

The EU and Interregionalism: is ASEM the Best Perspective for EU – Asian Relationship?

Natthacha Wongwanich

ABSTRACT

Interregional relations have played a major role in global economic, political and social cooperation of the post – Cold War era.

This research firstly defines the differentiation of the international system. Then cooperation between Asia and Europe is studied through the framework of the Asia – Europe Meeting (ASEM). As a result, it is quite difficult to quantify the evidence of economic improvement through ASEM. Rather, it's essential to take a closer look at political and social aspects of ASEM, especially the social network and contribution of the civil society among member countries of ASEM.

Key word : Asia – Europe Meeting (ASEM), interregionalism, post – Cold War era, the triad

INTRODUCTION

In the world of globalization today, interregional relations have been one of the dominant forms of economic, political and well as social cooperation between different parts of the world. This paper aims to analyze interregional cooperation between the European Union and Asian countries though the Asia-Europe Meeting (ASEM).

The theoretical analysis defines the differentiation of the international system into five levels of policy-making: global, interregional, regional, subregional, and bilateral state relations. The four

functions of transregional relationship namely balancing, rationalizing and agenda setting, institution building, and collective identity formation are classified. A brief history of ASEM is also included as a background to the rest of the paper which consists of four research questions.

The first part, “Why ASEM?” suggests two possible reasons why ASEM was established. First, ASEM was inaugurated to complete the uneven triangle of the major economic regions: North America, Western Europe, and East Asia. This section includes recent statistics of current trends in trade and investment between the tripolarized

consolidations of the economic powers of the post-Cold War era. Second, ASEM was seen as a channel to enhance political and corporate ties between the EU and Asia. This part illustrates the inter-triad regime diplomacy frameworks from 1968 up to the present.

The second question aims to find out whether the objectives of the EU and Asian countries are similar or different. The similar objectives for ASEM are 1) to act as an economic synergy and 2) to check and balance the US dominance. The objectives for Asian countries participating in ASEM are 1) to reduce the US dependency 2) to promote the concept of open regionalism and 3) to gain support for Chinese entry to the WTO. The objectives for the EU are 1) to have a Common European policy toward Asia 2) to alleviate fear of being marginalized and 3) to ensure the EU's interest in the region.

The third question aims to examine the effects of ASEM on trade in goods and services between the EU and ASEAN countries through ASEAN perspective. The evaluation is divided into four sections: total trade, ASEAN import to the EU, ASEAN export to the EU, and trade balance.

This paper concludes with the last question, "Future of ASEM?" by examines the possibilities of ASEM in social dimension, place in the international arena, and promoting inter-civilizational dialogue.

Theoretical analysis

A. Differentiation of the international system

Globalization and regionalization have been the driving forces behind a progressive differentiation of the international system. Today, at least five levels of policy-making may be distinguished (Rüland,

1999, 2002):

- The global multilateral level (for example, the UN, the WTO, global regimes such as the UN Convention on the Law of the Sea, Nonproliferation etc.);
- The interregional level (ASEM, APEC, EU-ASEAN etc.);
- The regional level (EU, ASEAN, SAARC, NAFTA, MERCOSUR etc.)
- The subregional level (Euroregions, Sijori, EAGA, Greater Mekong Region etc.) and
- The level of bilateral state relations.

Among these levels of international policy-making, interregional relations stand out as a novelty. Interregionalism appears in at least two forms:

1. Bilateral interregionalism (for example, EU-ASEAN, EU-MERCOSUR, EU-Gulf Cooperation Council, ASEAN-MERCOSUR, ASEAN-Economic Cooperation Organization, etc.) can be defined as group-to-group relations with more or less regular meetings centering around exchanges of information and cooperation in specific policy fields (for example, trade and investment, environment, crime prevention, narcotics trafficking etc.). It is based on a low level of institutionalization, usually at the ministerial, ambassadorial and senior officials' levels, sometimes complemented by ad hoc or permanent experts' working groups. There are no common institutions as both sides exclusively rely on their own institutional infrastructure. The EU has concluded by far the most of such group-to-group cooperation agreements. Apart from ASEAN (1980), similar arrangements exist with the Andean Pact (1987), Central American States (1987), the Gulf Cooperation

Council (1990), MERCOSUR (1992), the South African Development Community (1994) and in the form of the Euro-Med Partnership (1995) (Dent, 1997-1998).

2. Transregionalism (for example, ASEM, APEC, ARF, CSCE, IOR-ARC) specifies a more diffuse membership which is not necessarily coinciding with regional organizations and may include member states from more than two regions. ASEM, for instance, includes the member states of the EU, members of ASEAN and the EAS/EAEC states, APEC members of ASEAN, EAS/EAEC, NAFTA and CER. Meetings of transregional fora are usually prepared by caucuses of some or even all regional groupings involved. As the agenda grows and becomes more complex, common institutional structures overarching the forum may be inaugurated for research, policy planning, preparation and coordination of meetings and implementation of decisions. APEC, with its small secretariat in Singapore has already developed such an infrastructure. ASEM may follow.

A. Four functions of transregional relationship

1. Balancing

Briefly defined, the notion of balancing asserts that interregional relations involve a balancing process in the three poles of the global economy (Europe, North America and Asia). A relationship between two regions will allow a balancing of the role of a third in the global economy through, for example, challenging its hegemony or, as is often asserted, keeping it honestly committed to open multilateralism (a rationale used for the development of both the APEC and ASEM processes).

2. Rationalising and agenda setting

The concept of rationalising and agenda setting makes the point that institutions play a role in promoting security and stability in the global system through the facilitation of communication and cooperation. Interregional relations themselves can perform two functions in this respect. First, in relation to rationalising, it is argued that interregional dialogues allow global issues to be debated at a median level between global institutions/regimes and nation-states, thus alleviating some of the overpopulation problems inherent within truly global negotiations. Secondly, smaller numbers and a greater sense of consensus and common interests lead to the possibility of concerted agenda setting for the global level. In other words, a combined negotiating agenda is able to be established at a lower level in the structure of global governance for expression in global negotiations.

3. Institution building

The third theorised function of interregional relations is that of institution building, whereby it is claimed that such relationships may facilitate or cooperate institutionalised cooperation at the regional level. This can occur in a number of ways, for example through the need for regional groupings to coordinate more closely internally in order to negotiate with another grouping, or through the need to develop institutions in order to carry out projects or policies agreed upon during interregional dialogue. To these two may be added a third element – ensuring adherence to global institutions. In this respect, interregional dialogues can serve as a means for incorporating states or groups of states into the

structures of global governance.

4. Collective identity formation

Finally, the concept of collective identity formation looks at the ways in which interregional relationships can foster the formation of regional identities. This can occur in both intended and unintended ways. On the intentional side may be seen the role of the European Union as an external federator; aside from major (economic) powers such as the US, the EU seeks to conduct dialogues with larger groupings rather than bilaterally with individual states. This exerts a certain amount of pressure upon third party states to form regional groupings. Unintended identity formation, on the other hand, primarily occurs as a 'negative' response to certain stimuli. Drawing again on the EU example, the Union as a grouping collectively holds to certain normative positions (often referred to as 'Western values') in its external relations. Such values are expressed through, for example, the use of conditionality clauses in agreements with third parties. This, particularly in the case of Asia, has triggered the formation of an alternative identity ('Asian values') as a (primarily negative) reaction to the common 'other'.

B. The establishment of ASEM: A brief history

In Bangkok on 1 and 2 March 1996, another acronym, in a region which has already generated countless others, was born. ASEM was billed as the first time representatives of two structured regions- East Asia and the European Union- had met together on an equal footing and the beginning of a new chapter in relations between these two continents

began. For two key Singaporean political actors, the Bangkok summit represented a third phase in Asian-European relations, marking the end of the period in which Europe dominated and had surpassed Asia (Camroux and Lechervy, 1996).

In formally launching the idea of the summit the Singaporean Prime Minister, Goh Chok Tong, spoke in terms of the need for a tripolar relationship: for Asian countries to balance their links with the United States across the Pacific, with those towards the Atlantic, in Europe. Such an idea in itself had a particular weight coming from the leadership of the Asian country which had probably been the most supportive of Asia-Pacific Economic Cooperation (APEC) and where the secretariat of that trans-Pacific organization is based. On one level, Goh was merely articulating a demand previously expressed by various business and other leaders in many forums. On another level, Goh's initiative was an expression of Singaporean activism in international diplomacy. His proposal for an Asian-European summit had first been raised during an official visit to Paris in October 1994. Initial reactions in Europe ranged from skepticism to hostility especially from the German Chancellor, Helmut Kohl. During the Davos World Economic Forum of January 1995, the European Union accepted the principle of the summit. On the Asian side following the Singaporean initiative, the ASEAN countries gave their support to the project and, in so doing, ensured ASEAN's centrality on the first summit.

Why ASEM?

1. To complete the uneven triangle of the

major economic regions

The Asia-Europe Meeting (ASEM) has been justified by the need to bridge the ‘missing link’ in the triangular relationship between North America, Western Europe and East Asia; in other words: to reduce the gap between the ideal of an equilateral triangle and the reality of a clearly uneven triangle. The ‘missing link’ concept reflects the perspective commonly argued among East Asian elites that the bipolar system of the Cold War may gradually be replaced by a tripolar system based on the three major regions of the world economy. Though the European side prefers to speak of the ‘weak leg’ instead of the ‘missing link’, Euro-Asian interregional relations are widely seen in the context of the global triangle of major economic regions. (Hänggi, 1999)

A key feature of the post-Cold War world

economy has been a tripolarized consolidation of economic exchange of power to denote current trends in international trade, investment, finance, production and technological development. Table 1 shows that by 1996 the Triad regions were collectively responsible for 82.9 per cent of total world trade. The figure is comparable regarding their share of total world gross domestic product (GDP) at 81.7 per cent and slightly higher for their higher for their share of total world foreign direct investment (FDI) at 86.8 per cent. Moreover, a similar proportion of the world’s advanced technology development originates from ‘core’ Triad firms, i.e. the EU, American and Japanese. In terms of geo-governance, the Triad powers remain by far the most influential players within global economic regimes, such as the World Trade Organization (WTO) and

Table 1 Triad trade flows: percentage shares of world total (1960, 1980, and 1996).

Year	1960	1980	1996
<i>Intra-regional</i>			
EU15	15.6	22.7	24.8
North America ¹	6.1	5.3	8.1
East Asia ²	2.9	4.5	12.3
<i>Inter-regional</i>			
EU15 – North America	4.7	3.5	2.9
North America – East Asia	1.8	2.9	4.8
East Asia – EU15	1.5	1.8	3.5
Total	32.6	40.7	56.4
<i>All Countries</i>			
EU15	37.3	42.7	39.1
North America	18.6	16.9	19.0
East Asia	8.9	13.9	24.8
Total	64.8	73.5	82.9

Source: IMF Direction of Trade Statistics, various editions

Notes: 1 USA, Canada and Mexico; ² Japan, China, Korea, Taiwan, Hong Kong and ASEAN10

International Monetary Fund (IMF). Therefore, they wield considerable structural power over shaping the rules and norms that govern the world economy.

The Triad also dominates the realms of global economic competition. This applies both to the firm-level, i.e. 'core' Triad multinationals, and to the hegemonic struggle between the core Triad powers to become the leading economic superpower of the twenty-first century, of which there has been much speculation. Such debate mainly centred on relative performances in high-tech industries and the potential leverage each could exert within the future international economic system. At the beginning of the 1990s, many were predicting that the USA's already eroding hegemonic position would be further undermined by the EU and Japan by the decade's end. As it transpired, the American economy outperformed its two contenders on macroeconomic criteria and also retained or improved its lead in a broad range of high-tech industries. While, then, the decline of American hegemony has perhaps been over-stated, there has nevertheless been a more discernible shift towards a tripolar balance of power over the post-war period. Although Japan's economic weight in GDP terms is least of the three, its commercial and financial strengths are arguably the most formidable as demonstrated by its large trade surpluses with both Triadic rivals. Despite its own industrial weaknesses, the EU's own geo-economic weight has itself increased as a consequence of dynamic integration and enlargement (Dent, 1999).

As for the economic exchange, East Asia has emerged as the most important trading partner for both North America and the EU. The evolution of Triad trade flows from 1960 to 1996 are shown in

Figure 1. In this year end, transatlantic trade was US\$317.3 billion in comparison to a Eurasian figure of US\$386.8 billion, while transpacific trade was US\$533.7 billion. These figures represented 2.9 per cent, 3.5 per cent and 4.8 per cent of total world trade respectively (Table 1). The EU has sustained a significant trade deficit with East Asia for some time but this has been historically much lower the North America's own deficit with the region. Both deficits can be largely attributed to Japan's, and increasingly China's, positive trade balances with the western Triad regions.

In analyzing the FDI flows between the Triadic regions, the balance of trilateral economic exchanges differs from its trade equivalent. As Figure 2 shows, the stock of trans-atlantic investment remains far ahead of its two counterparts with US\$772 billion of accumulated FDI, the world's largest inter-regional investment relationship at 12.4 per cent of total world FDI. This compares to US\$371.1 billion for trans-pacific FDI, 6.0 per cent of world total, and only US\$208.9 billion for Eurasian FDI, merely 3.4 per cent of world total. Japan accounts for the vast majority of East Asia's outward FDI to the EU and North America, 94.2 per cent in the former case and 95.6 per cent in the latter. In addition, it should be noted that both intra-regional trade and FDI in the Triad still far surpasses inter-Triad flows, with a pronounced acceleration of intra-regional economic exchange in East Asia over recent years.

2. To enhance political and corporate ties between the EU and Asia

The above analysis of inter-regional economic exchange between the Triad has shown that the EU-

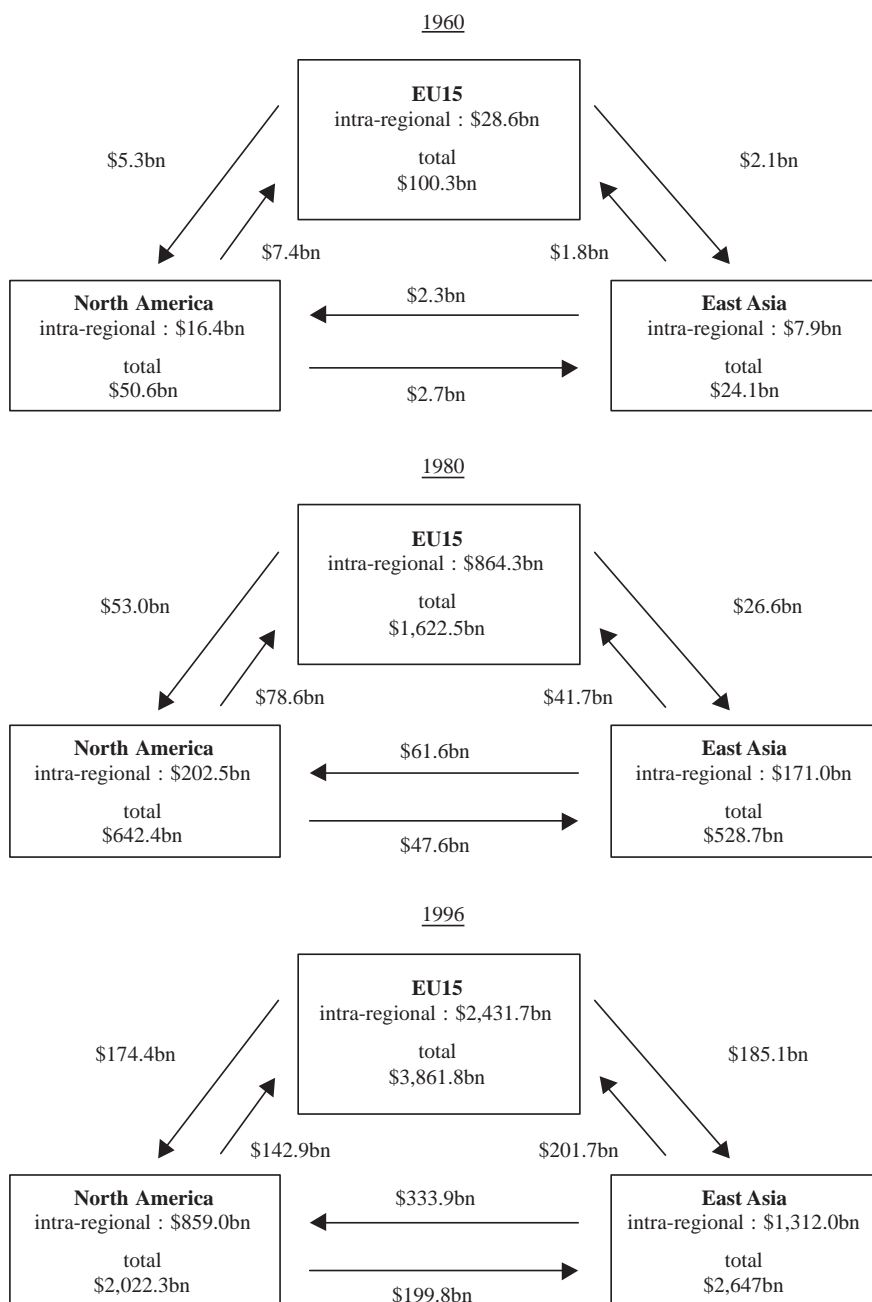


Figure 1 Triad trade flows (1960, 1980, 1996).

Source : IMF Direction of Trade yearbook Statistics, various editions.

Note : North America comprises USA, Canada and Mexico, East Asia comprises Japan, China, South Korea, Taiwan Hong Kong and ASEAN-9. Intra-regional and total trade figures comprise export plus import flows.

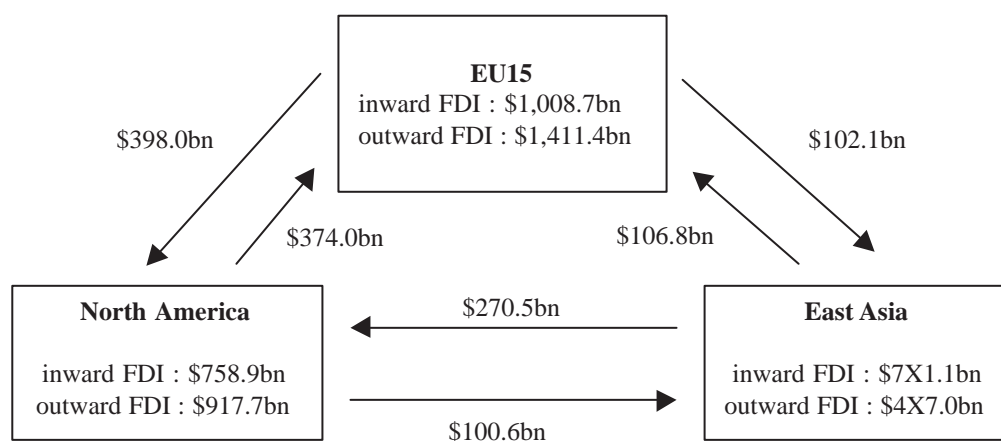


Figure 2 Triad FDI Stocks by 1996.

Source : UNCTAD database

Note : North America comprises USA and Canada, East Asia comprises Japan, China, South Korea, Taiwan, Hong Kong and ASEAN-5 (Indonesia, Malaysia, Philippines, Singapore and Thailand). East Asia's outward FDI data not available for Hong Kong or Indonesia.

East Asia link stood as the weakest overall by 1990s, a situation that also applies to regime diplomacy relationships across the Triad. Notwithstanding the recent high profile disputes between the EU and the United States over agricultural trade, (for example, bananas and beef hormones), the framework for trans-atlantic economic cooperation is both extensive and well developed (Dent, 1999). This has evolved not just through close political ties and a proliferation of trans-atlantic policy-networks but also through strong corporate ties between the EU and US economies, woven by decades of interpenetrative FDI and other business network links such as strategic alliances. Moreover, the post-Cold War shift from geo-politics to geo-economics has brought greater importance to the economic aspects of trans-atlanticism, as first formally acknowledged by the Transatlantic Declaration (TAD) of 1990. A revised

idea was further advanced by the New Transatlantic Agenda (NTA) of 1995 which spoke of creating a 'New Transatlantic Marketplace' through progressively eradicating various barriers to trade and investment between the two economic powers (European Commission, 1995). Plans for enhanced policy cooperation were introduced in addition to those for greater regulatory congruency. The Transatlantic Business Dialogue played an important role in these processes. The EU and the United States also committed themselves to deepening their economic relations with the launching of the Transatlantic Economic Partnership (TEP) in 1998 (Figure 3).

Dent (1999) further argues that the United States also tried to nurture the trans-pacific economic relations during the 1990s. Whereas Europe offered prosperous but maturing markets, East Asia's big emerging market were more alluring, at least up to

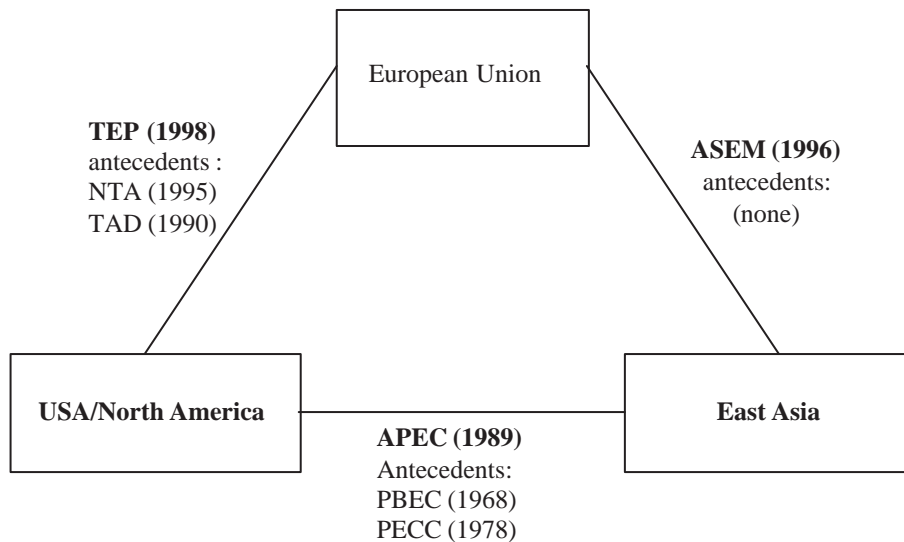


Figure 3 Inter-triad regime diplomacy frameworks.

Note : APEC (Asia-Pacific Economic Cooperation forum); PBEC (Pacific Basin Economic Council); PECC (Pacific Economic Cooperation Conferences); ASEM (Asia-Europe Meetings); TEP (Transatlantic Economic Partnership); NTA (New Transatlantic Agenda); TAD (Transatlantic Declaration).

the Asian financial crisis. As demonstrated by the United States' increasing involvement in the Asia-Pacific Economic Cooperation (APEC) forum, America's economic future seemed to depend more on Asia rather than Europe. APEC was created in 1989 but the history of this forum can be traced back to two preceding organizations: the Pacific Basin Economic Council (PBEC) established in 1968 and the Pacific Economic Cooperation Conference (PECC) framework established in 1978. At their 1994 summit, APEC's eighteen members set themselves the objective of creating a 'free trade and investment zone' in the Asia-Pacific by deadlines of 2010 and 2020. This was to be achieved by concerted unilateral liberalization and in accordance to the principle of open regionalism, that is, on a 'most favoured nation' (MFN), WTO-consistent basis

whereby APEC's internal liberalization was matched by simultaneous and proportionate external liberalization.

Thus, both trans-atlantic and trans-pacific economic-oriented regimes were significantly augmented in the 1990s. Their counterpart EU-Asia inter-regional framework for enhancing economic relations remains much weaker, and has only just emerged as a reactive initiative to the other inter-Triad development discussed. ASEM was the last link to complete the inter-regional Triad regime triangle (Figure 3). It could be argued that ASEM lies at the bottom of a steep learning curve because of the underdeveloped socialization of a Eurasian dialogue. According to Dent (1999), this deficiency largely explains why ASEM includes a political and cultural dimension in addition to its prominent

economic dimension, which itself has comparatively low key objectives. These largely centre around two action plans, namely trade facilitation and investment promotion, and a few policy-networking initiatives that cover areas such as customs cooperation and foreign exchange markets. Although in a comparative infancy, ASEM member states currently have no intention of raising the framework's agenda to the same level of transatlantic or transpacific ambition.

Are the objectives similar or different for the EU and Asian countries?

Although ASEM has been inaugurated as a process to enable the regions of Asia and Europe to overcome old as well as possible new resentments and cooperate on a so-called equal basis based on consensus in order to develop common ground and common interests, there are both similar as well as different objectives for both parties.

Similar objectives

- ASEM as an economic synergy

Ferguson (1997) argues that the ASEM Meeting is a great potential for economic synergy between Europe and Asia on the basis of a certain diversity between the economies of the two regions: Asia's immense market has spawned great demand for consumer goods, capital equipment, financing and infrastructure. Europe, on the other hand, is a major market in the world for goods, investments and services, even more so since the completion of the single market. Opportunities thus exist for both regions to expand their markets for goods, capital equipment and infrastructure development projects, and to increase the flows of capital, expertise and technology.

- To check and balance the US dominance

Hänggi (1999) suggests that ASEM is intended to prevent the emerging tripolar world from reverting to the quasi-unipolar scenario of 'Pax Americana'. Against the background of a US propensity for unilateralism, especially in international trade, Asians as well as Europeans have developed a certain desire to diversify foreign policy relations away from over-dependence on the United States. Cooperation between Asia and Europe provides the potential for enlarging both sides' room for diplomatic manoeuvre against North America, yet within the narrow limits of dependence on US security guarantees. Therefore, ASEM can be seen as a modest attempt to inject some dynamism into the triangular relationship by moving it a bit closer to the 'Euro-Asian Community' scenario, thereby making the triangle more equilateral and less isosceles. This balancing act can indeed be seen in the context of a game of 'checks and balances' as long as the tripolar system remains closer to the 'open regionalism' scenario. If it reverts to the 'regional bloc' scenario, however, the game of 'checks and balances' would then be replaced by balance-of-power politics.

Different objectives: Asian countries

- To reduce the US dependency

In general terms, Japan, China, Singapore and Indonesia have developed a conscious policy of multi-sourcing and multi-dependency in energy imports, loans or fiscal arrangements, and technology to avoid leaving themselves open to pressure or disturbances from one main trading partner. In this context, a stronger European connection allows greater counter-balance to a heavy reliance on US

markets and technology, as well as insurance for avoiding a claustrophobic Asia-Pacific agenda if APEC becomes too institutionalized.

- To promote the concept of open regionalism

As to the general nature of ASEAN, ASEM is clearly meant to avoid the 'regional bloc' and to promote the 'open regionalism' scenario through interregional cooperation (Hänggi, 1999). If the 'regional bloc' scenario were to prevail, East Asia would be the main loser among the three major economic regions as East Asia is highly dependent on the other two markets and its sense of regionalism is relatively weaker. Therefore, it's East Asian's interest to keep the other two regions committed to the strengthening of the global multilateral framework. In a direct way, ASEM has served this function through the involvement of the EU in interregional cooperation, which consequently helped alleviate Asian concerns over a 'fortress Europe' mentality. Just as in APEC, the Asian side succeeded at ASEM 1 in Bangkok in having 'the common commitment to open regionalism' accepted by the other side. In addition, ASEM served the objective of open regionalism by keeping the US sufficiently concerned about Asia-Europe cooperation. Indeed, ASEM was widely seen as a means to keep the US committed to global multilateralism and a more equal partnership with its allies.

- To gain support for Chinese entry to the WTO

Agreements and understanding reached in ASEM could have consequences in other regional organizations. The leader at the ASEM agreed to work for success at the World Trade Organization's

first ministerial meeting held in Singapore in December 1996. This translated into wider basis of support for China's entry into the WTO. Already voluntary agreements to reduce many tariffs in the 1995 APEC meeting had helped promote a more positive environment for the future of world trade as a whole. In this context, European countries in general seemed less resistant to the idea of China joining the WTO than the US, which was still concerned to reduce any special exemptions for the Chinese case, and to prevent China entering on easier terms provided to developing countries.

Different objectives: the EU

- A common European policy toward Asia

The EU's involvement in ASEM is a way for the 15 EU member countries to have a common policy toward Asia. Even though the behaviour of the European actors in ASEM indicates that they put national interests before the so-called one voice approach which is a constituent factor in the ASEAN-EU Dialogue, the Commission's intention of a 'stronger coordination within the Union' has also been materialized as the EU is committed to having political, social, as well as economic relationship with regions rather than single country, for example, the APC countries, Eastern Europe, and North America. ASEM provides the EU with a regional grouping of 3 East Asian and 7 Southeast Asian countries to deal with, apart from the South Asian nations whom the EU already has a bilateral agreement.

- To alleviate fear of being marginalized

ASEM has to be seen as an attempt to prevent the emerging tripolar system from reverting to a quasi-bipolar one. This is especially true for the

EU which was concerned about being excluded from APEC and giving rise to fears of a world being split into two large trading blocs with APEC setting the pace. These fears were nurtured by US calls for discrimination against the EU if the Europeans did not follow APEC liberalization but instead enjoyed the benefits of a free rider. In this context, ASEM was seen by the EU as a welcome means to link up with the majority of APEC's Asian members and thereby offset its exclusion from APEC (McMahon, 1998).

- To ensure the EU's interests in the region

The European Union's interests in Asia include greater access to dynamic Asian markets, where technologies and services are in high demand. Asia also provides a skilled but still comparatively cheap labour force, which may make it easier for some European companies to expand their production. This would provide the opportunity to counter-balance US dominance as the main external investor and military power in the Asia-Pacific region, with the US being the main rebuilders of much of East and Southeast Asia after the end of WWII. Such a move into the production and consumer markets of Asia provides insurance against the future emergence of economic bloc by retaining links and multilateral interests, for example, in particular, reducing any possible exclusion which might flow on from European nations not being in APEC or NAFTA.

What is the evidence of the improved economic relationship?

The evidence of the improved economic relationship between the EU and Asia can be analyzed in terms of trade relationship between

ASEAN and EU through the ASEAN perspective. There are four sections of trade relationship which could be useful in demonstrating the development of trade between the two partners of ASEM before and after 1996: total trade, import, export, and trade balance.

1. Total trade

Total trade between ASEAN and the EU consists of the total value of import and export between the two regions. Table 2 shows that the total value of trade in goods and services between ASEAN and the EU has grown considerably from 1993 to 1996, then dropped significantly between 1997 and 1998 due to the Asian financial crisis. The total amount of trade then bounced back again after 1999 as the economic condition of Asia has recovered. Singapore, Malaysia and Thailand are major trading partners of the EU. Comparatively, the percentage share of total trade of the world has been about the same from 1993 to 2001. This shows that ASEM may have affected trade between the EU and Asia very slightly in comparative term.

2. Import

Table 3 shows that value of ASEAN import to the EU is highest in 1997, right after the inauguration of ASEM, then dropped to only about two-third the year later. This is obviously due to the Asian financial crisis that makes the value of the European currency very expensive compared to that of Asian's. However, the value of imports seems to be growing slowly from 1999 onwards as the crisis recovers. In comparative terms, the ASEM has little consequence over ASEAN import to the EU as the percentage share of the world differs only slightly

Table 2 Total trade between ASEAN and EU.
(Value in thousand US \$)

COUNTRY	Import and export									
	1993	1994	1995	1996	1997	1998	1999	2000	2001	
Brunei Darussalam	-	384,801.4	373,426.0	511,352.7	442,014.5	238,409.5	327,315.3	161,888.1	209,670.6	
Cambodia	-	-	-	-	-	-	-	322,783.0	347,882.2	
Indonesia	12,042,785.2	13,013,476.3	14,935,502.7	24,875,273.4	16,156,585.0	13,587,831.7	10,880,367.4	12,826,674.8	11,777,918.0	
Malaysia	12,713,575.3	16,563,501.6	20,481,282.9	19,477,129.8	16,797,486.3	14,014,123.2	23,621,385.1	27,628,062.3	26,731,139.5	
Myanmar	-	-	-	-	-	-	107,617.0	180,855.4	314,642.6	
Philippines	3,958,226.9	4,716,466.7	5,442,349.6	7,233,613.1	8,780,400.9	8,819,330.4	9,563,293.9	9,797,040.8	8,946,670.6	
Singapore	21,408,032.3	25,149,563.2	28,690,131.9	33,117,662.6	36,913,997.8	31,477,837.5	31,285,897.1	33,898,288.0	29,924,808.8	
Thailand	13,091,308.3	14,097,879.9	20,755,998.3	19,091,479.2	18,006,052.0	11,262,193.3	14,648,616.5	14,894,606.3	18,107,044.7	
TOTAL	63,213,928.0	63,213,928.0	90,678,691.4	104,306,510.8	97,096,536.5	79,399,725.6	90,434,492.3	99,710,198.7	96,359,777.0	
Growth rate (%)	-	16.9%	22.7%	15.0%	-6.9%	-18.2%	13.9%	10.3%	-3.4%	
Share of the world (%)	14.7%	14.4%	14.7%	15.5%	13.9%	13.8%	14.5%	13.2%	14.0%	

Source : www.aseansec.org

Table 3 ASEAN import to European Union by country.
(Value in thousand US \$)

COUNTRY	Import									
	1993	1994	1995	1996	1997	1998	1999	2000	2001	
Brunei Darussalam	-	364,901.4	354,778.0	482,892.5	441,628.4	228,294.1	327,120.6	144,533.9	197,335.1	
Cambodia	-	-	-	-	-	-	-	92,181.1	26,557.7	
Indonesia	6,650,703.3	7,225,435.7	8,175,230.7	14,539,363.2	8,331,191.4	5,822,654.5	3,798,107.3	4,161,095.6	4,042,864.6	
Malaysia	5,748,404.4	8,625,552.1	10,879,040.3	10,506,623.0	9,990,565.1	5,992,075.9	8,840,682.4	10,092,947.8	11,291,292.2	
Myanmar	-	-	-	-	-	-	33,993.6	73,994.5	93,795.7	
Philippines	1,945,611.4	2,364,065.3	2,385,909.1	3,638,733.3	4,240,987.5	2,826,464.5	2,786,104.1	2,974,202.2	2,751,854.2	
Singapore	10,612,723.7	12,779,752.1	14,677,137.3	17,868,187.4	19,061,522.3	14,096,996.2	14,124,491.0	15,251,405.6	13,673,983.6	
Thailand	6,864,939.2	7,369,627.5	9,920,674.1	10,344,707.6	8,943,919.2	4,289,648.1	4,799,044.2	6,167,526.7	7,600,646.6	
TOTAL	31,822,382.0	38,729,334.1	46,392,769.5	57,380,507.0	51,009,813.9	33,256,133.3	34,709,543.2	38,957,887.4	39,678,329.7	
Growth rate (%)	-	21.7%	19.8%	23.7%	-11.1%	-34.8%	4.4%	12.2%	1.8%	
Share of the world (%)	14.3%	14.5%	14.6%	16.4%	14.3%	12.8%	12.3%	11.3%	12.5%	

Source : www.aseansec.org

during 1993 and 2001.

3. Export

Table 4 shows that total value of ASEAN export to the EU has been growing before and after 1996. This, therefore, illustrates that ASEAN certainly benefits from trade especially between 1998 and 1999 that the percentage of growth rate rises up to 20.8%. Singapore, Malaysia, Thailand and Indonesia account for large number of ASEAN export to the EU. The negative growth rate of 2001 shows the possibility of improvement that the ASEAN member countries need to take into account. Comparatively, ASEM has a slight effect on ASEAN export to the EU as the percentage share of world trade remains almost the same throughout the period discussed.

4. Trade balance

Table 5 shows that during the period of 1993 to 1997 the EU benefited from trade in goods and services with ASEAN due to the larger number of ASEAN imports to the EU compared to the ASEAN export to the EU. After 1997, ASEAN has benefited from trade in goods and services with the EU due to a growing number of ASEAN export to the EU while total import value changes only slightly. Brunei Darussalam is the only country that has a deficit in trade with the EU. Other ASEAN countries gain from trade in goods and services with the EU by 1998, with the Philippines and Thailand starting to make profit since 1997.

It is very difficult to quantify the evidence of improved economic relationship between the EU and Asia due to various factors including the Asian financial crisis of 1997. Taking into account that

ASEM has only been inaugurated in 1996, it is fair to say that it is too early to judge the efficiency of ASEM in terms of economic synergy. The economic cycle has much greater effect on trade relationship between the two continents loose economic cooperation. But ASEM is a good start for greater and deeper economic cooperation between two of the dominant economic powers of the world.

Future issues for ASEM?

In the ASEM process, the dominating priorities are economics and political issues. The process has been used for discussion on how to improve trade relations between the members of ASEM and how to improve the climate for greater investments. The meetings in ASEM have especially been used for discussions of issues on economic liberalization notably the agendas proposed by WTO and the World Bank/International Monetary Fund. Other dimensions of ASEM shall also be discussed.

- The social dimension of ASEM

Hansen (2002) suggests that in the last few years, there has been an increasing awareness of the importance of social issues. For example, the Asia-Europe Foundation (ASEF) set up in 1997 has been looking into issues of labour migration and the social impact of globalization under its intellectual programmes. Other initiatives such as the ASEM Child Welfare Conference, and regulations on human rights are other examples.

Since ASEM 1, the civil society organizations in the fields of development, human rights, worker rights, and peace and security have pointed to the social consequences of globalization in general and the more specific social problems arising in Europe

Table 4 ASEAN export to European Union by country.
(Value in thousand US \$)

COUNTRY	Export									
	1993	1994	1995	1996	1997	1998	1999	2000	2001	
Brunei Darussalam	-	19,900.0	18,648.0	28,460.2	386.1	10,115.4	194.7	17,354.2	12,335.5	
Cambodia	-	-	-	-	-	-	-	230,601.9	321,324.5	
Indonesia	5,392,081.9	5,788,040.6	6,760,272.0	10,335,910.2	7,825,393.6	7,765,177.2	7,082,260.1	8,665,579.2	7,735,053.4	
Malaysia	6,965,170.9	7,937,949.5	9,602,242.6	8,970,506.8	6,806,921.2	8,022,047.3	14,780,702.7	17,535,114.5	15,439,847.3	
Myanmar	-	-	-	-	-	-	73,623.4	106,860.9	220,846.9	
Philippines	2,012,615.5	2,352,401.4	3,056,440.5	3,594,879.8	4,539,413.4	5,992,865.9	6,777,189.8	6,822,838.6	6,194,816.4	
Singapore	10,795,308.6	12,369,811.1	14,012,994.6	15,249,475.2	17,852,475.5	17,380,841.3	17,161,406.1	18,646,882.4	16,250,825.1	
Thailand	6,226,369.1	6,728,252.4	10,835,324.2	8,746,771.6	9,062,132.8	6,972,545.2	9,849,572.3	8,727,079.6	10,506,398.1	
TOTAL	31,391,546.0	35,196,355.0	44,285,921.9	46,926,003.8	46,086,722.6	46,143,592.3	55,724,949.1	60,752,311.3	56,681,447.2	
Growth rate (%)	-	12.1%	25.8%	6.0%	-1.8%	0.1%	20.8%	9.0%	-6.7%	
Share of the world (%)	15.2%	14.3%	14.9%	14.5%	13.4%	14.6%	16.3%	14.8%	15.3%	

Source : www.aseansec.org

Table 5 Trade Balance
(Value in Thousand US \$)

COUNTRY	Import and export									
	1993	1994	1995	1996	1997	1998	1999	2000	2001	
Brunei Darussalam	-	-345,001.4	-336,130	-454,432.3	-441,242.3	-218,178.7	-326,925.9	-127,179.7	-184,999.6	
Cambodia	-	-	-	-	-	-	-	138,420.8	294,766.8	
Indonesia	-1,258,621.4	-1,437,395.1	-1,414,958.7	-4,203,453.0	-505,797.8	539,741.5	3,284,152.8	4,504,483.6	3,692,188.8	
Malaysia	1,216,766.5	-687,602.5	-1,276,797.7	-1,536,116.2	-3,183,643.9	2,029,971.4	5,940,020.3	7,442,166.7	4,148,555.1	
Myanmar	-	-	-	-	-	-	39,629.8	32,866.4	127,051.2	
Philippines	67,004.1	-11,663.9	670,531.4	-43,853.5	298,425.9	3,166,401.4	3,991,085.7	3,848,636.4	3,442,962.2	
Singapore	182,584.9	-40,994.1	-664,142.7	-2,618,712.2	-1,209,046.8	3,283,845.1	3,036,915.1	3,395,476.8	2,576,841.5	
Thailand	-638,570.1	-641,375.1	914,650.1	-1,597,936.0	118,213.6	2,682,897.1	5,050,528.1	2,559,552.9	2,905,751.5	
TOTAL	-430,836.0	-3,532,979.1	-2,106,847.6	-10,454,503.2	-4,923,091.3	12,887,459.0	21,015,405.9	21,794,423.9	17,003,117.5	

Source : www.aseansec.org

and Asia as a result of the economic liberalization. Some of the main issues are increasing unemployment in Asia, cuts in social expenditures in Europe as well as Asia, increasing lack of respect for basic human rights and increasing problems resulting from immigration such as xenophobia.

It is very dangerous not to recognize the need for basic personal security such as health, education, job security, good working conditions, etc. A lack of these basic conditions for life in a globalised capitalist economy will jeopardize the economic development and stability. Governments should include these basic conditions in their economic policies. The social dimension should be the mainstream in the policy shaping discussions of ASEM. This means that it should be part of all three pillars of ASEM. It is essential to have social and labour ministers meeting together with the existing economic ministerial meetings. This will make sure that the social dimension is put at the centre of the ASEM process.

- ASEM's place in the international arena

What can ASEM offer that other bilateral, inter-regional or international fora could not? What comparative advantages does ASEM have in dealing with international issues? These types of questions must have been in the minds of people. Hwee (1999) points out that ASEM's strengths lie in its informality, multidimensionality and emphasis on equal partnership.

Some critics of the ASEM process are skeptical about how far cooperation between Asia and Europe could extend without common values and binding institutions. In answer to such criticism, it is essential to keep in mind that ASEM was conceived precisely because of the perceived lack of

interaction and understanding between the two regions. ASEM is to be the forum to build up long-lasting partnerships. Diversities are recognized, but there is also belief that enough common values and interests can be identified and further developed. Accepting diversities should not preclude Asia and Europe from the search for common grounds and common values. Therefore, ASEM should aim at promoting inter-civilizational dialogue and acting as a regional integrator in building up a strong cooperation as a positive contribution towards multilateralism. Various small steps taken in these areas would contribute to a more stable and prosperous global order in the long run.

- Promoting inter-civilizational dialogue

ASEM started on the right footing when it emphasized at the beginning that the relationship must be based on equality, on dialogue and mutual support. ASEM works on the basis of mutual recognition of the integrity and equality of different value systems. However, a balance has to be restored between respecting the differences and finding common grounds for cooperation and common good for all the peoples. With this basic understanding, work must be done to create awareness and understanding each other's value and trying to find a common ground.

In recent years, many people in Asia such as Japan have taken part in modern Western civilization while maintaining their national cultures and preserving their local traditions in their daily lives. Therefore, civilization does not belong to any one group. It is built from different traditions and can belong to all. And this is where the dialogue should be. Understanding the differentiation between civilization

and culture is the first step towards construction of a civilization common to all.

To call on people to respect the same set of values that define modernity does not mean that people have to follow the same path of economic development, enjoy the same music or exercise the same social etiquette or table manners. Instead of focusing on differences, the dialogues shall be best served when identifying virtues and social formations that are legitimate. The civilizational dialogue among the ASEM members should not be confined only to scholars and academics. Efforts should be made to bring discussions to the public, for example, to high school and colleges, in order to reach out for the people. And it should be an ongoing process to penetrate deeper into the mind of the people in both regions.

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