

JUNE 2017

# ASEM IN A FAST-CHANGING WORLD

## ENSURING GEOPOLITICAL RELEVANCE, ENHANCED CREDIBILITY

REPORT



This event is part of Friends of Europe's Asia Programme, including the Europe-China Forum, which looks at the political, economic and social facets of the 'Asian century' and provides a high-level platform for dialogue between policymakers and business leaders. The event is organised in cooperation with the European External Action Service and funded by the project "Advancing EU's role in Multilateral Fora in Asia" under the EU's Partnership Instrument (PI), which aims at enhancing the partnership between the EU and its partner countries in Asia and supporting a more active role of the EU in the ASEM process.

## BUSINESS TIES, GEOPOLITICS GIVE MOMENTUM TO ASEM

Cooperation between Asia and Europe is becoming increasingly important, making the Asia-Europe Meeting (ASEM) more relevant, strategic and necessary than ever before.

That was the consensus of panellists at an event held by Friends of Europe in cooperation with the European External Action Service (EEAS), as ASEM Senior Officials met in Brussels on 21 June to discuss ways to boost connectivity between Europe and Asia. The meeting was held amid growing geopolitical uncertainties, which heighten the need for dialogue and debate between Asian and European policymakers. These contacts should involve parliamentarians, business leaders, academics and civil society representatives, including young people – and ASEM’s informality and flexible structure offer a unique platform.

Three major trends are accelerating cooperation between the two continents. First, the European Union has become increasingly united following the populist votes last year in the United States – the election of Donald Trump as president – and the United Kingdom, where a majority in a referendum voted to leave the EU.

Second, China is boosting its economic diplomacy with projects such as the ‘One Belt, One Road’ plan to boost trade between Europe and Asia. Less noticed is India’s more-active foreign policy, which is emerging from an isolationist tradition on the back of strong economic growth.

As a consensus-based forum for discussion between European and Asia, ASEM can help respond positively to these shifts. Set up in 1996, it has 53 partners, which comprise 30 European and 21 Asian countries, as well as the European Union and the ASEAN Secretariat. It represents nearly 60 percent of the world’s GDP and more than 60 percent of its population. ASEM provides a stable platform to foster political dialogue, reinforce economic cooperation and promote socio-cultural collaboration.

“For the first time in centuries, Europe and Asia are re-emerging as the most dynamic areas in the world,” said **Haroon Sheikh**, author of “The Rise of the East: a Look at the New World Order”. “Does that mean more prospects for Europe-Asia cooperation? Yes, it does.”

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### NEW PLAYERS, NEW CHALLENGES

Both Asia and Europe are changing as more countries grow economically and develop influence. In the 1990s, Asia’s economic story was dominated by the so-called tigers such as Thailand. But now, a new group of countries is rising, such as Vietnam, generating a new wave of economic dynamism.

Still, these signs of European renewal are no reason for complacency, said **Gunnar Wiegand**, Managing Director for Asia Pacific at the European External Action Service.

### GREATER CONNECTIVITY

Economic ties are the engine of the new mood between Asia and Europe, and they are underpinned by connectivity. “Air transport is a good indicator of the trade that is going on,” said **Patrick Jeanne**, Senior Manager for Government Relations & Traffic Rights at Cargolux Airlines. “If you look at the traffic lanes between continents, the Asia-Europe lane is largest worldwide.”

Ten years ago, far more goods were transported by air from Asia to Europe than in the reverse direction. And the transport from Europe consisted heavily of capital goods for use in Asian factories, while consumer goods – especially electronics – came from Asia. “This is changing,” said Jeanne. “The gap between Asia-to-Europe and Europe-to-Asia is narrowing, and the trade is becoming more diverse. The key hubs are still Shanghai, Hong Kong and Japan, but there are many other places where goods are transported by air.”

Air transport has a role when there is a high value in goods arriving fast. Though just 2 percent of the world’s cargo by volume is transported by air, this accounts for 35 percent of world cargo in value terms. “The question is how fast the goods have to reach the market from the factory,” said Jeanne. “So there is going to be a point where land transport does make sense – where speed is important, but not as critical as for air transport. So there is a push to develop rail links between Asia and Europe.”

Transport is also deepening links between Europe and Asia as growing numbers of tourists travel both ways. “Asians and Europeans are contributing to make the world smaller,” said Wiegand. “Tourism means we feel ever more connected and we share the same continent. We should be together in a spirit of openness, and improve the resilience of fragile societies.”

Business links, too, are providing new opportunities to connect the continents. While US companies have dominated the information technology industry up to now – from personal computers and smart phones to software and social media – the Internet of Things plays to the strengths of European and Asian manufacturers. In April, German automotive supplier Robert Bosch announced a collaboration with Chinese

search engine Baidu on automated driving projects. “Though America has been traditionally ahead in high tech, the Internet is now moving into physical infrastructure,” said Sheikh. “That’s a field where European and Asian carmakers are particularly strong.”

ASEM hosts meetings on a wide variety of topics, and is playing a role in boosting connectivity further. The Ulaanbaatar Declaration, made in July 2016 at the 11th ASEM Summit, said that enhanced connectivity across diverse domains is an important and commonly shared objective. It added that connectivity will be mainstreamed into all ASEM cooperation frameworks: “Given the growing interdependence between the two regions, Asia and Europe cannot be treated separately in any area of ASEM activities.”

ASEM leaders will meet again in Europe next year following a meeting of the forum’s foreign ministers in Myanmar in November. A meeting of ASEM economic ministers is scheduled to be held in Seoul in September, the first such gathering in almost seven years.

The next task is to figure out ASEM’s specific contribution to connectivity, said **Peter Kell**, New Zealand’s ASEM Senior Official. “Connectivity with a small ‘c’ between Asia and Europe is alive and well, but is there a role that ASEM can play to address connectivity with a large ‘C’? Something that no one else is doing?” he asked. “Yes. Leaders last year agreed that ASEM should explore this hypothesis by establishing a group, which we call the ASEM Pathfinder Group on Connectivity, and the mandate of this group is to explore what connectivity with a capital ‘C’ might look like. This afternoon, this group had its inaugural meeting, and we have started the first few baby steps to explore this hypothesis that ASEM can do something that is unique to ASEM in connectivity with a capital ‘C’.”

ASEM is encouraging intellectual, cultural and personal interactions through the Asia-Europe Foundation. “ASEM has been evolving as a political dialogue process. We are now at a crossroads. Now the time has come when ASEM can take off,” said **Karsten Warnecke**, Executive Director of ASEF. The contribution of ASEF includes activities such as a human rights seminar that has brought together government officials and NGO members over the past 20 years. Moreover, said Warnecke, “In several projects we have included the private sector, so we are embarking on a trisectoral approach. To solve the problems we have today, we have to find sustainable solutions together – public sector, civil society and private sector.”

Other initiatives include an ASEM Day on 1 March or any other day during the first week of March, which some countries have taken up. One ASEF forum explored the theme of cities as living labs for culture. “Besides security, the element of people-to-people is a very important new statement,” said **Paul Dujardin**, CEO and Artistic Director of the Centre for Fine Arts (BOZAR). “We have seen that at the Chinese level, tourism and exchange on the silk road are gaining traction. We are hoping to extend that to a larger, more multilateral level between European and Asian countries.”

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**Régine Vandriessche**

Belgium’s ASEM Senior Official and Director for Asia-Pacific at the Ministry of Foreign Affairs

## INFORMALITY IS A STRENGTH (MOSTLY)

ASEM is considered valuable as a forum for relatively informal talks. More than trade or hard security, officials at ASEM events tend to discuss political, economic, social, cultural, and educational issues. “ASEM’s strength is not hard security or tough trade relations, but countries meeting to exchange their views with no pressure to come to binding agreements or outcomes to be implemented in a forceful way,” said **Régine Vandriessche**, Belgium’s ASEM Senior Official and Director for Asia-Pacific at the Ministry of Foreign Affairs. “So it is politically committed, but not legally binding.”

That provides partners with a welcome form of dialogue. “ASEM is very popular with our leaders,” said Wiegand. “They like to go to these meetings because ASEM is not a straightjacket. They are not taking binding decisions, so they can talk to each other freely. The possibilities for free exchange outside formal meetings is also important, and might become more important. The most popular meetings are the informal ones.”

The format also provides a platform that small countries might otherwise lack. “For Ireland recovering from the impact of the financial crisis, it is discomfoting to find that because you are a small country you are not at the table,” said **Maeve Collins**, Ireland’s ASEM Senior Official and Director for the Asia-Pacific region at the Department of Foreign Affairs and Trade. “That makes forums like ASEM important, where you are as a sovereign European country and a member of the European Union.”

But one result of this informal nature is that ASEM grabs few headlines round the world. “There is curiosity about it, but not many people know about ASEM,” said **Shada Islam**, Director of Europe and Geopolitics at Friends of Europe. “The ASEM story is largely an untold story.”

There are calls for the meeting to generate concrete results. “There have been many activities under the ASEM umbrella, but the momentum seems to have slowed,” said **Xie Bohua**, China’s ASEM Senior Official. “The development of the international situation since last year means that the importance of ASEM has increased. There is a pressing need for ASEM to renew itself and focus on relevance. ASEM cannot continue to be a talking shop: It should focus on where it can make a strategic difference. ASEM needs to show that it is working for the benefit of the people.”

To produce more results, ASEM has since 2013 worked on initiatives for tangible cooperation, such as water management technologies. The forum has also adapted its themes to the times, focussing on finance for a period and now placing emphasis on connectivity. This has boosted interest, because the recent threats to the liberal world order make connectivity increasingly important, said **Bart Gaens**, Senior Research Fellow at the Finnish Institute of International Affairs (FIIA). “ASEM is a lean and cheap instrument,” he said. “The forum and working methods are valuable and should be valued. I am optimistic about the future of ASEM for the first time.”



ASEM has set up groups that work on a plethora of topics. “There are as of last year 20 confined areas for cooperation in which Europe and Asia can cooperate, and they are all more or less in line with connectivity,” Gaens said. “There has been a lot of talk about multi-speed Europe, so perhaps the same could take place in ASEM.” He said that more use could be made of issue-based leadership groups of countries that are coming together and making progress. This would be a way to “sell” the meeting: “In any of these 20 areas, there are outcomes that could be shown and then sold to the general public, and that could then increase our visibility.”

A lack of concrete results should not overly detract from ASEM’s value, said **Peter Potman**, the Netherlands’ ASEM Senior Official and Director of the Asia and Oceania Department at the Ministry of Foreign Affairs. “People are predisposed to think the world is going to come to an end, and with ASEM it’s the same,” he said. “When things don’t work they say it’s a waste of time. But I think it provides a platform for our leaders to meet.” One way to broaden the scope of the meeting would be to involve the private sector more: “This is very governmental, but we should reach out more to the business community. There is a lot of rethinking required about the concept of Eurasia. For example, the Silk Road was out of sight, but it’s coming back. This leads to discussion and dialogue.”

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## KEY RECOMMENDATIONS

- 1** The increasing importance of relations between Europe and Asia gives ASEM a growing strategic role as a stable platform to foster dialogue and collaboration on political, economic and security issues, thereby enhancing Europe-Asia relations in a rapidly-changing and uncertain world.
- 2** ASEM’s informal nature should be seen as a strength rather than a weakness. As leaders are not under pressure to come to binding agreements, they can talk to each other freely on key issues of mutual interest and concern.
- 3** Connectivity discussions within ASEM can provide additional momentum to Asia-Europe discussions on economic cooperation, trade and investments and the promotion of people-to-people links.
- 4** Civil society groups, young people and business representatives should have an increased role in ASEM through more direct linkages between their deliberations and those of leaders.
- 5** The various ASEM meetings of diverse topics should be used as generators of new ideas and fresh thinking on key global challenges.
- 6** More efforts must be made in both Asia and Europe to make ASEM more visible. Celebration of “ASEM Day” on March 1 in all participating countries could be one way of publicising Asia-Europe connections.





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