise, based on the agreed rules and obligations, and the norms and principles of international law. The ASEAN Court of Justice should be empowered to take jurisdiction over:

- (1) ASEAN Free Trade Area (AFTA) and other economic agreements that set out binding rules;

- (2) Inter-state disputes between two and more ASEAN Member States that involve norms and principle of international law, where such disputes are referred by Member States;
- (3) Such other ASEAN agreements as may be agreed that include legally binding rules.

The ASEAN Court of Justice should comprise designated judges determined by Member States. Its existence should not deny the right to recourse of Member States to other judicial bodies such as the International Court of Justice (ICJ).

F. The ASEAN Peace and Reconciliation Council

To assist the Council for ASEAN Community, ASEAN should establish the ASEAN Peace and Reconciliation Council (APRC). The APRC will (1) help, in its advisory capacity, the General Council for ASEAN Community in the areas of conflict-prevention, conflict-resolution, and post-conflict peace-building, and (2) play a role in conflict-prevention, conflict-resolution, and post-conflict peace-building when requested.

Members of the ASEAN Peace and Reconciliation Council should be appointed by the respective governments of Member States. Each State shall appoint two members, one of which should be from the civil society, to serve in the Council for two years. The Chair of the Council should be determined by members themselves.

4. ASEAN Consultative Processes

ASEAN should not be an elitist club or a club limited to government officials. Therefore, ASEAN should establish consultative processes that ensure the involvement of peoples and civil society, the businesses and Parliamentary representatives of ASEAN. These consultative processes should aim to enable these different sectors of ASEAN to contribute towards ASEAN's agenda-setting, and help monitor the implementation of commitments made by ASEAN Member States.

5. ASEAN's External Relations

By acquiring the status as a legal entity, ASEAN's role and responsibility in international affairs would be greatly enhanced. This will require the sustenance of ASEAN's strategic centrality in attaining ASEAN objectives through cooperation with third countries and other regional and international organisations. In this regard, ASEAN should reaffirm its position as the primary driving force in ASEAN-initiated multilateral processes within the wider Asia-Pacific context.

ASEAN's external relations should be based on mutual respect for the independence, sovereignty, equality and territorial integrity. External cooperation should be aimed at helping ASEAN to achieve those objectives embodied in the three pillars of the ASEAN Community.

6. Decision-Making Process

The decision-making process in ASEAN should be based on consensus or, failing

this, by a two-thirds majority of the Member States.

On matters related to the ASEAN Security Community, decisions should be made on the basis of consensus, except in deciding crucial matters, when consensus of all Member States except the Member State under consideration is required.

The crucial matters consist of the following:

- a. when a government comes to power through unconstitutional means such as a military coup;
- b. when a democratically elected party (parties) is unlawfully prevented from constituting a government,
- c. when a government is engaged in a gross and sustained violation of human rights;
- d. when a Member States fail to make financial contribution and pay their dues to ASEAN; and
- e. any other matter deemed as consistent and deliberate non-compliance of ASEAN's principles.

7. Rights and Obligations

As ASEAN moves to become a legal entity with the promulgation of a Charter, it should clearly define rights and obligations of Member States, and specified sanctions accordingly.

Important obligations and rights should include:

- a. right to conduct its own affairs within domestic jurisdiction free from coercion from coercion from any other Member State;
- b. right to submit explanation in the event of the Summit deciding on sanctions;
- c. right to call for assistance from the Association;

- d. obligation to uphold and adhere to the principles of the Association;
- e. obligation to implement agreements; and
- f. obligation of Member States to make the payment to the contribution to the budget.

8. Forms of Sanctions

Sanctions to be imposed on a Member State may include:

- a. exclusion from participation in ministerial-level meetings;
- b. suspension from participation in all ASEAN meetings;
- c. limitation of government-to-government contacts and other similar measures; and
- d. any other measures agreed upon by the ASEAN Summit.

9. Financial Matters

ASEAN should replace the current system whereby all Member States contribute equal amounts to the budget of ASEAN. The contribution from the ASEAN Member States should be fixed according to a banded scale distinguishing among Member States in four bands.¹⁵

10. Review

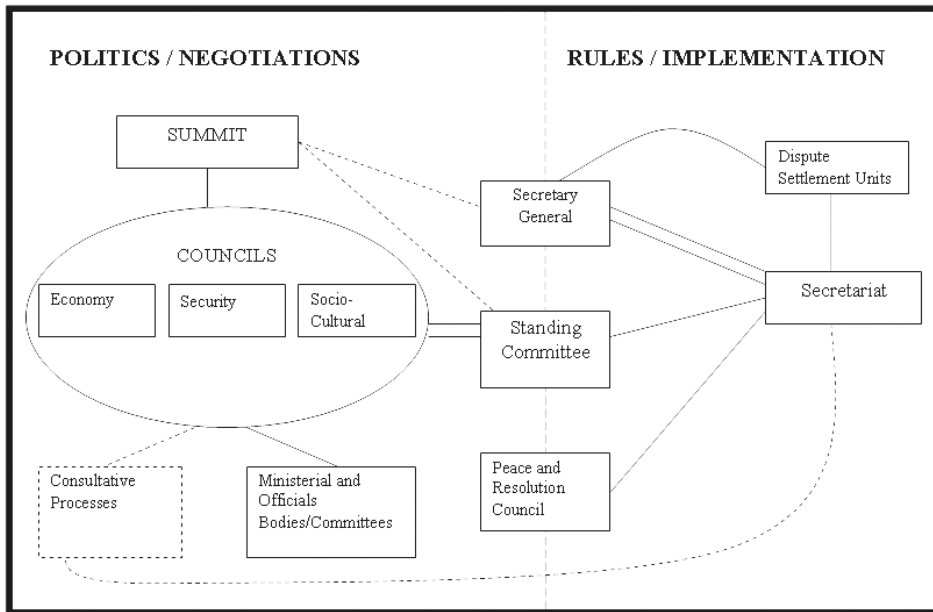
The Charter should be reviewed once in every five years or earlier.

F. Conclusion

The ASEAN Charter is meant to provide a more solid basis for ASEAN cooperation in responding to the challenges brought about by the changing national, regional, and global environment.

Appendix 1

Schematic representation of the principal organs of ASEAN



Appendix 2

Consultative Processes in ASEAN

ASEAN should not be an elitist club or a club limited to government officials. As ASEAN goes forward to integrate, decisions taken and policies set by ASEAN will increasingly affect the peoples, businesses and other sectors. Therefore, ASEAN should establish consultative processes that ensure the involvement of peoples and civil society, the businesses and Parliamentary representatives of ASEAN Member States.

These consultative processes should aim to enable these different sectors of ASEAN to contribute towards ASEAN's agenda-setting, and help monitor the implementation of commitments made by ASEAN Member States.

For this, ASEAN Charter should:

- (1) Empower and oblige its General Council to engage and regularly consult with the peoples and civil society, the businesses, and Parliamentary representatives of ASEAN as part of its deliberative and decision-making processes.
- (2) Empower and oblige the ASEAN Secretary-General and Secretariat to engage with these sectors of ASEAN societies, especially in its functions of overseeing the implementation of ASEAN programmes and measures and in preparing progress and compliance reports on programmes and actions mandated by ASEAN.

The specific modalities for consultations with the peoples and civil society, busi-

nesses and Parliamentary representatives of ASEAN, should be determined, respectively, by the General Council and ASEAN Secretary-General and Secretariat.

These modalities for consultations should be set with a view towards ensuring the fair representation of a broadest possible range of people and opinions. ASEAN should also encourage these different sectors of ASEAN societies to develop their own forums and organisations to better represent themselves and their points of view, and to recognise these different forums and organisations accordingly.

Appendix 3

Members' Contribution to ASEAN Budget

A. Secretariat Operating Budget

Currently members' contribution to the operating budget is equally distributed. In 2005, the total amount was \$8 million, or about 0.005% of the sum total of members' government revenues (budget). In comparison, the EU budget is about 1 to 2% of total government revenues.

- a. Increasing the Total Amount
ASEAN budget should be increased. This could be done gradually to reach 0.025% of total government revenues or an increase of 4 times from the current level by some date certain.
- b. Equitable Distribution
Members' contribution should reflect some notion of members' ability to

pay. In the EU, members' contribution reflects levels of GDP per capita with some adjustments. For ASEAN, a formula based on a weighting of GDP (15%) and GDP per capita based on PPP (85%) would result in a ratio of 1:24 between the lowest and highest contribution. If this ratio is truncated to 1:6 (in APEC this is about 1:12) and slightly corrected for simplification, this would result in the following four groups:

6	Brunei, Indonesia, Malaysia, Singapore, Thailand
4	Philippines
2	Vietnam
1	Cambodia, Laos, Myanmar

This distribution can be reviewed every 5 years.

B. ASEAN Development Fund

Currently members also contribute to an ASEAN Development Fund, to be used to fund projects. The basic contribution is US\$1,000,000, for each member. On top of this, members can make voluntary contributions. This amount also needs to be increased. Members' contribution could also be based on the formula for funding the Secretariat operating budget.

C. Voluntary Contribution

In addition to their compulsory contribution to the Secretariat Operating Budget and the ASEAN Fund, members

can make voluntary contributions to add to ASEAN's overall pool of funds. Some can go to the ASEAN Fund or for other special account/ad hoc funding.

In APEC, Japan and the US are the largest contributors to the operating budget, but Japan also makes an additional contribution to the so-called APEC Trade and Investment Liberalisation and Facilitation (TILF) Special Account. It is the only contributor to this account, and its contribution to this account is about 5 times that to the APEC operating budget (2004).

The principle to be applied here is that voluntary contribution should be transparent and be pledged on a multi-year (3 years) basis to allow for better planning for the use of the funds available.

ANNEX 3

**REALISING THE ASEAN
ECONOMIC COMMUNITY**

**ASEAN ISIS Memorandum
No.2/2006**

August 2006

Introduction

The vision for the ASEAN Economic Community (AEC) “is to create a stable, prosperous and highly competitive ASEAN economic region in which there is a free flow of goods, services, investment and a freer flow of capital, equitable economic development and reduced poverty and socio-economic disparities in year 2020.”

The end goal to achieve this vision to “establish ASEAN as a single market and production base, turning the diversity that characterises the region into opportunities for business complementation making ASEAN a more dynamic and stronger segment of the global supply chain.”

The ASEAN Charter can contribute to strengthening the efforts to realise the AEC. At their Summit in 2003, ASEAN leaders have agreed to establish an AEC by 2020. There is talk about bringing forward the date of its realisation to 2015. This will pose a major challenge for ASEAN in view of the fact that the implementation of the agreement has been slow. Serious attention must therefore be given to the need to develop mechanisms and to create necessary institutions that can help realise the vision.

As the AEC is seen as a logical extension of the ASEAN Free Trade Area (AFTA), it can be defined as an “FTA plus” arrangement that includes some elements of a common market. A full common market applies common economic, monetary and commercial policies to allow the free movements of products (goods and services) and factors of production (capital and labour). Full mobility of labour involves the right to reside and accept employment in all member countries as well as mutual

recognition of professional and technical qualification. Full capital mobility requires lack of exchange controls and full rights of establishment for firms in all countries. Since the AEC still withholds the free movement of factors of production, it can be defined as a “Common Market minus” arrangement.

The AEC beyond 2020 should move towards a full Common Market. It is not immediately clear whether political conditions will be there for ASEAN to go beyond becoming a Common Market and to aim at an Economic and Monetary Union within the next 20 years or so. It is also not immediately obvious whether this is desirable. For now, the agreement is to achieve the AEC as defined in the vision as the end goal of ASEAN economic integration.¹⁶

Strategy to Realising the AEC

The ASEAN Economic Ministers have established a High-Level Task Force (HLTF) to work out a set of recommendations on how to deepen regional economic integration. The HLTF proposed the following:

- Fast-track integration of eleven priority sectors.¹⁷
- Faster customs clearance and simplified customs procedures.
- Elimination of barriers to trade.
- Accelerated implementation of the Mutual Recognition Arrangements (MRAs) for key sectors (e.g., electrical and electronic equipment and telecommunications equipment).
- Harmonisation of standards and technical regulations.

The HLTF has proposed additional measures including those to improve the Rules of Origin (ROO) and to deal with non-tariff measures (NTMs), and most importantly the creation of a more effective Dispute Settlement Mechanism (DSM) with powers to make legally binding decisions in resolving trade disputes among member states. Dispute settlements in ASEAN will no longer be a political process but instead become a legal process.

It is critical that the binding nature of DSM resolutions be confirmed in the ASEAN Charter. This is a key element to realising the AEC.

Increasingly, the implementation of many other areas of cooperation towards deeper economic integration must be freed from being a political process under the control and management of senior (economic) officials and must be left to professionals. These professionals, working within Regional Units, must be given mandate to manage the implementation of regional programs or to monitor progress in the implementation of programs undertaken nationally. These professionals are ASEAN nationals who are formally independent of governments. Essentially, Regional Units should be given charge of areas where common policy approaches have been adopted (by ASEAN governments). Regional Units can be housed in or function within the activities of a strengthened ASEAN Secretariat.

A Case Study

To support the proposal for the need to introduce Regional Units, the case of the fast-track implementation of the priority

sectors will be examined. Under the Framework Agreement, ASEAN Sectoral Integration Protocols (ASIP) are formulated for each priority sector. Furthermore, so-called “Roadmaps for the Integration of the Priority Sectors” are prepared under the coordination of a specific member economy.¹⁸

The process involves Consultation meetings on the Priority Sectors (COPS) that include officials from different sectoral bodies in ASEAN, regional industry clubs and private sector. The latest meeting of COPS in June 2006 identified several horizontal measures (applied to all priority sectors) and sector specific measures that should be implemented.

Indeed, implementation has been very slow, perhaps rather chaotic. COPS identified the problem as a lack of 3 “Cs”, namely clarity, commitments, and coordination. This likely resulted from the process that is control and managed by senior (economic) officials. The lack of clarity is because of the dearth of intellectual (analytical) input; the lack of commitments is because Ministers sign off agreements without deliberating them thoroughly; and the lack of coordination is an overall problem faced by ASEAN in implementing its many initiatives. This cannot readily be resolved in the absence of regional mechanisms. Therefore, there is the need for establishing Regional Units.

Conclusion

To sum up, it should be noted that in addition to lack of regional mechanisms (or institutions), the slow progress in the implementation is caused by the introduction of often irrational Negative

Lists (of sectors to be excluded from the integration project), the adoption of a “positive list” approach in services sector liberalisation, and insufficient understanding of the key role that liberalisation of investment can play in regional economic integration, especially in promoting increased participation by the less developed members of ASEAN. These are essentially problems of political will and commitments by ASEAN governments.

As integration deepens, so-called “behind-the-border measures” are key to improving investment and competitiveness. ASEAN governments must have the political will to cooperate on these behind-the-border measures which involve harmonisation or elimination of national regulations and legislations.

The ASEAN Charter, if it is to contribute to promoting the AEC, must help encourage ASEAN governments to move in these directions.

Recommendations

1. The vision for an AEC should be broadened to entail the establishment of a full Common Market by 2020 or beyond as the end goal of ASEAN economic integration.
2. In the process, ASEAN should develop mechanisms that will ensure that the less developed members will not be left further behind.¹⁹ The principle of ASEAN minus X will help promote deeper and faster integration but it should be implemented with great restraint.
3. Deeper integration could bring about more disputes amongst member countries. Mechanisms to settle disputes must be legal (and not political) in nature and must be binding. Such a Dispute Settlement Mechanism (DSM) is being developed by ASEAN. The ASEAN Charter should strengthen this resolve.
4. Implementation of programs should no longer be managed by meetings of senior officials. Instead, ASEAN needs to establish Regional Units, staffed by professionals, which will be given the mandate to manage the implementation of regional programs (such as IAI – Initiative for ASEAN Integration -- projects) and to monitor progress in the implementation of programs undertaken nationally. Regional Units can be housed in or function within the activities of a strengthened ASEAN Secretariat.
5. Removing barriers to investment is as important as removing barriers to trade especially to the efforts by the less developed members of ASEAN to catch up. The concept of an AIA (ASEAN Investment Area), which involves investment liberalisation amongst ASEAN members first, must be totally overhauled as it makes no sense.
6. Further deepening of integration will necessitate ASEAN governments to give greater attention to promoting cooperation in an array of so-called “behind-the-border” issues, involving politically more sensitive issues of harmonisation of domestic regulations. The ASEAN Charter, if it is to contribute to promoting the AEC, must help encourage ASEAN governments to move in this direction.

ANNEX 4

**ON MECHANISMS IN ASEAN TO
REDUCE GAPS AMONG
MEMBERS**

**ASEAN ISIS Memorandum
No.3/2006**

August 2006

Introduction

ASEAN Leaders agreed at the 2004 Vientiane Summit to pursue comprehensive integration of ASEAN into an ASEAN Community by 2020. At the ASEAN Economic Ministers Meeting in Kuala Lumpur on 24 August 2006, it was agreed to accelerate the objective of ASEAN Economic Community by 2015. The ASEAN Economic Community is the realisation of the end-goal of economic integration as outlined in the ASEAN Vision 2020, to create a stable, prosperous and highly competitive ASEAN economic region in which there is a free flow of goods, services and investment as well as a freer flow of capital, equitable economic development and reduced poverty and socio-economic disparities by 2020. Reducing development gaps among ASEAN members are firmly manifested and embedded in Hanoi Plan of Actions, the Bali Concord II and Vientiane Actions Programme.

Conceptually, economic integration objective requires the reduction of development gap as manifested by large disparities in per capita GDP, poverty incidence and other dimension of human development among ASEAN members. The ASEAN Economic Ministers have established a High-Level Task Force to work out a set of recommendations on how to deepen regional economic integration. The focus of wider and deeper economic integration in ASEAN Economic Community is based on ASEAN Free Trade Area (AFTA), ASEAN Framework Agreement on Services (AFAS) and ASEAN Investment Area (AIA). These three pillars are important and necessary for the realisation of ASEAN Economic Community but they are not sufficient to

reduce development gap among members.

For the less-developed members, trade and investment liberalisation do not necessarily provide equal economic benefits as compared to more developed members. What ASEAN-4 of Cambodia, Laos, Myanmar and Vietnam (CLMV) critically need at this stage is a development agenda that reinforce trade and investment liberalisation and domestic restructuring.

Strategy to Reducing Development Gap

Invariably, CLMV economies are in the transition stage in which market forces are not fully operating because of the absence of adequate market players, rules and regulations, institutions and capacity to implement responsive and correct macroeconomic policies. These countries critically need adequate development assistance in the form of technical and financial assistance to develop their institutional and human resource infrastructures.

Any regional integration requires the provision of regional public goods provided by more developed and stronger economies. A case in point is the role of Germany and France in providing regional public goods in the formative years of European Economic Community (EEC). These public goods can be in the form of technical assistance, grants-in-aid, concessionary loans (ODAs), preferential market access without reciprocity and other privileges. The provision of these regional public goods is often referred to as “enabling clause” with the objective to establish human and institutional capacity

for the less developed members. Over a period of time, a level playing field may emerge that would contribute to the realisation of more prosperous, competitive and equitable ASEAN economies as envisioned in the ASEAN Vision 2020. The key in the provision of regional public goods however is to ensure that they benefit all ASEAN member states and are seen to help 'level up' the region as a whole.

It should therefore be the collective responsibility of more developed ASEAN member states to provide adequate public goods for the region and all ASEAN member states. Such a strategic approach would go a long way in establishing a sense of shared prosperity and in strengthening community value and regional identity as embedded in the ASEAN Social and Cultural Community.

In this context, ASEAN-6, on bilateral bases, have collectively contributed about USD\$159.4 million to the CLMV countries to implement various projects, and a total of 55.5 per cent of the total funding required in the Integrated ASEAN Initiative (IAI). However, more resources are clearly need to be provided in the areas of infrastructure, human resource development, information, communication technology and customs capacity improvement for ASEAN and especially the less developed CLMV countries.

In addition, the ASEAN Development Fund (ADF) is up and running with contributions from Australia and India, and to a larger extent from Japan through its Japan-ASEAN Integration Fund (JAIF) to provide funds for the implementation of Vientiane Actions Programmes. The size, ownership and coordination of the ADF however can and should be improved.

Towards this objective to reduce development gap, there are existing regional and bilateral mechanisms to implement development assistance to CLMV countries. Greater Mekong Sub-regional (GMS) Initiatives provide a comprehensive framework of development programmes. Through the ASEAN-Mekong Basin Development Cooperation, it encompasses ASEAN Highway Network, the ASEAN East-West corridor across Vietnam, Laos, Cambodia, Thailand and Myanmar, Singapore-Kunming Rail Link, and ASEAN energy networks. Priority areas are infrastructures, human resource development (civil service, customs and education) an ICT (e-ASEAN Framework Agreement) and Asian IT Belt Initiative. In this respect, Japan has committed to providing more than USD\$3 billion assistance to ASEAN for human resource development and exchange programmes for the development of the Mekong sub-region.

What is urgently needed is a sense of priority and political commitment to implement those agreed initiatives and programmes based on existing mechanisms. With greater assistance in providing regional public goods, the GMS assistance accompanied with timely and correct domestic reforms would help end the reality and perception of a 'two tier' ASEAN and enhance both integration and competitiveness.

Conclusion

Reducing development gap is an important and integrated measure which will establish ASEAN as a credible and dynamic regional organisation aimed for economic integration and ASEAN Community by

2020. Economic integration goes parallel with economic competitiveness. To meet economic challenges with the rising of China and of India, ASEAN has to establish a single market and production base of 550 millions people. Without adequate and consistent development assistance to less-developed economies of CLMV, trade and investment liberalisation and domestic reform measures would not be sufficient to engender a sustained overall development in CLMV. To enable these countries to participate and contribute fully to regional integration, development agenda is more important than liberalisation in trade and investment at this stage of their development.

The framework for reducing development gap is already in place. ASEAN needs policy focus, coordination and political commitment among more developed members and their external partners, particularly within the ASEAN-Plus-Three (APT) framework to provide regional public goods (external economies) for less-developed ASEAN members.

3. To undertake policy reforms to attract and facilitate FDI in CLMV, with a study to recommend reforms and workshops to formulate an implementation strategy;
4. To support infrastructure joint development in CLMV to further economic integration in ASEAN;
5. To emphasise intra-ASEAN assistance for education and technical training for youth;
6. To strengthening coordinating mechanisms within the existing sub-regional arrangements in ASEAN.

Recommendations

1. To accelerate economic integration measures as embodied in the Bali Concord II to increase ASEAN economic competitiveness as an important mechanism to reduce development gap;
2. To initiate and set up multilateral stakeholder fund for donors both within and beyond ASEAN, and a commit to increase and coordinate intra-ASEAN Official Development Assistance (ODA) in furtherance of economic integration;

Endnotes

- 1 Originally presented at the 8th Europe-East Asia Think Tank Dialogue “Strengthening Regional and Inter-Regional Cooperation in Responding to Rising Extremism and Resurging Nationalism” co-organized by the Konrad Adenauer Stiftung, Institute for Strategic and Development Studies, and the European Institute of Asian Studies, Berlin, 29 October-3 November 2006. Revised on 10 September 2007 for *Panorama*.
- 2 The original members of ASEAN, sometimes referred to as ASEAN 5 are Indonesia, Malaysia, the Philippines, Singapore, and Thailand. Brunei joined in 1984, Vietnam in 1995, Laos and Myanmar in 1997, and Cambodia in 1999.
- 3 This is an insight from the writings of Hadi Soesastro, CSIS Jakarta too numerous to detail here.
- 4 ASEAN Vision 2020, Kuala Lumpur, 15 December 1997.
- 5 “A Track Two Report to ASEAN Policy Makers (2003) Towards an ASEAN Economic Community”, Jakarta, March 2003, Appendix 6 in Hadi Soesastro, Clara Joewono and Carolina G. Hernandez, editors, *Twenty Two Years of ASEAN ISIS: Origin, Evolution and Challenges of Track Two Diplomacy* (ASEAN ISIS by CSIS: Jakarta, 2006), pp. 193-199.
- 6 For a comprehensive record and discussion of this track two group, see Soesastro, Joewono, and Hernandez, editors, *Twenty Two Years of ASEAN ISIS* already cited above.
- 7 ASEAN Secretariat, *Declaration of ASEAN Concord II (Bali Concord II) – ASEAN Knowledge Kit*, Jakarta, June 2005, p. 42.
- 8 See Rizal Sukma, “ASEAN ISIS and Political-Security Cooperation in Asia-Pacific”, especially pp. 93-94 in Soesastro, Joewono, and Hernandez, editors, *Twenty Two Years of ASEAN ISIS*.
- 9 Unfortunately, this was not adopted in the EPG Report which retained the present scheme of equal contribution to ASEAN of member states.
- 10 The author has made this proposal in her presentation “ASEAN at 40: Resilience in Search of Relevance?” at an *International Conference on ASEAN at 40: From Cradle to Charter* organized by the Institute of Security and International Studies in cooperation with the Konrad Adenauer Stiftung, Japan Foundation, and the Japan Overseas Development Council, The Four Seasons, Bangkok, Thailand, 28 August 2007.
- 11 This principle is already being practiced by ASEAN Member States in forums such as retreats. It enables ASEAN Member States to consult each other and to cooperate on domestic matters without adversely impinging upon the principle of non-interference.

Institution Building through an ASEAN Charter

- 12 This principle recognises that existing military alliances and arrangements cannot be easily dismantled. However, it constrains Member States from further enhancing existing alliances or establishing new ones because these do not serve the mutual interest of the ASEAN Community.
- 13 A schematic representation of the principal organs as recommended in this paper is set out in Appendix 1 to this paper.
- 14 An overview of consultative processes as recommended in this paper is set out in Appendix 2 to this paper.
- 15 The recommended bands and a summary of the bases for the recommendations are set out in Appendix 3 to this paper.
- 16 This was proposed by the ASEAN High-Level Task Force (HLTF) and endorsed by the ASEAN Economic Ministers.
- 17 The eleven priority sectors are: Agro-based products, Air travel, Automotive, E-ASEAN, Electronics, Fisheries, Healthcare, Rubber-based products, Textiles and apparels, Tourism, Wood-based products. A 12th priority sector, Logistics, was added in 2006.
- 18 Indonesia for wood-based products and automotives; Malaysia for rubber-based products, textiles and apparels; Myanmar for agro-based products and fisheries; Philippines for electronics; Singapore for e-ASEAN and healthcare; and Thailand for air travel and tourism.
- 19 A separate ASEAN ISIS Memorandum deals with the issue of narrowing the development gaps within ASEAN.

The Future of EU-Japan Relations for Asia - A European Perspective

Jörn Keck

The Basic Argument

Some of what follows might sound like a collection of banalities, yet as far as the European Union (EU) is concerned these 'banalities' have not been taken into account in the formulation of its Japan policy. Why? – Because the Union has not formulated an up-to-date Japan Policy for more than twelve years.

Here is a list of these 'banalities':

- Asia is at the centre of attention of all powers with global interests: the US, China, Russia, Japan, and the EU;
- Japan is a big Asian nation and Japan still plays a big role in Asia;
- Japan is still the second biggest exporter to the EU, if you take into account Japanese branded merchandise that is produced in Asia
- Japan still poses a formidable technology challenge to Europe;
- The EU has repeatedly confirmed its Asian interests and ambitions. Most recently, it has confirmed this interest

with a policy paper (called "Communication" in EU jargon) on China, and the announcement of forthcoming negotiations on Free Trade Agreements with Asia.

And here is a list of actions which followed from the above - or rather, which did not follow:

- The EU Commission's last policy paper on relations with Japan dates back to 1995 – that is last Century;
- The EU has not recently assessed and evaluated Japan's impact on the 'new' Asian political and economic environment.

As we will see, Japan does not consider the EU to be of relevance to its future. Europe is barely mentioned in the most important 'Visions', which try to chart Japan's future. "*Friendly Relations with the EU*" or "*increasingly competitive and dynamic economic sphere*" in global competition, is how relations with Europe are described in a government sponsored vision and by Japan's business-world opinion leader, the Nippon Keidanren, respectively.

Since there is neither push nor pull the consequence and sad truth is that both, the EU and Japan are neglecting their relationship. Benign neglect is back!

Of course, there might be an explanation for this neglect given that the EU is busy with enlargement and Japan is focusing on structural reforms to overcome the devastating effects of the burst financial bubble, while also dealing with China's swift rise to power as well as a generally difficult political environment in North Asia. Nevertheless, the fact is that here are two world players pretending that there is nothing really important in the world that is worthwhile of their cooperation. At least that would not seem to be an unreasonable conclusion to draw from the meagre results of the so-called "Action Plan" for EU-Japan Cooperation - Shaping our Common Future" of 2001 that was intended to launch a *"decade of Japan-Europe co-operation"*. Half a decade later, the Action Plan has resulted in very little concrete cooperation beyond what would be considered normal for two globally engaged players with seats in the UN, WTO and other multilateral institutions.

But there is certainly a lot to do for Asia and, as will be argued below, a lot of it could be done better in cooperation rather than in inefficient competition. Not giving sufficient thought to the benefits and synergies means squandering precious potential that could be used for the better of Asia, Japan and the EU.

To better understand why the situation is as it is and to identify where the merits of cooperation could lie, the following contains a summary of Japanese and European mindsets and ideas about where their respective future lies.

Japan's Visions of its Future

Three major 'Visions' about Japan's long-term future have been published in the last three years.

The first one is entitled "Japan's 21st Century Vision (2030)". In 2004, Japan's Council on Economic and Fiscal Policy (altogether 10 members plus a chairman) presided over by the Prime Minister (then P.M. Koizumi) and comprising ministers of the economically most relevant ministries, the Governor of the Bank of Japan, influential businessmen and academics, established a Special Board of Enquiry in order to examine "Japan's 21st Century Vision". Based on the deliberations of four working groups, the Board condensed their results into a report entitled "A New Era of Dynamism – Closer ties and a Wider Range of Opportunities" which was presented to the Prime Minister in April 2005. To cite from the report itself, it *"is a strategy for further development of Japan's socio-economy for the coming quarter century up to 2030 and it aims to show the big picture of Japan beyond the structural reforms currently being carried out by the Koizumi Administration"*. The second vision is that of Japanese business about the country's longer term future and was issued by the leading industrial and commercial association, the Nippon Keidanren, in January 2006. The vision is entitled "Japan 2025 – Envisioning a Vibrant, Attractive Nation in the 21st Century". The third one is the vision of the METI, the Ministry of Economy, Trade & Industry and Industry, and concerns the desirable future of Japan's industrial and commercial structure. This vision, issued in the form of a report in

2004, bore the name of the then METI Minister Nakagawa and is entitled "Towards a Sustainable and Competitive Industrial Structure". It has since been updated and refined in 2005 and 2006 respectively.

The visions introduced above have not been developed independently of each other, but resulted from discussion and cooperation. Although emphasis and intention are different, all three visions are coherent in their outlook and their focus on Asia. That Japan's future economic and political fortunes lie pre-dominantly in Asia is clearly confirmed by all three visions. The first two visions explicitly foresee and urge greater openness of the country with an emphasis on better integration into Asia. Japan would "[...] become a country without walls [...] an open archipelago – [...] more closely integrated in the world economy [...] people will want to live and work in Japan" (21st Century vision). The Keidanren vision states dramatically, "Japan will open itself to the world for the third time in its modern history". In the METI vision integration with Asia is implicit in the description of the desired division of labour with Asia.

In achieving greater openness, Japan sees its role as lying pre-dominantly in Asia acting as an economic and political power and integrator. In the 'soft' language of the 21st Century vision, "Japan should form a peaceful and stable East Asia while maintaining the closeness of Japan's alliance with the United States and friendly relations with Europe". It deserves to be highlighted that this is the only time Europe is being mentioned in this semi-official Vision of Japan. However, this Vision also sees Japan's role as that of a 'bridging country' that provides arenas for wide-ranging

exchange and proposes to address the East Asian integration with greater urgency over the next couple of years. In fact, Japan's new trade policy that has been launched since then, promotes a great number of so-called EPA, Economic Partnership Agreements, foremost with Asian nations and ASEAN. The result of this strategy is now teasingly referred to as a 'noodle bowl' because of its entangled complexity. Keidanren in its Vision supported by METI, therefore calls for a unified trade approach towards Asia. Keidanren critically views the Asian nations' approach ("disparate approach") of concluding individual trade agreements with nations around the world as "unsatisfactory" and argues that in the end this will "not position East Asia as a hub of global growth". The Keidanren vision also suggests that Japan should create global rules levered on Japanese technologies and knowledge and sees Japan as an economic organiser to contain benefits within the region. It foresees that "by 2025 Japan will have staked out a strong leadership role in the development of a regional economy encompassing more than 2 billion people and 7 trillion in total GDP".

In the mind of any seasoned trade negotiator such pronouncements raise the spectre of a 'Fortress Asia' under Japan's economic leadership. It is not by coincidence that Japanese Economic Partnership agreements (EPA) go beyond straightforward Free Trade Agreements of the WTO kind. Instead, these EPA include other elements which are important to Japan in terms of economics and trade, such as agreements on direct investments, government procurement, and competition. There is also first anecdotal evidence of Japanese attempts to create *de*

facto Asian standards for supply chains and products that would, if not prevent, then at least delay the market entry of other countries' products, including those of the Europeans. In the Keidanren Vision, Europe similarly only receives one mention. As already mentioned above, Europe is referred to in the report as a "*competitive and dynamic economic sphere*" that together with the American area in a global competition needs to be balanced by an integrated economic area of East Asian nations.

The reader may remember that in the late 1980's and early 1990's, Japan with great vigour and in unison with the United States, was accusing the EU of creating a 'Fortress Europe' when the EU was trying to establish the European Single Market, which was, as a matter of fact, a Treaty obligation.

Europe's vision of its Future

The EU launched its so-called 'Lisbon Strategy' at a European Summit in 2000 under the Portuguese EU Council presidency. The strategy was an ambitious attempt to use *'die Gunst der Stunde'* i.e. a window of opportunity based on a booming economy and domination of European technology in mobile telephony (European GSM-standards). It turned out to be a false start as the 'dot.com' bubble untimely burst and Europe soon found itself trailing behind the US and Japan in terms of key economic drivers, productivity and investment in Science & Technology (S&T). The ambitions of the Lisbon agenda were set high; an increase in average GDP growth potential to 3%, a ratio of

3% R&D investment of GDP, and sustained growth in labour productivity. The EU also knew that its industries suffered from structural weaknesses. Those included a lower share in ICT sectors compared to the US and a concentration of trade in sectors with medium/high technologies and low/intermediate labour skills as well as insufficient R&D investment, in particular in the private sector compared to its main competitors the US and Japan. It also became clear that in the absence of reforms, the EU's annual growth rate of about 2% - 2.25% would fall by half to 1% - 1.25% by 2040.

Re-launched in 2005 with stronger involvement of the EU Member States, adorned with de-regulation, and accompanied by a new 7th Framework Programme in S&T plus a new Industrial Policy the ambition remains "[...] to make EU the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion". The latter part of the phrase is indicative of Europe's true ambitions that is, of the Lisbon Process as a means to the end of achieving Europe's "*Sustainable Development*" and the preservation of the European Social Model. This is reflected in the present power triangle in the EU's decision making process; economics, environmental and social considerations.

The re-launched Lisbon Process is still in its early days. However, despite encouraging signs of a cyclical economic upswing the jury is still out, whether Member States have done and are doing enough to bring about the vital economic and educational structural reforms for knowledge and innovation, that would

lead to the sustained productivity increases the Lisbon Process so desperately needs to succeed. The original steep 3% growth target is still there and deregulation and private S&T investment remain unsatisfactory to this date. Enlargement has not made things easier. Maybe a Lisbon II or another form of extension will become necessary.

Of course, the Europeans are worried about this. *“It is primarily in factories that the productivity gains which raise living standards occur”* (CEPII Centre d’Études Prospectives et d’Informations Internationales, 2004) and a successful industrial policy is key to this. The industrial policy framework was delivered by the Commission in 2005 and has the title “Implementing the Community Programme: A policy framework to strengthen EU manufacturing – towards a more integrated approach for industrial policy”. Europeans hope that this progressively developed horizontal but sector-specific policy succeeds and it might be worthwhile to pause and consider what it means if it were to fail. A failure of the EU’s industrial policy would mean a failure of the Lisbon strategy, since its pivotal issue is increased productivity. Below is a worst case scenario that has been developed by the renowned French institute CEPII and which looks like this:

- Europe is unable to reform, experiences slow growth, confirmed trend of delocalisation and capital flight;
- United States and Japan consolidate their edge in communication and information industries;
- Europe misses out on biotech (jeopardising its pharmaceuticals

industry) and loses lead in space and aeronautical industries;

- Standard products: for survival, European companies resort to large scale delocalisation;
- Emerging countries (BRICS) catch up quickly, make progress in the institutional sphere; there would be technological decline in the EU, leading to a European retreat into sheltered activities.

CEPII’s concludes *“the (negative) impact on European living standards could well be permanent and considerable”*.

Assuming then that the EU would make a success of the Lisbon Strategy, would that be good news for the world? Somewhat surprisingly, the answer to this question seems to depend on more than just the EU itself!

If one believes the CEPII analysis, two scenarios are possible:

(1) Shared prosperity:

- EU returns to its potential 3% GDP growth (Lisbon) thanks to goods/labour market reforms and re-conquest of ICT and science fields;
- Emerging economies catch up quickly thanks to institutional and governance reforms and resolution of extreme income disparities.

(2) Conflicting trade relations by technological domination of North over South:

- EU fulfils its Lisbon ambitions inter alia via technological edge, strengthens and strategically protects

its IPR;

- Institutional/democratic problems in the South remain unresolved; pay kept low relative to productivity;
- Trade conflicts become pre-programmed.

The Way ahead for EU and Japan: Conflict or Cooperation?

Incidentally, Japan too is not assured of the success of its visionary future. For one, TFP (total factor productivity), the driver of labour productivity in the “21st Century Vision” is set at just under 1% for the latter 10 years of the forecast resulting from increases in the capital/labour ratio, technological innovation and more efficient factor allocation. That is high by all standards. Labour productivity is forecast to grow over these 10 years at a rate above 2%. Beyond productivity, competitiveness and economic growth also matter. The first question then is, will Japan be able to achieve the GDP growth of 2% until 2025 (Nippon Keidanren), respectively the 1, 5% (2021 - 2030) of the “21st Century Vision”? On the one hand, the recent growth rate would suggest that a 2% GDP growth should be possible until 2010 when the population shrinkage shall begin to display its full effects. Beyond that, everything will depend on the satisfactory development of productivity as a replenishment of the work force through the employment of elderly workers or, in particular, qualified immigrant workers would probably be slow in coming. On the other hand, as already indicated a productivity growth of 2% for the period 2020 – 2030, as

suggested by the “21st Century Vision” seems to be on the high side given that the projection is linked to a rather substantial growth rate of just under 1% of TFP during that same period (compared to 0,3% for the five years from 1999 to 2003). Leaving aside the considerable problems of correctly measuring TFP, a steady growth of TFP would normally also require a steady flow of technical innovation, sectoral restructuring towards higher value added/technical content sectors and shedding of protection for politically important caucuses such as financial services, agriculture, and construction. Taking inter alia into account recent research on Japanese long-term TFP, there must be some doubt over whether Japan can assume a sustained high TFP growth over a lengthy, de facto post-industrial period with an ageing population.

In contrast, Japanese international competitive strength seems to be assured for the time being; certainly for as long as foreign market entry remains difficult and Japan can hold on to its IPR for many of the high-tech/high quality products and inputs it ships to China and elsewhere. And if - of course - the METI strategy, to establish cutting edge technologies and industries to lead world markets over the next 20 – 30 years can be made to work. On the basis of an existing concentration of advanced components and material industries and the availability of advanced energy conversation and environmental technology in Japan and by combining these leading edge technologies with traditional Japanese techniques and craftsmanship, world market leadership would be constructed. For this, METI recommends priority of investment in

human resources and R&D.

All this said and done, if CEPII is right – and the assumption is that they are – then the same would apply to Japan as well as the EU. This would be the case as a happy, mutually prosperous trading world economy requires institution-building, improved governance, the reduction of democratic deficits as well as income disparities. The importance of these issues would also be crucial to emerging economies such as China and other Asian nations.

This is where the future of the EU-Japan relationship comes in, in the light of the ‘banalities’ mentioned in the beginning and the respective visions. Will there be conflict or cooperation over Asia? In the light of the design of captive Asia strategies by Japan’s business and government on the one hand, and the EU’s Asia ambitions on the other, conflict or at least frictional competition and rivalry is a possibility. However, if one believes that - considering the stakes for a number of issues - it might be wiser and more beneficial to set rivalries and unnecessary competition aside, then there should be scope for cooperation both, for the better of Asia’s future as well as that of these two partners with global ambitions. Unless one indulges in sinister strategies of political and economic power-play for dominance at the cost of Asia’s prosperity and fancies trade frictions, one would then have to assume that both sides have an interest in a stable, economically prosperous Asia. Taking it from there, both parties should be able to find sufficient potential for cooperation in which they have to offer something of value to the other and to Asia.

Here are some thoughts. Institution-building, improved governance, the

reduction of democratic deficits and of income disparities, are a necessary precondition for world economic prosperity. So is a politically appeased Asia. Over the past, the EU has accumulated experience and know-how in regional institution-building. It has recently re-honed these skills in complicated enlargement negotiations with countries with different governance and political systems and significant income disparities compared to the earlier members of the EU. One can hardly over-estimate the value of experience. Certainly, this know-how including the EU’s ‘soft power’ skills could be employed in Asia. As has been shown above, Japan is clearly aware of its integration deficit in Asia – hence the rhetoric of ‘open archipelago’ and ‘better integration in the world economy’ that is contained in the Visions. Whether that integration can be achieved by Japan alone through a controlled opening of Japan to Asia on the one hand and a quest for regional, economic leadership on the other, as the Keidanren so clearly spells out, seems doubtful. Too difficult and resentment-loaded are the present political relations in North Asia. Moreover, Japan’s social attitudes to an opening to foreign influences, nations and nationals further complicate matters. There needs to be something more and different to succeed. That ‘something more’ could imaginably come from the EU which perhaps could perform a go-between role within Asia far better than the dominant military powers – such as the US – in Asia.

Furthermore, there are issues pertaining to energy and the environment that will have a crucial impact on Asia’s future prosperity. Undoubtedly, Japan and the EU could cooperate to aid Asian nations

better manage these two issues. Two global technology powers with a particular strength in those sectors should be able to put national rivalries aside and help Asia improve both its energy efficiency and its environmental footprint. It would be wrong if those issues simply boiled down to national commercial strategies as the Visions seem to indicate. There is a need for some re-thinking and reflection on both sides to understand that the total gains of cooperation in those two sectors for Asia, Japan, and the EU are greater than the national benefits of self-gain centered commercial strategies.

In addition, owing to the CSR Corporate Social Responsibility, both the EU and Japan could play a larger and more sustained role in promoting good governance. Both the EU and Japan have considerable direct manufacturing investment in Asia and both are important purchasers of Asian goods and services. A shared commitment to improving labour conditions and terms would be an important contribution to institution-building. The US the third big foreign investor and procurer of goods in the region could certainly be convinced to join.

All this would perfectly fit into the wide and ambitious agenda of the 2001 'Action Plan' that presently is the official framework governing the bilateral relationship. Here are its objectives:

Objective One: Promoting peace and security

Objective Two: Strengthening the economic and trade partnership utilising dynamism for

globalisation for the benefit of all

Objective Three: Coping with global and societal challenges

Objective Four: Bringing together people and cultures

All in all, though the 'Action Plan' is a good framework, it is important to build upon it. Cooperation on subjects outlined above would give it finally substance. For cooperation to work, three points must maintain. Firstly, everyone has to benefit from it; secondly, there has to be some give and take; and, thirdly, all must agree on the overall aim. To achieve this requires a determined political process able to explain, convince and feed into enlightened political decision making – not only in Japan and the EU but also around the Asian nations. All involved will need to be able to see the benefits of cooperation between the EU and Japan while also agreeing to the overall aim. Of course, most importantly, this process has to begin! Time here is a scarce resource! The first step could be a modest one but it is important for creating trust, for getting to know each other better. Like experience, though establishing personal links and trust is a process that needs time, its value is very high.

Post Scriptum

Around the time this paper was delivered in Berlin at the end of October 2006, the author started to lobby in Japan and Brussels for greater EU-Japan cooperation in Asia with respect to energy efficiency. Fortunately, many concurred that this

might be a useful project and also agreed that the subject was worthy of attention. The Japanese Machinery Center in Brussels was prepared to sponsor a small exploratory study to investigate how cooperation on matters pertaining to energy efficiency would look like. That study was finally written by the newly created AIE Asia Institute Europe in Brussels, and delivered just in time for the EU-Japan Summit in Berlin early June and for the attention of the prestigious EU-Japan Business Dialogue Round Table (EJBDRT) meeting held back-to-back with the Summit. The language of the Summit Press Statement and the recommendations of the EJBDRT to Summit leaders now contain language about the desirability to cooperate in energy efficiency towards third countries. The Berlin Summit was also a propitious instance insofar as summit leaders agreed to advance cooperation in Science and Technology as well as on IPR issues. Since the political commitments are here, now the real footwork – the *'nemawashi'* – for cooperation has to begin.

Inter-regional Cooperation Beyond ASEM@10: Responding to Rising Extremism and Resurging Nationalism

Sebastian Bersick

1. Introduction

In September 2006, the 6th Asia-Europe Meeting (ASEM) was held in Helsinki, Finland. ASEM was established eleven years earlier in 1995 to offer heads of state and government from Europe and Asia a platform for a free and informal exchange of views. ASEM has since grown in size to encompass *de facto* 45 members and today generates 50% of the world's GDP, represents 58% of the world population and is responsible for 60% of world trade. In Helsinki it was agreed to further enlarge ASEM at its forthcoming Summit in China in 2008 to include Bulgaria and Romania as well as India, Pakistan, Mongolia and the ASEAN Secretariat.

Alongside China, Japan, South Korea and the ten ASEAN countries, the European participants in the cooperation process are currently 25 member states of the European Union (EU) and the European Commission. Since its foundation, ASEM has evolved into the central platform for communication

between Asia and Europe. In addition to the meetings of heads of state and government that are held every two years, encounters also take place at ministerial and civil servant level¹. The content of the consultations and projects ranges from questions of trade facilitation and investment to discussions on issues of faith and religion in a dedicated dialogue forum as well as exchange on social policy issues, including employment and education, which were introduced in 2005 on an initiative by Germany. The distinctive feature of this dialogue is that ASEM partners meet as part of their respective region. While this may be considered perfectly natural from the European perspective, intra-regional dialogue remains comparatively less customary for the Asian participants in ASEM.

The ASEM process has been inaugurated as a system that enables the Asian and the European region to

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overcome old as well as possible new resentments towards each other and to cooperate on an equal basis and in consensus in the development of common ground and common interests. The comparative advantage of the ASEM process lies in the very openness of the rules, principles and norms that the state actors and the EU have developed so far. ASEM is an institution that generates and manages interdependencies in a globalising world. The ASEM process demonstrates the rising demand for governance at both inter- and intra-regional level. This demand has increased across the board in the first decade of ASEM's existence. Indeed, nobody had anticipated this dynamic development when the first ASEM Summit was conceptualised in the mid 90s of the last century.

The issue of rising extremism and resurging nationalism and the role which regional and inter-regional institution-building processes play in addressing the resulting risks for European and Asian actors is thus linked to the functions of the ASEM process. Extremism and nationalism affect the security and development of countries in the East Asian region. At the same time, the internal stability and security of the EU is inextricably linked to the developments in East Asia. As such, the EU must develop a proper understanding of the problems and challenges facing East Asian countries and assess how best to identify and implement strategies to assist them. Regional and inter-regional institutions like ASEM can serve that function.

The ASEM process can be understood as a security regime² with its area of concern being the danger of instability of the international system after the end of

systemic bipolarity. In the following, I will firstly very briefly discuss the general principles and patterns that structure the ASEM process. Subsequently, I will analyse the effectiveness of the ASEM regime by focusing on the implementation, compliance and persistence of the regime. For this purpose, the concept of open regionalism will be operationalised and defined as a strategy that facilitates and makes possible an inter-regional management of interdependencies. As such, it is based on the minimising of relative gains-calculations and has the following four dimensions; a socio-political one, a normative-institutional one, a content one and a participative one.³ Against this background, the engagement of China⁴ in the ASEM process will be used as an example to demonstrate how non-democratic state actors are participating in Europe-Asia inter-regional institution-building. In this regard, I will focus on cooperation that relates directly to the area of freedom, security and justice.

2. The EU's Inter-regional Approach to East Asia^a

The EU's policy towards East Asia is one of multilevel engagement. Furthermore, the policy consists of a mixture of bilateral and multilateral approaches. Besides meetings at the bilateral level, the EU and its member states engage with their Asian counterparts in forums such as the ASEAN Regional Forum (ARF) or through the ASEM process. Increasing international cooperation not only bilaterally but also multilaterally is thus a central aim of the actors involved. The assumption that

institution-building at the intra-regional and inter-regional level will facilitate the process of shaping the wider context for future policy choices when interacting with East Asian actors, in particular China is an inherent element of this approach.

Though ASEM stands for 'Asia-Europe Meeting' not all countries of Asia and Europe take part in the cooperation process. Russia, for example, does not belong to the ASEM regime. The latter currently consists, *de jure*, of 38 state actors, namely 13 Asian countries and twenty-five EU member states plus the European Union itself. The latter is represented by the European Commission and the Presidency of the European Council.

During the last ASEM Summit in Helsinki in September 2006 it was agreed to further enlarge the membership of ASEM on the occasion of the seventh ASEM Summit in Beijing in 2008. While Bulgaria and Romania will join the ASEM process on the European side India, Pakistan, Mongolia and the ASEAN Secretariat will become official ASEM members on the Asian side. However, the prospective new ASEM members have already started to participate in the process as of 1 January 2007.⁵

With effectively 45 members the coordination of interests involved in the ASEM process has become extremely difficult. In addition to the 45 member countries, non-state actors, i.e. the private sector and, increasingly, civil society, also participate in the ASEM process. In order to solve the resulting coordination problems, and possible conflicts, between the ASEM participants, the process has been conceptualised and structured as an inter-regional one.

2.1. Principles of Engaging East Asia

The ASEM process constitutes the inter-regional element in the EU's approach to East Asia. This approach is based on two fundamental principles; firstly, multilateralism and secondly, regionalism. It is necessary to conceptualise the ASEM process as taking place at the level of *state-to-state* interaction and at the level of *region-to-region* interaction. The inter-regional setting of ASEM enables its participants to both, develop, coordinate and implement policies in a multilateral framework as well as to interact at the *state-to-state* level.

2.2. Institutional Asymmetry

Apart from the shared desire to intensify economic cooperation, both European and Asian actors had at least two additional and region-specific motives for the initiation of a cooperative venture that puts the impetus on inter-regional cooperation. On the one hand, the Asian participants intended to use the ASEM process as a diplomatic mechanism that would enable Asian actors to cooperate (bilaterally) on a *state-to-state* basis with the member states of the EU. Furthermore, in particular ASEAN countries hoped that the participation of China would strengthen their bargaining position when dealing with the Europeans. On the other hand, European actors, in particular the European Commission intended to further strengthen a common European approach towards the Asian region.⁶

From its very beginning the ASEM process has thus been marked by a conflict between two different perceptions of inter-

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regional cooperation that manifests itself in the form of an institutional asymmetry. While the Asian side understood inter-regionalism to be an intergovernmental *modus operandi* that promotes and renders possible cooperation between both regions on a *state-to-state* basis, the European side intended ASEM to be a cooperation mechanism that enhances the development of two collective actors, namely a European and an Asian one. This explains why in the case of ASEM the heterogeneity and the difference between the various participants is, *inter alia*, related to different forms of intra-regional cooperation and regionalisation. As is well documented, member states of the EU agreed to a loss of sovereignty and created supranational institutions and political actors like the European Commission, the European Council or the European Parliament. In contrast to the European model, no functionally equivalent i.e. an institutionalised regional actor existed on the Asian side thus creating an institutional asymmetry between the different ASEM actors. Yet, this institutional asymmetry is dynamic and in flux. The most recent example for the fluidity of said asymmetry is the political will demonstrated by ASEAN to develop the association through the creation of an ASEAN Charter and the related issue of re-defining the role of sovereignty and the principle of non-interference in each others internal affairs.

2.3. ASEM Metrics

Within this overall framework, pro-active engagement within the ASEM process on the part of the European partners can help in the development of multilevel and multidimensional strategies towards East Asian countries that aim at increasing the

capacity for interdependence management. Particularly smaller EU member states can benefit from the EU's inter-regional approach to international relations as the approach offers the institutional framework that allows for the coordination of their interests with those of other member states.⁷ In this context, accession to the EU offers any given EU member state the opportunity to multi-lateralise its relations with individual Asian countries by investing resources into multilateral forums such as ASEM. Within the ASEM process an individual member state may take the lead by providing either practical input at the policy level or visions and ideas regarding the development of its normative and institutional foundations. ASEM thus creates "multiple channels of contact"⁸ that render possible the management of increasing interdependencies between Asian and European stakeholders. They serve as agents for global governance.⁹ The ASEM regime has the capacity to fulfil this role at the inter-regional level and has done so for the past 10 years. However, ASEM does not have the power to act in its own right. In order to live up to the EU's increasing responsibility in a plethora of policy fields, ASEM thus needs to be further institutionalised.¹⁰

3. The Effectiveness of Security Cooperation à l'ASEM

Contrary to the geo-economic rationale of the ASEM process, Hänggi stresses its geo-political dimension and the "securitisation" of ASEM's agenda after the terrorist attacks on the US on 11 September 2001.¹¹ Especially the

European side emphasised the need to put the fight against terrorism on ASEM's agenda.

In a so-called 'non-paper' formulated during their meeting in Madrid in May 2002 ASEM Foreign Ministers stipulated "(...) This could lead to a more thematic discussion of New Security Issues with international terrorism as a focal point (...) The discussion should be forward looking and avoid focussing narrowly on military means of combating terrorism".¹² During the fourth ASEM Summit in Copenhagen in 2002 the 'ASEM Copenhagen Declaration on Cooperation against International Terrorism' and the 'ASEM Copenhagen Cooperation Programme on Fighting International Terrorism' were adopted. Under the ASEM Copenhagen Cooperation Programme the organisation of seminars as well as greater cooperation between Asia and Europe at the UN level have been identified as areas for greater partnership. Furthermore, the accession to and implementation of existing international conventions on counter-terrorism, such as the 'Convention on Nuclear Terrorism', work towards the finalisation of the 'UN Comprehensive Convention on International Terrorism' as well as increased cooperation in the fields of air and maritime security, the fight against money laundering and customs security have been prioritised. To this effect a seminar on counter-terrorism was held in China in 2003 followed by conferences in Germany in 2004, in Indonesia in 2005 and in Denmark in 2006. The 5th ASEM Conference on Counter-Terrorism took place in May 2007 in Japan. Apart from these actions an ASEM anti-money laundering project is also being

implemented. In this context the European Commission calls "the fight against international terrorism (...) a priority in ASEM" and points to the declared and practical results of cooperation within this policy field.¹³

In the following the effectiveness of security cooperation *à l'ASEM* shall be analysed by focusing on the implementation, compliance and persistence of the ASEM regime.¹⁴ The question to be answered is whether the operation of the ASEM regime has "solved or alleviated the problem that led to its formation?"¹⁵

3.1. Implementation

The implementation of the ASEM regime can be explained with reference to the following results:

- Analysing the ASEM process by using the socio-political concept of open regionalism reveals that Asian ASEM actors have been willing to accept the formation of a new Asian regional format (Southeast Asia, represented by the ASEAN countries and Northeast Asia, represented by China, Japan and the Republic of Korea) in order to foster their inter-regional relationship with the EU and its member states.
- The behaviour of China is a function of the socio-political dimension of open regionalism. Because of Beijing's increasing interest and engagement in ASEM affairs, the Asian side of the process has gained an increasingly powerful actor. China has thus been successfully engaged in an East Asian multilateral process of cooperation.

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- As the socio-political dimension of open regionalism fosters a reduction of interest-related asymmetries among the cooperating actors, intra-regional and inter-regional management of interdependence is facilitated.
- ASEM actors have developed patterns of normative behaviour that enhance the implementation of the ASEM regime. Along with the ASEM regime, implicit norms, rules, principles and decision-making procedures have evolved which allow for the management of increasing interdependence between actors.
- With regard to the content dimension of open regionalism it can be stated that the diversity of policy areas and the variety of issues that are being dealt with within the ASEM process clearly foster the implementation of the ASEM regime.
- Since the so called Asian financial crisis, political and strategic interests have dominated actors' economic interests. Issues of transnational terrorism have accelerated the change from an economic-driven to a politically-driven process of inter-regionalising.
- Analysing the participatory dimension of open regionalism reveals that political rather than economic criteria determine who is allowed to join ASEM. Non-state actors including Human Rights NGOs are able to participate in the process as well.
- Analysing the participatory dimension indicates furthermore that the Chinese government's strategy to hinder those state actors whose ideology is close to that of the US from becoming ASEM participants has so far been successful.
- All four dimensions of open regionalism are being successfully operationalised in order to implement the ASEM regime. Thereby interdependence is being increased. Furthermore, management of interdependence among actors takes place.
- Finally, the institutional analysis shows that the operation of the ASEM regime contributed to the alleviation of the problem that led to its formation. In that sense, the ASEM regime is effective.

3.2. Compliance

The compliance of the ASEM regime can be explained with reference to the following findings:

- Considering the strategic importance of the ASEM process it can be stated that the interest of the Chinese government to participate in the ASEM process has grown strongly. Beijing uses the ASEM process to establish itself as a dominant Asian power.
- Furthermore, the importance of the ASEM process has grown since the attacks of 11 September 2001. The participating actors use the process

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to formulate security policies. Hereby, an inter-regional consensus concerning security issues is being developed – even against U.S. interests.

- The Asian participants' intention was to balance out their relationship *vis-à-vis* the U.S.A. (which were regarded as “too dependent”) by increasing cooperation with Europe. As Japan favours bilateral over multilateral cooperation its interest in ASEM has declined.
- In accordance with the theory of hegemonic stability it is revealed that the ASEAN countries do not guarantee the compliance of the ASEM regime. It is the interest in closer cooperation with China that enforces the ASEAN countries' political will to cooperate within ASEM.
- While having been a rather passive member at the beginning of its participation, China has become the benign hegemon of ASEM. It is China's role in ASEM that accounts for regime compliance. This refers to the establishment of a new order within the international system after the end of systemic bipolarity and the related role of region-building processes in Asia.
- The ASEM actors cooperate on several levels. Besides multilateral efforts they engage in bilateral *state-to-state* cooperation.
- Consequently, two processes of inter-

regional cooperation can be identified: firstly, bilateral cooperation and secondly, cooperation between two collective actors (EU and East Asia). By applying the *region-to-region* formula Asian actors can formulate their common interests.

- Therefore, the Asian ASEM region is not only defined by geographical criteria but also by functional criteria.
- The application of a neo-realist approach shows that the operation of the ASEM regime contributed to the alleviation of the problem that led to its formation. In that sense, the ASEM regime is effective.

3.3. Persistence

The persistence of the regime can be explained by the following results:

- ASEM actors permanently adopt their originally varying perceptions of inter-regional cooperation. Thereby the original region-specific perceptual asymmetry between both sides in this process is overcome. Consequently, a new identity - an ASEM identity - is developing.
- As common positions have developed, actors have begun to share positions on security policy. However, the participants have not arrived at a common position with regard to WTO-related issues.
- The persistency of the regime can be explained by the development of a

collective identity¹⁶ and collective interests¹⁷. Thus, it is one of the regime's functions to adjust differing perceptions of its actors.

- The application of a social constructivist approach to the analysis of the regime's persistence reveals that a policy of inter-regional relations fosters the evolutionary overcoming of anarchy in the international system. ASEM has developed overarching inter-subjective structures. Its persistence can be explained by the development of a collective identity and collective interests. The ASEM regime has the function to develop an inter-subjective structure that constitutes a context for interaction that allows for the formation of a collective identity on the inter-regional level. The ASEM regime is therefore an example of a socialising process of state actors into an inter-regional structure.
- Using the theoretical approach of social constructivism the analysis shows that the operation of the ASEM regime contributed to the alleviation of the problem that led to its formation. In that sense, the ASEM regime is effective.

The results of the three different analyses show that the operation of the ASEM regime contributed to the alleviation of the problem that led to its formation. Cooperation within the ASEM process impacts on the behaviour of the ASEM actors. In that sense, the ASEM regime is effective.

4. The Normative Dimension: Engaging China

Within the ASEM process China is engaged in a plethora of policy fields.¹⁸ The participants also engage in cooperation that relates directly to the area of freedom, security and justice. In many areas the Chinese government has taken a leading role. Within the ASEM process, initiatives in relation to the cooperation for the management of migratory flows, the fight against financial crime including anti-money laundering and anti-corruption initiatives, the combat of trafficking and exploitation of women and children as well as cooperation in combating transnational crime take place.¹⁹ The "ASEM Seminar on Anti-terrorism" is an example of China's engagement in the fight against terrorism. After the first seminar had taken place in Beijing in 2003 cooperation has now been successfully institutionalised. The "ASEM Informal Seminar on Human Rights", which has been held twice in China (1999, 2004) has also become a regular meeting mechanism. Furthermore, China has demonstrated initiative in the Ministerial Conference on Cooperation for the Management of Migratory Flows between Europe and Asia. Apart from that, the first ASEM Prosecutors-General Conference was held in China in 2005. Yet, no progress has been made on the ASEM Anti-corruption Initiative, though China was an initiator. Similarly, a Symposium on Law Enforcement Organ's Cooperation in Combating Transnational Crimes was only held once (in Beijing in 2001).

5. Outlook: Beyond ASEM@10

Because the EU has been instrumental in encouraging regional cooperation in East Asia and the integration of the ever more assertive actor China into indigenous region building processes in Asia the EU faces new responsibilities. The values that guide the behaviour of the state actors involved in East Asian region building processes will impact on the EU's internal and external security. In order to further facilitate intra-regional cooperation in East Asia and the successful integration of China into the region, the EU should strengthen its inter-regional interaction with China. The enlargement of ASEM offers new opportunities in this respect as it allows for the projection of the EU's values into a regional institution ("ASEM Asia") that is composed of China, Japan, the Republic of Korea, Mongolia, the ten ASEAN countries, the ASEAN secretariat, Pakistan and India. The normative dimension of cooperation within the ASEM regime will therefore gain importance.

Within the ASEAN context, non-state actors are having a decisive impact on the development of the normative and institutional basis of cooperation.²⁰ In the ASEM context the role of civil society is currently indicating a similar trend as the top-down structure of the process is becoming porous.²¹ While the influence of NGOs on the overall ASEM process is rather small as they have been excluded from processes of agenda-setting and decision-making, the ASEM regime is currently undergoing a transforming away from its elitist format towards a more participatory model which allows for

vertical dialogues and agenda-setting. An example of this transformation process is the first ministerial meeting on labour and employment issues as held in Potsdam, Germany in September 2006 entitled 'Social Dimension of Globalization'.

In addition to the EU's and the EU member states' relations with the respective governments in Asia (and the ASEAN secretariat), the EU should continue to engage and expand its support for concrete projects with all stakeholders of Asia's civil societies that aim at raising awareness, sharing information and exchanging best practices. NGO's, for example, have unique access to the 'ground rules' of the countries they operate in. Their knowledge can add value to the conceptional phase that precedes official negotiations and to the process of policy implementation by ensuring comprehensiveness and ownership. Their inclusion can also contribute to the consolidation of Asia's fledgling civil societies.

A policy of ASEM mainstreaming²², that is a policy that aims at opening up the ASEM process to the citizens and the legislators of Europe and Asia, should guide the post-Helsinki Summit decade. It is now up to the Chinese government to allow the Beijing ASEM Summit in 2008 to further contribute to the openness of the ASEM process thereby making the coming Beijing Summit a benchmark in Asia-Europe relations.

Endnotes

- 1 The Heads of State and Government summits, held every second year, give the overall political impetus to the ASEM process. Foreign Ministers and their senior officials have an overall coordinating role and are assisted by Coordinators. There is also a range of several ministerial and other meetings and activities at the Senior Officials' and working level.
- 2 A regime is defined as "sets of implicit or explicit principles, norms, rules, and decision-making procedures around which actors' expectations converge in a given area of international relations." See Krasner, Stephen D. (ed.), 'International Regimes', Cornell University Press, Ithaca and London 1983, p. 2.
- 3 While this part of the analysis will make use of the liberal-institutional paradigm of international relations theory, the compliance will be analysed by a neo-realist and the persistence by a constructivist approach. See: Bersick, Sebastian, 'Auf dem Weg in eine neue Weltordnung? Zur Politik der interregionalen Beziehungen am Beispiel des ASEM-Prozesses' [Towards a New World Order? On the Politics of Interregional Relations: The Example of the ASEM process] Baden-Baden 2004, pp. 53-64.
- 4 In this paper the name China refers to the People's Republic of China.
- 5 For an example of their involvement see the case of Mongolia in: Bersick, Sebastian, 'Proceedings of the EIAS Luncheon Briefing 'Mongolia: From Chinggis Khaan to ASEM'', 23 November 2006, Co-organised by the European Commission and the Mission of Mongolia to the European Union, Moderated and hosted by the European Institute for Asian Studies (EIAS), Brussels, www.eias.org.
- 6 According to the EU-Asia Strategy, the main reason for closer political relations with Asia (being defined as consisting of 26 different countries in East-, Southeast- and South Asia) is the task of developing a Common Foreign and Security Policy. See: Mitteilung der Kommission an den Rat. Auf dem Weg zu einer neuen Asien-Strategie. KOM(94) 314 endg./2, Brüssel 27.07.1994.
- 7 Yet, a common European position is what the process often lacks.
- 8 See Keohane, Robert O. / Nye, Joseph S., 'Power and Interdependence', Glensview 1989, p. 34.
- 9 Global governance being defined as a form of the institutionalisation of globalisation through regimes and organisations. See: Menzel, Ulrich, 'Zwischen Idealismus und Realismus. Die Lehre von den Internationalen Beziehungen' [Between Idealism and Realism: The Theory of International Relations], Suhrkamp, Frankfurt am Main 2001, p. 233.
- 10 For an analysis see also Yeo, Lay Hwee, 'Ten years of ASEM – Changes and Challenges', in: Bersick, Sebastian / Stokhof, Wim / Velde, Paul van der (eds.): 'Multiregionalism and Multilateralism: Asian-European Relations in a Global Context', Amsterdam University Press, Amsterdam 2006, pp. 141-156.

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- 11 Hänggi, Heiner, 'ASEM's Security Agenda Revisited', in: Stokhof, Wim / van der Velde, Paul / Yeo, Lay Hwee (eds.), 'The Eurasian Space. Far More Than Two Continents', ISEAS Publication, Singapore 2004, pp. 93-118.
- 12 'Updated Non-Paper by European ASEM Partners on the Possible Main Contents of ASEM 4, 7th May 2002', paragraph 1, cited in: Bersick op cit. p. 234.
- 13 http://ec.europa.eu/comm/external_relations/asem/other_activities/index_activities.htm#Political%20Pillar, download: 21.06.06.
- 14 The following analysis draws on Bersick op cit. pp. 241-248.
- 15 Young, Oran R., 'The Effectiveness of International Institutions: Hard Cases and Critical Variables, in: James Rosenau / Ernst-Otto Czempiel (eds.), 'Governance Without Governance: Order and Change in World Politics', Cambridge University Press: Cambridge 1992, p. 162.
- 16 The collective identity is a function of a regionally induced perceptual asymmetry. The Asian side perceives interregional cooperation in terms of interregional multilateralism. The European side perceives interregional cooperation in terms of interregional bilateralism. However, a fusion of both perceptions is taking place as Asian actors have started to perceive interregional cooperation in terms of a block-to-block approach and European actors see the importance of cooperation with individual Asian state actors on a bilateral basis within ASEM's interregional set up.
- 17 Collective interests have been generated because common positions have been developed.
- 18 See 'European Background Study (ASEM in its Tenth Year)', 04 May 2006, The joint research project of the host of the ASEM 6 Summit, Finland, and the host of the previous Foreign Ministers' Meeting, Japan, is entitled 'ASEM in its Tenth Year: Looking back, looking forward'. http://www.asem6.fi/news_and_documents/en_GB/1146144206909/.
- 19 See the Chairman's Statement, of the 6th ASEM Summit, Helsinki, 10-11 September 2006; http://ec.europa.eu/comm/external_relations/asem/cluster/jha.htm
- 20 See Caballero-Anthony, Melly, 'Regional Security in Southeast Asia. Beyond the ASEAN Way', ISEAS Publications, Singapore 2005.
- 21 See Bersick, Sebastian, 'EU-Asia Relations: The Role of Civil Society in the ASEM process.' In: Lister Marjorie / Carbone, Maurizio (eds.), 'New Pathways in International Development. Gender and Civil Society in EU Policy'. Ashgate, Aldershot 2006, p. 187-196.
- 22 For a further discussion see Bersick, Sebastian / Stokhof, Wim / Velde, Paul van der (eds.), *Multiregionalism and Multilateralism: Asian-European relations in a Global Context*, Amsterdam University Press, Amsterdam 2006.

Taking stock of ASEM@10

Yeo Lay Hwee

Background on ASEM

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

The strategic reason behind the creation of ASEM was the concept of closing the triangle in terms of balancing the relations

and creating strong links between the three engines of growth America, Europe and East Asia. The argument was that strong transatlantic ties existed between Europe and the US. Moreover, trans-pacific ties were increasingly dense based on the Asia-Pacific Economic Cooperation (APEC) framework and other bilateral relations that exist between the US and various Asian countries. However, given that ties between Europe and East Asia were weak, a forum under which linkages could be built and strengthened was required.

A further argument is that only close links among the three key economic players would forestall the spectre of closed, competing blocs and ensure the continued openness of the global economic order powered by these three engines. This would in turn contribute to global stability and prosperity.

Of course, each member state or regional grouping brings with them their own calculation of strategic and concrete interests. For example, for ASEAN, another strategic rationale would be to engage China in as many multilateral forums as possible, and to bring the bigger

Northeast Asian economies of “plus three” to bear in their relations with Europe. At a more concrete, tangible level, there is of course the hope that the ASEM process will facilitate and result in increased trade and investment between the two regions.

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

A decade later with six summits held in Bangkok (1996), London (1998), Seoul (2000), Copenhagen (2002), Vietnam (2004) and Helsinki (2006), ASEM finds itself at a crossroad. Internally, its success in initiating dialogue and cooperation between Asia and Europe in economic, political and socio-cultural fields, reflected in a plethora of meetings, conferences, seminars and activities, has created its own challenges and expectations. Externally, the global and regional environment in which ASEM operates has changed significantly from that of a decade ago.

The 21st century has brought about greater uncertainty and greater challenges – the general mood, particularly after the spate of anti-globalisation moves following the failure of the 1999 WTO meeting in Seattle and the collapse of the Twin Towers in New York – was different from the initial sense of euphoria and optimism following the end of the Cold War and the march of globalisation reminiscent of the early to mid 1990s. The rise of China and an emerging India are seen both with apprehension and appreciation. While optimists see the opportunities that these will bring, pessimists worry about the challenges that the awakening of these giants will pose. Whether challenges or opportunities, the reality is that not only countries in the region, but other players in the global system will have to adapt and adjust to the changing constellation of power.

With all these changes, there is indeed a need to reassess the value of inter-regional dialogue forums such as ASEM in advancing cooperation between Asia and Europe, and to examine how inter-regional cooperation beyond ASEM@10 could and should develop.

Theoretical Underpinnings & Functioning of Inter-regionalism

Regionalism and inter-regionalism are both contested concepts. In this paper, I refer to inter-regionalism as the process through which patterns of relations between geographical regions are institutionalised. Inter-regionalism is also a generic term to cover two broad types of relationships. The first type has been

categorised as “pure inter-regionalism” which refers to a group-to-group relationship such as EU-ASEAN, EU-Mercosur, where two defined regional entities interact with each other. The second type can be termed “hybrid” inter-regionalism (some analysts use the term “trans-regionalism”) such as ASEM, APEC and FEALAC in which the two “regions” that relate to each other may not be clearly defined. Membership is more diffuse and may not coincide neatly with regional organisations.

Theoretical work on inter-regionalism is fairly new and sparse as inter-regionalism is a relatively new phenomenon that followed from the rise of the concept of new regionalism in the late 1980s. However, the practice of “inter-regionalism” can be traced back to the 1970s with Europe’s precursor role in establishing group-to-group dialogue. Early studies on inter-regionalism concentrated on the EU and its hub-and-spoke system of external relations. The book by Edwards & Regelsberger (eds) entitled *Europe’s Global Links: The European Community and Inter-regional Cooperation* (1990) provides a well-informed overview of the European Community’s group-to-group dialogues.

In examining the trends in EU inter-regionalism, Vinod Aggarwal and Edward Fogarty (2003) believe that a synthesis of market-driven globalism and politically-driven regionalism as well as exploring the dynamics of the interplay between market forces and political actors may help explain the evolution and future trends of the EU’s inter-regional regimes or cooperation frameworks.

In international relations and diplomacy, the proliferation of inter-

regional frameworks in the 1990s is explained by institutionalists as resulting from the need to manage the increasingly complex interdependence brought about by globalisation. It has the potential to become a new layer in an increasingly differentiated global order.

With the emergence of inter-regional dialogues, at least five major policy-making levels can be identified in the international arena – the global, multilateral level (such as UN, WTO); inter-regional dialogues such as APEC and ASEM; regional groupings such as the EU, ASEAN; sub-regional dialogues such as the Greater Mekong sub-region; and bilateral relations. All these different layers of interaction in different ways help to manage the complexities of globalisation and contribute to the evolution of global governance.

For realists, inter-regionalism arises as a reaction to increased regionalism and the fear of “fortress regions”. Inter-regionalism is therefore seen as arising from the need to balance regionalism in other regions as well as inter-regionalism between other regions. Thus to realists, ASEM was a direct reaction to APEC and APEC in turn was a response to the fear of a fortress Europe and the possible implications of the Asia-Pacific countries being left out because of NAFTA.

Depending on which school of thought one subscribes to, inter-regional dialogues can be seen to serve different functions. For realists, the primary function of inter-regional dialogues or cooperation frameworks is balancing. Institutionalists, however, highlight the potential of inter-regional dialogues to serve as rationalisers or agenda-setters in global multilateral forums, and most importantly, their

contribution to overall institution-building in an emerging multi-layered system of global governance. Finally, social constructivists essentially see inter-regional forums as identity-builders claiming that inter-regional dialogues can trigger and stimulate processes of intra-regional coordination and cooperation.

To what extent does ASEM which links the European Commission and member states of the EU to the 13 East Asian states of ASEAN members plus China, Japan and Korea perform such functions? Is the potential for inter-regionalism, whether viewed from a realist, institutionalist or constructivist perspective, fully realised in the ASEM framework and what is the reality after 10 years of ASEM?

ASEM and Inter-regionalism

As noted, ASEM was in part created as a response to APEC, hence balancing was seen as a major rationale and function of ASEM. ASEM was said to have closed a missing link in the emerging network of transatlantic and Asia-Pacific ties with America. This, of course, has to be placed in the context of the environment of the early 1990s in which the world economic system is said to be driven by three engines corresponding to the three regions represented by North America, Western Europe and East Asia.

While balancing may be the first instinct, ASEM was also said to have stimulated the intra-regional integration of East Asia and hence identity-building. As the plethora of activities and meetings

between Asia and Europe mushroomed over the years, there were also increasing expectations that the inter-regional dialogue would also contribute to global governance through what Christopher Dent called the development of “multilateral utility” functions.

However, an evaluation of ASEM after 10 years showed that while progress has been made in improving dialogue between Asia and Europe on a wide range of issues, the dialogue, while broad, has not been deep. The dialogue process remains very much stuck at the information-sharing level and has not moved towards substantive cooperation.

In a joint research project sponsored by the Japanese and Finnish Foreign Ministries to evaluate ASEM in its first decade (ASEM@10), the final report noted that ASEM@10 was suffering from an identity crisis with proliferation of initiatives and the lack of institutional mechanisms to manage the process more effectively and efficiently. The following conclusions about ASEM in its first decade were drawn.

- ASEM has provided a useful platform for the exchange of information on a very broad range of issues. However, the dialogue between Asia and the EU has not deepened and translated into substantive cooperation.
- ASEM’s relevance in the broader international context has also been questioned. Its official *raison d’être* and original objective of enhancing the balance of power in the triangular relationship between the US, East Asia and Europe has not been realised.

- ASEM also suffered from a lack of public profile, and East Asian integration has not consolidated but instead become more diffuse with the proliferation of different multilateral forums from ASEAN + 3 to the East Asia Summit.

The research report concluded by proposing a pragmatic, step-by-step approach to strengthening the Asia-Europe partnership and the ASEM process:

First, ASEM should avoid *ad hoc* programmes and one-off projects or initiatives. What needs to be done is to identify a few concrete key areas within the plethora of initiatives that have been started where ASEM can make an impact. Ongoing initiatives and dialogues in areas that have already received some sort of affirmation and positive feedback should be further developed. Moving on from mere dialogue and conferences, specific projects in these areas can then be developed with a clear roadmap and benchmarks to track the progress of these projects. Tangible results are indispensable if international cooperation is to survive in the long run. Though it may not be possible to show “tangible results” for every single event, there must be benchmarks to measure progress in any long-term cooperation agenda. In the short term, ASEM must strike a balance between visionary projects that have long-term gestation periods and down-to-earth initiatives such as increased scholarships for students, information and help for SMEs from Asia and Europe wanting to invest in these two regions.

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

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

Fourth, some sort of institutionalisation is deemed essential for the smooth functioning and greater efficiency of the ASEM process. The argument in favour of a Secretariat is based on the fact that the enlargement of the ASEM process will make the latter more complex and hence create a need for greater coordination. The Secretariat can also provide focus and continuity and ensure a certain

momentum. More importantly, the Secretariat can help profile and raise the visibility of ASEM activities and achievements. Currently, the preferred official position is to have a virtual Secretariat. Much thought would need to be put into how to make this work. Also, while the European side has a permanent institution, the Commission, involved in the coordination of ASEM activities, the Asian side is relying on rotating mechanisms which may not be as effective. Hence, the idea of an Asian ASEM Secretariat situated perhaps within an existing Asian institution such as the ASEAN Secretariat should be considered.

Fifth, the Leaders summit should be kept informal and interactive to capitalise on what was initially seen as one of the “strengths” of ASEM. The summit should continue to be held biennially with ample time for frank exchange of views on regional and global developments and with opportunities for bilateral and sub-regional meetings at the sidelines.

Several of the issues raised in the report were not adequately addressed during the 6th ASEM Summit held in Helsinki on 10-11 September 2006. Hence, one could not help but ponder about the future development of the ASEM process and how the latter would add value to and shape inter-regionalism and cooperation between Asia and Europe.

Inter-regionalism and inter-regional cooperation beyond ASEM@10

If ASEM is to develop into a well-

established inter-regional forum with the ability to act as a rationaliser of international relations under conditions of complex interdependence, it must move beyond its preoccupation with low politics built on a basket of *ad hoc* type projects and instead build on developing meaningful commonalities. Two pre-requisites also have to take place; the Asian component of ASEM must become more integrated and the European component of ASEM (the EU) must increase its “actorness” and close the expectations-capability gap. The EU must think of itself more as a global, strategic actor rather than a regional actor and a supermarket. While the latter is happening, albeit many obstacles continue to plague its cohesiveness and “actorness”, East Asian integration is still in doubt. There is currently no blueprint or clear overarching vision of an East Asian community in place yet instead there are a number of competing multilateral forums from ASEAN + 1 to ASEAN + 3 to the East Asia Summit.

The EU’s Common Foreign and Security Policy (CFSP) continues to be under negotiation. Preferences and implementation of inter-regional strategies are shaped by the contrasting responses of the Commission and the Council to the question of how to use the EU’s relational power in specific inter-regional relationships to promote the EU’s overall structural power. How inter-regional cooperation would develop would then hinge on the ongoing Council-Commission competition in external relations. Also, internal divisions within the EU continue to impair a more cohesive Asia policy. While there is a general sense that the EU is beginning to punch closer

to its economic weight in world affairs (e.g. by its initiative on Iran), the power projection of the EU may still go wrong.

On East Asian integration, the coherence of the Asian component of ASEM is also in doubt with the enlargement to include India, Pakistan and Mongolia. The addition of these three members which does not correspond to the East Asia Summit (which comprises ASEAN, the three Northeast Asian countries of China, Japan and South Korea, and Australia, New Zealand and India) only raises further questions of the constructivist view that ASEM can serve as an identity-builder.

Pursuit and growth of inter-regionalism will also depend on the trends and pace of the integration of the world economy. There are worrying signs of decreasing support for globalisation and uncertainty among some constituencies over the institutionalisation of stable, rule-bound international commercial relationships. The faltering Doha round is not only sparking a frenzy of bilateral, sub-regional and regional FTAs but may also be fuelling a rise in protectionism. Unilateralism, bilateralism seem to be back in vogue, and while ASEM has reaffirmed its commitment to multilateralism on several occasions and through numerous declarations and statements, the strength of its commitment is in doubt, and the tendency to fall back on bilateralism is obvious through the importance that continues to be placed on the various bilateral meetings that took place at the fringe of ASEM summits.

While ASEM and other inter-regional dialogues do have the potential to serve as nodal points of an evolving system of global governance, key players such as

China, Japan, ASEAN and the EU are so far reluctant to utilise and fully exploit them. Therefore, prospects for ASEM to move into higher gear of inter-regional cooperation are dim. What we will see are more of the same *ad hoc*, project driven approaches in cooperation rather than consolidated inter-regional cooperation with higher efficiency and efficacy with more focus and greater institutionalisation. Most of the cooperation emerging from ASEM is flexible, shallow and opportunistic and hence does not really add to the real solution of global problems.

Conclusion

ASEM, one of the strands of Asia-Europe relations, has the potential to develop into an effective and efficient inter-regional dialogue and cooperation framework bringing focus to EU's "actorness" and East Asian integration. Unfortunately, ASEM is far from achieving this potential. Lack of leadership, lack of strategic vision and a lack of consensus means ASEM will remain essentially a loose forum. There is no desire at this juncture to transform ASEM into an institution that could seriously become a pillar in global governance and fulfil the various functions that inter-regionalism can catalyse.

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ASEAN Counter-terrorism and Causes

Cornelia Beyer

Counter-terrorism in ASEAN

The attacks of September 11, 2001 not only shocked the United States, the rest of the world and among them Southeast Asian states also showed their dismay. Singapore, for example, supported the United States and their declaration of war against terrorism right from the start and with a strong voice. Addressing 15,000 participants at an assembly at the national stadium then Prime Minister Goh Chok Tong confirmed that Singapore would join the United States in the war on terror although Singapore would have to consider the regional and domestic situation. The Prime Minister of Malaysia at the time, Dr Mahatir, also condemned the attacks although members of the opposition in the country expressed their support for Osama bin Laden. Mahatir undertook a number of measures to fight militant Muslims in his country emphasising that Malaysia could not be seen as a safe haven state. Indonesia's President Megawati was the first chief of state who visited the United States after the attacks. This was a symbolic gesture of support, in particular as worldwide most Muslims live in Indonesia. On her visit, President Megawati condemned the attacks and promised to support the war on terror. Yet, public opinion in Indonesia at this point in time was strongly anti-American.

Indeed, there had been a number of demonstrations against the United States some even calling for the expulsion of US citizens from Indonesia. Even the big and moderate parties in Indonesia joined in this chorus, with some radical clerics calling for jihad. It is against this background that observers have to understand Indonesia's concern over the intervention in Afghanistan and the government's decision to keep a low profile.

Overall, the states of ASEAN condemned the attacks of September 11, 2001 and supported the 'Global War on Terrorism' (GWOT), as issued in the UN resolutions 1368 and 1373. In November 2001, ASEAN issued a common declaration condemning terrorism and declaring its commitment to work together in the fight against it.

ASEAN's Strategy

The strategy of ASEAN in the war against terrorism is laid out in the 2001 ASEAN Declaration on Joint Action to Counter Terrorism (ASEAN Secretariat 2001d). In the Declaration ASEAN condemned the terrorist attacks in New York, Washington D.C. and Pennsylvania as attacks against humanity. The document states that

terrorism is a threat to peace and international security in line with the declarations of the United Nations. At the same time – and this was repeated again and again over the following years – the Declaration rejects any connection between a particular religion or race and terrorism. In this, ASEAN is departing from the United States which has linked terrorism with fundamentalist Islam. The Declaration also marks a commitment to the Charter of the United Nations:

“[We] Unequivocally condemn in the strongest terms the horrifying terrorist attacks in New York City, Washington DC and Pennsylvania on 11 September 2001 and consider such acts as an attack against humanity and an assault on all of us; View acts of terrorism in all its forms and manifestations, committed wherever, whenever and by whomsoever, as a profound threat to international peace and security which require concerted action to protect and defend all peoples and the peace and security of the world; Believe terrorism to be a direct challenge to the attainment of peace, progress and prosperity of ASEAN and the realisation of ASEAN Vision 2020” (ibid.)

The attacks in New York and Pennsylvania were understood as attacks on humanity and thus as attacks on ASEAN as well. A connection between terrorism and any religion or race was rejected.

“[We] Reject any attempt to link terrorism with any religion or race” (ibid.)

ASEAN committed itself to the fight against terrorism, to suppress, prevent and counter the threat of terrorism in accordance with the Charter of the United Nations and its resolutions as well as international law.

“[We] Commit to counter, prevent and suppress all forms of terrorist acts in accordance with the Charter of the United Nations and other international law, especially taking into account the importance of all relevant UN resolutions” (ibid.)

ASEAN committed itself to effective policies and strategies for the well-being of its peoples, which was regarded as one key element in the fight against terrorism.

Concrete measures in the fight against terrorism

Since the early 1970s ASEAN has dealt with the problem of transnational crime. Terrorism is seen as one form of transnational crime, the term also encompassing trade in drugs, human trafficking, money laundering, piracy, international economic crime, and cyber-crime. Nonetheless, terrorism receives special attention within this sphere.

Terrorism already receives mention in the ASEAN Declaration on Transnational Crime of 1997 (ASEAN Secretariat 1997). The declaration was issued at a conference of Home Ministers. In particular, the exchange of information and the coordination of policies are identified in the document as important elements in the combat of crime and terrorism. With the declaration ASEAN demonstrated its

conviction that regional cooperation was necessary in order to fight transnational crime effectively and called for regional cooperation in the fight against crime to be put to the test. The declaration contained a number of measures relating to the fight against transnational crime which include the following.

- The proposal to strengthen the obligation for member states to participate in regional crime fighting activities;
- Meetings of the ASEAN Ministerial Meeting on Transnational Crime were proposed to be held at least every two years in order to coordinate the activities of the relevant bodies (as for example, the ASEAN Senior Officials on Drug Matters and the ASEAN Chiefs of National Police (ASEANPOL));
- Agreements on mutual legal assistance, treaties and Memoranda of Understanding as well as other means were envisaged;
- The establishment of an ASEAN Centre on Transnational Crime (ACOT) to coordinate the regional attempts to fight crime and to engage in the exchange of critical information, harmonisation of policies and the coordination of operations was considered;
- The establishment of an *ad hoc* expert group was aimed at. With the support of the ASEAN Secretariat the expert group would fulfil the following tasks: to develop an

ASEAN Action Plan on Transnational Crime, to develop plans for the institutional framework for cooperation of ASEAN in this field, and to conduct a feasibility study for the establishment of the ACOT;

- Each member state was asked to name representatives and coordinators for cooperation;
- Networking between the relevant national institutions was aimed at;
- The member states were asked to strengthen their efforts in the fight against transnational crime and the ASEAN Secretary General was asked to integrate this field into his work program;
- The necessity of cooperation with other international institutions such as the United Nations as well as intra-regional bodies was pointed out;
- Finally, it was suggested to enhance the resources of the secretariat to enable the former to support the member states in their fight against transnational crime (ibid.).

While most of the measures outlined above have been implemented to varying degrees, the idea of ACOT has been abandoned (Tatik). However, some ASEAN member countries, i.e. Indonesia, Malaysia and Thailand have established centres dedicated to counter-terrorism. These centres include the Jakarta Centre for Law Enforcement Cooperation (JCLEC) in Indonesia, the Southeast Asia

Regional Centre for Counter-Terrorism (SEARCCT) in Malaysia, and the International Law Enforcement Academy (ILEA) in Thailand. However, these centres belong to the respective ASEAN member countries and not to ASEAN as a regional grouping.

The 1999 ASEAN Plan of Action to Combat Transnational Crime (ASEAN Secretariat 1999a) described the threat of transnational crime to the economic well-being within ASEAN as well as the evolution of transnational crime due to globalisation. It proposed measures to fight transnational crime and explained those in detail. In a work program (ASEAN Secretariat 2002f) concrete steps necessary for the fulfilment of the Plan of Action were described. For example, the program suggested for all member states to make their national law accessible to all other member states and to inform their partners if resolutions related to the issue had been signed. Furthermore, encompassing measures for the prevention of trade in drugs and human trafficking were established. Other security threats were also being dealt with. Finally, the document referred to terrorism. The ASEAN Secretariat was called on to analyse how cooperation with and within ASEANAPOL as well other international institutions would be possible. The secretariat was asked to identify and publish possible national focal points. Improved exchange of information between ASEAN member states on the use and possible misuse of critical technologies, practices of security policy and intelligence on terrorist organisations was aimed at. A database of international agreements and treaties was to be established by the Secretariat. Furthermore, the work program took

steps towards the legal sphere and commented on police action and extra-regional cooperation.

Legal measures: The member states were asked to provide information on their legal instruments in the fight against terrorism. At the same time, it was to be established whether cooperation in the legal sphere was possible in order to facilitate the arrest, prosecution and conviction of terrorists. Common seminars and exchange visits were planned to further this aim. The signing and ratification of all relevant conventions was to be achieved. The ASEAN Secretariat was to provide a compilation of the important conventions, as well as a study on how these conventions were compatible with legal rules within ASEAN. Furthermore, the creation of a convention for ASEAN itself regarding the fight against terrorism as well as an agreement on mutual legal assistance were debated.

Police: The ASEAN Secretariat was asked to identify focal points which were to serve as coordinating partners for the member states in the counter-terrorist strategy. Creating a common seminar for police forces on counter-terrorism was also aimed at.

Training: Regional training programs and conferences were envisaged with ASEAN member states invited to make relevant proposals. Those member states that already conducted training programs were called on to open these for participation by other ASEAN members.

Institutional Capacity Building: The ASEAN Secretariat was tasked with the

support of ASEAN member states in their efforts to improve counter-terrorist mechanisms at national level. Cooperation within and between the different ASEAN bodies was also to be improved. Member states were expected to propose programs for the improvement of capacities. Scientific institutes were hoped to work together, especially in order to compile a list of biological and chemical weapons that could be used by terrorists and should thus be regarded as a threat.

Extra-regional cooperation: Possibilities for the integration of the plus-3 states in the war on terrorism were deliberated. Furthermore, the Secretariat was asked to identify the necessary means for the implementation of UN resolutions.

Due to the increase in terrorist activity in Southeast Asia, the region was declared the „second frontier“ in the war against terrorism after 9/11. At the same time, it became clear that the effective combat of terrorism would only be possible through regional multilateral cooperation. In light of the above, a number of initiatives were taken at the regional level. While the infrastructure for the fight against terrorism at the level of ASEAN itself had been underdeveloped until 2001, the situation improved over the following years. Furthermore, while until 2001 piracy had been the main focus, ASEAN quickly understood the severity of the new threat and worked towards the improvement of mechanisms in the fight against terrorism.

In reaction to the attacks of September 11, 2001 the Heads of States of the ASEAN members issued the 2001 ASEAN Declaration on Joint Action to Counter

Terrorism (ASEAN Secretariat 2001d). The declaration stated that terrorism was a threat to peace and stability as well as a threat to the economic development within the region. It was acknowledged that this threat could only be faced by regional as well as international cooperation. In the declaration, the following measures were established:

- ASEAN states are to test and enhance their national measures against terrorism;
- Any international convention with reference to terrorism should be signed and ratified as soon as possible;
- Relevant international conventions on terrorism should be studied with a view to integrating them into ASEAN mechanisms on combating international terrorism;
- Information exchange and cooperation between states should be improved, both within ASEAN as well as with other regional institutions;
- Regional programs for the enhancement of capacities in the fight against terrorism should be established;
- Police cooperation should be strengthened, including „best practice sharing“;
- Information exchange between agencies involved should be improved;

- Cooperation within ASEAN and between ASEAN bodies dealing with counter-terrorism should be improved;
- ASEAN should support its member states in their fight against terrorism (i.e. to investigate, to detect, to monitor and to report on terrorist acts);
- Practical ideas and initiatives to increase ASEAN's role in and involvement with the international community should be discussed and explored through inclusion of extra-regional partners within existing frameworks such as ASEAN + 3, ASEAN Dialogue Partners and the ASEAN Regional Forum (ARF) in order to make the fight against terrorism a truly regional and global endeavour;
- ASEAN's role in the fight against terrorism at the international level as well as regional and international cooperation should be strengthened (ibid.).

Regarding the results, Ms. Tatik of the ASEAN Secretariat states the following, „There are a large number of concrete activities that ASEAN member countries need to implement in their joint efforts to counter terrorism. These include capacity-building programs aimed at enhancing the capability of ASEAN law enforcement agencies in handling the threats of terrorism. Each year during the annual meeting of the SOMTC (ASEAN Senior Officials Meeting on Transnational

Crime), each member country reports its progress in implementing the Work Programme. The Work Programme was revised at the 6th SOMTC, held in Bali, Indonesia last June, to maintain its relevance in responding to the current situations”. From the above statement it can be concluded that implementation is ongoing yet not completed.

Following the 2001 convention, multilateral cooperation took place at diverse levels including cooperation between intelligence agencies, the establishment of a common set of rules and laws, and the creation of a work program on the implementation of the joint action plan. This program envisioned training of intelligence officers, workshops on the fight against terrorism, as well as logistical support in the detection of bombs, document fraud and airport security. Singapore's proposal to create an anti-terrorism team within each member state was also generally accepted.

At the ASEAN Summit in October 2002 measures for the fight against money laundering and the funding of terrorism were established. Furthermore, a regional Counter-Terrorism Centre was established in Kuala Lumpur, Malaysia.

Still, as Tan states, regional cooperation in the fight against terrorism up to this point was not well coordinated. The reasons for this had been conflicting national interests, national restrictions and policies as well as mutual distrust. Whereas Singapore, Malaysia and the Philippines promoted more cooperation in the fight against terrorism, Indonesia in particular had repeatedly voiced its opposition (Ramakrishna 2003: 130). General tensions between the member states had so far hindered cooperation. In

particular, the historically rooted tensions between Malaysia and Singapore need to be mentioned in this context.

In reaction to the terrorist attacks in Bali in October 2002, ASEAN issued the Declaration on Terrorism during the 8th ASEAN Summit in November 2002 (ASEAN Secretariat 2002d). The Declaration of 2002 also rejected a connection between terrorism and any specific religion. Once again ASEAN committed itself to the measures that had previously been established in the Declaration on Joint Action to Counter Terrorism. Moreover, the international community was called on to support ASEAN in its fight against terrorism.

In 2004 a regional ministerial meeting dealing with counter-terrorism was held in Bali (ASEAN Secretariat 2004d). The meeting produced a voluminous document in which the member states were requested to fulfil a number of measures. Once again, any connection between a certain religion or race and terrorism was rejected and ASEAN committed itself to the principles of the United Nations. The ministers agreed to regional cooperation and coordination of their relevant national institutions, especially the police, the military and the judiciary, as well as customs and immigration agencies and other relevant agencies. The member states were called on to take practical steps towards the improvement of cooperation between the above institutions. The measures foreseen included education of the judiciary to allow for more effective prosecution of terrorists, improvement of mutual assistance, enhancement of security of the seas through diverse measures, and implementation of measures to deny terrorists access to weapons of

mass destruction. Furthermore, member states were called on to cooperate more closely in order to prevent terrorist funding.

Finally, a number of *ad hoc* working groups were established at the meeting with the aim to evaluate the measures taken and to propose measures for further improvement.

In the meantime an agreement and a treaty were agreed upon (ASEAN Secretariat 2004e, 2002g). The agreement refers to the exchange of information and the establishment of communication procedures. With regards to terrorism the following was established. To facilitate proper coordination and collaboration where resources of an individual party may be inadequate; to foster common understanding and create common approaches towards the strengthening of national and sub-regional capacities for the management of terrorism and other crimes through information exchanges; to agree on communication procedures and training; reviewing and enhancing internal rules and regulations, both legal and administrative; to ensure proper, effective, and timely collaboration and in times of operational constraints in the implementation of defence, border and security arrangement; providing opportunities for the parties' duly authorized representatives to establish linkages to facilitate cooperation; facilitating dialogue among the parties on criminal and crime-related activities committed within their respective territories which may adversely affect the interests of any or all of the other parties; and establishing mechanisms for immediate response and assistance among the parties (Agreement on Information

Exchange and Establishment of Communication Procedures).

The treaty refers to mutual assistance in the fight against crime, the prosecution process and resulting procedures. In this context, mutual assistance is defined as follows.

“(...) taking of evidence or obtaining voluntary statements from persons, making arrangements for persons to give evidence or to assist in criminal matters, effecting service of judicial documents, executing searches and seizures, examining objects and sites, providing original or certified copies of relevant documents, records and items of evidence, identifying or tracing property derived from the commission of an offence and instrumentalities of crime, the restraining of dealings in property or the freezing of property derived from the commission of an offence that may be recovered, forfeited or confiscated, the recovery, forfeiture or confiscation of property derived from the commission of an offence, locating and identifying witnesses and suspects; and the provision of such other assistance as may be agreed and which is consistent with the objects of this Treaty and the laws of the Requested Party.” (ibid.).

As the treaty excludes cooperation with regards to offences of a political nature, the definition of terrorism as such opens the possibility for disagreement and non-cooperation. It could be argued that terrorism is per definition a political act

and that the treaty does therefore not apply. However, according to the ASEAN Secretariat the treaty is aimed particularly at terrorism. In addition, the treaty excludes cooperation in instances of prejudice against religion and race.

International Cooperation

A declaration was issued at a foreign ministers meeting between ASEAN and the EU held in Brussels in 2003 (ASEAN Secretariat 2003). The declaration emphasised the leading role of the United Nations in the fight against terrorism and stressed the commitment to implement the resolutions of the UN as well as to support the Counter Terrorism Committee. The war against terrorism would have to be waged within the framework of international law and norms, so the declaration. Human rights and humanitarian rights would have to be observed. Moreover, terrorism could not be won on the military level alone but would have to include economic, diplomatic, legal and military measures, as well as attention to the root causes of terrorism. The signatories of the declaration committed themselves to further cooperation in the war on terror, especially in the following spheres.

- Universal implementation of existing Security Council resolutions with reference to terrorism, in particular resolutions 1373, 1377 and 1390.
- Universal implementation of the conventions and protocols of the United Nations against terrorism. States should be called upon to observe these documents and to implement effective measures in the

- fight against terrorism – especially with regards to the funding of terrorism.
- Commitment to cooperation in order to support the member states of ASEAN in the implementation of the resolutions.
 - Information exchange and other measures in the fight against terrorism which were not further specified.
 - Cooperation of police agencies of the EU and ASEAN should be improved, both between individual member states as well as between ASEANAPOL and EUROPOL (ibid.).
- I. Continue and improve intelligence and terrorist financing information sharing on counter-terrorism measures, including the development of more effective counter-terrorism policies and legal, regulatory and administrative counter-terrorism regimes.
 - II. Enhance liaison relationships amongst their law enforcement agencies to engender practical counter-terrorism regimes.
 - III. Strengthen capacity-building efforts through training and education; consultations between officials, analysts and field operators; and seminars, conferences and joint operations as appropriate.

Along the same lines, agreements have been made with the US, Japan, and Australia to cooperate in the fight against terrorism and, for example, to share information. Cooperation with the US runs along the following lines. The respective countries reaffirm the importance of having a framework for cooperation to prevent, disrupt and combat international terrorism through the exchange and flow of information and intelligence. This cooperation is to be enhanced and to be made more efficient. More concretely, cooperation looks as follows;

“The participants stress their commitment to seek to implement the principles laid out in this Declaration, in accordance with their respective domestic laws and their specific circumstances, in any or all of the following activities:

- IV. Provide assistance on transportation, border and immigration control challenges, including document and identity fraud to stem effectively the flow of terrorist-related material, money and people.
- V. Comply with United Nations Security Council Resolutions 1373, 1267, 1390 and other United Nations resolutions or declarations on international terrorism.
- VI. Explore on a mutual basis additional areas of cooperation.” (ASEAN Secretariat 2002f)

In July 2002 the US and ASEAN signed a common declaration in order to improve cooperation between their respective intelligence agencies.

ASEAN has signed Joint Declarations (JD) on cooperation in the fight against international terrorism with all ten of its Dialogue Partners, including Australia and China. With China, ASEAN signed a declaration on cooperation in the field of non-traditional security issues. To follow up on the JDs, annual work plans were developed, which contained concrete joint activities on various areas relating to counter-terrorism and combating transnational crime.

“We have developed annual work plans with China and the US, and are implementing them. We are developing similar work plan with Australia and Russia. We are now working on joint cooperation project on border management and document security with EU. We have also just concluded ASEAN-Japan Counter Terrorism Dialogue, held in Tokyo on 28-29 June 2009. Various joint projects had been proposed to be funded under the JAIF (Japan-ASEAN Integration Fund) for 2007 fiscal year” (Tatik).

Evaluation

With its strategy and the concrete measures that followed, ASEAN took the role of a promoter of counter-terrorism cooperation. At the same time, in terms of rhetoric, ASEAN has remained distinct from the US and a common definition of terrorism was not established (Ramakrishna 2003). ASEAN has rejected race, culture and religion as root causes for terrorism highlighting instead the role of poverty and underdevelopment.

Terrorism was said to have links to transnational crime, which made it

particularly threatening. ASEAN committed to the following principles in the fight against terrorism; “(...) consensus through consultation on the basis of equality, mutual respect for sovereignty, gradual process, and flexibility and effectiveness in our cooperation” (Joint Communiqué of the First ASEAN Plus Three Ministerial Meeting on Transnational Crime, Bangkok, 10 January 2004). China, Japan and the Republic of Korea should be integrated in the efforts. With the declaration of the ASEAN Concord II (Bali Concord II) issued at the 9th ASEAN Summit at Bali in October 2003, it was decided to transform ASEAN into a security community with the aim, amongst others, of ensuring that terrorism can be fought more effectively.

Causes for Counterterrorism in ASEAN

The question has been asked whether internal or external factors have led to counter-terrorism cooperation in ASEAN. The results show that the perception of the terrorist threat is rated highest amongst the causes for counter-terrorism. As confirmed by the ASEAN Secretariat, ASEAN is a rational actor that tries to minimise the threat terrorism poses to its security and peace. As shown before, terrorism is a real threat to the region.

This argument is supported by Singh, who states, “I think the internal factors are more important. In the countries where the terrorism threat is more serious [...] we want to deal with the threat for our own reasons. We have very powerful reasons. We don't want to have our people killed, like in Bali. Also, it has huge

economic repercussions, for example on tourism. [...] the most powerful reasons are our own. If we did not have these reasons and there were only international reasons, then we probably would not do much” (Singh).

Yet Nathan states, “It is a combination of both [internal and external factors]. I think it [ASEAN] wants to fight terrorism for its own reasons: state survival. [...] These governments have a stake in the international system in which the US is a big player. So they do fight with the international system. You fight to protect your own assets, you cooperate with the big powers, and there is a strategic consensus.” The argument made here is that external systemic factors are responsible for counter-terrorism. According to an analysis of the interviews these factors might be interdependence with the main actor in counter-terrorism (US) as well as its legitimacy and authority. No reference is made in the interviews to the threat of terrorism as such when asked about the causes for counter-terrorism. This is congruent with the finding that terrorism as a threat is only experienced to varying degrees by a number of states within ASEAN. Not all states share the same perception of threat and feel compelled to join in the fight against terrorism. However, this is not to say that there might not be genuine security considerations that also contribute to the fight against terrorism.

There is – if at all – only negligible and informal pressure exerted by the United States on ASEAN to go along with the former’s policies. However, in case of non-cooperation ASEAN’s position would be compromised and the organisation may have to deal with the reactions of the

international community, particularly the United States. The prominent role of the United States was mentioned in reference to all states along with dependency on the United States for various issues (such as security and economics). The United States serves as a security guarantor and provides open markets, technology and so forth. This aspect probably plays as strong a role in the considerations of international actors as the threat of terrorism itself. An example of the above is Singapore’s strong cooperation in the War on Terror, with the country having very good relations with the US while experiencing only a minor terrorist threat.

Ramakrishna offers this explanation, “ASEAN governments recognise that if they are seen not to be taking a firm stand against terrorism, there will be a negative political impact, both domestically as in term of foreign direct investment, and this is very important to ASEAN, especially because it sees itself in competition with other Asian regions and states. So they have to show that they are serious in dealing with terrorism” (Ramakrishna). This stance is supported by the chairman’s statement of the 11th ASEAN Summit in Kuala Lumpur 2005 which referred to terrorism in the following way. “We are aware that the region is being confronted with challenges such as the threat of terrorism, the outbreak of avian influenza, and the rise in oil prices which have direct negative impact on regional economic development and public health.”

Equally contributing factors albeit to a lesser extent are elite complementarity and socialisation. Both have a minor yet positive impact on cooperation in counter-terrorism. However, both relative power as well as pressure is missing.

Furthermore, there is the issue of strength. ASEAN might not be the right forum to fight terrorism as there are no counter-terrorism bodies in ASEAN and the organisation is institutionally rather weak. It was often stated that within the ASEAN structure the real power remains

with the nation states and a real instrument to engage in the fight against terrorism is lacking in ASEAN. So this is surely the main factor for limits in the participation in the Global War on Terrorism from ASEAN's side.

Table 1: ASEAN security experts on motivating factors for ASEAN counter-terrorism

Factor	Em- mers	Liow	Singh	Nathan	Hock	Gu- naratna	Rama- krishna	Tatik
Power internal	+-	-	-	-	+-			
Power external	+-	+-	-	+	+-			
Socialisation	+	-+		+	-+		+	
Threat	+-	+-	+-	+-		+	+	+
Interdependence	+		+	+-	+			
Elite compl.	+	+	+-	-	+-	+-		
Pressure	-	+	+-	+			-	-
Authority	+-	+-	+	+		+		

Global Multi-Level Governance: European and East Asian Leadership

by *César de Prado*

Reviewed by
Susanne Rentzow-Vasu

As the introduction to this book quite rightly notes, making sense of the international environment post-key events such as the Cold War and 9/11 is exceedingly difficult and incredibly complex. Realists (both traditional and neo), liberals, Marxists and Constructivists arguably only offer unsatisfying jaundiced structural perspectives that champion their respective pet key actors. Moreover, these different sense-making theories of global politics appeal to different constituencies: realism is normally well-received by military strategists; liberalism is embraced by diplomats and the business community; and Marxists and Constructivist thought appeals largely to social democrats and civil society organizations.

Motivated by Edward Wilson's reductionism in the guise of "consilience", de Prado in this book offers an ambitious attempt to reconcile the different analytical approaches to understanding global politics in an increasingly interconnected world. In a nutshell, de Prado offers a novel theoretical paradigm of world order in the guise of global multi-level governance. He argues that although inter-state relations are important for understanding global politics, to attain a



fuller picture one has to also appreciate the flows between and across state-level politics. With the blooming of both sub-state actors and supra-state regional bodies buoyed by rapid communication technology, global governance has become influenced at various interrelated and networked levels. The actors at the three levels of sub-state, state and supra-state interact and influence each other – sometimes in contestation while at other times in cooperation.

The manner in which the argument is supported in the book is commendable. Through a thorough analysis of multi-level governance in the four domains of the political, advisory, economic and social in Europe and East Asia, de Prado cogently and systematically supports his argument. In each of these domains, he shows how governments, intellectual actors,

multinational corporations and universities interact in formal and informal ways through formal regional structures, Track-2 and Track-3 exchanges and economic agreements in order to synthesize their agendas.

It is in the analysis of Track-2 exchanges led by think-tanks and Track-3 interaction at the university level in the domains of the advisory and social that the book's most valuable contribution is made. Both formal and informal economic and political governance in Europe and Asia have been comprehensively analyzed before but de Prado here has forged new ground with his work in Chapters Three and Five. Often overlooked, it may be argued that these two domains are the ones that lubricate the interactions at the economic and political level.

Although insightful and thought provoking, de Prado could have further strengthened and supplemented his argument with reference to the English School approach to global politics as best exemplified by the work of Hedley Bull and Adam Watson. With its focus on *international society* as opposed to the Spartan *international system* that characterizes other theoretical lenses by which global politics is understood, the English School would have been willing and enthusiastic bedfellows with de Prado's argument.

The point raised here does not diminish the value of this book for anyone who is interested in discussions surrounding the Pandora's Box of global politics. It is a valuable supplement to those aware of the issues as well as to those at the starting gates of the topic.

Documentation on the 16th EU-Japan Summit, Berlin, 5 June 2007

1. Joint Press Statement

1. Dr. Angela Merkel, Federal Chancellor of Germany, in her capacity as President of the European Council, assisted by High Representative Dr. Javier Solana, and Mr. Jose Manuel Barroso, President of the European Commission, and Mr. Shinzo Abe, Prime Minister of Japan, met in Berlin on 5 June for the 16th Summit between the European Union (EU) and Japan.

2. Summit leaders reaffirmed their desire to further strengthen the longstanding partnership between the EU and Japan. The EU and Japan share fundamental values such as democracy, the rule of law, human rights, and a market-based economy. Summit leaders are united in their commitment to contribute to the resolution of global challenges including global climate change and the question of energy security. In this context, they noted further significant progress in implementing the Action Plan on EU-Japan Cooperation, adopted in 2001, and set priority actions to be taken by the time of the next EU-Japan-summit (see Annex).

International and global issues

3. On climate change, the EU and Japan

reached common understanding that, in order to stabilise the greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system, an urgent and strong action is needed. In the light of this, the EU and Japan are committed to take strong leadership towards the development of a fair, flexible, effective and comprehensive UN post-2012 framework that ensures the participation of all major emitting countries. The UN climate change conference in Bali at the end of 2007 has crucial importance in this regard. Negotiations for a post-2012 framework should be completed as early as possible to avoid a gap after 2012.

Summit leaders are united in the view that a long-term goal for reducing global GHG emission by half or more by the year 2050 needs to be established. They acknowledge the continuing leadership role that developed economies have to play in tackling climate change.

They recognise, however, that the efforts of developed countries will not be sufficient and that new approaches for fair contributions by other countries are needed. In order to facilitate the negotiations and completion of a comprehensive agreement, the EU and Japan share the view that the G8 process including the Gleneagles dialogue, and other fora, provide valuable platforms to

constructively engage with key energy consuming and greenhouse gas emitting countries with a view to support UN negotiations for a comprehensive framework agreement. In this regard Summit leaders recognise the importance of the development and transfer of technologies to reduce emissions and improve energy efficiency, use of market based instruments such as emissions trading, performance-based regulation and consumer labelling, appropriate adaptation measures to tackle inevitable effects of climate change and addressing the reduction of emissions from deforestation in developing countries.

The EU and Japan will step up cooperation on climate change research and related observation activities such as Global Earth Observation System of Systems (GEOSS) to support effective planning of adaptation measures. The EU and Japan highlighted their shared interests and acknowledged the commonalities in the new EU Energy Strategy Policy and Japan's New National Energy Strategy, and will strengthen cooperation for energy security in the following key areas: increasing transparency, predictability, and stability of global markets; improving the investment climate in the energy sectors; enhancing energy efficiency and energy saving; diversifying energy mix; ensuring physical security of critical energy infrastructure; reducing energy poverty; addressing climate change and sustainable development; increased use of non fossil fuels and low-carbon technologies including clean coal technology, renewable energy resources (e.g. solar energy, wind power, bio-fuels); the use of nuclear energy for those who decide to use this option. A new international strategy on energy

efficiency will be developed in close cooperation with the IEA. The EU and Japan will continue further discussions, and look forward to the success at the forthcoming Heiligendamm G8 Summit meeting, in order to intensify their cooperation in the field of climate change and energy, in the run-up to the UN international climate conference and to Japan's Presidency of the G8.

4. On the emerging regional architecture in East Asia, the EU welcomed efforts to strengthen open and transparent regional cooperation in East Asia based upon universally recognised values and global rules, and expressed appreciation of Japan's constructive and active role in this respect. Japan welcomed the EU's constructive contributions to the regional political architecture in Asia-Pacific through the Association of South East Asian Nations (ASEAN) Regional Forum, the enhancement of EU-ASEAN relations and the Asia-Europe Meeting (ASEM) process. Japan welcomed the EU's interest in being engaged in the East Asia Summit process and its intention to join the Treaty of Amity and Cooperation (TAC). Both sides stressed the importance of continuing the EU-Japan Strategic Dialogue on this region.

5. The EU noted with appreciation the strengthening and deepening of Japan-China relations. Summit leaders welcomed China's economic development under its reform policy of opening up to the international community and stressed the importance of having China as a responsible and constructive partner in the international community. Japan reiterated its opposition to a lifting of the EU's arms embargo on China.

6. The EU and Japan reaffirmed their strong commitment to the goal of denuclearisation of the Korean Peninsula and emphasised that - as a first step – the agreement reached at the Six Party Talks on 13 February 2007, and the UN Security Council Resolution 1718 should be expeditiously implemented. The leaders also expressed their continued and very serious concern about the situation of human rights in the DPRK. The EU confirmed its strong support for all efforts intended to lead to the earliest possible settlement of the abductions issue.

7. Recognising the importance of the steady implementation of the Afghanistan Compact, the EU and Japan will continue their close and effective cooperation on assistance to Afghanistan in the field of rural development, police and judicial reforms and Disbandment of Illegal Armed Groups (DIAG). Japan welcomed the beginning of an European Security and Defence Policy (ESDP) Police Mission in Afghanistan. Japan indicated its willingness to contribute to the strengthening of the police sector reform, in close cooperation with the ESDP mission.

8. The Leaders underlined the usefulness of the EU-Japan strategic dialogue on Central Asia and the significance of their close coordination. The EU and Japan are convinced that transparency, regional cooperation and donor coordination are crucial to jointly foster stability and prosperity in Central Asia. Border management, water management, health, human resources development including education, human rights, democracy and the rule of law are areas of particular

mutual interest. Due account should also be taken of areas in which the Central Asian states themselves have expressed a particular wish for enhanced cooperation.

9. On the Middle East, the EU and Japan reiterated their commitment to further strengthening their efforts in tackling challenges such as in Iraq, Iran and the Middle East Peace Process. Both sides reaffirmed their willingness to continue their close cooperation to this end. With respect to Iran, the EU and Japan expressed their serious concern at the Iranian nuclear programme. The Leaders regretted Iran's failure to take the steps required by the International Atomic Energy Agency (IAEA) Board of Governors and the UN Security Council, reaffirmed the importance of reaching a peaceful solution to this situation and urged Iran to suspend its enrichment programme to allow for negotiations and to fully cooperate in this regard with the IAEA. Both sides decided to continue closely exchanging views on this matter.

10. Summit leaders underlined the importance of implementing the on-going reform process adopted at the UN Summit in 2005, including the reform of the main UN bodies, as referred to in the outcome document, in order to address various challenges that the international community faces. Summit leaders also underscored the importance of further cooperation in the work of the Human Rights Council and the Peacebuilding Commission.

11. The EU strongly welcomed Japan's accession to the Rome Statute of the International Criminal Court expected

this year.

12. Summit leaders underlined the importance for the EU and Japan to strengthen cooperation on poverty reduction through sustainable development and the promotion of human security. Recalling the strategic commitments made at Gleneagles to support African nations to make progress towards the Millennium Development Goals and pointing out the focus on Africa at this year's Group of 8 (G8) Summit in Heiligendamm, they recognised the importance to better coordinate positions on key development challenges as well as on political and security issues of the African agenda and set out to cooperate closely in preparation of the fourth agenda and set out to cooperate closely in preparation of the fourth Tokyo International Conference on Africa Development (TICAD IV) and Japan's G8 Presidency. The leaders reaffirmed their commitment to the Paris Declaration on Aid Effectiveness and determined to launch a dialogue at senior official level on development issues. The leaders underlined the important positive role played by regional organisations in ensuring stability and sustainable development.

13. On the World Trade Organization (WTO), Summit leaders stressed the paramount importance of a successful and prompt conclusion of the Doha Development Agenda (DDA). They will continue to cooperate closely in order to reach an ambitious, balanced and comprehensive agreement. They called on all WTO members to contribute in order to achieve such an agreement.

EU-Japan relations

14. The EU and Japan sharing universal values and similar strategies to move towards a knowledge-based society, stressed the importance of promoting innovation which will enable them to (a) lead the world economy by technological competitiveness, (b) make contribution to tackling common global challenges such as climate change, environment and energy, and (c) bring prosperity to their peoples and beyond. Summit leaders adopted the annexed paper "Promoting Research and Innovation towards Prosperity", in order to identify the realms in which both parties can further strengthen cooperation in this field. The leaders decided to quickly intensify EU-Japan Science & Technology cooperation to ensure mutual sustainable prosperity and further deepen their global relationships and looked forward to a forthcoming initialing of the Science and Technology Agreement in the near future.

The bilateral Agreement on Cooperation concerning Peaceful Uses of Nuclear Energy which entered into force in December 2006 also reflects their commitment to non-proliferation and to a high-level of nuclear safety and security. Summit leaders also noted the positive cooperation on the ITER project and the Broader Approach activities towards the realisation of fusion energy.

15. The leaders affirmed the vital importance of protection and enforcement of intellectual property rights (IPR) as a driving force of today's flourishing knowledge-based societies. They adopted the EU-Japan Action Plan on IPR Protection and Enforcement, which is

annexed to this document, to strengthen the cooperation between Japan and the EU in this area.

16. Summit leaders appreciated the well-functioning and the progress achieved in a number of bilateral dialogues under overall supervision of the High-Level Consultations, in particular the Regulatory Reform Dialogue. They welcomed the new high-level dialogue on trade issues launched in April and the Industrial Policy and Industrial Cooperation Dialogue, which confirmed the need of a close cooperation between two major economies facing similar competitiveness challenges. Summit leaders welcomed the on-going dialogues and efforts that address issues of accounting and auditing and aim to find a satisfactory solution on equivalence between Japanese and EU-adopted rules and standards. They also welcomed the initialling of the EC-Japan Agreement on Customs Cooperation and Mutual Assistance.

17. The EU and Japan appreciate the joint input from the business communities, via the Business Dialogue Roundtable (BDRT) and they reaffirmed the value of responding to the recommendations of the BDRT. Summit leaders welcome the handover of the business recommendations adopted in Berlin on 4 June. The EU and Japan celebrated the 20th anniversary of the EU-Japan Centre for Industrial Cooperation and expect it to take an even more active role in the next decade.

18. Both sides stressed the importance of cooperation in the field of civil aviation. The EU emphasised the importance of ensuring legal certainty of existing bilateral

air services agreements between the EU Member States and Japan. Japan stated that the issues of air services agreements between Japan and EU Member States should be discussed between the parties to respective agreements.

19. The EU and Japan recognise the importance of academic cooperation and exchanges as means to promote mutual understanding, innovation and quality of education. The EU and Japan will build on the experience of the pilot projects in this field and further enhance cooperation in higher education between the EU and Japan. They will also explore the possibility of organising an ad hoc seminar on educational policy issues of mutual interest.

20. Summit leaders welcomed the launch of preliminary, informal discussions on cooperation between the EU and Japan in the area of mutual legal assistance in criminal matters.

Source:

http://ec.europa.eu/external_relations/japan/sum06_07/2007_jpr.pdf

2. ANNEX: IMPLEMENTATION OF THE EU-JAPAN ACTION PLAN:

Priority Actions to be taken by the next EU-Japan Summit

Objective 1: Promoting Peace and Security

- Continue wide-ranging policy discussions on international and regional issues, in particular by pursuing the strategic dialogue on East Asia's security environment and on Central Asia.
- Continue efforts to promote effective multilateralism as a means of tackling global challenges and reaffirm the vital role of the UN in this regard. Work together to provide multilateral solutions in the areas of development, peace and security, human rights and the rule of law as well as to strengthen the main UN bodies, as stated in the 2005 World Summit Outcome Document.
- Pursue dialogue on Human Security, focusing on its concrete implementation in a wide range of issues to restore the livelihoods of people exposed to challenges such as poverty, infectious diseases, post-conflict reconstruction, humanitarian de-mining, fight against the illicit spread of small arms and light weapons, environmental degradation and deforestation, adaptation to climate change, etc.

Objective 2: Strengthening the Economic and Trade Partnership by Utilising the Dynamism of Globalisation for the Benefit of All

- Reinforce joint efforts to ensure a successful conclusion of the DDA negotiations.
- Enhance various dialogues under overall supervision of the High Level Consultations.
- Continue using the EU-Japan Regulatory Reform Dialogue (RRD) to achieve mutually beneficial results on outstanding regulatory issues.
- Build on the first meeting of the high level trade dialogue, held in Tokyo on 16 April.
- Conclude the Agreement on Customs Cooperation and Mutual Assistance and commence its implementation.
- Building on the Joint Statement on Cooperation on Information and Communication Technology (ICT), foster cooperation on ICT research; reinforce regulatory and policy exchanges on areas of mutual interest (regulating in a convergent environment; challenges of Next Generation Networks deployment; Radio Frequency Identification (RFID); Open Source Software; developing safer and securer environments for ICT usages.
- Continue cooperation in the area of financial services regulation, including at forthcoming senior level contacts, with an emphasis on meeting the 2009 target for equivalence on accounting and auditing rules and standards.
- Continue cooperation under the new EU-Japan Action Plan on IPR Protection and Enforcement.

- Continue EU-Japan macro-economic dialogue.

Objective 3: Coping with Global and Societal Challenges

- Conclude and implement the EC-Japan Agreement on Cooperation in Science and Technology.
- Implement the ITER project in accordance with the ITER Agreement as soon as it enters into force. Implement the Broader Approach activities in accordance with the Broader Approach Agreement which entered into force on 1 June 2007.
- Hold a regular High Level Meeting on the Environment and conduct ad-hoc consultations at every opportunity, and intensify EU-Japan cooperation towards the establishment of an effective post-2012 framework in the field of climate change.
- Continue consultations on energy efficiency, sustainability and security through the newly-launched expert dialogue on energy.
- Develop new international strategy on energy efficiency with close cooperation with the IEA.
- Continue to take the lead in the development of the Global Earth Observation System of Systems (GEOSS), especially toward the success of the Fourth Earth Observation Ministerial Summit in Capetown, South Africa on 30 November 2007.
- Continue and enhance ongoing dialogue on development policy and cooperation.
- Pursue dialogue on issues of mutual interest regarding maritime transport policy and maritime safety.

- Continue cooperation in the area of employment and hold a joint tripartite symposium on the diversification of forms of work and employment in Tokyo at the beginning of 2008.

Objective 4: Bringing Together People and Cultures

- Further build on the success of the 2005 EU-Japan Year of People-to-People Exchanges by reviewing the possibility to enhance exchange programmes, particularly in the field of higher education.
- Build on the experience of the pilot projects in the field of higher education and further enhance cooperation in this field between the EU and Japan. Explore the possibility of organising an ad hoc seminar on educational policy issues of mutual interest.

Source:

http://ec.europa.eu/external_relations/japan/sum06_07/2007_annex_action_plan.pdf

Web Links on Europe and Asia

Timely and up-to-date information is a necessity for policy-makers and researchers. In an increasingly information-dependent world, the Internet is an unsurpassed medium for rapid dissemination of news. The following is a compilation of websites that offer invaluable insights and timely information on Southeast Asian issues and Asia-Europe relations.

ASEAN Secretariat

<http://www.aseansec.org>

The homepage of the Association of Southeast Asian Nations (ASEAN) Secretariat, this site provides information on the latest ASEAN meetings as well as archived documents.

Asia Daily

<http://wn.com/s/asiadaily/index.html>

Part of the World News Network, Asia Daily offers news pertaining to Asia as well as links to the various Asian news sites.

Asia-Inc

<http://www.asia-inc.com>

Asia-Inc is a monthly regional business magazine targeted mainly at Asian executives, with emphasis on business news in Singapore, Hong Kong and Malaysia. The website offers articles featured in its publication, which provide insights into the Asian business community.

Asia News Network

<http://www.asianewsnet.net>

Established with support from Konrad-Adenauer-Stiftung, the Asia News Network

(ANN) website offers news updates and commentaries from 13 major dailies in Southeast Asia who are members of ANN.

Asia Source

<http://www.asiasource.org>

A project of the US-based Asia Society, Asia Source provides information on various aspects of Asia, such as arts and culture, business and economics, policy and government and social issues. It also offers access to information by experts and also links to pages that focus on Asian lifestyle, education and statistics.

Asia-Europe Foundation

<http://www.asef.org>

The Asia-Europe Foundation was established by the members of the Asia-Europe Meetings (ASEM) on 15 February 1997 with the objective of promoting better mutual understanding between the peoples of Asia and Europe through greater intellectual, cultural and people-to-people exchanges between the two regions. The website provides a listing of the activities and events of the Foundation as well as speeches delivered at ASEF events, media articles, press releases and book reviews with special interest in Asia and Europe.

The Asia Society

<http://www.asiasociety.org>

The Asia Society is an American nonprofit, non-partisan educational organisation dedicated to fostering understanding of Asia and communication between Americans and the peoples of the Asia and the Pacific. The website features details of the events organised by the Society, the speeches delivered and a selection of the Society's publications.

BBC News Asia Pacific

<http://news.bbc.co.uk/2/hi/asiapacific/default.stm>

Part of the British Broadcasting Corporation (BBC) Internet network, this site is updated daily with top stories from the Asia-Pacific region.

CNN Interactive – World Regions – Asia Pacific

<http://edition.cnn.com/ASIA>

Part of the Cable News Network (CNN) online news portal, this site is updated daily with the top stories from the region. It also has links to other media such as TIME magazine and The New York Times belonging to parent company AOL Time Warner.

The East-West Center

<http://www.eastwestcenter.org>

The East-West Center is an education and research organisation that helps promote

the establishment of a stable, peaceful and prosperous Asia Pacific community. It is a source of information and analysis about the Asia-Pacific Region, including the United States. Some 2,000 scholars, government and business leaders, educators, journalists and other professionals throughout the region work with Center staff annually to address issues of contemporary significance.

The European Union Online

<http://www.europa.eu.int>

The server of the European Union provides access to the homepages of the EU institutions with news, press releases and on-line documentation of EU meetings in several European languages.

Far Eastern Economic Review

<http://www.feer.com>

The online version of the weekly magazine on Asia's economic and business news. It contains some of the stories and features carried in the magazine. FEER also offers a free e-mail news service which is a digest of the major features carried on their website.

German Council on Foreign Relations (DGAP)

<http://www.dgap.org/english/summary.htm>

The main goals of the German Society for Foreign Affairs (DGAP) are: to stimulate interest in international questions, to promote worldwide scholarly cooperation, and hence to increase understanding between nations. The DGAP was founded in 1955 as an independent, non-partisan, non-profit association. Its aims, organisation, and mode of financing are similar to those of the Council on Foreign Relations in New York and the Royal Institute of International Affairs (Chatham House) in London.

Institute for Southeast Asian Studies (ISEAS)

<http://www.iseas.edu.sg>

Established in 1968, ISEAS is a regional research centre dedicated to the study of socio-political, security and economic trends and developments in Southeast Asia and its wider geostrategic and economic environment. The ISEAS website provides details of its research programmes as well as a full catalogue of publications.

Organisation for Economic Cooperation and Development (OECD)

<http://www.oecd.org>

The OECD has an exclusive membership

of 30 developed economies that share a commitment to democratic government and the market economy. Since its establishment three decades ago, OECD has moved beyond a focus on its own members to embrace the entire global economy, with active relationships with some 70 other countries, NGOs and civil societies. Its website contains an on-line bookshop covering the policy studies undertaken by the OECD as well as details of the workshops.

European Union in the World

http://ec.europa.eu/external_relations/index.htm

The website of the European Commission's Directorate General External Relations (DG Relex) provides information and documents relating to the Union's external affairs listed by country, region and policy area.

Centre for European Policy Studies (CEPS)

<http://www.ceps.be/index3.php>

The Brussels-based Centre for European Policy Studies (CEPS) serves as a leading forum for debate on EU affairs. With a strong in-house research capacity and an extensive network of partner institutes throughout the world, the Centre runs a number of research programmes on EU politics and policies including on the EU's Foreign and Security Policy. The website contains information on its research activities, events, networks and publications.

ASEAN Regional Forum

<http://www.aseanregionalforum.org/>

Established in 1994, the ASEAN Regional Forum (ARF) is an informal multilateral dialogue in the Asia Pacific region. Its aim is to foster dialogue and consultation on political and security issues and to contribute to efforts towards confidence-building and preventive diplomacy in the region. The website is maintained by the ASEAN Secretariat and contains information on ARF activities, related documents and contact details.

Asia Institute Europe (AIE)

<http://www.asia-institute-europe.eu/>

Asia Institute Europe (AIE) is a Brussels-based independent intellectual resource on Asia and a public platform for innovative research, knowledge partnerships and policy exchange. AIE analyses socio-economic and political developments and anticipates trends in the EU-Asia context and their impact on Europe, Asia and globally. AIE boasts a comprehensive network of key experts and policy-makers. The website contains news from China, India and Asia, a list of the institute's publications as well as information on its activities.

Sebastian Bersick examines the Asia-Europe Meeting (ASEM) process as a security regime. In application of the concept of open regionalism based on the minimising of relative gains-calculations, his paper studies the behaviour of China in the ASEM process. Dr Bersick concludes that the European Union has been instrumental in encouraging regional cooperation in East Asia, in integrating a more assertive China into the multilateral framework, and in facilitating China's participation in region-building in East Asia.

Cornelia Beyer discusses ASEAN's strategy in the war against terrorism investigating whether internal or external factors have led to counter-terrorism cooperation in ASEAN. In her paper, Ms Beyer concludes that in its strategy and the concrete measures adopted ASEAN took the role of a promoter of counter-terrorism cooperation while abstaining from adopting a common definition of terrorism. Rejecting race, culture and religion as root causes for terrorism ASEAN has highlighted the role of poverty and underdevelopment instead.

Carolina G. Hernandez addresses the institutional evolution and development of ASEAN regionalism by highlighting the current drive towards the adoption of an ASEAN Charter containing "bold measures" by 2007. In her analysis, Dr Hernandez illustrates the participation by the ASEAN Institutes of Strategic and International Studies (ASEAN ISIS) in the process through the formulation of memoranda on the subject and provides assessment on how a charter can contribute to institution-building in ASEAN.

Jörn Keck examines EU-Japan relations highlighting the failure of either party to maximise the potential of the 2001 "Action Plan' for EU-Japan Cooperation - Shaping our Common Future". By illustrating the respective future visions of Japan and the EU he points towards the benefits of increased cooperation including the creation of a stable and economically prosperous Asia. He notes that EU-Japan cooperation on issues pertaining to energy and the environment in Asia should be given special attention.

Yeo Lay Hwee discusses whether the ASEM process has lived up to its potential of providing an inter-regional framework. Dr Yeo argues that ASEM has neither succeeded in establishing itself as an inter-regional forum capable of acting as a rationaliser of international relations nor has it performed the function of an agenda-setter in other international or multilateral forums. She predicts that observers will continue to see more of ASEAN's traditional *ad hoc* and project-driven approach to cooperation rather than greater focus on institutionalisation.

