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Asia-Europe Think Tank Dialogue


“Rethinking International Institutions, Diplomacy and Impact on Emerging World Order”

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On 10-11 September, 2015, the regional programme Political Dialogue with Asia of the Konrad-Adenauer-Stiftung organized the 17th Asia-Europe Think Tank Dialogue “**Rethinking International Institutions, Diplomacy and Impact on Emerging World Order**” in The Hague / The Netherlands. Besides the institutional partners Institute of Strategic and Development Studies, Philippines, and EU Centre in Singapore, Clingendael – Netherlands Institute of International Relations was co-organizer and host of this year’s event.

Session I: Whiter Diplomacy – Where does Diplomacy fit in the 21st Century

Emmanuel Mourlon-Druol, University of Glasgow, Scotland, started the Dialogue with a presentation on **The Rise and Demise of Conference and Summit Diplomacy**. Official meetings among heads of government are no new phenomenon, but in earlier days these had an ad-hoc character and were driven by particular historic developments. The rise of conference and summit diplomacy started only in the mid-1970s when the European Council and G7 were established. These meetings are more regular and have a long-term agenda, building upon each other. There are several reasons for this expansion of summits. Air travel made the transportation much easier and faster. In times of mass media, such summits send a strong signal and many people can be reached at the same time. It was believed that direct meetings would increase the trust and on one occasion many one-to-one meetings between heads of state can take place without travelling much. Finally, globalization and common military threats resulted in the



perception that governments need to develop a coordinated response. While the direct outcomes of summits may not be as strong as expected, it is clear that they are a crucial tool of today's international governance. They avoid a breakdown of international cooperation and foster incremental changes to legislations. Often they set deadlines and the implementation as well as domestic work following a summit shows the real impact. Due to the sheer number of summits and topics, these domestic policy reforms are delayed in some cases though which undermines the legitimacy of the meetings. But summits also enable small states to play a bigger role in international politics as mediators.


Besides summitry, **The Digital Revolution in Diplomacy** has been changing the style of governance since a few years. *Jan Melissen*, Clingendael, The Netherlands, looked at the dark and bright sides of e-diplomacy. The advantage of e-diplomacy is a direct interaction between governments and citizens to inform them and exchange views. The danger lies in manipulation of perceptions and trolling through both citizens and other states. There is still discussion on whether digital diplomacy is a new, additional layer to play the old trick of diplomacy as claimed by cyber-realists or a revolutionary form providing a totally new network as stated by cyber-utopists. Digital diplomacy is not going to replace summits and official meetings, but it will complement them. For instance, it can help policy makers to stay on the ground and connected at the same time without attending all meetings in person. It is certainly the case that the internet impacts traditional structures of Ministries of Foreign Affairs which now act much more horizontal compared to a previous vertical approach. E-diplomacy also gives more power to embassies, non-diplomats and the periphery within the Ministry of Foreign Affairs as not all action takes place in the centre. It provides citizens with the opportunity to bring up new topics and push governments to act on certain issues. However, this new tool also requires interference as authorities cannot let it run by itself due to the possible negative impacts. A particular huge challenge for the future will be the analysis of big data and its management.

Against this backdrop, the European Union tries to reform its external diplomacy and play a greater role in Asia. *Thomas Christiansen*, Maastricht University, The Netherlands, discussed the **EU Diplomacy versus National Diplomacy of EU Countries towards Asia – Consonance and Dissonance in Form and Content**. It is impossible to have an EU policy without considering the national



foreign policies of Member States, particularly since disagreement is possible. A general problem the EU currently faces is that its internal challenges distract from its foreign policy and the community is being perceived by its global partners to be lacking a long-term vision. The EU does have an ambition for a foreign strategy and established a comprehensive set of formal initiatives. These range from partner and associations to region-to-region approaches and cover diplomacy, trade, security and human rights matters, among others. Two main factors hinder a stronger EU engagement in Asia. Due to the exclusive versus shared competencies with its Member States, the EU is limited in its points of access. Secondly, the EU views itself as a normative power and the Parliament has a strong influence. The Member States, on the other hand, are more focussed on specific issues due to their economy, geopolitical location and culture of politics. While there is a continuity of relations, changes in the relationship are frequent due to elections and the impact of individual leaders who might favor different topics or companies. Due to this autonomy, big states are more reluctant to transfer power compared to smaller countries that are used to cooperate in order to have a bigger impact. However, non-EU countries such as China, India or the USA also tend to approach the big powers Germany, United Kingdom and France first. Within this context, several dissonances can be identified in the European approach vis-a-vis Asia. Member States having a trade surplus tend to be more open to engage with Asia compared to those having a trade deficit with Asian partners. For instance, while the EU was on trade conflict with China on solar power, Germany refused to participate since it valued the trade with China more important. It sacrificed the solar power industry to protect its access for automotive. Small countries are not able to do this and have fewer choices. The emphasis on human rights also differs greatly as the EU makes this a core principle of its foreign policy. A third area of dissonance is the military sphere. While there are weapon embargos on China and nuclear ones on India, some Member States oppose these strongly. Despite these disagreements, the situation is not as negative as perceived and the EU and its Member States have been able to cooperate on their foreign policies towards Asia.

In his comment *Patryk Kugiel*, Polish Institute of International Affairs, Poland, highlighted that the EU foreign policy is still a complicated puzzle. Due to the intergovernmental character of the EU, big Member States can continue to shape the EU's policies. For smaller states a division with the EU might be beneficial.




Poland, for instance, can push sensitive topics like human rights to the EU and focus on non-conflictual issues on the national track. For the future he sees two options how this relationship might evolve. Desirable is a deeper integration with more competencies for the EU, but this seems unlikely seeing how the current refugee discussion reflects the non-unity. Instead it is more feasible to promote a clear division of labor between the EU and the Member States as the latter will not give up their influence.

The discussion highlighted that the EU foreign policy is being criticized for something it cannot be. In the end it is the Member States who have been blocking any further integration in this domain. A division into a bad cop-good cop strategy bears a threat as the EU might be perceived as doing the less important issues while aspects of trade and diplomacy remain with the Member States. This is also true for ASEAN where the member countries keep the power over foreign policy. If the EU wants to engage more with ASEAN, it will also have to be present continuously. At the ASEAN summits, all heads of state participate and if an outsider does not send the head of state or at least government this is seen as a sign of disrespect and disinterest. While ASEAN states acknowledge the efforts by the EU to be present, the High Representative will have to attend more than one summit.

Session II: Forum Shopping and Rise of Informal Intergovernmental Institutions


Aynsley Kellow, University of Tasmania, Australia, analyzed **Forum Shopping and Global Governance**. Forums are a sign of the proliferation of arenas for policy development. So far impacts of forums have been quite ambivalent. Each forum has its own organizational characteristics which differ greatly, allowing policymakers to choose between the various opportunities. They are differentiated by membership, decision-making rules and procedures as well as the strength of enforcement mechanisms, among others. Forums also benefit from the growing frustration of governments, businesses and NGOs with large multilateral arenas such as the WTO and the UNFCCC where consensus rules result in a slow negotiating progress. Multilateral forums can take very long and have a limited



outcome as reflected by the Doha-round. Results are sometimes the smallest denominator because the result is what the most resistant partner agrees to. Thus, the criticism is that these forums have no coherence and are pure patchwork. On the other hand, forums can be useful to support multilateral efforts. Such smaller negotiating arenas have developed in parallel to the major multilateral organizations. In them, fewer participants seek to accelerate and enact more advanced agreements. Currently, this is especially true in the area of international trade negotiations and the environmental policy field. An overlap of different groups in the forums can be beneficial as it was the case in the Nordic Council. For instance, country A can make compromises in forum I and country B will do the same in forum II. However, there is the danger of competition between forums and members could set up new ones if there is too much disagreement within the arena.


The Role of International Parliamentary Cooperation was discussed by *Nicola Lupo*, LUISS School of Government, Italy. Originally, parliaments have had functions which are far from international relations, but more national. They could direct or limit the foreign policy agenda, but were no direct actors. This has changed over the last 25 years as the global challenges and changes in international relations due to the end of the cold war have created more opportunities for international parliamentary cooperation and international parliamentary assemblies. Nowadays, a great variety of such cooperation exists. In the European Union, many new forms have been established since the Lisbon treaty which seeks to promote interparliamentary cooperation between Member States and the European Parliament (EP). One example is the Interparliamentary Conference on CFSP-CSDP.

The limits are a proliferation of interparliamentary fora without a clear design, lack of political willingness by members of Parliament to participate, high costs with low effectiveness (in terms of concrete achievements) and almost no awareness among the public. Therefore, some view them as an inefficient practice which is weakened by the internal disputes between the EP and national parliaments. Despite this, interparliamentary cooperation is an essential element that structures the euro-national parliamentary system and could contribute to increasing the accountability of the Executives in the EU. It is thus more than a mere market for exchange of information, but not an autonomous channel of legitimacy either.



Ambassador H H S Viswanathan, Observer Research Foundation, India, provided an Asian perspective on whether **Reforming or “Retiring” Existing Institutions** is the way forward. With the rise of Asian powers and the relative decline of Western influence, the question is whether the existing institutions and global order, which were both strongly influenced by the West, can still meet today’s challenges. While there is no Asian view per se, many Asian countries have a convergence in their perspective and this often does not follow the Western ideas. Thus they demand for a fair and equitable order. Institutions are mechanisms to maintain this global order through their three pillars of values, norms and rules. But they also require legitimacy and efficiency. If the global order is now being questioned, the institutions start losing ground on the former. In light of this, the establishment of the G20 was much welcomed and seen as the most successful current forum. The IMF and WorldBank, on the other hand, are unfair in view of the BRICS as these countries produce 25 % of the global GDP, but hold only 14 % of the shares. The result of this is the New Development Bank and the AIIB as the existing institutions refused to adapt. The UN Security Council and the International Energy Agency are also not representative of today’s situation and exclude major countries. India has thus shifted from a multilateral approach to a multi-stakeholder concept. Against this background, existing institutions have four options: A) they are being confirmed and can be used in future, B) emerging powers push for change and reform them, C) emerging powers ignore and ultimately by-pass them or D) new institutions are being created.

Ole Jacob Sending, Norwegian Institute of International Affairs, Norway, addressed the same topic but from a **European Perspective**. A key characteristic of international organizations (IO) is their publicness as it secured high exchange rate between economic and public capital. Exactly this publicness of organizations such as the IMF, WorldBank and UN is at stake today as countries threaten to cut funding and the IOs have to compete with consultancies, providing similar services, in tenders to receive funding. In addition, they are perceived as too bureaucratic and ineffective making public-private-partnerships a more important tool. This contest is even reinforced by the IOs themselves as they outsource tasks to consultancies. All this undermines the publicness of international organizations, resulting in competition over public goods and ultimately affects the legitimacy of IOs. They lost their input legitimacy as states influence IOs and have moved to



output legitimacy where it does not matter if the public good is provided by them or any firm. In such a contested market, networks are of high importance and IOs lost their competitive advantage of being the first point of contact for the public. The result of this is a loss of the institutional memory as the public goods might be provided by a different firm each time and diplomats can no longer function as gate keepers. In order to restore the publicness of IOs, it is necessary to change the core funding and retrain diplomats and civil servants as the capacities of these networks are still strong. But this is particular difficult as new international organizations are being formed which receive funding from states and might have different principles on project-funding (e.g. AIIB and New Development Bank) or definition of fair elections as it is in the case for the Shanghai Cooperation Organization which is by now conducting election monitoring besides the OSCE.

Michael Reiterer, European External Action Service, Belgium, highlighted flexibility as the key question regarding international organizations. Due to new players on the international stage and new tasks the IOs have to adapt. He suggested four different scenarios for IOs in a hyper-connected globalized world. Firstly, they might be established for a fixed term only. Secondly, IOs might have a sunset clause which means that new life negotiations will be held after a certain number of years and if the task is fulfilled, disappeared or the IO is found to be inefficient no new lifespan will be granted. Thirdly, IOs can have a continuous review process to adapt to the changing environment. Finally, each IO could have an escape clause for members to exit and evaluate the benefits of staying against the costs for leaving. At the moment the sunset clause seems likely and the change from the GATT to WTO is a case in point.


The open debate showed that all countries have a different approach to international organizations and that many of the new institutions are being criticized for a lack of democratic legitimacy, accountability and transparency. The desire by countries to gain share in power results in a diffusion of order and ultimately, the power itself. The emerging countries emphasized that they have no intention to overthrow the order and that new institutions are purely complementary and not in confrontation to existing ones. A reason for this debate is also that today's transition is slow and peaceful whereas previous shifts in the international order were sudden after wars.



Session III: Emerging Powers and Competing Architectures

Sandra Heep, Mercator Institute for China Studies, Germany, analyzed **China and the Emergence of Alternative Financial Architectures**. China had plans to establish a bank for a long time, but only the financial crises gave it the chance to do so. Due to the failure of the US-model, China was able to criticize the system and use its fast recovery as a narrative for an alternative system. In this time, China has made a transition to a new growth model which is not merely based on investments and export. President Xi Jinping has been emphasizing a leading role of China in the world. China has also pushed for more financial integration and FDIs to establish new markets for its export. Over a long time, the country has experimented with different financial tools ranging from unilateral to bilateral and multilateral approaches. The Asian Infrastructure Investment Bank (AIIB) shall complement the current system through its focus on infrastructure. It is leaner and more flexible, but China has a supermajority similar to the US in the IMF and thus duplicates the existing system. The current economic development might have an impact though. It was expected that the Chinese economy will slow down, but this happens much more rapidly now. The leadership is nervous and will likely intervene with a new stimulus programme. Heep sees three possible outcomes. China might use its foreign exchange reserves which results in a capital flow out and lower reserves. Secondly, it can engage in domestic damage-control which means that the country will have less time for international financial instruments. Thirdly, a sharp slowdown might result in partners not being willing to invest. Therefore, the BRICS countries are not able to change the system at their current stage. Brazil and Russia have severe financial difficulties and India and South Africa are still weak and their development fell behind the expectations.


The G20 and International Policy Design was discussed by *Donghyn Park*, Asian Development Bank, The Philippines. Despite being founded in 1999, it was not until the global financial crisis of 2008-2009 that the G20 rose to prominence. It is now the premier forum for international economic cooperation. This meant an inclusion of emerging markets in the international economy and reflected a recognition of them having become sizable players. The G20 may be able to facilitate cooperation by enabling trade-offs among major concerns, such as climate change and trade, that are not possible in issue specific forums and institutions. With the participation of heads of state, it could also facilitate



commitments in major policy areas. The forum is criticized for being ineffective and lacking both enforcement mechanisms as well as follow-through on key policy commitments. A key question is if the G20 might be an effective body in times of economic crisis, when countries view cooperation as critical, but less effective when the economy is stronger and the need for cooperation feels less pressing. Especially in financial matters the G7 proves to be still useful as the countries are much more advanced than emerging markets.

Huang Wei, Institute of World Economics and Politics, Chinese Academy of Social Science, China, focused on **G20 Cooperation Under the Framework of Global Economic Governance**. Economic globalization has lowered the efficiency of individual countries-based governance and resulted in the establishment of intergovernmental approaches. As a forum that comprises traditional G7, emerging BRICS as well as additional medium-sized countries, G20 is more legitimate than G7 in terms of its governance representation and also more efficient than the UN mechanism. But the orientation of G20 is not always very clear as the topics change frequently. The key question for all global economic governance fora is efficiency. The members are at a different stage of development and interests vary greatly, but decisions have to be made by consensus. If G20 is able to reconcile this divergence of perspectives, it can contribute to the building of an open world economy. It is, however, important that countries accept that they can change themselves but not others. Neither should the West try to change China nor should China attempt the same.

Tang Siew Mun, Institute of Southeast Asian Studies, Singapore, spoke on **New Security Forums and New Threat Perceptions in ASEAN**. When discussing new structures it is important to first analyze whether the old ones are still working and to evaluate if new structures will have an added value or rather cause distraction. Within ASEAN a growing summitry fatigue can be observed as there are simply too many meetings. The most recent and functioning forms of security cooperation are the East Asian Summit with its six working areas and the ASEAN Defence Ministers Meeting (ADMM). A successful addition in terms of structures was the establishment of ADMM which includes a hotline between the Ministries and regular meetings of the Chief of Defence Forces. ADMM has thus a well-established political and military component that also reflects a comprehensive security understanding which is not purely military. This forum has improved the



ASEAN Regional Forum (ARF) which included only the Ministry of Foreign Affairs and lost in importance. A key aspect of security is political stability. Challenges to power as well as order may impact this stability. In this regard ASEAN has to observe its external dimension which means especially China. In the past years, China has been sending mixed signals to Southeast Asian countries. These are very positive in economic terms, but the People's Liberation Army (PLA) has become more aggressive. Thus, ASEAN states currently see China neither as an opportunity nor a threat yet. A problem for ASEAN is that its member states have different approaches towards China. While ASEAN wants China as a partner, China pressures the nations to make a choice between either them or the USA. ASEAN, instead, looks for a comprehensive approach including all neighbors such as Australia, New Zealand and the European Union. As a result ASEAN is very cautious. While it welcomes everyone's pivot to Southeast Asia, the states do not want external actors to bring any package and make Southeast Asia its playground. Therefore, ASEAN structures are open to engage great powers, but insists that the forums are not founded by big powers or influenced by them but rather stay ASEAN-driven.

Ken Jimbo, Keio University, Japan, looked at the **Threat Perception in Northeast Asia**. Due to the growing interdependence in Asia, it is becoming more difficult to divide its security perception into the traditional sub-regions. The connectivity has been increasing for a number of years, but rather within Asia than with the US only. Especially the rise of China and upgrade of the PLA has changed the security architecture of the region.

Frans-Paul van der Putten, Clingendael, The Netherlands, mentioned that several trends co-exist at the same time. Some structures were broadened (G7 to G20), others narrowed (WorldBank to AIIB) and few kept their status quo like the ADB did. The security architecture is at a turning point. For many years, it has been determined by US-led alliances and ASEAN's multilateral role. While the alliances meet the fundamental questions, ASEAN-led initiatives try to address the greater questions. The long-term determinant is how this might be changed if the shift from US to Chinese influence continues.



Session IV: Panel Discussion on Asia and Europe's Responses to Emerging Trends

Gareth Price's, Chatham House, United Kingdom, main point of advice was that the European Union should look at particular issues in its cooperation with Asia. Instead of aiming for a pure forum participation, the EU should evaluate the fields in which it can make a substantial contribution and focus on these areas.

Yeo Lay Hwee, EU Centre in Singapore, highlighted that countries have to re-think their approach to diplomacy in general. In a connected, contested and complex world, regional order might be more easily achieved than global order and inter-regionalism instead of internationalism. Forums and free networks might offer greater pragmatism and flexibility compared to institutions. Particularly at times when it is difficult to predict challenges and states themselves are being challenged by sub-national and non-state actors, diversity will be crucial to achieve resilience. For instance, the Asia-Europe Meeting (ASEM) has evolved into a mini-UN and became a highly diverse group. It might be better to think of it as an Asia-Europe marketplace of networks and issues where different members can join on an ad-hoc basis.

Mario Esteban Rodriguez, Elcano Royal Institute, Spain, recognized a growing feeling of insecurity and dissatisfaction with regionalism impacting Europe-Asia relations. While Europe reacts rather bureaucratic and is focusing its capabilities on domestic issues, Asia is looking for partners outside of the region. But there are good opportunities to improve the relations, especially since the institutions have no clear structures yet.

Zhang Qingmin, Peking University, China, showed that global economic integration has not resulted in a political liberalization yet. Many of the problems Asia is confronted with nowadays are actually imported from Europe. These include nationalism and principle of non-interference. While these are no longer challenges in Europe, they remain in Asia and hinder cooperation.

Thomas Renard, Egmont – Royal Institute for International Relations, Belgium, recognized a return to bilateralism in the EU due to continuous debate and disagreement. This coincides with regional integration being on hold in Europe. In a situation where regional integration slows down, inter-regionalism cannot develop as well. This does not mean that bilateralism and inter-regionalism cannot co-exist, but there is a need to prioritize and clearly articulate this. Nevertheless,



the EU's role as a strategic actor is growing, especially if this is seen in relative instead of absolute terms. The EU uses the bilateral tools efficiently and has established strategic partnerships to avoid pitfall of the multilateral arena.

Conclusion

The 17th Asia-Europe Think Tank Dialogue highlighted the current developments in international politics and their impacts on diplomacy. While formal institutions might see a decline in influence, they continue to be important instruments. At the same time, forums and networks provide states with the necessary flexibility to respond quickly. Particularly, the digital sphere will have a sustainable impact on diplomacy among states as well as between states and citizens. Europe-Asia relations are affected by the same questions of insecurity and powers challenging the existing order which underlines the need for continuous exchange between the regions. Particular think tanks can greatly contribute to this discussion and provide recommendations to avoid unintended side-effects in this contested environment.