

Asia and Europe

The development and different
dimensions of ASEM

Yeo Lay Hwee

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Asia and Europe

The Asia-Europe Meeting (ASEM) is a partnership of the fifteen European Union member states, the European Commission and ten East and Southeast Asian countries. *Asia and Europe* provides the first comprehensive review of this enterprise and examines what exactly it is and how it came about.

The book provides both a chronological and a systematic overview of the conception, birth and development of ASEM and contextualises ASEM within the theoretical frameworks of the realists, the social constructivists and the liberal-institutionalists. ASEM is therefore examined in the framework of summit diplomacy, as an instrument for regional integration and as an institution for regime creation.

The author gives a clear assessment of ASEM by sieving the rhetoric from the reality, and by examining its promises and potential. This study is not only important for us in understanding the state of Asia-Europe relations, but also – and more significantly – it provides a sober examination of the issue of international cooperation and warns that the health and wealth that underlies the global order depends on enlightened leadership and wise statecraft.

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Foreword

As a Dane living in Asia for more than five years, working in international relations and married to a woman born in Vietnam having lived with me in Denmark for a number of years, it is a privilege to write the Foreword to this book.

The Asia-Europe Meeting (ASEM) was born out of wedlock in the sense that when the Europeans and Asians – or should we say East Asians – met in 1996, the Europeans had got their act together through the European Union (EU) while the East Asians were, and still are, non-institutionalised. As many people saw it the purpose was to use the strength and buoyancy of the East Asian economies as a vehicle to shape some kind of mechanism for dialogue or cooperation between Europe and Asia.

Both with regard to substance and membership/participation, it is obvious that we are talking about a process. The substance has changed completely, as the financial crisis of 1997–98 has brought about a whole new set of parameters for economics and trade. And terrorism has changed the perception of security. Membership/participation of ASEM is almost embryonic in the sense that only seven out of the ten partners of ASEAN take part, while Northeast Asia is represented by three countries (China, Japan, Korea) and South Asia not at all.

ASEM is a tool. And to use a tool properly you need to know what objectives you are aiming at, how you are going to achieve them and how to ensure an equitable distribution of benefits (and costs, if any) – how to make it a positive-sum game for all participants.

This book explains in a scholarly, lucid and thoughtful way what ASEM is and what ASEM can be used for. Experts will appreciate it. The smooth language makes it accessible also for those not yet familiar with this special branch of international ‘getting to know you’.

However, the main virtue is that it lays the following question squarely on the doorstep of those in power and those engaged in Europe-Asia affairs: do you want to deepen our cooperation and mutual understanding? If the answer is yes then the book opens the door for finding out how it can be done.

Both Europe and the Asian partners feel the weight of the American superpower. They recognise that the US is calling the tune in today's world. But they do not want to be exclusively dependent upon the US. The main question they face is how to strengthen their cooperation without striking the tone of (cheap) anti-Americanism.

Even the Americans should appreciate a stronger European, Asian and European-Asian role on the world stage. For most issues it would be a friendly, albeit not necessarily echoing, voice. It would introduce some checks and balances without which no system is viable in the long run. The world badly needs a perspective other than the American one on many international issues. An initiative to do that taken by a group of nations sharing a large part of the principles governing the American model might contribute to a more stable international development. This will even more be the case if the main players base their relations on mutual respect and stretch out their hands to help those nations and/or groups of people asking for assistance.

This is what ASEM and its member states could do in the long term. This is what many nations around the globe would like them to do. And this is what most of them, being friendly to the US, want ASEM to do, making it possible for them to continue to be friendly to the US.

The ASEM partners must build up mutual trust and confidence in each other. This is the first step. Without such trust and confidence very few, if any, common endeavours stand much of a chance of getting off the runway and into the air. Taxiing up and down the runway may consume a lot of petrol but will not take us anywhere. Trust and confidence is also an indispensable step for promoting ASEM as a force whereby global issues can be discussed, and not necessarily a common position but a position having been discussed among ASEM partners can be floated as a contribution to global politics and economics.

So far ASEM has been somewhat reluctant about entering into a discussion on foreign and security policy. The European partners have been willing, but at least some of the Asian partners have argued that this was not really on the agenda for ASEM. Fortunately, this situation is changing. To a certain degree terrorism has put the spotlight on the fact that security is not an issue confined to the defence of sovereign national territory, but belongs to the list of questions imposing themselves on the international agenda. However, there is more than that on the plate. Some Asian countries, in particular China, are gradually abandoning their somewhat sceptical attitude to international cooperation. The stronger Chinese economy and the acceptance by the Chinese leadership that very few questions can be dealt with satisfactorily in a national context alone means that China has become not only more willing but also more interested in joining the international stage. In this respect ASEM constituted a useful platform and has delivered in its own way. It was and is a good place for a country hitherto reticent about multilateralism to initiate a more active

role in the international community. ASEM has opened the door for some of the Asian partners to discover the virtue and maybe also the pitfalls of multilateral diplomacy. For China and other Asian countries it represented a forum for serious business without being 'dangerous'. The water could be tested, experience gained – no reason for asking for a rain check here. In the long term, ASEM may well be praised for having played that role.

In the short term, the question remains whether ASEM is capable of striking the right balance between declarations and the exchange of views on the one hand and tangible results to the benefit of its partners on the other.

Useful steps in that direction were taken at the fourth ASEM held in Copenhagen in September 2002. Taking into account the loose shape of ASEM, it has done a lot of work in the area of declaratory diplomacy while resisting the temptation to confine itself to that role. Hopefully the declaratory diplomacy can move towards a readiness to shoulder some of the burdens associated with crisis management, peace keeping and humanitarian tasks around the globe. Asian and European countries have a self-evident role to play, as many of the problems arise in the European and/or Asian theatre. We should not shy away from entering the fray. Otherwise the problems will not be solved, will not go away, but will have to be dealt with by somebody else with or without our consent.

Tangible results are indispensable if international cooperation is to survive in the longer run. Nation-states are not willing to put resources (financial and/or human) into meetings without at some stage reaping the benefits. Here again ASEM seems to be moving towards getting its act together. The projects concerning lifelong learning are a case in point. The initiative about trade policy falls into the same circle. And the idea to launch a conference for a better understanding between different cultures grows in the same garden. All of them are useful, modest, down to earth initiatives. If handled competently, ASEM may put forward ideas, guidelines or results worthwhile – indeed sufficiently worthwhile – to maintain momentum.

Let me finish by making three main observations.

First, the future of ASEM will to a large degree be determined by the stance of the US in international politics and economics. It is no use beating around the bush denying this. US policy will decide whether ASEM and its partners support the US in shaping a global environment in which the US, Europe and Asia see eye to eye or whether ASEM – at least some of the ASEM partners – feel the time has come to put a certain distance between themselves and the US. And this will also determine whether Asia, Europe and the US move towards some kind of global governance or towards some kind of competition for influence, rivalry or even conflict, albeit not necessarily of a military nature.

Second, whatever happens, the crucial issue for ASEM will be whether the East Asian countries can overcome their international difficulties and

scepticism towards closer cooperation and move towards some kind of stronger integration in accordance with the traditions, politics, economics and culture of East Asia. In short, can East Asia invent something like the EU, to do for East Asia what the EU did for Europe in the last half century? If it can, then the door will be opened for European-Asian cooperation to the benefit of both sides. If not, then the unbalanced partnership may go on as a marriage may go on without being consumed – a formality without much substance and no offspring.

Third, some Europeans, and probably some Asians too, think that East Asia can copy the European model. They are wrong. The European model has functioned remarkably well because it solved the question of minorities, first of all in Western Europe after the end of the Second World War and then in Central and Eastern Europe after the fall of the Soviet and Russian empires. It opened the door for the participation of the minorities in the international economy, removing the obligatory oath of allegiance to the national capital representing cultural imperialism. The European model avoided clashes between majorities and minorities inside nation-states and between different nation-states by weakening the nation-state – almost starting the process of letting it wither away. In East Asia it is the other way round. There the nation-state, and a strong nation-state, is necessary for avoiding the situation whereby the minorities are marginalised and all the benefits flowing from the international economy are diverted towards the majority. A weakening of the nation-state would produce the exact opposite results of what we have seen in Europe. The basic thrust is the same, but strategists and thinkers have to go back to the drawing board to come forward with the Asian model and not content themselves by pushing the button marked ‘copy’.

ASEM is a modest tool in the arsenal of international policy measures but it has its place. If used properly and wisely, taking it for what it is, neither more nor less, it can help Asians and Europeans in shaping their own destiny among the global players. Not bad.

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List of abbreviations

ACP	African, Caribbean and Pacific
ADB	Asian Development Bank
AEBF	Asia-Europe Business Forum
AECF	Asia-Europe Cooperation Framework
AEETC	Asia-Europe Environmental Technology Centre
AEH	ASEM Education Hub
AEMM	ASEAN-EC/EU Ministerial Meeting
AEPF	Asia-Europe People's Forum
AEVG	Asia-Europe Vision Group
AFTA	ASEAN Free Trade Area
AIA	ASEAN Investment Area
AIDS	acquired immune deficiency syndrome
AMM	ASEAN Foreign Ministers' Meeting
APEC	Asia-Pacific Economic Cooperation
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
ASEAN-PMC	ASEAN Post-ministerial Conference
ASEF	Asia-Europe Foundation
ASEM	Asia-Europe Meeting
CAEC	Council for Asia-Europe Cooperation
CEE	Central and Eastern Europe
CFSP	common foreign and security policy
CHOGM	Commonwealth Heads of Government Meeting
DDA	Doha Development Agenda
DTI	Department of Trade and Industry
EAEC	East Asia Economic Caucus
EAEG	East Asia Economic Grouping
EARN	Education and Research Network
EC	European Community
ECB	European Central Bank
ECU	European Currency Unit
EEC	European Economic Community
EIB	European Investment Bank

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EMM	Economic Ministers' Meeting
EMU	Economic and Monetary Union
EPC	European political cooperation
EPG	Eminent Persons' Group
ESDI	European Security and Defence Identity
ESDP	European Security and Defence Policy
ETUC	European Trade Union Confederation
EU	European Union
EUROSEAS	European Organisation for Southeast Asian Studies
FDI	foreign direct investments
FEALAC	Forum for East Asia and Latin America Cooperation
FinMM	Finance Ministers' Meeting
FMM	Foreign Ministers' Meeting
FPDA	Five Power Defence Arrangement
FTA	free trade agreement/area
GATT	General Agreement on Tariffs and Trade
GCC	Gulf Cooperation Council
GDP	gross domestic product
GNP	gross national product
GSP	Generalised Systems of Preferences
IBRD	International Bank for Reconstruction and Development
ICFTU	International Confederation of Trade Unions
ICFTU-APRO	Asia-Pacific Regional Organisation of the ICFTU
IEG	Investment Experts' Group
IGC	inter-governmental conference
IGO	inter-governmental organisation
ILO	International Labour Organisation
IMF	International Monetary Fund
IPAP	Investment Promotion Action Plan
IPE	International Political Economy
IR	international relations
JCC	Joint Cooperation Committee
JSG	Joint Study Group
KL	Kuala Lumpur
MAI	Multilateral Agreement on Investment
MEM	most effective measures
MFN	Most Favoured Nation
NAFTA	North American Free Trade Area
NGO	non-governmental organisation
NICs	Newly Industrialised Countries
NIEs	Newly Industrialised Economies
NZ	New Zealand
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development

OSCE	Organisation for Security and Cooperation in Europe
PAFTAD	Pacific Trade and Development Conference
PBEC	Pacific-Basin Economic Council
PD	prisoners' dilemma
PECC	Pacific Economic Cooperation Council
PMC	Post-Ministerial Conference
PPGG	Pilot Phase Guidance Group
PPP	Purchasing Power Parity
QMV	qualified majority voting
SADC	Southern Africa Development Cooperation
SEA	Single European Act
SME	small and medium enterprise
SOM	Senior Officials' Meeting
SOMTI	Senior Officials' Meeting (Trade and Investment)
SPS	sanitary and phyto-sanitary
TAFTA	Transatlantic Free Trade Agreement
TEU	Treaty of the European Union
TFAP	Trade Facilitation Action Plan
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Council on Trade and Development
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
US	United States
WB	World Bank
WEF	World Economic Forum
WSSD	World Summit on Sustainable Development
WTO	World Trade Organisation

Introduction

The three images of ASEM

When the Asia-Europe Meeting (ASEM) made its debut on the world stage in March 1996, what followed was a string of media reports, commentaries, analysis and scholarly articles reflecting the very diverse views of how it was looked upon. Why was ASEM conceived and what is it all about? The following A-Z list reflects the fuzziness and the rhetoric surrounding ASEM:

ASEM is said to be:

- an Architecture for global economic governance
- a Bridge between two continents
- a Cooperative regime
- about Dynamism of the East Asian economies
- an Exercise in economic diplomacy
- a Forum for confidence-building/Framework for cooperation
- a Gathering to match the Asia-Pacific Economic Cooperation (APEC)
- a History in the making
- an Inter-regional dialogue
- a Journey of Asia and Europe's rediscovery of each other
- about Keeping the US honestly international
- a Landmark meeting
- about Multilateralism
- about Neo-realist views of the balance of power between competing regions
- about Open regionalism
- a Partnership of equals
- a Quest for a comprehensive relationship between Asia and Europe
- a Regional integrator
- a Strategic alliance
- a Talking shop
- an Undertaking of immense significance
- a Vacuous summit

2 Introduction

a Whole new game in international relations
an X'traordinary venture
a Young process
about Zest in Asia-Europe relations

A fundamental reason for the diversity of views with regard to the question 'What is ASEM, and what is the ASEM process all about?' lies in its multifaceted, multidimensional nature. ASEM is a result of various constellations of forces and interests. Interlocking interests and several underlying factors came together to create the momentum behind the birth of ASEM. Hence it reflects different interests and hence different manifestations.

The nebulous character of ASEM and its very brief history, plus the gulf in perceptions between academics and policy-makers, has presented an enormous challenge to the theoretical conceptualisation of ASEM. One can pick and choose some aspects and manifestations of the ASEM process and put them in the respective theoretical paradigms. At least three images of ASEM have surfaced since its launch in March 1996.

For the realists, ASEM is seen primarily as a result of changes in the distribution of power – in particular, the rise of East Asia as an economic powerhouse – and the interest calculations of key actors in the ASEM process. Realists are therefore inclined to see ASEM merely as an inter-governmental diplomatic forum where nation-states remain the primary actors, national interest being the prime motivation for dialogue and cooperation. Diplomacy is exercised in this multilateral setting, with its special focus on the summitry, to safeguard individual national interests. The participation of the European Union (EU) in this inter-governmental forum (as represented by the European Commission) is justified by casting the EU as a state-like actor that also employs diplomacy to safeguard its interests.

Liberal-institutionalists, on the other hand, are inclined to see ASEM as part of the rising trend of regionalism and the increasing reliance on inter-regional forums to cope with the challenges of globalisation. ASEM and the rise of similar arrangements such as APEC are part of managing the 'complex interdependence' that prevails in the international economic system. With ASEM's focus on building business networks and promoting cultural dialogue and linkages, the liberal-institutionalists argue that ASEM is best analysed as part of a global set of networks in which non-state actors such as businesses and NGOs would be the key players.¹ ASEM should therefore be seen as a cooperative regime. As Richard Higgott puts it, the emergence of ASEM represents 'a prospectively serious contribution to the development of the post-Cold War multilateral economic architecture rather than just another exercise in meaningless summitry'.²

Finally, some ASEM scholars have argued that the East Asians have deliberately used ASEM as an instrument of regional integration, that

ASEM was conceived to speed up the process of building a regional identity. This borders on a social constructivist approach whereby theorists emphasise the process of identity-formation through inter-regional interaction. They argue that regions, like nations, are 'social constructs', and identities and interests are not exogenously given but socially constructed. All these are created and recreated in the process of global transformation.

Though all three of these images of ASEM have surfaced in writings on ASEM by different scholars, so far very few attempts have been made to elaborate on them. Though there is an expanding literature on the subject of ASEM, there have so far been no cogent theoretical explorations of the subject. This book is therefore an attempt to look at the different dimensions of ASEM using the realist, the social constructivist and the liberal-institutionalist paradigms to attempt a more comprehensive narrative on the conception, birth and development of ASEM.

The book begins with a comprehensive background to the genesis and development of ASEM. Chapter 1 starts with an interpretative discussion on the underlying factors, forces and key events leading to the birth of ASEM. The roles of Singapore and the Association of Southeast Asian Nations (ASEAN) in getting ASEM off the ground are explored. The chapter then gives a descriptive account of the preparations for the first Asia-Europe Summit Meeting. Chapter 2 continues with the narrative on the results and significance of the inaugural meeting that took place in Bangkok. The various commitments undertaken are highlighted. The steps taken to transform some of these broad, general commitments into the concrete projects and achievements of ASEM are also covered in this chapter. It ends with a discussion on the development of ASEM up to the conclusion of the fourth ASEM leaders' meeting held in Copenhagen in September 2002.

Having established the details and facts of ASEM's creation and evolution, the next three chapters set out to analyse ASEM in the three images framed by the realists, the social constructivists and the liberal-institutionalists. ASEM is examined, respectively, in the framework of summit diplomacy, as an instrument for regional integration and as an institution for regime creation.

Chapter 3 of the book starts with a look at the meaning of summit diplomacy, and briefly discusses its advantages and drawbacks. It examines the creative tension between the collective EU stance and the interests of specific EU member states that might have been one of the key factors that led to the creation of ASEM. Is ASEM a reflection of the desires of individual EU member states to regain their initiatives in external relations vis-à-vis the supranational EU as represented by the Commission? To illustrate summit diplomacy at work, an account of the preparations for the four summit meetings held so far is given.

While the summits themselves may be the most prominent feature of ASEM, other scholars have chosen to focus on the preparation process

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leading to the summits. They have argued that the need for coordination prior to the meetings has led to more intra-regional cooperation among the Asian ASEM members; furthermore, such an increase in intra-regional coordination and cooperation leads to a more confident region. Related to this argument is the view held by some scholars that ASEM could therefore serve as a kind of regional integrator. Some scholars such as Haenggi and Bison³ have even argued that this idea was latent in the calculations of some of the ASEM members, for example Malaysia. One might have noted that the ten Asian members of ASEM theoretically coincide with the Malaysian-inspired concept of the East Asian Economic Caucus (EAEC). The Malaysian prime minister, Mahathir Mohamad, made no secret of his desire to unite the Asians in ASEM. Even if we leave aside the comparison with the EAEC, it remains true that, because of ASEM, these ten East and Southeast Asian states have for the first time tried to function as a coherent group. Chapter 4 therefore attempts to explore how, through all these various meetings and other coordination meetings, the 'Asian' members of ASEM are pushed to work more in tandem with one another, and to coordinate and collaborate with one another to adopt common positions and policies.

Such latent signs of regionalism are evaluated against the relevant theoretical perspectives. In so doing, a number of questions arise about the nature of regions and the meaning and content of regionalism, and over whether an East Asian identity or community could evolve without some sort of supranational institution and a formal set of rules and regulations. Are the existing framework and institutional arrangements sufficient for the further development of East Asia as a cohesive region, in which it could act collectively as a single actor? How has the process of regional integration been influenced by the Asian crisis of 1997–98? And how much has ASEM really contributed to institution-building and regional integration? These are some of the questions that Chapter 4 seeks to explore.

Chapter 5 begins with a review of regime analysis, and goes on to explore how the tools of regime analysis can be used to examine ASEM more closely. Looking at the momentum of the various regular meetings held among the ASEM partners to lay the guidelines for trade facilitation and investment promotions in the Trade Facilitation Action Plan (TFAP) and Investment Promotion Action Plan (IPAP), the potential of these guidelines to evolve into specific principles, rules and procedures governing specific areas of cooperation such as trade and investment cannot be discounted. The idea of ASEM as a meta-regime permitting the easier creation and development of more formal regimes in specific issue areas in international relations is therefore worth exploring. It is also felt that the international regime theory approach is an extremely useful tool with which to examine an institution such as ASEM that is still relatively less developed and in a fluid stage.

Having explored the various manifestations and dimensions of ASEM in the different theoretical frameworks, Chapter 6 provides a more realistic appraisal of ASEM as it stands now, and examines the criticisms and current challenges that it faces. The chapter also explores the various exogenous factors that may affect the further development of ASEM. In the light of these factors, what shape might ASEM take? This is in essence also the focus of the concluding chapter.

The concluding chapter brings us back to the three theoretical frameworks that are used to discuss ASEM and provides three scenarios for ASEM's future as viewed by the realists, the liberal-institutionalists and the social constructivists. It offers a final reflection on the possible developments of ASEM, taking into account the nature of current concerns and the future uncertainties surrounding it.

1 Ideas and forces behind the conception of ASEM

Introduction

ASEM is the official abbreviation for the Asia-Europe Meeting – an informal forum and process for developing dialogue and cooperation between the two ‘old world’ continents of Asia and Europe. One of ASEM’s most noticeable peculiarities lies in the composition of its regional representation. On the one hand, Asia, stretching as it does from Afghanistan to Australasia, is represented only by three Northeast Asian countries (China, Japan and South Korea) and seven Southeast Asian countries (Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam). On the other hand, Europe is represented by the fifteen European Union (EU) member states and the European Commission. This representation in some ways hints at the forces behind ASEM’s creation. It would seem to imply that to be a part of ASEM, a country must be participating in an active and pragmatic way in the pursuit of economic growth and development (to borrow from Zaki Ladi’s critique of what East Asia means).¹

Clearly, ASEM is a result of various constellations of forces and interests. But explanations of its emergence can be roughly classified into three main strands: the realist strand, the liberal-institutionalist strand and the social constructivist strand. Realists have been inclined to single out among the various formative factors the systemic change that has taken place in the distribution of power in the international order, referring, *inter alia*, to the emergence of East Asia as an economic powerhouse in the 1990s and the desire of an increasingly integrated EU to become a global actor in the emerging new world order. They also point to the possible convergence of narrow national interests – namely the commercial race towards East Asia by many European countries, and the newly developed Asian economies’ need to attract European capital and technology. All these interlocking forces and factors came together to create the momentum behind the birth of ASEM.

Liberal-institutionalists, on the other hand, have stressed the resurgence of interest in regionalism. Accordingly, they have hailed ASEM as

reflecting the increasing trend towards inter-regional dialogue, and as an alternative to traditional bilateralism – which is seen as an inadequate mechanism for coping with global problems – and to universalism – which is seen as hampered by the multiplicity and diversity of the actors involved. To put it simply, liberal-institutionalists see ASEM as part of the rising trend towards regionalism as a means of coping with the challenges of globalisation. ASEM, and the rise of similar arrangements such as the Asia-Pacific Economic Cooperation (APEC), is one way to manage the ‘complex interdependence’ that prevails in the international economic system, and is therefore best seen as a cooperative regime.

There are also some scholars who have argued that the East Asian countries have deliberately used ASEM as an instrument for regional integration, and that ASEM has been conceived to help speed up the process of regional identity-building, particularly on the Asian side. This argument borders on being a social constructivist explanation. Theorists using a social constructivist approach emphasise the process of identity-formation through inter-regional interaction. They argue that regions, like nations, are ‘social constructs’, and that identities and interests are not exogenously given but socially constructed. All these are created and re-created in the process of global transformation. Seen from this perspective, ASEM is essentially a result of various forces within Asia itself.

Indeed, a multitude of reasons have been given to explain the genesis of ASEM. The sections below discuss in further detail the factors that facilitated the formation of ASEM.

ASEM: an idea whose time has come?

The idea of an Asia-Europe meeting of leaders originated at the 1994 Europe/East Asia Economic Summit organised by the Geneva-based World Economic Forum (WEF).² In a programme for action issued at the end of the summit on 14 October 1994, the opening paragraph hailed ‘the strengthening of the Europe-East Asia relationship’ as ‘an urgent priority’. Several ‘recommendations for actions to be taken at the government and corporate level’ were made. The last recommendation specifically called for a Europe-East Asia summit of government leaders.

This recommendation was taken up by Singapore’s prime minister, Goh Chok Tong. During his visit to France not long after the WEF’s Europe/East Asia Economic Summit, Goh discussed the idea of a possible summit with the then French prime minister, Edouard Balladur. Supportive of this initiative, France worked to secure the in-principle support of the other EU member states. Under the French presidency of the EU, the EU General Affairs Council met on 6 March 1995 and endorsed the idea. Meanwhile, Singapore was able to secure the commitment of its fellow Association of Southeast Asian Nations (ASEAN) members plus China, Japan and South Korea for such a summit meeting. Hence, the first Asia-

8 *Ideas and forces behind ASEM*

Europe Summit Meeting was held in Bangkok on 1–2 March 1996 after several consultations.³

The alacrity with which the suggestion for an Asia-Europe summit meeting was taken up and the success of the inaugural meeting would suggest that this was perhaps an idea whose time had come. What, then, were the conditions present at the time, and specifically which underlying factors and motivations came together to bring about the fruition of this idea?

In one of the Council for Asia-Europe Cooperation (CAEC) Task Force reports, Hanns W. Maull and Akihito Tanaka offered the following reasons for ASEM's genesis:

- the growing complexity of power relations in a post-Cold War world whereby military power has lost its old dominance, and economic power and other forms of 'soft power' have grown in importance;
- the rise of new actors such as China leading to a general diffusion and dissipation of power in world politics;
- the growing interdependence of foreign policy and domestic affairs;
- the emergence of Pacific Asia as one of the three centres of the world economy and world politics;
- a change in geopolitical agenda where the management of adversarial Great Power rivalry is giving way to the prevention and management of serious internal disorder; and
- the rise of new regional groupings and trans-border regions such as APEC, NAFTA; and their growing importance.⁴

The above provided a backdrop for the realities of the changing power structure in the post-Cold War environment in the Asia-Pacific region before the advent of the Asian economic crisis in 1997–98. It gave an overall picture of the external macro-environment in which the various actors operated. The external environment, combined with various domestic factors, provided the impetus behind the idea of ASEM.

The setting: changing power structures, interests and orientations

In the 1990s, the challenges of globalisation and the end of the Cold War were convenient starting points for economists and international relations scholars to begin the explanation of various global developments, regional responses and domestic policies. Similarly, ASEM's birth was tied to these broad factors.

The end of the Cold War

It had often been argued that the new world order that was emerging at the end of the Cold War was distinguished by the shift from bipolarity to

multipolarity, and the rising importance of economic issues as compared to military issues. The latter was sometimes extrapolated to imply that economic security had replaced military security as a key concern of nation-states. In other words, as the Cold War era of military conflicts and ideological rivalry began to fade, economic issues gained precedence. Economic competitiveness was increasingly viewed as the essential foundation of national security and interests.

Economic competitiveness issues

The issue of maintaining economic competitiveness had always been a thorny one for all the economic powers – Germany, France, the UK and Japan alike. However, from the 1980s right through to the early 1990s, the US was particularly consumed by this issue. Economic competitiveness had become an especially prominent issue in the foreign policy debates of the US. This was because the US had seen its relative economic power declining over the years, from as early as the 1970s. Although the US economy remained by far the biggest in the world, its economic power had declined relatively, especially in relation to Japan. This was the trend in the 1980s especially before the bubble burst in the Japanese economy in 1991. This was reflected, for example, in the drop in the US share of aggregate production for all Organisation for Economic Cooperation and Development (OECD) countries from 58 per cent in 1953 to 35 per cent in 1988, as well as in the drop in its share of monetary reserves from 50 per cent in 1948 to 10 per cent in 1988.⁵

Along with these changes in the distribution of economic power, American economic policies shifted from the broad support of multilateralism and the willingness to accept diffuse reciprocity to an approach that stressed specific reciprocity to serve American interests. In focusing on the pursuit of specific economic interests, the US became less willing to provide unconditional support for the liberal international economic order. This was in part because it believed it could no longer afford to do so, and in part because the anti-Communist geopolitical rationale for doing so no longer applied. The signals that the management of the US economy and polity sent out to the other players in the international economy resulted in a questioning of US commitment to multilateralism.⁶ The Republicans' victory in the 1994 US Congressional elections and the passage of unilateralist bills like the Helms-Burton and D'Amato-Kennedy laws⁷ reinforced the perception that Americans were turning more and more towards unilateral trade practices.

Both the EU and East Asia – key trading partners of the US – could not help but be worried by such trends. (The whole issue of increasing US unilateralism only slightly abated in the aftermath of the Asian economic crisis in the latter part of the 1990s, as Japan sank deeper into economic doldrums while the US economy, fuelled by innovations in the

information technology sector, recovered and steamed ahead.) Thus, some scholars such as Gerald Segal speculated that the two regions were pushed towards seeking greater cooperation to keep the Americans committed to multilateralism.⁸

The shift towards multipolarity

The end of the Cold War signalled the shift of the world from a rigidly bipolar framework to one with the potential for different permutations. The emergence of East Asia as a centre of economic power and an increasingly integrated and resurgent European Community (EC) fuelled the optimism that we would be moving towards a multipolar world order. Coupled with the fact that economic competitiveness and power had gained ascendancy as the key component of the overall power and attractiveness of a nation-state or region, there was much talk that the progress and prosperity of the world would be driven by three power engines as represented by North America, Western Europe and East Asia. The trend was therefore towards tripolarity if not multipolarity, at least in an economic sense.

THE EMERGENCE OF EAST ASIA AS AN ECONOMIC DYNAMO

At the time of the start of the Cold War, most of the East Asian countries had either just emerged from colonial domination (for example, the Philippines and Indonesia) or were in the midst of reconstruction after the serious devastation of the Second World War (as in Japan and China). Japan, with the help of the US, was the first East Asian country to recover and to transform into a major economic power in the 1970s. Except for Japan, most of the East Asian countries remained economically insignificant right through to the 1980s. However, the economic success of Japan, followed closely in the 1980s by the Newly Industrialised Economies (NIEs) – Korea, Taiwan, Hong Kong and Singapore – was to provide the model and impetus for development in other East Asian countries. The opening of China's economy in the 1980s, and the significant increase in intra-East Asian trade and investments following the 1985 Plaza Accord, were some of the reasons why East Asia became one of the most dynamic economic regions. During the 1980s, economic growth in East Asia was maintained at an average of 6 per cent annually. In contrast, the corresponding figure for North America was 2.7 per cent, and for Western Europe, 2.3 per cent.⁹

By 1992, East Asia accounted for 24 per cent of global production. By comparison, the EU accounted for 35 per cent and North America for 28 per cent. According to World Bank (WB) figures, from 1991–93 growth of real gross domestic product (GDP) in East Asia averaged 8.7 per cent. On the basis of growth rates recorded during 1978–91, many economists,

including those from the WB, projected that East Asia's GDP would overtake that of North America and Western Europe in 2010.¹⁰ Right up until early 1997, most commentators and observers of developments in the region optimistically assumed that the East Asian economies would continue to experience high growth. No one foresaw the coming of the Asian financial crisis and the attendant socio-political changes that it brought to the region.

AN INCREASINGLY INTEGRATED EUROPEAN COMMUNITY

While East Asia was growing at a rapid pace, both the US and Europe were experiencing a general slowdown in the 1980s. To rejuvenate their sluggish economies and enhance their own competitiveness, the EC member states took further steps towards integration. In 1986, the EC ratified the Single European Act (SEA) and embarked upon an ambitious programme to complete its internal market by the end of 1992. The next ambitious project was the move towards economic and monetary union with the launch of a common currency. The vision of an Economic and Monetary Union (EMU) was encapsulated in the Treaty of the European Union (TEU), commonly known as the Maastricht Treaty. This was ratified and put into force on 1 January 1993.

What was interesting about the Maastricht Treaty was that under it, the new EU was accorded a number of explicit and overarching political objectives. The Maastricht Treaty also specifically provided for a vision of a common foreign and security policy (CFSP) and explicitly stated that the new EU was

to assert its identity on the international scene, in particular through the implementation of a common foreign and security policy, including the eventual framing of a common defence policy, which might lead to a common defence.

(Article B[2])

This conscious effort to construct a CFSP was a significant shift from earlier positions in which a strict dichotomy was maintained between external economic relations and external political policy. While the EC had been entrusted with the responsibility for external economic relations, foreign and security policies had remained the exclusive domain of member states. 'Despite attempts from the late 1960s to increase member states cooperation on foreign policy matters, the distinction between political and economic relations ha[d] been maintained and institutionalized.'¹¹

The move towards framing a CFSP reflected the realities of a world where economics was gaining ascendancy, as well as the impracticalities of maintaining a rigid dichotomy between politics and economics. Bretheron and Vogler, in their study entitled *The European Union as a Global Actor*,

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argue that the end of the Cold War also provided scope for the politicisation of the EC's external relations.¹²

The EC has occupied a prominent position in the global economy for some time. However, militarily, the Cold War decades had put the Europeans under the protective nuclear umbrella of the US. With the decline in the salience of nuclear deterrence and the rising importance of economic power, there was a growing desire on the part of the EU, or at least some of its key members, to become more of a global actor. External demands and expectations for the EU to play a more active role in the international system might also have been one of the factors behind the construction of a CFSP. And to be seen as a global actor, the EU has to be involved not only in its own regional affairs, but has to be seen to be actively engaged in other regions. With the economic resurgence of East Asia, it was only a matter of time before the EU had to map out a strategy on how to conduct its relations with the East Asian countries.

Globalisation and regionalism

The move towards a tripolar world was further fuelled by the powerful, and at times conflicting, forces of economic globalisation and regionalisation. Advances in communication and transportation technology, as well as the reduction in national barriers to trade and investment, had allowed resource allocation to take place on an increasingly worldwide basis. And, by implication, this trend had also resulted in competition on a global scale. Global market forces at work compelled corporations and states, within a certain geographical proximity, to band together to meet the increasing economic competition. This increasing regionalisation of the world economy, as reflected in the further integration of the EC from the mid-1980s onwards, the launch of the North American Free Trade Area (NAFTA) in 1993 and the talk of forming an East Asia Economic Grouping (EAEG) in the 1990s, brought about the imminent spectre of the division of the world into three huge competing economic blocs that might be closed to one another.

It was this fear of being shut out of one another's regional blocs that spawned the concept of open regionalism,¹³ by which economists meant that regions could proceed with both globalisation and regionalisation by building up inter-regional linkages. By strengthening inter-regional linkages at the same time as regional integration deepened, the twin forces of globalisation and regionalisation could be better managed. The formation of APEC in 1989 was to epitomise this concept of open regionalism.

The ASEM initiative was also to reflect the sentiment that there was a need to build up the linkages between East Asia and Europe to prevent the spectre of being shut out of each other's markets. While transatlantic links between the EU and North America had been seen as historically strong, and the transpacific ties between North America and East Asia had been

further cemented with the formation of the APEC forum, a strong linkage between East Asia and Europe was missing. ASEM was to provide this missing linkage. As Michael Smith pointed out, one way to conceptualise the EU-Asia-Pacific relationship was in the context of a 'triangular relationship' in which 'both the EU and its Asia-Pacific partners use it as a means to create some room for manoeuvre and some leverage in respect of their major rivals or patrons'.¹⁴

The formation of APEC

The establishment and development of APEC was said to be another major impetus for the EU to seek formal linkages with East Asia. Indeed, the search for a new partnership with Asia really began in earnest after the 1993 APEC summit held in Seattle.

APEC was a response from the smaller Asia-Pacific countries to the new challenges facing the region. The prospects of enhanced economic conflicts as reflected in the long-drawn out and deadlocked Uruguay Round negotiations and the emergence of trading blocs such as NAFTA, as well as the possibility of Fortress Europe with the ratification of the 1992 Maastricht Treaty, were the fear factors that pushed the smaller Asia-Pacific nations to band together. At the initiative of Australia, twenty-six ministers from twelve economies (namely the six ASEAN members together with South Korea, Japan, Australia, New Zealand, the US and Canada) met for the first time in Canberra in 1989 to lay down the basic principles that would guide the development of an APEC forum.¹⁵ APEC was launched with the tacit support of the US because the latter saw a possible advantage in using this Asia-Pacific multilateral framework as a means of pressurising the Europeans in the Uruguay Round negotiations.

Besides experimenting with such regional trading arrangements, there were also concerted efforts by the smaller Asian nations to ensure the maintenance of the multilateral trading framework through their own increased commitment to multilateralism, as reflected in their active participation in the Uruguay Round negotiations. For the first time, the Asian countries played an active role in multilateral trade negotiations, either individually or together with other nations sharing similar interests. Many of them also took unilateral steps towards trade liberalisation and opening up their economies further.

During APEC's initial years, the EU did not pay much attention to it. It was only in 1993, when the US decided to take an active approach towards APEC, that the EU woke up and took notice of this multilateral framework. To demonstrate America's recognition of the significance of the Asian economies to the US, President Clinton called for an APEC summit meeting in Seattle in November. With the holding of the APEC summit in Seattle, as Richard Pomfret put it, 'for the first time since the creation of the world economy Europe was left out of a major economic summit'.¹⁶

The Clinton administration's high-profile interest in APEC was in part a means of registering the US' increasing impatience with the EU over what was perceived as European procrastination on the Uruguay Round agenda. For its part, the EU felt nervous about this highly symbolic attempt to strengthen transpacific ties. The EU saw the possibility of the US using APEC as a leverage against the EU during trade negotiations, and, worst of all, the possibility of APEC developing into a preferential trading bloc. The EU would then run the risk of being shut out of the major markets in APEC. In response, the EU tried to gain some form of entry – an observer status – in APEC. However, this EU request was turned down. Faced with these developments, the EU felt under increasing pressure to build closer ties with Asia.

Shortly after the APEC summit in Seattle in November 1993, the EU laid the foundations for its own Asia policy. In July 1994, the EU devised a comprehensive approach towards Asia, presented in a Communication entitled 'Towards a New Asia Strategy'. In this document, US involvement in APEC was described as follows:

The US has started to place increasing emphasis on its Asian policy. The most obvious sign of this has been its active promotion of, and participation in, APEC (Asia Pacific Economic Cooperation). At this stage it is far from clear that this initiative has been successful. The recent trade dispute with Japan, a series of small disputes with Southeast Asian countries and the question of China's Most Favoured Nation (MFN) status all suggest that whilst the US wishes to increase its economic presence in the region, it has not yet found the optimum balance between the different policy strands. However, it is likely that away from 'high politics', links between the respective business communities will be strengthened.¹⁷

The East Asian countries, on the other hand, initially welcomed US interest in APEC, as epitomised by the Seattle summit of 1993. Subsequently, however, differences in approach towards the APEC process between the US and the Asian countries became a cause for concern. While the Asian countries in APEC generally preferred to stick to what they termed 'open regionalism and diffuse reciprocity', and to rely on concerted unilateral efforts and peer pressure to achieve the goals of free trade, the US together with Australia favoured creating a rule-based framework with emphasis on specific reciprocity. There were also particular difficulties in building up a consensus, especially in relation to the liberalisation of trade in agriculture and the use of anti-dumping measures. In these negotiations, the US was often seen as using APEC to push its own agenda of prying open the East Asian markets. President Clinton's absence from the Osaka Summit in 1995 was perceived as a reflection of these differences, and put a question mark against US commitment to the process.

Concrete interest calculations

The impact of broad systemic trends – the end of the Cold War and its ensuing implications, and the potential regionalisation of the global economy – in fuelling interest in ASEM was amplified by the concrete interest calculations and individual concerns of the EU and the East Asian countries. Together, systemic factors and concrete interest calculations led to Europe and East Asia's rediscovery of each other.

The EU's motivations

Several ASEM observers have commented that pure economic calculations were behind the ASEM project. On the EU side, the need to look beyond Europe for fast-growing markets for its products and services was an important consideration. There were strong indications that the Europeans had lost important ground on Asian markets during the second half of the 1980s and the early 1990s, when many East Asian countries were opening up their markets and their economies were growing at rapid rates. Rueland has noted that during that period, in anticipation of the Single Market, European firms had been fully occupied with the need to improve their competitiveness within Europe. Investments were therefore primarily made in Europe. In fact, from 1987 onwards, capital investments and intra-regional exports in Europe increased by 6–7 per cent per annum. As a consequence, not much capital was available for investments in Asia at a time when liberalisation in many East and Southeast Asian countries was gaining momentum.¹⁸

However, the initial outcomes of the SEA in 1986 and the 1992 Maastricht Treaty were not particularly encouraging in rejuvenating the European economies or bringing down unemployment. In 1995, unemployment in the EU for instance remained at an all-time high of an average of 10.7 per cent.¹⁹ European investments in Central and Eastern Europe in the early 1990s were also fraught with problems. This led key European actors, such as Germany and France, to shift their outlook and acknowledge the need to be more outward-looking. Economic imperatives – the problem of slow growth and unemployment – forced the EU to look towards the fast-growing East Asian economies as opportunities rather than threats. They began to look at these countries more as markets for EU products and services, and also as places for profitable investments, rather than simply as producers of cheap products flooding the EU market and as competitors contributing to the high unemployment rate in the EU.

Beyond this, there was also the potential of increasing Asian investment in Europe. By the early 1990s, other East Asian countries like Korea and Taiwan had followed Japan's footsteps in investing in the EU in anticipation of the Single Market. Rightly or wrongly, the creation of the Single Market was regarded by many Asian firms as a form of protectionism. The

fear of being shut out of Fortress Europe, unless they had established themselves as 'insiders', forced a number of Korean and Taiwanese firms to consider making direct investments in Europe. The need to attract investment as a panacea for the massive unemployment situation in Europe, and to ease the reconstruction of Eastern Europe, was one of the rationales for increasing the dialogue with the East Asians.

This shift in the way in which Asia was viewed by the Europeans was in part a result of the growing economic power of the East Asian region, which translated into not only the increasing importance of the region as a trading partner to the EU, but also its increasing potential as an investor in the EU. For example, the share of East Asia-EU trade as a proportion of total EU trade has grown from 3 per cent in 1975 to 7.5 per cent in 1993; and for East Asia, the aggregate East Asia-EU trade percentage has grown from 11 per cent to 15 per cent in the same period. More significantly, Asia as a whole began to surpass the US in terms of the EU's total trade turnover. Total Asia-EU trade in 1994 was worth US\$312.5 billion, while US-EU trade was worth US\$229 billion.²⁰

While trade between the two regions had increased over the years, the same cannot be said of investment. Both the EU and Asia were under-investing in each other's regions. The volume of EU foreign direct investments (FDI) in developing Asia lagged behind that of Japan and the US. Of more concern, however, was that while EU investments in some parts of Asia had been growing, on aggregate, European investments in Asia dropped from 5.1 per cent of the EU's total FDI in 1990 to 2.8 per cent in 1993.²¹

Concrete calculations about the growth of the Asian markets and the potential opportunities for European exporters and investors coincided with other pressures – such as the fear of being left behind by the other two key economic powers, Japan and the US – to create the demand for the EU to develop an overall Asia strategy. The framework for the EU's strategy was set out in July 1994 in a Communication from the European Commission to the EU Council entitled 'Towards a New Asia Strategy'. One of the key objectives expressed in this Communication was 'to strengthen the EU's economic presence in Asia in order to maintain the Union's leading role in the world economy'.²²

The East Asians' concerns

The drop in investment from the EU (as discussed in the preceding section) was a major concern for many of the East Asian countries. The fast-developing East Asian economies wanted access to European technology, management expertise and the hard capital that would come with long-term investment. Despite its considerable financial resources, Asia would not be able to finance alone all of the investments in key areas such as infrastructure and manpower development that would be required for

long-term sustainable growth. The worldwide competition for investment funds was also increasingly intense as more and more formerly state-controlled economies were opening up their markets to foreign investment. Asia also needed Europe to keep up the pace of human resource development and the technological expertise to transform its industries from labour-intensive to capital-intensive ones.

Also, while it was true that intra-regional trade and investment among the East Asian economies had increased significantly in the 1990s, the other side of the reality was that most of this intra-regional investment was channelled into export-oriented production. These exports were mostly going to the Western markets (the US and Europe). Much of the dynamism of the East Asian economies was based on this export-oriented, trade-led development strategy. Such a development strategy was thus essentially dependent on the functioning of an open global economic system – particularly on the existence of increasing demand from world markets, and above all on continued demand from the advanced industrialised Western countries.²³ Hence the issue of market access was a major concern for all these East Asian economies. Concerns about a Europe consumed by its own internal affairs and preoccupied with its enlargement; uncertainties over the impact of a single European currency; and the lingering fear of being shut out of the single European market should the neo-protectionist forces rear their heads – all these provided a strong impetus for the East Asian economies to actively court the Europeans. In this sense, ASEM would provide the East Asians with the means to diversify their economic relations beyond the Asia-Pacific region.

Crafting ASEM: the roles of Singapore and ASEAN

Another important factor that played a part in the conception and birth of ASEM was the leadership role taken up by Singapore and the driving force provided by ASEAN. It is not too far off the mark to say that without the initiative taken by Singapore's prime minister, Goh Chok Tong, and the role played by ASEAN, ASEM might not have got off the ground in such a short time.

Two distinct dimensions of international relations were becoming visible in the post-Cold War Asia-Pacific region. First, the greater fluidity in regional relations and the uncertainties over the long-term shape of big-power relationships – an emerging China was much in evidence, but the significance of its rising power remained unclear; Japan, though still an economic powerhouse to be reckoned with, had seemingly no clear idea of the kind of strategic role it could or should play; and the US' commitment to the region had been called into question. Engaging the EU, then, was part of the balance of power calculations of the small and medium-sized countries in the region, and an additional cushion to the power dynamics that were unfolding in the region. Second, the seemingly increasing

importance of small and medium-sized powers in the region. The smaller countries hoped that by participating actively in the emerging new order, their initiatives would become an indispensable and integral part of a larger picture involving the great powers and that their interests would be secured. Seen from this perspective, one could see ASEM as a response to the yet uncertain power structure that was evolving in the Asia-Pacific region – an attempt by the smaller countries like Singapore, and regional organisations like ASEAN, to secure a role for themselves in the emerging Asia-Pacific order so that their long-term interests would be protected.

Furthermore, by taking upon itself the role of initiating an Asia-Europe dialogue, Singapore hoped it could impress upon the world that there was a certain value attached to working with it. That is, Singapore wanted to show that it was not only a trading post, but also a diplomatic and political player in the international playing field that could be counted upon to deliver – to bring about the implementation of an idea that it had proposed. Singapore's initiative was also deeply connected to its belief that although it was not well-liked by its neighbours, its prosperity was tied to the region, and hence it was important to promote the region's trade and investment opportunities. Along these lines, extending its diplomatic reach through such multilateral forums was also seen as essential to strengthening Singapore's chances of survival.²⁴

Singapore's role

It was in Singapore that the image of completing the triangular balance between the three engines of the world economy – North America, Western Europe and East Asia – was conjured. Both Goh Chok Tong, Singapore's prime minister, and Lee Kuan Yew, Singapore's senior minister, in their speeches to the 1994 WEF Europe/East Asia Economic Summit, spoke forcefully of a dynamic East Asia and its growing economic power. These speeches also underscored the need for these three powers to have strong linkages between them. In addition, the speakers lamented that while strong transatlantic (US-EU/NATO) and transpacific (APEC/bilateral US-Japan, US-South Korea) ties existed, comparable links between Europe and Asia were missing. ASEM was expected to provide this missing link, and thereby to complete the triangle. A balanced triangular partnership was seen as the best guarantee for the maintenance of global peace and stability and the promotion of economic growth.

Immediately after the Europe/East Asia Economic Summit, Goh Chok Tong went on an official visit to France, Holland and Belgium. It was during his visit to France that he proposed the idea of an Asia-Europe leaders' meeting to the French prime minister, Eduoard Balladur. The purpose behind this proposal was to establish a clear and open channel of dialogue between Europe and East Asia to complement that which East Asia had already established with America within APEC. By emphasising

the transpacific link between the US and the Asia-Pacific region in the context of APEC, Goh's message resonated with the Europeans, and in particular with the French, who have usually been the most vocal in expressing their concerns about the status of the EU vis-à-vis the US. Having just been rejected as observers in APEC, and uncertain about the latter's future direction, Goh's suggestion opened up a window of opportunity for the EU to partake in the strategic game of balancing US influence.

Singapore's decision to seek out France's support first was also a highly calculated move by Singapore to try and get the ASEM idea off the ground. France was viewed by Singapore as being highly attuned to what was happening in Asia. However, compared to the British and the Germans, the French presence in the region was not as strong. Singapore believed that the French were strategic and long-term thinkers, and hence could be convinced of the value of engaging Asia. By choosing to work with the French, Singapore also hoped to benefit from attracting more French business into Singapore. This fitted in with Singapore's foreign economic policy of attempting to diversify its foreign markets and investment sources away from its traditional dependence on the US and Japan.²⁵

Goh's proposal also came at a time when the European Commission was looking for a new strategy to adopt towards Asia. In its July 1994 Communication, 'Towards a New Asia Strategy', the Commission made statements as to why the EU should accord Asia a higher priority in its external policy and provided a series of practical recommendations – such as establishing European business information centres and providing financial incentives for joint ventures through the EC Investment Partners scheme or the European Investment Bank (EIB). However, the Communication contained no real overall strategy for kick-starting these practical measures. Hence, a few months after it was released, the New Asia Strategy looked set to end up locked away in just another one of the Commission's filing cabinets. The idea of an Asia-Europe summit meeting brought back a whiff of life to the New Asia Strategy and caught the imagination of some of the European leaders.

Supportive of this initiative, France, during its presidency of the EU Council in the first half of 1995, was able to get an in-principle approval of the idea during the General Affairs Council Meeting in March 1995. Ultimately, France had the idea endorsed at the EU Council Meeting in Cannes in June 1995.

ASEAN's driving force

After the initial push by the Singapore leader, the driving force provided by ASEAN to get ASEM off the ground was just as important. The role that ASEAN played had to be seen in the context of a wider ASEAN-EU relationship, and the increasing confidence of ASEAN as a diplomatic community and a dynamic regional organisation until the financial crisis

struck.²⁶ The ASEAN-EU link in some ways provided a model on which ASEM was based. Indeed, Christopher Dent has noted that among the ASEAN states, 'ASEM was generally seen as the projection of its pre-existing inter-regional ties with the EU onto a broader canvas'.²⁷ The EU's wider involvement in the region was welcomed not only for obvious economic reasons, but also for strategic reasons. By committing the EU to the region, the number of major powers in the region would be increased, and the chances of domination by any single major power would thereby be reduced.

A brief history of ASEAN

ASEAN was founded in August 1967 by Indonesia, Malaysia, the Philippines, Singapore and Thailand, during uncertain times in Southeast Asia. At the time of its formation, ASEAN was scoffed at by many political observers, both in the region as well as beyond. In a region marred by war and intra-regional conflicts, it was difficult to perceive that the leaders of these independent, sovereign states with different historical experiences would have the political will to overcome their suspicions and latent hostilities. However, it was precisely the need to reduce intra-ASEAN tensions in order to focus on domestic development as a counterweight to internal Communist and communal problems that led to the founding of ASEAN.

ASEAN's growth as a regional organisation proceeded at a slow pace during the initial years. Given the diversities and the latent tensions, there were very few real integrative efforts. Most of ASEAN's success really came by way of common political stances vis-à-vis third parties, especially against Communist states. The first major development faced by ASEAN was the collapse of the non-Communist governments in Cambodia and South Vietnam. The first ASEAN Heads of Government/State Summit was held in Bali in 1976 to signify ASEAN's unity and determination to press ahead with cooperation. Then came the Vietnamese invasion of Cambodia in 1978. On the Cambodian issue (known then as the Kampuchea problem), ASEAN's ability to come to a common position and articulate it with great fluency and vigour contributed to its success as an effective 'diplomatic community'.²⁸

ASEAN has in general been an outward-oriented organisation, and has sought to establish ties with various key countries to secure its interests. Such external ties are also seen as a form of recognition of its status and viability as a regional grouping. It has established dialogue partnerships with what was then the European Economic Community (EEC), the US, Canada, Australia, New Zealand, Japan, China, South Korea and, in recent years, Russia and India. In many ways, such interactions with other groupings and countries have helped ASEAN define its identity.

ASEAN-EEC/EU relations

The EEC was one of ASEAN's first dialogue partners. Informal dialogue between ASEAN and the EEC first took place in 1972 in anticipation of the potential loss of the British market as Britain prepared to accede to the then EEC in 1973. The British market was then one of the most important European markets for most of the ASEAN countries. Initially, the dialogue was aimed exclusively at achieving greater market access for ASEAN's exports and arriving at a price stabilisation scheme for ASEAN's primary commodities. After a few informal meetings, it was decided in 1975 that an ASEAN-EC Joint Study Group (JSG) be set up not only to look into trade matters, but also to evaluate other possible areas of cooperation, such as joint ventures in the exploration of ASEAN resources, the possibility of EEC participation in ASEAN manufacturing activities and the mobilisation of capital for financing ASEAN projects.²⁹ ASEAN-EC relations were given a certain boost with the first ASEAN-EC Ministerial Meeting (AEMM) in 1978, and since then regular meetings have taken place.

It was under the direction of the ASEAN-EC ministers that the ASEAN-EC Cooperation Agreement was formulated and signed during the second AEMM held in Kuala Lumpur, Malaysia, in 1980. The main emphasis of the Agreement was on economic cooperation and development. The Agreement extended the MFN treatment to the contracting parties. More importantly, it opened up an exclusive channel for the exchange of information and requests that paved the way for EC assistance in several development projects in ASEAN. A Joint Cooperation Committee (JCC) was established to replace the JSG, and its aim was to promote and keep under review the various ASEAN-EC cooperation activities.

Despite all these linkages, ASEAN until the 1980s remained at the bottom of the EC's hierarchy of relations, below even that of the African, Caribbean and Pacific (ACP) and Latin American countries. Despite much lip service, the EC had shown little enthusiasm for increased involvement in Asia, and Asia had never been an area of great EC activity after the colonial era. The low priority accorded to Asia was reflected in the fact that the ACP countries received the more favourable trade benefits covered by the Lome Convention, as well as in the fact that attendance at the AEMM by EC ministers was irregular. The ASEAN-EC relationship was then seen very much as a donor-recipient relationship because of ASEAN's constant requests for more development aid, better access to the European markets and more technology transfers. It was thus an unequal economic relationship in which the ASEAN countries inevitably found themselves in the weaker bargaining position.³⁰

However, the ASEAN countries persisted in their efforts, both unilaterally and as a group, to court greater European interest in trade and investment:

EC exports to the ASEAN countries grew from US\$7.7 billion in 1985 to US\$21 billion in 1991, while EC imports from ASEAN rose from US\$8.9 billion to US\$25.8 billion during the same period. Foreign direct investments (FDI) from the EC to ASEAN also showed some increases. The EC's cumulative total FDI in ASEAN (excluding Brunei) over the 1985–90 period amounted to US\$4.7 billion. While the simple statistics showed an apparently steady growth in trade and FDI flows between the EC and ASEAN, the relative importance of ASEAN to the EC remained basically unchanged.³¹

In contrast to the unequal economic relationship, political cooperation between ASEAN and the EC in the 1980s was markedly more successful. Vietnam's invasion of Cambodia in December 1978, and the Soviet invasion of Afghanistan in 1979, brought about a convergence of interests in the politico-strategic arena. ASEAN and the EC worked closely to coordinate their positions and to support each other's positions on these two issues in international forums such as the United Nations (UN). An analysis by Roberto Robles of the votes for UN Assembly resolutions between 1979 and 1984 showed that ASEAN and the EC did indeed vote as a bloc in support of calls for Soviet withdrawal from Afghanistan and Vietnamese withdrawal from Cambodia.³² These two issues remained dominant subjects of discussion at every successive AEMM throughout the decade.

These relations took a turn for the worse in the early 1990s because of the East Timor incident in 1991.³³ More importantly, however, it was the triumphant mood in the West following the collapse of the Soviet Union, the end of the Cold War and the wave of democratisation movements in the former Communist countries in Central and Eastern Europe (CEE) that led the Western countries to start pushing other developing countries towards greater democratisation. Free from the Cold War necessities of courting authoritarian but pro-Western countries, Europeans introduced a policy of conditionalities, linking trade and aid to human rights, democratisation, social and labour standards, and environmental protection. The politicisation of aid and economic cooperation policy heightened tension with ASEAN nations. It brought forth strident criticisms from several ASEAN countries, particularly Indonesia, Malaysia and Singapore, who were uncomfortable discussing these issues. This new moralism of the West was criticised by leaders such as Dr Mahathir as a form of neo-colonialism.

ASEAN's success as a diplomatic community, the continuing economic dynamism of the region and the confidence that governments have drawn from their economic achievements for the past decade have enhanced a new sense of regional pride and assertiveness. This confidence and dynamism was reflected in the way in which ASEAN responded to the challenges it faced.

In response to the uncertain politico-security situation in the immediate years of the post-Cold War era, ASEAN first sought to formalise its dialogue relationships by bringing them all under the ambit of what was to become the Post-ministerial Conference (PMC). The PMC is now held annually after the annual ASEAN Foreign Ministers' Meeting (AMM). Faced with increasing economic competition from other emerging markets around the world, particularly China, ASEAN in 1992 announced the establishment of an ASEAN Free Trade Area (AFTA) and also started work on a common ASEAN Investment Area (AIA). It also moved with uncharacteristic alacrity to develop an ambitious framework for the ASEAN Regional Forum (ARF) in 1994.³⁴ The creation of the ARF was especially significant as it reflected the willingness of ASEAN to assume new functions and responsibilities in order to shape its strategic environment.

On a bilateral basis, when ASEAN re-examined its previous twenty-year record of relations with the EU, it could not help but note that while the promotion of economic cooperation had translated into increases in the absolute values of trade and investment, it had not altered the relative importance of each region to the other. The challenge then was to imagine new channels and to identify new areas for cooperation. In the midst of the EU's reassessment of its strategy towards Asia, ASEAN was quick to cash in on this and to promote itself as the gateway to the wider Asia-Pacific region, a facilitator in the wider Asia-Europe dialogue. ASEAN also recognised that future efforts to create a new dynamic would have to involve European production in Southeast Asia. Hence, relentless efforts were made to drive home the point that with peace and stability in the region, and with the launch of the AFTA and the AIA, ASEAN provided a secure and profitable environment for Europe's real investments.

The ASEAN states' record of economic success and growing self-confidence sold the EU to the idea of ASEAN as the bridge or gateway to wider Asia-Europe relations. ASEAN's attraction as a rapidly growing market of 450 million people (in anticipation of a ten-member ASEAN) was also in the minds of the European decision-makers when a consensus decision was taken by the EU (led especially by the four big powers – the UK, Germany, France and Italy) to put aside sensitive political issues and return to a pragmatic course of focusing on economics. (This again has to be seen in the context of the EU's general shift in policy towards Asia, as discussed earlier.) The eleventh AEMM, held in Karlsruhe in October 1994, reflected this shift towards pragmatism, and showed that ASEAN had gained the upper hand in determining the topics, style and procedure of the meeting. The meeting was congenial, unlike the previous few meetings in which heated arguments had often been exchanged. The East Timor issue was not raised, and human rights issues were only briefly mentioned. An ASEAN-EU Eminent Persons Group (EPG) was set up to look into promoting better ASEAN-EU relations. The European Commission's Communication entitled 'Towards a New Asia Strategy' also pinpointed

ASEAN-EU relations as the cornerstone of the wider relationship that the EU sought to develop with other Asian countries.

Preparations for the first Asia-Europe Summit Meeting in Bangkok

Following Prime Minister Goh's initiative in proposing an Asia-Europe summit meeting, the follow-up work and details were carried through by ASEAN. On 19 March 1995, the ASEAN Senior Officials' Meeting (SOM) adopted a position paper drafted by the Singapore Ministry of Foreign Affairs on the need for an Asia-Europe meeting. The paper proposed that the EU should select the European participants for the meeting, and ASEAN, the Asian participants. This was transmitted to the EU for comments and an EU response was presented at the ASEAN-EU SOM held in Singapore on 2–4 May 1995. The EU indicated during this meeting that European participation at the first meeting would be restricted to the fifteen EU member states. On the Asian side, ASEAN had invited China, Japan and South Korea, all of whom accepted the invitation to attend the first meeting.³⁵

The choice of participants by ASEAN was based on the consideration of including 'dynamic economies which have contributed to the region's prosperity and growth'.³⁶ In order to launch the meeting early, the idea was to keep the initial group of Asian participants small, hence the inclusion of only China, Japan and South Korea. Hong Kong and Taiwan had to be left out because the meeting was not only about economic cooperation where APEC formula could be applied. It was to be a comprehensive partnership among sovereign states encompassing also dialogue on political and security issues. Despite intense lobbying from Australia and New Zealand, they were left out as initial participants, probably due to Mahathir's objections and his desire to see his idea of an EAEG materialise in some way. Mahathir's original proposal of an EAEG as reflecting the economic prowess of an empowered East Asia and a possible alternative to APEC to meet the wider economic challenges was not well received. It was watered down to the idea of having a loose East Asia Economic Caucus (EAEC) within the APEC structure to facilitate consultation and coordination among the East Asian members of APEC.

Preparations for the first summit meeting intensified after the ASEAN-EU SOM in May 1995. Both sides were busy sorting out conflicting interests and preparing a negotiating strategy. There were intense negotiations over its format and its agenda. While there was broad consensus on the overall goal and general approach towards the meeting, there were also some differences between the preliminary positions of both parties.

For example, the Europeans wanted to use ASEM as a platform for discussing a whole range of issues related to the World Trade Organisation (WTO), such as the social clause, intellectual property rights and the

investments code. Smith went a step to further, arguing that the EU response to ASEM was fundamentally 'conditioned by the potential benefits to be exploited in the context of the WTO'. In particular, the Europeans were keen to push towards greater liberalisation in investments, especially the OECD-sponsored Multilateral Agreement on Investment (MAI), which stressed transparency and non-discrimination between domestic and international investors. They wanted to secure the support of the Asians for the MAI and other issues that they hoped to push through in the WTO Ministerial Meeting that was to be held in December 1996.³⁷

Smith also noted that while the Asians wanted to attract more investment from Europe, they were ambivalent about the OECD-sponsored MAI because it was seen as favouring the developed countries at the expense of the developing countries. The Asians did not want ASEM to be turned into a pre-negotiation round before the WTO Ministerial Meeting. Their main interest was getting the European governments to convince or at least encourage European businesses to partake in the growing infrastructure projects and other long-term investments that would bring about greater human resource development and more technology transfers. Another issue in the priority list of the Asians in its economic relations with the EU was market access. They wanted the EU to lessen its use of discriminatory trade measures such as the anti-dumping law and quotas on Asian products.³⁸

The various countries also did not accord the same level of importance to the political themes that were brought up during the negotiations. Several Asian countries stated that they would be happy not to include political dialogue in the summit. But because of the very large, heterogeneous participation, it was felt that the meeting would have to be comprehensive in scope to accommodate the various national demands. For instance, several members from the EU side, particularly the Nordic countries, were especially keen to have dialogue on human rights and democratisation included. The Asians, however, did not want such thorny issues to overshadow other common political and security dialogue. They were also worried that such contentious issues might sour the atmosphere of the meeting.

After much intense negotiation, the Asian side prevailed. A pragmatic approach that focused more on issues of common interest and which sidelined the contentious issues was agreed upon. Differences over the agenda of the meeting, for example, on human rights issues and the East Timor question that appeared during the preparatory stage, were played down. It was agreed that the meeting was to be informal in character and comprehensive in scope. Issues to be discussed included all aspects of relations between the two regions, ranging from economic cooperation to political and security dialogue to cultural exchange. The most informal type of gathering – a forum with a broad, indicative list of topics for discussion – was adopted.

In spite of much pre-summit uncertainty, the inaugural Asia-Europe Summit Meeting, held in Bangkok on 1–2 March 1996, was launched with much fanfare and euphoria. Several reports in the Asian and international media hailed the summit as the symbolic start to a new relationship between Asia and Europe – the beginning of a new-found relationship based on equality and mutual interests and benefits.

Conclusion

The emergence of rapidly growing East Asian economies; the further integration of Europe; the growing interdependence between Europe and Asia, which resulted notably in deepening vested interests in each other's markets, but consequently also a concern for each other's economic policies; the spectre of an increasingly unilateral America; and the danger of the world economy being fragmented into three separate blocs – all these developments provided the underlying structural conditions for the genesis of ASEM. Beyond such structural causes, there was also a convergence of the belief among key policy-makers that economic prosperity would provide the underpinning for peace and security, and hence the virtue of pursuing a prosper-thy-neighbour policy through greater liberalisation of world trade and investment and a mutual commitment to the general principles and norms of multilateralism. There was also a mutual awareness of the importance of creating linkages and of networking to facilitate communication and achieve better understanding.

The convergence of key interests held by the EU and its East Asian partners and the specific roles played by Singapore and ASEAN all came together to provide that final impetus towards the creation of ASEM. Eero Palmujoki has noted that ASEAN played an especially important role in ASEM, as the interests of the EU and ASEAN coincided in the ASEM process in several important respects. Economically as mentioned, but also politically, the central concept of mutual interdependence was emphasised. With a broader East Asian grouping, ASEAN tried to find a proper context in which disagreements with the EU over human rights, Myanmar and East Timor that had continued to plague ASEAN-EU relations would not be the main focus. As for the EU, the ASEM process represented a new means of approaching its relations with ASEAN. Should difficulties continue to affect ASEAN-EU relations at the organisational (bloc-to-bloc) level, ASEM offered a way out by moving the process to the state-to-state level. This shift became a possibility due to the fact that the institutional weaknesses of the EU's CFSP provided plenty of room for manoeuvre for individual EU member states.³⁹

All these various interlocking factors provided the backdrop to the conception and the launch of ASEM in March 1996. ASEM got off to a splendid start, with more of a fanfare than the APEC forum. It began with a summit of twenty-six European and Asian leaders, and though it was

very much a feel-good summit with an emphasis on informality and a loose agenda, it did result in a plethora of activities, follow-up meetings and, more importantly, a commitment to continue a process of dialogue between Asia and Europe. There is now a host of ministerial meetings, senior officials' meetings and functional working groups, and even concrete institutions such as the Asia-Europe Foundation (ASEF) and the Asia-Europe Environmental Technology Centre (AEETC) that together set the basis and framework for a greater Asia-Europe partnership.

2 From Bangkok to Copenhagen

Introduction

Since its launch in March 1996, the Asia-Europe Meeting (ASEM) has developed from a mere summit to an entity that encompasses a certain structure, generates numerous initiatives and maintains a certain momentum. In a short span of six years, from the inaugural summit in Bangkok in 1996 to the fourth summit in Copenhagen in 2002, we have seen the development of a regular series of ministerial meetings, meetings among senior officials of the foreign affairs, economics and finance ministries, and other working groups and expert meetings. Besides these regular meetings, we have also seen the development of a Trade Facilitation Action Plan (TFAP) and an Investment Promotion Action Plan (IPAP), the adoption of an Asia-Europe Cooperation Framework (AECF), and many other initiatives taking off.

A certain structure governing the ASEM process has also evolved and is reflected in Figure 2.1. The summit is the highest ‘decision-making’ level and is held biennially. It is itself the culmination of working meetings involving the ministers from the foreign, economic and finance ministries as well as meetings involving senior officials from these same ministries.

The foreign ministers and their senior officials are responsible for the overall coordination of ASEM activities. They are assisted by four coordinators. The coordinators on the European Union (EU) side come from the Commission and the presidency. The two coordinators on the Asian side, one from the Southeast Asia subregion, and the other from the Northeast Asia subregion, are rotated on a three-year and two-year term respectively. Currently, the Asian coordinators are Vietnam and China.

The most concrete manifestation of the ASEM process is the establishment of the Asia-Europe Foundation (ASEF) and the Asia-Europe Environmental Technology Centre (AEETC).

Below is an attempt to capture some of the key developments within the ASEM process, from Bangkok to Copenhagen.

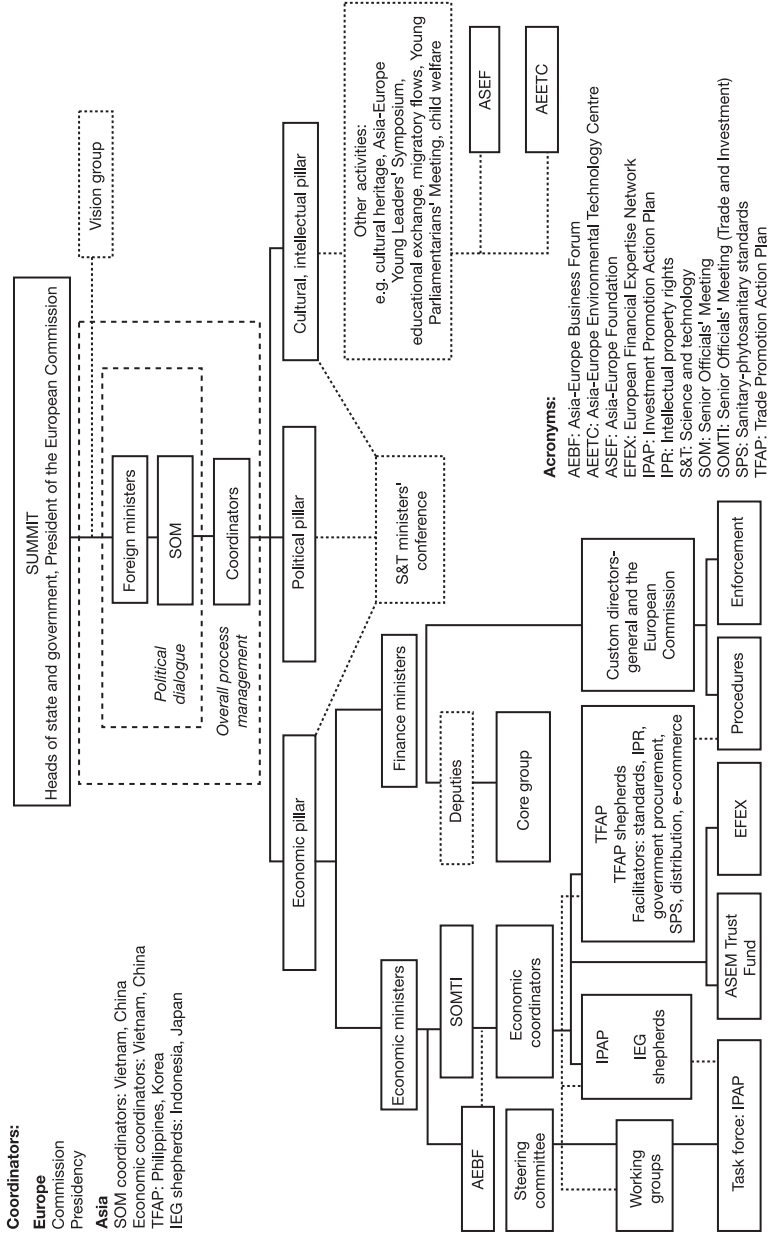


Figure 2.1 The ASEM structure

Source: www.europa.eu.int/comm/external_relations/asem/asem_process/structure.pdf

PROCESS AND INITIATIVES

The inaugural summit in Bangkok (ASEM 1)

As discussed in the previous chapter on the preparations leading to the Bangkok summit, much of the work was initially undertaken by the senior officials of ASEAN and the EU. Preparations began in earnest from mid-1995. Despite some differences and uncertainties during the pre-summit negotiations, the inaugural summit in Bangkok was considered to be a relative success. Political interest and enthusiasm in the summit resulted in a whole list of initiatives being put forth in the concluding Chairman's Statement. That the Bangkok summit agreed on a very detailed work programme, and ministers and officials were charged with implementing some of these programmes, indicated then that there was a political will to achieve progress. A process was established when the following commitments were undertaken:

- to hold a meeting of ASEM foreign ministers in February 1997 (Singapore) and a meeting of ASEM economic ministers in November 1997 (Tokyo);
- to hold the second ASEM leaders' meeting in London in 1998, and the third one in Seoul in the year 2000;
- to form a government and private sector working group to prepare an IPAP;
- to inaugurate the Asia-Europe Business Forum (AEBF) in France in October 1996 and to hold the next forum in Thailand in 1997;
- the creation of ASEF to promote cultural and intellectual exchanges;
- the creation of an Asia-Europe university programme to foster exchanges of students and academics;
- the creation of the AEETC in Thailand; and
- the preparation of an AECF to establish long-term principles of cooperation.¹

What came out of the very first ASEM leaders' meeting in Bangkok in 1996 was a commitment enshrined in the Chairman's Statement on the need to develop an overall partnership for greater growth. Besides the above specific commitments, several other generic proposals were included:

- to strengthen political dialogue;
- to enhance existing dialogues on general security issues through ASEAN-EU ministerial meetings, the ASEAN Regional Forum and ASEAN post-ministerial meetings;
- to promote the effective reform and greater democratisation of the UN;
- to pursue systematic and progressive efforts to reduce nuclear weapons globally;

- to generate greater trade and investment flows between Asia and Europe;
- to strike an economic partnership based on common commitments to the market economy, an open multilateral trading system, non-discriminatory liberalisation and open regionalism;
- to work towards a common World Trade Organisation (WTO) agenda at its first ministerial meeting in Singapore;
- to intensify science and technology exchanges, particularly in agriculture, information technology, energy and transport, and to strengthen cooperation in education and training;
- to improve development cooperation with priority given to alleviating poverty, promoting the role of women and combating AIDS; and
- to cooperate in combating drug trafficking, money laundering and illegal immigration.²

Some critics were sceptical of the long list of proposals and suggestions that surfaced. Because of the informal nature of the meeting, and what they perceived as the emphasis on 'form' rather than 'substance', they questioned the sustainability of the ASEM process using this 'laundry-list approach'.

However, there were just as many observers who chose to differ in their assessments. They argued that in politics, symbolism is important. ASEM was a symbol of Asia's new status in the world scene and a demonstration of Europe's recognition of this status. The ASEM Bangkok meeting was a good opportunity to lay to rest the past colonial relationship and the years of misperception and mistrust between Europe and Asia. It was the first time ever that the heads of state/government from Asia and Europe had gathered together on an equal footing to build a new partnership. The proposals and suggestions that surfaced during the meeting was a statement of faith that the two regions could find new ways to work together to set the stage for a new framework for the post-Cold War world order.

The road from Bangkok to London

There was much enthusiasm immediately after the Bangkok meeting, and in a span of two years, various meetings took place, several projects were initiated and adopted, and many activities have been ongoing. At the official level, there was the understanding that there is a need to transform the goodwill and good intentions to real strategies and actions in order for the momentum in the process to be maintained. Hence a series of ministerial meetings were instituted. The various commitments undertaken were also duly followed through. Besides the series of ministerial meetings prior to the second summit, the following initiatives were also brought to fruition during the two years between Bangkok and London:

32 *From Bangkok to Copenhagen*

- the launch of a regular AEBF;
- the establishment of ASEF;
- the creation of the AEETC in Thailand;
- drawing up of a TFAP and an IPAP; and
- customs cooperation.

The ministerial meetings

First ASEM Foreign Ministers Meeting (FMM), 15 February 1997, Singapore

The ASEM foreign ministers met in Singapore on 15 February 1997 under the joint chairmanship of Singapore's foreign minister, Professor Jayakumar, and his Dutch counterpart, Mr Hans Van Mierlo. The main objective of this meeting was to review the progress made in the areas of cooperation undertaken since the inaugural ASEM summit in Bangkok the previous year. The other key objective was to inaugurate the establishment of ASEF to be based in Singapore. The launch of ASEF was significant as it marked the establishment of the first concrete institution under the ASEM process.

While the mood of the meeting was generally reflective and exploratory, there was also a vigorous exchange of views on the kind of political dialogue that ASEM should undertake. The meeting was unable to reach a consensus on the guidelines for political dialogue. It was therefore content to just focus on non-controversial issues such as encouraging more business joint ventures, fighting drug trafficking, and eradicating poverty and illiteracy. That was the general approach emphasised by the Asians. Its aim was to expand the common ground rather than to highlight the differences. As Professor Jayakumar said in a press conference after the meeting, the idea was to use 'our meeting to increase our comfort level so that we can enhance our mutual understanding and friendship before we move on to more difficult and controversial issues'.³

A discussion paper on the future of Asia-Europe cooperation was also tabled at the meeting. The ministers agreed that the Asia-Europe meeting should be multifaceted, encompassing all fields of human endeavour. They agreed to consider an early elaboration of an AECF that outlined the principles and mechanisms for ASEM cooperation in agreed areas. They also supported the commissioning of an Asia-Europe Vision Group (AEVG) at ASEM 2 to provide ideas for the development of the ASEM process into the next century.

First ASEM Finance Ministers' Meeting (FinMM), 19 September 1997, Bangkok

The first Asia-Europe FinMM was held in Bangkok under the chairmanship of Thai finance minister, Thanong Bidaya, on 19 September 1997. The managing director of the International Monetary Fund (IMF), Mr Michel Camdessus, attended the meeting as a guest. The currency turbulence in Southeast Asia took centre stage. The uncertainty in foreign exchange rates in the Southeast Asian markets was a key topic. There was general agreement that the Asian countries had to strengthen cooperation relating to financial supervision among themselves to enhance the region's economic stability. Financial regulators from the two regions would be expected to meet more frequently and share information on the supervision and the operation of financial markets, and the management of payment systems.

The meeting also took stock of the implications of the advent of the euro. There was also an exchange of views on the macroeconomic situation and economic outlook for Asia. To promote further cooperation on financial matters between Asia and Europe, the ministers agreed to the following initiatives:

- to enhance macroeconomic policy consultation;
- to strengthen ASEM cooperation in fighting money laundering;
- to strengthen ASEM cooperation in customs procedures and enforcement; and
- to develop a computerised communication network among ASEM finance ministries.⁴

First ASEM Economic Ministers' Meeting (EMM), 27–28 September 1997, Makuhari

The first ASEM EMM took place in Makuhari on 27–28 September 1997. It was attended by the ministers responsible for economic affairs in all the ASEM member countries as well as by the vice-president of the European Commission. The meeting was chaired by the Japanese minister of trade and industry, Mr Mitsuo Horiuchi.

The meeting was held with the aim of developing economic cooperation among ASEM members. As it was generally accepted that the driving force behind economic cooperation should be the business sector, the meeting was attended by the chairpersons of the first and second AEBFs. The chair of the first AEBF reported the results of the forum to the ministers, providing a basis for further discussion on economic cooperation. The ministers also welcomed the results of the business conference held in Jakarta as valuable input, which complemented and reinforced the work of the AEBF. The ministers expressed their expectation that the second AEBF

would develop further discussion on the role of the business sector in the ASEM framework after the EMM.

The meeting welcomed the studies on economic synergy undertaken by Japan, and the discussion paper on ASEM economic cooperation jointly prepared by Japan and ASEAN. The ministers agreed that ASEM's economic cooperation should be maximised based on the following principles:

- a common commitment to the market economy and to necessary reforms;
- closer cooperation and dialogue between governments and the business sector, with the business sector as the engine of growth;
- non-discriminatory liberalisation, transparency and open regionalism;
- consistency and compliance with applicable international rules, particularly those of the WTO; and
- mutual respect and equal partnership, with recognition of the economic diversity within and between Asia and Europe.

The ministers also welcomed and endorsed the completion of the IPAP, covering policies and regulations on investment as well as methods of raising awareness of investment opportunities. The framework for a TFAP was also endorsed. The TFAP was aimed at reducing barriers to trade between ASEM countries and at increasing trade opportunities. The ministers also discussed cooperation on WTO issues, infrastructure development and sustainable economic growth.⁵

Initiatives from the inaugural summit

The AEBF

This is a private sector-led initiative in the ASEM process. The AEBF is held annually and brings together prominent businessmen from all ASEM countries. It serves as a platform for networking and discussion on issues affecting trade, investment and business collaboration between Asia and Europe. The forum allows business leaders to be grouped into specific working groups, each focusing on a particular sector or industry or issue. The group is then expected to give its feedback and recommendations to the ASEM governments on how economic and business ties between the two regions can be further strengthened. (This will be elaborated in a subsequent section entitled 'Outside the official sector'; see page 57.)

ASEF

ASEF was established by the members of ASEM on 15 February 1997 with the aim of building up engagement between the civil societies of the two regions. ASEF seeks to promote better understanding between Asia and

Europe through greater intellectual, cultural and people-to-people exchanges. Since its establishment in February 1997, ASEF has organised a plethora of activities to engage the peoples of ASEM and as part of its attempt to build up networks involving scholars, artists, journalists, young people and other leaders of civil society. (The work of ASEF will be further elaborated in the section on ASEM institutions; see page 54.)

IPAP

Increasing European investment in Asia and encouraging Asian investment in Europe is one of the most important objectives of ASEM. To do so, a government and private sector working group was formed to draw up an IPAP. After two meetings, a draft plan was drawn up. This was submitted to the ASEM EMM held in Japan in September 1997 for their endorsement. The economic ministers endorsed the IPAP for adoption at ASEM 2 and agreed to the suggestion for the establishment of an Investment Experts' Group (IEG) to act as an interface between the government and the business sector in following up the initiatives recommended in the IPAP. The IPAP was adopted by the ASEM leaders during the London ASEM.

TFAP

The TFAP is aimed at reducing non-tariff trade barriers and promoting trade opportunities between the two regions while complementing work carried out in other bilateral and multilateral fora. Shepherds from the Philippines, South Korea, the EU presidency and the European Commission were designated to elaborate a proposal for the TFAP, including priority issues to be covered, mechanisms to bring about its implementation and the time frame for the first stages of implementation. Several meetings were held, and the final TFAP framework was presented to the London ASEM for adoption.

The AEETC

Thailand proposed to set up the AEETC in Bangkok during ASEM 1. The aim of the centre would be to facilitate the exchange of knowledge and technology between existing environmental technology centres in the two continents. A series of meetings were held to finalise the proposal for the AEETC. The proposal for the AEETC was accepted at the London ASEM and the AEETC was launched in Thailand. Following the launch, the centre began a three-year pilot phase with an agreed annual budget of 1.5 million ECU.⁶ (Details on the work of the AEETC will be elaborated in the section on ASEM institutions; see page 56.)

Customs cooperation

One of the commitments undertaken during ASEM 1 was the development of closer cooperation among customs authorities in Asia and Europe in the fields of simplification and harmonisation of customs procedures. This cooperation was intended not only to help trade facilitation and liberalisation, but also to help fight customs frauds and other ills such as the illicit drug trade. The ASEM customs director-generals or commissioners now meet regularly. Two working groups have also been established since 1996 – the Enforcement Working Group and the Procedures Working Group – to identify potential areas for cooperation and review and update developments in customs practices both regionally and globally.

One-off initiatives

Besides the above concrete plans and projects that have come to fruition, there have also been several one-off meetings that have taken place and are awaiting further developments:

- the Asia-Europe Meeting on Technological Cooperation, 24–25 April 1997
- the Railway Network Study
- the Study on the Development of the Mekong Basin
- the Meeting of Environment Officials and Technology Transfer Centres, 3–4 March 1998
- the Seminar on Combining Traditional and Modern Medicine in Community Health Care, 18–19 March 1998

The London summit (ASEM 2)

The inaugural meeting in Bangkok was relatively easy as it was unburdened by precedents and expectations, and with everything to gain. More importantly, it was held under the rosy picture of East Asian economic dynamism. Exuding optimism and self-confidence about the future, the ten Asian countries were opening themselves to investment, to ideas, to dialogue, and the EU member states were eager to expand their engagement. But the financial crisis that befell many of the East Asian countries in July 1997, and which later developed into a worse than expected economic malaise, looked set to dampen the euphoria and enthusiasm surrounding ASEM. It was feared that the ASEM process might be derailed because of the new triumphalism in Europe, and the loss in attractiveness of Asia as the place for trade and investments.

Fortunately, this was not to happen. However, with the Asians consumed by the crisis, the Europeans were now in the driver's seat. The Asian economic crisis provided ASEM with its first test, which it passed with the

successful conduct of the London ASEM. Many commitments undertaken have been and were being carried through, scheduled meetings went ahead and the exchanges at various levels continued. The London ASEM that took place in the midst of the financial crisis actually served to highlight the usefulness of ASEM as a channel for communication and dialogue.⁷

The second ASEM leaders' meeting was held in London on 3–4 April 1998 under the energetic chairmanship of the British prime minister, Tony Blair, who tried to get the most out of it. In the midst of gloom and doom, it was important at least that the meeting did take place. Most of the leaders turned up for the meeting. The meeting reaffirmed the leaders' commitment to the ASEM process. It consolidated the progress that ASEM had made so far, and laid out an ambitious path for work in the next two years leading to the third ASEM summit in Seoul.

During the meeting, the leaders discussed at length the financial and economic crisis in Asia and expressed the confidence that with full implementation of the necessary policy reforms and strong mutual support, financial stability would be restored. To affirm their belief, a separate ASEM 2 Financial Statement was issued during the meeting along with the Chairman's Statement. More importantly, an ASEM Trust Fund was established to help the Asian countries in their financial reforms. The ASEM Trust Fund, endowed with 42 million ECU, was one of the few sources of grant money available to overcome the crisis.

Besides the ASEM Trust Fund, there were a few more projects that were adopted during ASEM 2. The path was cleared for these projects to move to the next stage of their development – the implementation phase. These projects included:

- the adoption of the TFAP
- the adoption of the IPAP, including the establishment of an IEG
- the establishment of the AEETC in Thailand
- the establishment of an Asia-Europe centre at the University of Malaya⁸

At a more general level, the ASEM leaders confirmed that the ASEM process should:

- be conducted on a basis of equal partnership, mutual respect and mutual benefit;
- be an open and evolutionary process – enlargement should be conducted on the basis of consensus by the heads of state and government;
- enhance mutual understanding and awareness through a process of dialogue that will lead to cooperation on the identification of priorities for concerted action; and
- carry forward the three key dimensions of the relationship – fostering political dialogue, reinforcing economic cooperation and promoting cooperation in other areas – with the same impetus.⁹

Of great significance for the ASEM process was the undertaking by ASEM leaders that ASEM should remain an informal process and need not be institutionalised. The emphasis was also to facilitate and promote dialogue, exchanges, and cooperation between the non-state sectors: the business sector and, no less importantly, the peoples of the two regions.

To take the ASEM process forward, the leaders adopted an interim AECF to guide, focus and coordinate ASEM activities. An AEVG was also commissioned to develop a medium- to long-term vision to guide the ASEM process into the twenty-first century. It was then the intention that the conclusions drawn from the recommendations of the Vision Group by the ministers would be incorporated into a comprehensive AECF to be tabled for adoption at ASEM 3 in Seoul in the year 2000.

The road to Seoul

After the London ASEM, the flurry of activities at the official level continued as they had done after the Bangkok ASEM, albeit a little more systematically. By then the mechanisms for the management of ASEM activities were spelt out in the draft AECF. The few months in 1998 immediately after the London ASEM were a little quieter, but meetings started to build up again in 1999 when four ministerial meetings were scheduled. The four ministerial meetings that took place in 1999 in the run-up to ASEM 3 in Seoul were:

- the FinMM in Frankfurt in January
- the FMM in Berlin in March
- the EMM in Berlin in October
- the Science and Technology Ministers' Meeting in Beijing in October

Several implementation meetings for the TFAP and IPAP were also held in 1999. A group known as the Pilot Phase Guidance Group (PPGG) was set up immediately after the London ASEM to guide the development of the AEETC in Bangkok.

However, despite all these meetings, there were signs that things were not going all that well at the official level. The director of the Department of European Affairs at the Thai Foreign Ministry, in his speech to the Asia-Europe on the eve of the 21st Century Conference held in Bangkok in August 1999, revealed that there was a rising trend of disinterest and declining enthusiasm with regard to ASEM at the political level, brought about in part by the Asian economic and financial crisis and the European preoccupation with deepening its financial and economic integration. The Kosovo crisis also took its toll on the relationship.¹⁰ For instance, the European ministers were preoccupied with the Kosovo crisis when the second FMM took place in Berlin. While the Asians turned up in full force, European foreign ministers from Austria, Belgium, France, Greece, Ireland,

Italy and Spain were absent and sent their deputies instead. This was in sharp contrast to the full attendance by all ministers at the first FMM two years previously.¹¹

Another sign that more differences might be surfacing was the result of the second EMM. Despite various prior meetings of senior officials and coordinators, the Asians and Europeans failed to come to a consensus on WTO issues that they intended to raise at the WTO-Seattle meeting later in the year. The meeting was marred by the failure to agree on most of the multilateral trade issues, as well as differences over trade and labour standards.

Below this political and official level, however, contacts at the people-to-people level have been sustained by the work of ASEF. In the non-governmental sector, two key themes dominated the various discussions and conferences – the Asian crisis and the launch of the euro. Efforts were made by ASEF to bring in economists and other experts to explain the Asian crisis to the European nations. Similar colloquia and meetings were organised to explain the workings of the Economic and Monetary Union (EMU) and the launch of the euro and its implications, as part of ASEF's efforts to bring Europe closer to Asia.

Another significant activity in the run-up to Seoul was the work of the AEVG.

The ministerial meetings

Second ASEM FinMM, 15–16 January 1999, Frankfurt

The second ASEM FinMM was held in Frankfurt on 15–16 January 1999. It was chaired by the finance minister of Germany, Mr Oskar Lafontaine, acting also as president of the EU Council. The president of the European Central Bank (ECB), the managing director of the IMF and the general manager of the Bank for International Settlements attended as guests.

The troubles facing the Brazilian economy and its sliding currency invaded the agenda of the meeting. Discussions focused on how to counter the wild swings in currencies that had led to serious problems for emerging economies in Asia, Latin America and Russia. Unfortunately, the ASEM finance ministers could not reach any consensus on proposals to curb such destructive waves of volatility in the world's currency markets. The suggestion made by the Japanese finance minister, Kiichi Miyazawa, 'that emerging Asian economies anchor their currencies to a basket of currencies comprising the dollar, yen and euro', caught other Asian finance ministers off guard and drew mixed responses.¹² Because of the controversial nature of the proposal, it was finally left out of the Chairman's Statement.

An update on the economic and financial situation in Asia and the latest EMU developments in Europe was given. Other initiatives, such as the establishment of the ASEM finance ministries' homepage and the

framework for establishing a computerised communications network between the ASEM finance ministries, were welcomed.¹³

Second ASEM FMM, 29 March 1999, Berlin

The second ASEM FMM was held in Berlin on 29 March 1999 under the chairmanship of Mr Joschka Fischer, Germany's foreign minister, who was acting also as president of the EU Council. The whole meeting was very much overshadowed by the Kosovo crisis, as NATO forces had just started their air campaigns against the Serbs. Because of this crisis, quite a number of the foreign ministers from the EU member states were unable to attend the meeting personally, and were represented by their deputies or state secretaries. Thai and Chinese officials expressed some unhappiness about the absence of several of the European foreign ministers.

A little tension also surfaced just prior to the meeting when Beijing and EU members sparred over human rights issues. The chairman, Mr Joschka Fischer, opened the meeting with a speech highlighting how improved human rights would help promote peace and stability in Asia. However, the discussion was diverted to the broader issue of promoting peace and stability, and the final Chairman's Statement glossed over any tensions by reaffirming a commitment to the UN Charter, the Universal Declaration on Human Rights, the 1993 Declaration of Vienna and Programme of Action of the World Conference on Human Rights, and the 1986 Declaration on the Right to Development.¹⁴

Besides providing an update on developments in Asia and Europe, the meeting reviewed the various cooperation projects and initiatives and provided an assessment of the progress made on them. The ministers also reaffirmed their commitment to maintaining the momentum of ongoing activities and pledged to keep the ASEM process open and evolutionary. The senior officials were tasked to prepare recommendations on the timing and modalities relating to the expansion of membership. These recommendations were to be submitted in time for ASEM 3.

Second ASEM EMM, 9–10 October 1999, Berlin

The second ASEM EMM was held in Berlin on 9–10 October 1999. It was attended by ministers dealing with economic, trade and industry affairs from all the ASEM states. At the time, the Finnish minister of trade also acted as president of the EU Council. The EU commissioner for trade, Mr Pascal Lamy, was also present. The meeting was chaired by Werner Muller, the German federal minister of economics and technology.

The ministers took note of the positive signs of economic recovery in Asia, and noted that even during the crisis, Asian exports to Europe continued to expand. This was a reflection of the pledge made by the European partners to keep their markets open in the advent of the

economic crisis in Asia. The economic recovery in Asia, together with the increasing economic dynamism in Europe, would intensify cooperation on trade and investments. Bilateral trade would be promoted through an improved TFAP, and the good work of the IEG was complimented. The mandate of the IEG was extended for another two years until the third EMM.

The ministers noted the key economic recommendations made in the AEVG report, and instructed the Senior Officials' Meeting (Trade and Investment) (SOMTI) to examine them further, taking into account work already being carried out within the ASEM process. SOMTI was also tasked with identifying the main economic priorities that might be considered for inclusion in the updated AECF.

While all these were positive developments, the meeting was unable to resolve prevailing differences on various WTO-related issues, particularly with regard to issues such as the inclusion of core labour standards in the new trade round and reform of the WTO's anti-dumping rules. The ministers were unable to come out with any common positions on various WTO issues in time for the Seattle ministerial meeting.¹⁵

New initiatives from ASEM 2

The AEVG

The AEVG was made up of twenty-six members drawn from all sectors. There was one representative each from the twenty-five member states and one member representing the European Commission. The group met a total of five times – in Cambridge in April 1998, in Singapore in July 1998, in Rome in October 1998, in Tokyo in January 1999, and in Lisbon in February 1999 – before coming out with a report entitled *For a Better Tomorrow*.¹⁶ The AEVG report was presented to the foreign ministers for their deliberation during their meeting of March 1999.

The AEVG report contained a list of nine major recommendations and twenty-two other recommendations designed to achieve the vision of gradually integrating

Asia and Europe into an area of peace and shared development, a prosperous common living sphere in the 21st Century. This is a sphere in which our knowledge, wealth, cultural heritage, democratic ideals, educational assets, intellectual aspirations and our new technologies are closely intertwined and exchanged without specific barriers or constraints.¹⁷

One main critique of the AEVG report has been that because there was no serious stock-taking and assessment of the state of the current relationship, its vision was too strong in rhetoric and weak in substance.

There were not enough reality checks and neither was there an assessment of the type of external environment that Asia and Europe would operate within in the years to come. Hence, the attainability of the vision was questioned.

Because of some of these doubts, while the work of the AEVG was acknowledged during the FMM, there was no serious discussion on the recommendations. The final version of the AECF 2000 that was adopted during the third ASEM summit in Seoul did not make any mention of the AEVG report.

The ASEM Trust Fund

Besides the prominence of the work of the AEVG, the other more successful programme that was endorsed during ASEM 2 and carried through for two years to the Seoul summit was the ASEM Trust Fund.

The ASEM Trust Fund was designed to help finance technical assistance and to provide advice on both restructuring the financial sector and addressing the social fallout of the crisis. An agreement was reached with the World Bank (WB) on standard provisions relating to the Trust Fund after potential donors were confirmed. The Trust Fund commenced operating on 29 June 1998 after the first donor's agreement was signed. Contributions pledged mainly from the European ASEM partners amounted to approximately €43.4 million. China was the only Asian partner that made a direct contribution to the fund.

Under the main provisions of the Trust Fund, 50 per cent of the funds would be allocated to the financial sector, and the other 50 per cent to the social sector. In the financial sector, the funds could be used for technical assistance and training operations; whereas in the social sector, the funds could mainly be used for interventions designed to mitigate the adverse social effects of the crisis. Six-monthly consultative meetings on Trust Fund activities were held to review the progress of actions taken and, at the same time, to approve new initiatives.

This has been one of the more successful programmes aimed at aiding the countries most affected by the crisis. Countries such as Indonesia, South Korea and Thailand have all benefited from the programme. Initially designed as a two-year programme, its successful implementation led to calls for an extension. Thailand, the main beneficiary, who drew a total of US\$17 million from the fund, was particularly eager for its extension. The extension of the Trust Fund was endorsed at the Seoul summit.¹⁸

ASEM Action on Child Welfare

The ASEM Action on Child Welfare evolved from the framework of the UN Convention on the Rights of the Child, and the Plan of Action agreed upon at the Stockholm World Congress Against the Commercial

and Sexual Exploitation of Children. This ASEM initiative was a joint undertaking by the UK and the Philippines that evolved during ASEM 2 in London.

The primary aims of the ASEM Action on Child Welfare were to enhance the exchange of information on and experiences of child welfare, and to encourage greater cooperation among ASEM countries in this area. To achieve these objectives, two meetings were planned to bring together governmental and non-governmental experts from Asia and Europe to discuss various issues related to child welfare, in particular issues relating to the prevention of the sexual exploitation of children.

The first preparatory meeting was held in Manila on 15–16 June 1998. It was attended by sixty experts from governmental departments responsible for child welfare issues. Representatives from non-governmental organisations (NGOs) – including End Child Prostitution, Child Pornography and the Trafficking of Children for Sexual Purposes (ECPAT) International, the International Save the Children Alliance and the UN Children’s Fund – attended the meeting as observers. The aim of this meeting was to exchange information on good practice models for the protection of children against sexual exploitation.

The second meeting, held in London in October 1998, again involved experts from both the government and non-government sectors. The experts discussed the methodologies and principles underlying good practices in programmes against the sexual exploitation of children, and considered their relevance and applicability in their respective local settings. Taking into account the intention underpinning the ASEM initiative on child welfare, the experts agreed that future work under this initiative should also include projects and programmes related to poverty alleviation, education and health services. Some follow-up actions were also recommended:

- the establishment of the ASEM Resource Centre website on child welfare initiatives;
- a follow-up meeting of police and enforcement agencies to strengthen links between the ASEM governments in the prevention of cross-border sexual crimes involving children, and the coordination of international action to prosecute child sex offences; and
- the consideration of exchange programmes between officials and members of civil society responsible for child welfare.¹⁹

A child welfare website (www.asem.org) was established, providing information for policy-makers, academics, police authorities and others responsible for child-related matters. Its aim is to strengthen the links between international governmental agencies and NGOs operating in the field of child welfare, and particularly those combating the commercial sexual exploitation of children.

Anti-money laundering project

During the London summit, the leaders agreed that the ASEM framework should be used to support international efforts to combat money laundering. The project was highlighted again at the second ASEM FinMM held in Frankfurt in January 1999. The governments of the UK and Thailand agreed to act as co-sponsors of the project with financial support from the European Commission, the UK and the Netherlands. The three-year project is aimed at developing sustainable institutional capacity in the Asian region to address money laundering issues at national, regional and international levels.

Initiatives under the TFAP and IPAP

Following the formal adoption of the TFAP and IPAP at the London summit, the implementation processes were marked by many ongoing and regular experts' meetings on various issues identified under these two action plans. These will be further elaborated in subsequent chapters.

The protection and promotion of cultural heritage in ASEM countries

This was an initiative very much supported by France and Vietnam. Two experts' meetings were held, the first in London on 11–12 May 1998, and the second in Hanoi on 21–22 January 1999. An action plan for the protection and promotion of cultural heritage was adopted and a steering committee was set up to coordinate and monitor the implementation of the action plan. However, no further progress has been made thus far.

One-off initiatives

Considerably fewer one-off initiatives were announced during the London summit. With the adoption of the TFAP and IPAP, a whole host of related TFAP and IPAP meetings and seminars were to fill up the calendar. The few stand-alone initiatives that took place between ASEM 2 and ASEM 3 were:

- the Asia-Europe Conference on Small and Medium Enterprises held in Naples on 28–30 May 1998
- the Conference on the Role of States and the Market held in Copenhagen on 8–10 March 1999

The Seoul summit (ASEM 3)

ASEM 3 was held in Seoul on 20–21 October 2000. In the run-up to ASEM 3, expectations were modest. It was marked neither by the economic

euphoria of ASEM 1 nor by the crisis pessimism of ASEM 2. The mood surrounding ASEM 3 was one of tempered realism. This was also because of various differences that surfaced during the run-up to ASEM 3. There were differences, for example, on the issue of expanding the political dialogue, with particular emphasis on human rights and democracy dialogue, and over the progress of TFAP and some WTO issues.

There were enough differences during the preparatory stages to make some ASEM partners wonder if the momentum of the ASEM process could be sustained. There were also fears with regard to the attendance of European leaders. Fortunately, after some last-minute concerted efforts and gentle cajoling on behalf of the host, South Korea, most leaders did show up for the meeting.

The meeting was very much dominated by the peace process in the Korean Peninsula and the accolades showered upon the South Korean president for being named the winner of the Nobel Peace Prize for his efforts to bring about gradual rapprochement with North Korea. On the European side, it was also marked by issues over the establishment of diplomatic relations with North Korea.

While one could not help but feel that the meeting was hijacked by the issues concerning the Korean Peninsula, the meeting did produce other results. In addition to adopting three key documents – the Chairman’s Statement, the Seoul Declaration for Peace on the Korean Peninsula, and the AECF 2000 – leaders were actually engaged in discussions of sensitive issues such as human rights, the South China Sea disputes, the situation in Myanmar and East Timor, and so on. There was a certain spirit of compromise that made it possible for a paragraph on the leaders’ commitment to ‘promote and protect all human rights, including the right to development, and fundamental freedoms, bearing in mind their universal, indivisible and interdependent character’ to be included in the final Chairman’s Statement.

Another positive outcome of ASEM 3 was the agreement to extend the ASEM Trust Fund. Many new initiatives to address concerns over transnational crime, globalisation and the digital divide were also endorsed. Another important initiative was the creation of a DUO scholarship programme (see page 51) to bring about greater exchange of students and professors and foster networking among universities in the two regions.

What was significant about ASEM 3 was the re-affirmation of the importance of a dialogue between Asia and Europe. The adoption of the AECF 2000 with sufficient mechanisms, principles and priorities provided a solid basis for the process to move forward. The issue of enlargement was also addressed by adopting the ‘two key’ approach whereby a candidate country first needs the support of its regional partners before being endorsed by the other regional group. The final decision would then be taken on a consensus basis by leaders during the summit.²⁰

The momentum of the ASEM process was also revved up with the suggestion that meetings among foreign ministers, economic ministers and finance ministers be held once a year rather than once every two years.

The road to Copenhagen

The road to Copenhagen was marked by the desire to return to the original concept of ASEM as a dialogue process reflecting its candidness and informality. Also emphasised was the idea that the dialogue should be more spontaneous and interactive and not based on prepared statements.

It was felt by several leaders after the Seoul summit that the ASEM process needed to be reformed if interest in it was to be sustained. In the vade-mecum entitled 'Modalities for future ASEM dialogue: taking the process forward', prepared by the European Commission in July 2001, it was recommended that the ASEM process be reformed 'to avoid a too formalised arrangement and to retrieve the special feature of ASEM as an informal dialogue process which aims to be a catalyst for negotiated solutions in the context of relevant international or regional organisations or for finding bilateral solutions'.²¹

Some of the key suggestions that surfaced concerning the reform of the ASEM process included the setting up of a virtual secretariat to better coordinate the process; the clustering of the various initiatives that surfaced during the summits and ministerial meetings so that some synergy could be established and so that the initiatives could be linked back to and supportive of the three pillars of the ASEM dialogue; and having informal retreat sessions in addition to established ministerial meetings and the summit.

On the contents of the meeting, the suggestion was that the issues should be carefully selected where dialogue between the Asian and European partners could make a difference. Rather than a whole array of issues, there should be fewer main topics and more focused discussions. The outcomes of the meeting would then be presented in the form of a factual report enumerating the various issues that had been discussed, rather than as negotiated chairman statements.

It was also felt that the ASEM process still sorely lacked public visibility. Hence efforts should be made to broaden the dialogue to include more sectors of society. There was also a need to create a corporate identity by having a dedicated, common ASEM logo rather than the current practice of each host country designing its own logo for the respective summits. This common ASEM logo would then be used for all ASEM events.

Several of the above suggestions were seriously taken up in the preparations leading to the Copenhagen summit.

The ministerial meetings

Third ASEM FinMM, 13–14 January 2001, Kobe

During the third ASEM FinMM, there was a significant exchange on the European experiences of regional economic and monetary cooperation, and the status and prospects for regional cooperation in Asia. The Europeans were briefed on some of the Asian initiatives in the area of financial cooperation. To further strengthen cooperation between Asia and Europe in the economic and financial field, and to learn from each other's experiences, Japan proposed a 'Kobe Research Project'. This project was designed to facilitate both inter-regional cooperative research and the study of activities on topics of mutual interest – such as regional monetary cooperation, exchange rate regimes and public debt management.

Since the Asian crisis, progress had been made in strengthening the international financial architecture. The ASEM financial ministers agreed to work together with other members of the international community to further strengthen the international financial system in order to ensure long-term stability. They stressed the importance of adapting further the role and functioning of the IMF and other international funding institutions, while welcoming the progress achieved in enhancing the transparency and legitimacy of the IMF. However, they also noted that problems associated with international volatile capital movements remained, and therefore that the IMF's role in surveillance and in maintaining certain standards and codes was important.

Third ASEM FMM, 24–25 May 2001, Beijing

The third ASEM FMM was chaired by the Chinese foreign minister, Tang Jiaxuan. During the meeting, ministers exchanged views on various regional and global issues, ranging from East Timor and the ASEAN + 3 process (ASEAN plus China, Japan and South Korea) to the reform and strengthening of the UN. It was agreed that an area in which greater Asia-Europe cooperation could be engendered was that of transnational organised crime.

More importantly, during this meeting ministers discussed the future modalities of the ASEM dialogue, and exchanged ideas on possible modifications to the ASEM process. In general, it was felt that the ASEM dialogue needed to be more interactive and result-oriented in the future. Shorter agendas, limited to a few main themes, would allow for more focused and substantial discussions. The informality of the meetings as well as the dialogue character had to be maintained.

The meeting concluded with the affirmation that relations between Asia and Europe had become closer, more extensive and more important than ever. A continued commitment was made to further deepen the relationship

by expanding on common ground, promoting closer economic links among ASEM partners for mutual benefit, developing further the political dialogue between the two regions, and strengthening cooperation in social, cultural and educational areas.

Third ASEM EMM, 10–11 September 2001, Hanoi

The third EMM not only reviewed the progress made in the TFAP and IPAP, but also offered a platform for the business community to provide feedback on the AEBF. The chairman of the sixth AEBF was present to brief the ministers on the AEBF's outlook and priorities.

Taking off from the commitment to work for the launch of a new round of WTO talks made by ASEM leaders during the Seoul summit in 2000, the economic ministers reaffirmed this commitment. However, they also stressed the need to address the interests and concerns of the developing and least-developed countries through various means. The ministers reiterated their support for the acceleration of the current accession negotiations of ASEM non-WTO members, and also called for specific support and capacity-building measures by ASEM partners to be provided to assist the accession negotiation process of ASEM non-WTO members.

The host country, Vietnam, also made specific proposals for enhanced cooperation in various industrial sectors such as agro-technology, food processing, bio-technology, environmental technology, information technology, and telecommunications, transportation and energy.

Fourth ASEM FMM, 6–7 June 2002, Madrid

The fourth ASEM FMM was held in Madrid on 6–7 June 2002. The meeting was chaired by the Spanish foreign minister, Josep Pique, acting as the president of the EU Council, and accompanied by Javier Solana, High Representative for Common and Foreign Security Policy of the EU.

This meeting was marked by a rather low turnout of foreign ministers. Many foreign ministers did not attend because of domestic concerns. Only four of the fifteen EU countries and seven out of the ten Asian ASEM members were represented by full ministers.

However, despite the low turnout, it was felt by the senior officials that the meeting went well. The quality of the dialogue was good and substantial. Concrete proposals for an anti-terrorism seminar to examine how the two regions could combine efforts in the fight against terrorism, and a conference on cultures and civilisations to promote understanding between different peoples, were endorsed.

Political declarations on the India-Pakistan situation and on the Middle East peace process were also issued at the end of the meeting.

Fourth ASEM FinMM, 5–6 July 2002, Copenhagen

The fourth FinMM was attended by the finance ministers from ten Asian nations and the fifteen EU member states, and the Commissioner for Economic and Monetary Affairs. The president of the Asian Development Bank (ADB), the vice-president of the ECB and a senior official from the IMF attended as guests. It was chaired by Thor Petersen, the Danish finance minister, as president of the EU Council.

The strengthening of the international financial system and ways to combat money laundering and the financing of terrorist activities were the key issues discussed. The ministers also exchanged views on global economic developments and the preparations for the forthcoming World Summit on Sustainable Development (WSSD). They also noted the positive progress being made in regional financial cooperation under the ASEAN + 3 process and the EU's integration agenda.

Fourth ASEM EMM, 18–19 September 2002, Copenhagen

The fourth ASEM EMM held in Copenhagen welcomed the participation of the new director-general of the WTO, Dr Supachai Panitchpakdi. The focus of discussion was the Doha Development Agenda (DDA). The ministers all concurred on the importance of the DDA and hence the need for ASEM countries to consult more to understand each other's positions on the DDA. In this regard, there was a proposal for two rounds of consultations on the DDA before the WTO ministerial meeting in Cancun in September 2003.

There were also extensive discussions on strengthening the economic relationship between Asia and Europe. The ministers were happy that the majority of the objectives spelt out in the concrete goals of the 2000–02 TFAP had been met. Continued efforts in a number of priority areas were endorsed in the concrete goals of the TFAP for 2002–04.

Further economic integration within regions was discussed with the acknowledgement that although such purely regional approaches to trade liberalisation and rule-making could not be substituted for the multilateral process in all respects, they did serve as a complementary instrument which increased the scope of countries to benefit from the multilateral trading system. Asia and Europe would benefit from such further economic integration by enhancing region-to-region cooperation and taking steps aimed at possible economic integration between the two regions.

Other ministerial meetings

In the run-up to the Copenhagen summit, two other significant ministerial meetings took place. The first was the ASEM Environment Ministers' Meeting in Beijing on 17 January 2002. During the meeting the ministers conducted an in-depth and constructive exchange on issues ranging from

the promotion of environmental partnerships among ASEM countries and preparation for the WSSD to options for future dialogue on environmental matters. Strong interest was expressed in continuing dialogue in this area, either at the ministerial or senior officials level. Two other environment-related meetings have been held since then: the ASEM Conference on Public Participation in Environmental Policies held in Bangkok on 10–12 June 2002, and the ASEM Workshop on Water Management Issues held in Changsha, China, on 10–13 June 2002.

Another high-profile meeting was the Ministerial Conference on Cooperation for the Management of Migratory Flows between Asia and Europe, held in Lanzarote on 4–5 April 2002. This came at a time when migration issues were increasingly viewed as a common challenge to ASEM partners. Several preparatory meetings took place prior to the ministerial conference. These started with the coordinators meeting in Brussels and Spain in October 2001 and February 2002 respectively. Then a migration experts' meeting was held in Beijing on 25–26 February 2002. The final preparation was coordinated at the meeting of senior officials from the justice and home affairs ministries prior to the ministerial conference. There were good discussions on the issues of both legal and illegal migration (including human trafficking) and the results of the conference were to be presented to the summit in Copenhagen.

Initiatives from ASEM 3

The second phase of the ASEM Trust Fund

The achievements of the ASEM Trust Fund were acknowledged and welcomed during the Seoul summit. Hence the leaders decided to extend the project and launch the second phase of the ASEM Trust Fund. Following this decision, the modalities for the second ASEM Trust Fund (ATF 2) were outlined and endorsed during the ASEM FinMM in Kobe in January 2001. Activities to be supported by ATF 2 should address two key priorities:

- the provision of technical assistance and training to governments for the sustainable reform of their financial and corporate sector policies and institutions; and
- the provision of technical assistance and training to governments for the design and implementation of interventions to reorient sustainable poverty reduction efforts to meet evolving country requirements.

Within these same themes, activities promoting knowledge-sharing and dialogue among those involved in policy formulation in Asia and Europe should also be encouraged.

The ATF 2 agreement is expected to run until 31 December 2004.

The ASEM DUO scholarship programme

ASEM DUO is a scholarship programme designed to promote university student exchanges between the ASEM countries. This was an initiative endorsed at the Seoul summit. An experts' group meeting was held in April 2001 to look into the details of how to implement the ASEM DUO scholarship programme. A small secretariat was set up in Seoul in October 2001 to serve as a focal contact point and depository for relevant programme information.

The original target of funds for ASEM DUO was €26 million for the period 2001–05. However, thus far, only France, Korea and Singapore have together committed €6 million to the programme. DUO-Korea and DUO-Singapore were launched in November 2001, and the first batch of student exchanges began in January 2002. DUO-France was launched in March 2002, and the first batch of students was selected in June 2002.

Roundtable on globalisation

The initiative on globalisation was meant to address the backlash against globalisation that had manifested itself so dramatically during the Seattle WTO meeting of 1999, and the series of high-profile anti-globalisation protests that followed.

The first roundtable took place in Seoul on 29 May 2001 but was too focused on the economic aspects of globalisation and the role of ASEM dialogue without giving due consideration to the social dimension. This dampened the enthusiasm to support a second globalisation roundtable due to take place in Sweden in 2002.

The lifelong learning initiative

This was a Danish initiative endorsed at the third ASEM FMM in Beijing in May 2001, supported by Ireland, Malaysia and Singapore. The four countries formed a steering committee to draw up the objective of providing a framework for the common understanding among ASEM partners of the challenges, concepts and practices to be found in the field of lifelong learning. Two conferences were then held, the Opening Conference in Copenhagen in January 2002, and the Closing Conference in Singapore in July 2002. A report was prepared for submission at ASEM 4.

The trans-Eurasia information network

This initiative was suggested by Korea and co-sponsored by France. The first expert meeting took place in May 2001 to develop the project. The trans-Eurasia information network interconnections have been operational since November 2001. However, because of its relatively small capacity, the link is already saturated.

Discussions and plans have been made to expand the capacity with multiple landing points to assure connectivity to all Asian ASEM partners. However, the sharing of the financial costs has yet to be worked out.

One-off initiatives

- Seminar on Digital Opportunity, 22–23 March 2001, Seoul
- Seminar on Information and Telecommunications Technology, 10–11 May 2001, Bangkok
- Symposium on Law Enforcement Organs: Cooperation in Combating Transnational Crime, 17–18 September 2001, Beijing

The Copenhagen summit (ASEM 4)

The fourth ASEM summit in Copenhagen was one that was driven largely by the bureaucrats, and competently too. The one phrase that could be used to describe the outcome of ASEM 4 is that it was ‘as good as it gets’. The fact that twenty-two out of twenty-six leaders did make their way to the summit was a political statement that ASEM matters. At the same time, the political leaders came properly briefed by their officials on what to expect. So there was no big surprise, and everyone went away suitably satisfied that they had come and talked freely on various issues ranging from peace in the Korean Peninsula to Iraq to the euro.

The political message sent out by ASEM 4 was the need for dialogue, to consult each other openly, and to build up mutual trust and confidence in the process. At the same time, some specific initiatives were agreed upon to show the people some concrete results. In short, ASEM 4 managed the tightrope between reinforcing the importance of dialogue and consultation among political leaders while producing concrete deliverables that would benefit the overall long-term relationship between Asia and Europe.

Some of the specific initiatives agreed upon during ASEM 4 are as follows:

- To strengthen cooperation in the fight against international terrorism by holding an anti-terror seminar in China in 2003 focusing on cooperation between law-enforcement agencies, and a symposium on combating underground banking and supervising alternative remittance services.
- To enhance inter-regional economic cooperation by setting up a task force to look into issues such as the creation of a eurobond market in Asia and the use of the euro as an international currency. More importantly, the leaders agreed that there will be two rounds of consultations with each other on the DDA prior to the WTO ministerial meeting in Cancun in 2003.
- To invest in the development of human resources by expanding the ASEM DUO scholarship programme which offers scholarships to

university students to study in ASEM countries; and to conduct a workshop on the future of employment and quality of labour.

- To reinforce the important message of cross-cultural dialogue and to avoid the clash of civilisations by holding a conference on cultures and civilisation at the political level.
- To reach out to the masses and the young people through the ASEM Youth Games.²²

An important political message that was consistently presented at ASEM 4 was the emphasis on cooperation within a multilateral framework. Whether the subject was fighting international terrorism, economic cooperation underlining the commitment to the WTO process and the work programme of the DDA, or environmental matters, the need to fulfil commitments made under the UN or the WTO was emphasised.

All in all, the outcome of ASEM 4 reflected a certain level of maturity in Asia-Europe relations. There were no false illusions about what could be achieved. At the same time, there was no undue scepticism. Political leaders came with their 'eyes wide open'. From informal chats with officials involved in the meeting, one learned that genuine efforts to carry on the dialogue process had been made. Instead of reading out prepared statements, the ASEM 4 summit started with a good interactive discussion at the informal dinner the night before the official opening. No issues were off-limits. And although officials did not come out of the meeting with an agreed statement on all issues, particularly because of 'nuanced differences' on the subject of Iraq for example, the 'tread carefully' attitude towards dialogue on political and security issues, often seen as the most sensitive, was fading away. This in itself was a good sign.

ASEM'S FRAMEWORK AND INSTITUTIONS

The AECF

To signal their commitment to create a new Asia-Europe partnership, ASEM leaders agreed to the development of a common vision to guide the ASEM process into the twenty-first century. This was to take the form of an AECF to guide, focus and coordinate ASEM activities.

The draft AECF was first presented at the London summit. This was further refined after taking into consideration the work of the AEVG. The final AECF 2000 adopted by the leaders during the ASEM 3 summit in Seoul set out the vision, principles, objectives, priorities and mechanisms of the ASEM process for the first decade of the new millennium. The key principles and objectives enunciated in the AECF noted that the ASEM process should:

- be conducted on a basis of equal partnership, mutual respect and mutual benefit;
- be an open and evolutionary process – enlargement should be conducted on the basis of consensus by the heads of state/government;
- enhance mutual understanding and awareness through a process of dialogue and lead to cooperation on the identification of priorities for concerted and supportive action;
- carry forward the three key dimensions of ASEM with the same impetus – to foster political dialogue, reinforce economic cooperation, and promote cooperation in other areas;
- not be institutionalised; as an informal process, ASEM should stimulate and facilitate progress in other fora; and
- go beyond governments in order to promote dialogue and cooperation between the business/private sectors of the two regions and, no less importantly, between the peoples of the two regions; ASEM should also encourage the cooperative activities of think-tanks and research groups of both regions.²³

The AECF also provided its own review on a routine basis by senior officials and foreign ministers, and any necessary adjustments or amendments could be recommended by the foreign ministers to the leaders during the summit.

ASEF

The most visible and concrete manifestation of ASEM, and a reflection of the commitment by the ASEM partners to promote Asia-Europe relations, was the establishment of ASEF.

The proposal for a foundation to promote people-to-people contacts and enhance intellectual and cultural exchanges between the two regions was put forward by Singapore. Singapore also offered to contribute US\$1 million as seed money for the establishment of such a foundation. This proposal was endorsed by the leaders present during the inaugural summit.

After the summit in March 1996, steps were undertaken to transform the proposal into reality. In July 1996, Singapore prepared a draft concept paper laying out the overall mission and objectives, the structure, and other details of the Foundation. Many consultations and discussions followed, resulting in the establishment of the Agreed Principles at the Senior Officials' Meeting (SOM) in Dublin. The Agreed Principles indicated that:

- ASEF should promote better mutual understanding between Asia and Europe through greater intellectual, cultural and people-to-people exchanges.

- It should seek to add value by giving grants, acting as a clearing house, catalyst and facilitator, collaborating with relevant Asian and European institutions of ASEM partners, and organising a few flagship projects of its own, while implementing any projects assigned by future ASEM meetings.
- ASEF should avoid duplicating existing and future bilateral and multi-lateral exchanges between Asia and Europe, and seek where possible to build on and promote further development in the activities of existing networks.
- Participation in ASEF is open to all ASEM partners. Intellectual, cultural and other relevant institutions and NGOs of the ASEM partners, working in the three core areas of the Foundation's mandate, are eligible to apply to the Foundation for assistance.²⁴

The foreign ministers adopted a Declaration welcoming the establishment of ASEF at their meeting in Singapore in February 1997. ASEF was thus officially launched, and the foreign ministers attended the inauguration of the ASEF premises, which had been provided by Singapore.

Following the inauguration, the board of governors, comprising one appointed representative from each ASEM partner, held their first meeting. They appointed Professor Tommy Koh (Singapore) as the executive director and Mr Pierre Barroux (France) as the deputy director.

By June 1997, ASEM partners had pledged a total of some US\$22 million for the operations of the Foundation (over a three- to five-year period). Of this total, almost US\$5 million has been pledged as contributions to the Endowment Fund. Since then, ASEF has grown and undertaken many initiatives, ranging from its own flagship projects such as the Asia-Europe lecture series and the ASEF summer school, to the co-organisation of many intellectual conferences and seminars and other cultural activities in support of ASEM.

Some of ASEF's flagship projects include: a series of ASEF lectures by prominent Asian and European leaders (four such lectures have been organised so far – lectures by Jacques Santer, the president of the European Commission, Anand Panyarachun, ex-prime minister of Thailand, Jean-Claude Juncker, prime minister of Luxembourg, and Javier Solana, High Representative of the EU's common foreign and security policy and secretary-general of the Western European Union); an Asia-Europe roundtable; an ASEF summer school for undergraduate students, now known as ASEF University; meetings for ASEF young parliamentarians; and the Asia-Europe youth camp.

Besides the above flagship projects, ASEF has also organised or supported a wide range of activities and events. These activities come under the three broad categories of intellectual exchanges, cultural programmes and people-to-people contacts. The activities and events grow

day by day and a complete listing of ASEF's activities is available on ASEF's website (www.asef.org).

Despite its impressive list of activities, it has been noted that ASEF's profile does not yet match up to the activities it has undertaken so far. This might be due to its general lack of focus and the lack of a concerted and well-coordinated publicity campaign. Many of its activities have also been criticised for being too elitist, catering to a small target audience. Another criticism is that some of the activities seem to be targeted at the converted – people who are already plugged in to the ASEM process or who are already very much engaged in the respective regions. Hence, ASEF remains grounded in the domain of this small group, lacking any fully fledged efforts to reach out to a wider network of civil society groups and NGOs. Its work therefore also remains known only to the people within the 'privileged' circles.

No doubt there is a certain degree of truth to these criticisms. ASEF has to streamline its activities to address the criticisms, and also heighten the visibility and relevance of ASEF for the peoples of Asia and Europe. However, bearing in mind that ASEF was only established in 1997, it has to be given time to find its bearings and focus and to make an impact. Its long-term impact can be measured by the increasing number of people that have benefited from its various programmes and activities, and the networks established by these alumni to sustain the Asia-Europe linkages.

The AEETC

The AEETC was another initiative endorsed at the first summit. It was proposed by Thailand. After the summit, between October 1996 and March 1997, Thailand, with the assistance of experts from Japan and the European Commission, carried out a study on the AEETC's possible roles and activities. Building on this study, Thailand elaborated more detailed proposals for discussion at small-group experts' meetings in Bangkok on 27 May and 27 October 1997.

Taking account of these discussions, a revised proposal was circulated among ASEM partners in November 1997. This revised proposal noted, *inter alia*, that AEETC should emphasise partnerships and networking, and follow a modest and pragmatic approach. Its priority functions would include policy guidance and research and development coordination, while its priority activities would include work on mega-cities, bio-remediation, enhancement of public involvement in environmental matters, and the anticipation, management and remediation of major natural disasters.

A senior experts' meeting was held in the Hague on 27–28 January 1998 to give a final and thorough review of the proposal. The operational framework of the AEETC – including such matters as the actual organisational structure and financing – were also discussed. The meeting

concluded with a recommendation that work at the AEETC should commence with a three-year pilot phase. In addition, it was recommended that an evaluation be carried out after the first two years of the pilot phase had elapsed (that is, in year three of the pilot phase). Further discussions at the London SOM in February 1998 led to the formal launch of the AEETC at ASEM 2. A PPGG was also established to guide and follow the works of the AEETC.

Participants in the first meeting of the PPGG in June 1998 reviewed the guiding principles and ironed out many issues – among them, the financial arrangements of the organisation, the terms of reference of the AEETC's core staff, the legal status of the AEETC, the timescale for setting up the AEETC and the immediate promotion plan.

During the second PPGG meeting in November 1998, participants appointed the director and deputy director of the AEETC. After interviewing eight candidates, Professor Otto Rentz of Germany and Mr Chung Heuk Jin of South Korea were selected to be director and deputy director respectively. They assumed their positions officially on 1 January 1999.

Participants at the meeting also agreed on the guidelines for the recruitment of the remaining core staff and requested the preparation of a work plan and promotion plan for the AEETC. The director and deputy director would be responsible for the review and interview of the candidates, as well as for drawing up the work plan and promotion plan.

Since then, various ASEM partners have already confirmed their intentions to contribute to the AEETC, either financially (Thailand, the Netherlands, the UK and the European Commission) or through the secondment of experts (Austria, China, Japan, France, Germany and Spain). More partners are considering a contribution. To date, the total financial and in-kind contributions that have been made towards AEETC core operations amount to more than 3 million ECU.

The AEETC was officially opened in March 1999. It now has a building, manpower and funds. However, so far, the AEETC has been rather inactive due to a lack of direction.

OUTSIDE THE OFFICIAL SECTOR

The AEBF

Since economic motivation was a key rationale behind the formation of ASEM, the first ASEM summit endorsed the idea of having an AEBF to encourage the business and private sectors to strengthen their cooperation with one another and to contribute towards increasing trade and investment. The idea was well received by the business community, and France undertook to organise the first AEBF in October 1996. Since then, the forum has been held annually.

Besides creating new business opportunities, it was also hoped that business people participating in the annual AEBF would exchange information and opinions and raise the common concerns of businesses via official ASEM channels. Recommendations on how to improve the business environment were also sought. Because of the importance of small and medium enterprises (SMEs) to the economies of many ASEM countries, facilitating the growth of SMEs has been an important objective of the AEBF.

While there was much enthusiasm for the first AEBF, the second AEBF held in Bangkok in November 1997 was plagued by the looming economic crisis. The third AEBF, under the strong push of the British Department of Trade and Industry (DTI), managed to stay afloat. But by the time the fourth AEBF was to be held in Korea, there was talk of fatigue and disinterest. Businesses were getting impatient with the lack of positive measures or results coming from all these meetings.

However, with a little encouragement, the fifth AEBF was organised and held in Vienna in September 2000. Important developments both in Europe (for example, the implications of the continued slide in the value of the euro) and in Asia (for example, the development of the ASEAN + 3 process and the signs of economic recovery) rendered the dialogue between the business communities more relevant. More direct interaction between business and government was also called for to ensure the relevance of the AEBF. The acknowledgement of the need for more direct contact led to a revival in interest, and Singapore offered to host the sixth AEBF.

The sixth AEBF was held on 7–9 October 2001 in Singapore, and featured four new contributions. First, with the support of contact points in twenty-five countries, 127 meetings were arranged among SMEs for the purpose of developing business partnerships. Second, an AEBF website (www.aebf.net) and e-conference platform were established for discussions before the work-group participants met in Singapore. Third, joint work-group discussions were held to integrate discussions of common issues arising from individual work groups. And, finally, a summary of ASEM partners' responses to the recommendations of the fifth AEBF was compiled by the European Commission for feedback to the business community.²⁵

The seventh AEBF was held in Copenhagen from 18–20 September 2002. It focused on providing recommendations on major issues affecting the business environment for the ASEM governments. The ASEM economic ministers welcomed the input from the business sector and specifically requested further input on the next stage of deliverables under the TFAP and IPAP.

The Asia-Europe People's Forum

One distinctive feature of the preparations for the inaugural ASEM summit was the interest it generated in the press and among scholars and NGOs. NGOs in Asia and Europe hence decided to get together to organise an alternative Asia-Europe NGO conference to run concurrently with the official summit. The key objective of the conference was to press the governments for a people-centred agenda to be included in the new-found partnership between Asia and Europe.

The first Asia-Europe NGO conference, entitled 'Beyond Geopolitics and Geo-economics: Towards a New Relationship between Asia and Europe', took place on 27–29 February 1996 with the participation of over 350 people from a wide range of organisations and NGOs.

Because of the openness of the Thai government to this NGO conference, and the good turnout and substantive dialogue, it was decided by the convenors of the conference that the process would continue, and an Asia-Europe People's Forum (AEPF) would be organised to run concurrently with future official ASEM summits.

Since then, the organizing committee comprising NGOs such as Focus on the Global South, Transnational Institute, Asia Foundation (Asienhaus) had devised a framework to keep the process going.

The second AEPF was held in London on 31 March – 1 April entitled 'ASEM and Crisis: Peoples Realities and Peoples Responses'. The theme was chosen in view of the unfolding social and economic crisis brought about by the financial debacles in East Asia in late 1997. The Forum had the key objective of ensuring that economic discussion at the official ASEM meetings addressed the impact of policies on ordinary people and the environment. They wanted the official ASEM agenda to be broadened to include issues of governance, strengthening democracy and human rights.

The second AEPF, which brought together participants from over 150 civil society groups, also pressed the governments to make the ASEM process more consultative and inclusive. It called for mechanisms to be put in place to enable civil society groups to have a say in all aspects of the ASEM process, including the leaders' summits.

Unfortunately, while the AEPF was tolerated, there wasn't much progress towards the interface of the AEPF with the official summit.

In the run-up to the third AEPF held in Seoul on 18–21 October 2000, there was active lobbying by the convenors of the forum to highlight the concerns of civil society with regard to the direction and agenda of ASEM. The representatives from the organising committee of the AEPF visited several ASEM countries to meet officials, policy-makers and parliamentarians. They also proposed the establishment of an ASEM social forum to the Korean government and other ASEM governments prior to the Seoul summit. According to the proposal, the social forum would act as a coordinating body for the participation of civil society representatives in the

various ASEM meetings and programmes. It would provide information and analysis on policy issues being debated by ASEM, and channel civil society's views to the official ASEM process.

However, all this lobbying failed to make a big difference to the outcome of ASEM 3. The only concession that the AEPF won was an interface meeting with several ASEM senior officials at which to present to ASEM 3 the AEPF declaratory document, 'A people's vision: towards a more just, equal and sustainable world'. The call by the AEPF to establish a social forum was not endorsed and therefore not reflected in the Chairman's Statement.

In the official discussions on the reform of the ASEM process, some countries have explicitly called for greater involvement of civil society. Efforts were made particularly by ASEM coordinators from the European Commission to engage the people driving the AEPF. The NGOs also decided to join hands with the trade unions to work towards the building of a social pillar for ASEM.

The fourth AEPF in Copenhagen did not succeed in making any further headway with regard to influencing the official agenda of ASEM and engendering closer dialogue. The way the AEPF had been structured clearly reflected the difficulties in aggregating the different demands and agendas and the diversity in causes and interests of the NGOs. It was difficult in the face of such differences within the NGO community to come up with clear and focused demands, and to articulate their causes in a coherent manner. The inability to send a clear message of what they wanted to achieve dissipated the energies and efforts of those involved, and the future of AEPF was called into doubt. The International Organising Committee, comprising representatives from organisations such as TNI, Asienhaus, Forum Asia and Focus on Global South who are driving the AEPF, will have to start re-thinking their strategy if interest in AEPF is to be sustained.

Trade union conference

Since 1996, trade unionists from the International Confederation of Trade Unions (ICFTU), the European Trade Union Confederation (ETUC) and the Asia-Pacific Regional Organisation of the ICFTU (ICFTU-APRO) have actively followed the ASEM process. They also participated actively in the first two AEPFs, and joined forces with the NGOs in calling for a more people-oriented agenda to be included in the official ASEM process.

However, while still working closely with the NGOs, the trade union representatives opted to have their own trade union conference in Seoul on 15–16 October 2000. The conference adopted an ICFTU/ETUC/ICFTU-APRO statement entitled 'Charting a social direction to ASEM'. The statement called on ASEM leaders to advance a discussion on trade and labour standards within the WTO and provide a more highly regulated

international financial system. It also called for the inclusion of social and employment issues in the full agenda of ASEM, in particular by restructuring ASEF to reflect a comprehensive social agenda and reorienting the ASEM Trust Fund towards more poverty alleviation and social projects. The statement also urged the establishment of a social pillar of ASEM and the guarantee of regular consultations with the trade unions.

There was no significant official response to the trade unions' statement either. However, the trade unions continued their lobbying and worked towards the Copenhagen summit in 2002.

A trade union conference was held in Bonn on 7–8 March 2002, hosted by the Friedrich Ebert Stiftung and preceded by a public meeting in which representatives of ASEM governments and NGOs joined trade unions in discussing ASEM issues. Two draft statements – one by the trade unions on 'Building a social pillar for ASEM', and another to be issued jointly by the NGOs and ICFTU at the AEPF entitled 'Integrating a social dimension in the ASEM process: towards a social forum' – were distributed to participants at the conference with the request that they ask their governments for the recommendations to be taken up at the Copenhagen summit. The ETUC communicated the statements to the European Commission.

In another follow-up consultative forum held in Brussels on 6–7 May 2002, representatives from trade unions and NGOs further discussed concrete measures to strengthen ASEM's social dimension, and called on the European Commission and Asian government representatives present at the consultative forum to reflect their concerns in the preparatory process of the Copenhagen summit.

In contrast to the fourth AEPF, the ASEM trade union forum in Copenhagen was much more organised, with clear and specific recommendations. During the forum, the trade union participants reiterated the call on ASEM leaders to:

- establish a social pillar of ASEM;
- endorse a formal consultative status of trade unions within ASEM;
- set up a social forum for consultation with representative civil society organisations and trade unions;
- restructure ASEF to promote the inclusion of social policy programmes and achieve effective participation of trade unions in its work;
- hold regular meetings of labour and social ministers;
- allocate the highest priority to poverty reduction and other social concerns in the second phase of the ASEM Trust Fund, which should be managed directly by the EU and Asian countries, not by the WB;
- commit themselves to respect for freedom of association and other core labour standards, including in bilateral trade, investment and cooperation agreements;

- hold a dialogue on promoting other core labour standards at the International Labour Organisation (ILO), IMF, WB and WTO with a view to removing misunderstandings and overcoming disagreements;
- secure sufficient official development assistance to contribute to the social development of developing countries;
- address the problem of energy and the environment, particularly the effective implementation of the Kyoto Protocol;
- incorporate the Organisation for Economic Cooperation and Development (OECD) Guidelines on Multinational Enterprises into the ASEM IPAP and establish a mechanism to monitor the observance of social and labour standards by multinational enterprises; and
- support a more highly regulated international financial system.²⁶

The Council for Asia-Europe Cooperation and others

At the non-governmental level, there was a surge of conferences, seminars, workshops and discussions between Asian and European scholars, academics, and intellectuals on issues ranging from politics, security and economics to human rights, the environment, and cultural and media exchanges. Conferences, lectures and talks riding on the name of 'ASEM' were numerous. While many of these meetings were spontaneous and ad hoc, the establishment of ASEF had helped to bring some sort of coordination and regularity to some of these exchanges.

An initiative supported by the Japanese Foreign Ministry was the establishment of the Council for Asia-Europe Cooperation (CAEC) comprising a network of twelve Asian and European think-tanks. The CAEC's activities were driven and coordinated largely by the Japan Center for International Exchange.

Since its first meeting in Bali in 1996, the CAEC has been active in trying to provide the ASEM process with intellectual input. On their own initiatives, CAEC members' institutions set up various task forces comprising policy researchers to examine in greater depth various pressing issues and common challenges that warranted closer cooperation between Asia and Europe. Some of these issues include demographic changes, food and energy security, environmental policies, migration, labour, and unemployment. And at the height of the Asian financial crisis, task forces were set up to look into the reform of the international financial architecture and issues concerning the social safety net (the various social welfare measures that a society provides for its citizens to cope with socio-economic downturn and unemployment).

While much of the work done by the task forces has been published, the actual impact of the CAEC on the official ASEM agenda and process is not yet clear. What is important and significant, however, is the setting-up of networks and linkages among different groups of researchers and intellectuals as a result of this whole exercise.

Conclusion

From the above discussion on ASEM since its very first summit in Bangkok in 1996, it is clear that much of the visible output has been in the form of meetings, conferences, seminars and workshops. The emphasis of all these has been on dialogue. Information was exchanged. Sometimes problems were laid out for discussion, and suggestions on how to address some of these problems were made. But never were there any attempts to impose any kind of solutions on the ASEM countries.

A few of the initiatives were concretised into specific action plans, for example the TFAP and IPAP. Yet in these two action plans, the emphasis similarly was on unilateral and voluntary actions by ASEM countries to address some of the problems identified as obstacles to trade and investment.

Of course, this emphasis on dialogue for exchange of information rather than on concrete problem-solving raises questions about the effectiveness and impact of ASEM. However, the answers to such questions have to be more nuanced and will be discussed in later chapters.

Summing up briefly the ASEM process from Bangkok to Copenhagen, it is not wrong to say that, on paper, the results of ASEM look rather impressive. The interest that ASEM has generated and the involvement of civil societies, trade unions and intellectuals who took the initiative to organise their own parallel meetings but at the same time attempted to engage the officials and provide inputs into the official agenda, was also a healthy sign. The establishment of ASEF, and the recognition of the importance of the work done by ASEF in generating greater awareness and bringing more Asians and Europeans together, is also a signal that one should take a longer-term view when assessing the usefulness and impact of the ASEM project.

3 ASEM as an instrument for diplomacy

Introduction

Chapters 1 and 2 have given an empirical account of the conception, birth and development of ASEM. Several factors have been given to explain the impetus behind ASEM. Scholars operating from a realist paradigm would be inclined to focus on the structural reality of the changing distribution of economic power, and the self-interests of key states in the ASEM equation – in particular, the fear of being shut out from lucrative economic opportunities in each other's regions. These were seen as the primary motivating factors for the Asians and Europeans to start a dialogue process. This dialogue process was seen as fundamentally state-driven, with the nation-states represented by their respective governments as the key actors.

The fundamental assumption with regard to Asia-Europe relations, then, was that Asia and Europe did not know each other as well as Asia and America or Europe and America. Promoting mutual understanding of each other's concerns and appreciation of each other's economic interests was seen as the first step towards Asia-Europe rapprochement.

ASEM's initial objectives, as expounded by Singapore's prime minister, Goh Chok Tong, were very modest: first, to develop direct and personal contacts between Asian and European leaders, and, second, to promote closer economic cooperation between the two regions. These could be achieved through a two-pronged approach: a multilateral forum in the form of a summit to achieve the first objective; and concrete programmes or action plans aimed at promoting trade and investment between the two regions. The summit meetings would supposedly provide an impetus for achieving the second objective.

Since its birth in March 1996, the most prominent aspect of ASEM has been its summits or leaders' meetings – a regularised means of consultation at the highest level. Other than the summits, the various ministerial meetings and other political meetings have sometimes also made it to the headlines in the media. The leaders' meetings, ministerial meetings and other political meetings are therefore the most obvious manifestation of this entity – ASEM – to the outside world.

This chapter will deal with the diplomacy surrounding the summits and other political meetings. Since the summit is the most important feature in the ASEM process, a combination of literature on summitry and multilateral diplomacy will be used to explain the ASEM process and its significance.

What is summit diplomacy?

Summitry – defined loosely as diplomacy engaged by political principals – existed as early as the fifteenth century when sovereigns met occasionally to discuss wide-ranging affairs, but fell into decline with the development of the resident ambassador to engage in diplomacy. David H. Dunn noted that while summitry is not a new phenomenon per se, what is unique in the present age is the frequency with which it takes place and how it has developed into an international institution in its own right. Summit diplomacy, like multilateral diplomacy, has become very much an established part of the interactions of states. According to Dunn, technological developments in communications and transportation, the decolonisation and democratisation process, growing executive power, the expansion of the international community, the growth of regionalism and regional diplomacy, and growing economic interdependence have all contributed towards the growth of summitry.¹

Because of the proliferation of summit meetings in our era, what constitutes summitry has become fuzzy over the years. Dunn identified two factors that are important when defining summitry: who the ‘agents’ involved in the meeting are, and the ‘activities’ that constitute such meetings. For a meeting to be qualified as summitry, it has to be

diplomacy engaged by political principals above the cabinet or ministerial rank, including the participation of chiefs of state, heads of government, a few others who qualify by virtue of their official positions (such as president-elects, crown princes and the ranking officers of international organizations), and certain agents of heads of government who genuinely represent them at their level.²

What does ‘diplomacy’ entail, then? From a survey of various definitions and the tasks of diplomacy³ one arrives at a synthesised definition of diplomacy as a principal means and civilised procedure by which nations work together to maintain peace and promote individual interests and mutual welfare. It involves communication, discussion and negotiation, and attempts to reconcile interests through compromises and adjustments. In short, the objectives of diplomacy include exchanging information; creating awareness, generating understanding; resolving differences, negotiating compromises; and enhancing cooperation. Bearing in mind these objectives of diplomacy, one can extrapolate the kind of functions the summit might usefully advance. For G.R. Berridge,

these include 'promoting friendly relations, clarifying intentions, information gathering, consular work (such as trade and investment promotion and interceding on behalf of detained nationals), and negotiations'.⁴

According to Berridge, there are three main kinds of summitry. First, there is the serial summit conference, a summit which is part of a regular series. Examples include the European Council meetings, the Commonwealth Heads of Government meetings (CHOGMs), the G7 summits and many others. Second, there is the ad hoc summit conference, which is generally a one-off meeting, though it may turn out to be the first of a series. This usually has a fairly narrow theme and invariably has a high public profile. Some examples are the 'Cocaine Summit', a meeting among President George Bush and leaders of the South American drug-producing countries to discuss the problem of drug production and trafficking, and the Camp David Summit of 1978 between the American, the Israeli and the Egyptian leaders and their senior advisers resulting in the historic Camp David Accords. Finally, there is the high-level exchange of views. Rather than being concerned with a set piece of negotiation, this kind of summitry has the more modest purpose of clarifying intentions, gaining intelligence and giving an extra push to a continuing negotiation at lower levels; the agenda may be focused but is often a miscellaneous collection; and the summit is more likely to be bilateral rather than multi-lateral. This is usually part of an official working visit by heads of government and is fairly common.⁵

Both Dunn and Berridge noted the following advantages and drawbacks of summitry. An advantage of the summit is that it provides leaders with a forum for becoming better acquainted with each other – which could be useful for breaking down barriers of mutual suspicion, and for gauging each other's conduct. This, however, could also have a downside; for example, it could give rise to a clash of personalities, and instead of generating goodwill and better relations may result in misunderstanding and contempt. More significantly, summits have been most valued for their symbolic importance and propaganda potential. However, they could also have tangible gains. Leaders may actually become more educated and knowledgeable on issues in the process of preparing for the summit. A summit is also a useful platform on which to raise the profile of problems or issues to be tackled, and may actually be helpful in imposing deadlines on a negotiation process. But this also has a flip side as it may generate unrealistic expectations and hence disappointments.⁶

Summitry is therefore a double-edged sword. It can be risky and highly damaging to diplomacy, but when judiciously employed and carefully prepared may serve diplomatic purposes as well. Success of the summit often depends on meticulous preparation. The preparatory negotiations are normally conducted by ministers or senior officials. The agenda is decided before the summit and any concluding statement or declarations are usually substantially predetermined. Berridge further noted that:

there must also be detailed planning of the choreography of the summit, that is the pattern of meetings and events such as visits, speeches, motorcades, walkabouts, joint press conferences, and so on, the mix depending on the character of the summit. Pre-planned choreography is always important but is especially so if symbolism is expected to take precedence over substance.⁷

Both Dunn and Berridge cautioned that while thorough preparation can minimise the risk of summitry, it cannot guarantee success. Unforeseen external events can sometimes affect the outcome of a summit. But in general, as summits have become more institutionalised, as has been the case with serial summits, many dangers associated with summitry have disappeared. With fixed agendas, detailed planning and the ease of conversation that results from the frequency with which leaders meet in one forum or another, summits have become an established part of the dialogue between states. What is more, the temptation for politicians to become involved in this kind of activity shows no sign of abating with increased ease in communications. Therefore, despite its critics and criticisms against it, summitry – diplomacy at the highest level – has become the preferred means of international dialogue.⁸

However, the proliferation of summit meetings in the international arena has also created pressures on leaders' calendars. This in turn may affect the degree of preparation and commitment involved in future summits. There is also the danger that too many summits will dilute their novelty and value. This in turn may lead to less media attention and less impact. With so many summits vying for media attention, it may turn into something like a beauty parade, where attention will only be on the most sexy and attractive but not necessarily the more productive and meaningful.

The next section will examine the realists' perspective of looking at ASEM in the framework of summit diplomacy

ASEM in the framework of summit diplomacy

For realists, the use of war and diplomacy by states is as relevant to international relations today as it was centuries ago. Although the end of the Cold War and the impact of globalisation have brought about profound changes, the ways in which states deal with each other are largely the same. The conventional mechanisms of diplomacy have survived. Diplomacy remains an attractive alternative to the use of force in international relations. However, as Elmer Plischke put it so succinctly, 'diplomacy is conducted in the shadow of power, whether military, economic, technological or psychological'.⁹

It is in this shadow that ASEM can be analysed.

As discussed in the first chapter, the creation of ASEM has been attributed to the rising power of East Asia. It was the increasing technological prowess

of Japan, the increasing competitiveness of Korean industries, the economic and military potential of China, and the increasing psychological confidence of ASEAN in the 1980s and early 1990s – in short, an increasingly affluent and assertive East Asia – that brought about a reassessment of Europe's strategy towards Asia. The significant roles of Singapore and ASEAN in getting ASEM off the ground must not be overlooked. Scholars such as George Modelski looking into the subject of diplomacy in international relations noted that it is generally in the interests of small countries to pursue as far as possible a multilateral approach in their international relations.¹⁰ Furthermore, for a small trading state like Singapore, and the other small and medium countries in ASEAN, who pursue an export-oriented development strategy, it is of profound importance that the world trading system remain as open as possible. The combination of these push and pull factors (negative fears and positive interests) created the impetus towards establishing an Asia-Europe dialogue.

In analysing Singapore's foreign policy orientation, Michael Leifer noted that 'ASEM was another form of multilateralism through which ASEAN conceded that its ambit was inadequate for addressing the problems of the post-Cold War era'.¹¹ He went on to discuss how Singapore's ASEM initiative fitted into Singapore's overall foreign policy orientation in the post-Cold War era. Singapore had seized the moment at the end of the Cold War period in promoting multilateral initiatives that had widened the ambit of its active diplomatic network beyond the confines of Southeast Asia. The ASEAN Regional Forum (ARF) – a multilateral security dialogue in the Asia-Pacific region that brings together potential adversaries as well as political and defence partners – was one such initiative. The ARF was designed to engage the US in multilateral dialogue as a way of sustaining its security commitment to the region and to manage any potential increase in rivalry between Japan and an emerging China. ASEM was another of 'Singapore's initiatives in its push towards multilateralism'.¹²

ASEM at the outset was meant only to be a forum for dialogue. This was especially clear to its proponent, Singapore. Believing that Asia and Europe were still relatively ignorant of each other, and too far apart for their own good, ASEM was seen as an important step in reducing that distance. It was never the intention then to create a forum for negotiations whereby some binding agreement could take place. The initial conception of the Asia-Europe Meeting, as reflected in the official working paper prepared by Singapore, was that 'the meeting should be seen as an informal gathering of leaders'.¹³ ASEM was to provide a multilateral forum for leaders to interact and socialise with little political cost.

The European Commission's Communication of January 1996 confirmed such an approach. It noted that ASEM should function primarily as a political catalyst for achieving mutual understanding and enhanced awareness through dialogue, and reiterated that the ASEM process should

not be seen as a substitute for other bilateral and multilateral forums linking Asia and Europe.¹⁴ In short, ASEM was to be just one of the many channels of communication. However, its added value would be its high-level participation, its informality and its multidimensionality.

This modest image and expectation of ASEM as just one of the many forums in which Asia and Europe could interact has been repeated several times by European Union (EU) officials. Jacques Santer, then president of the European Commission, in his address at the Inaugural Asia-Europe Lecture organised by ASEF and held in Singapore on 13 January 1998, had this to say about ASEM:

It was clear from the beginning that the ASEM process cannot replace or substitute for the other bilateral, regional and multilateral forums in which Asia and Europe interact. It would rather complement and stimulate these other fora, with a special added-value based on ASEM's unique comparative advantage, and reflecting in particular its multidimensionality, its informality and its high political profile.¹⁵

Furthermore, Percy Westerlund, director-general of the European Commission's External Relations Directorate, made this comment to the audience at an academic conference:

ASEM should not and will not replace or overshadow our various bilateral relationships with Asian partners. On the contrary, I would hope that ASEM would help further vitalize bilateral relationships. This follows from the informal nature of ASEM. It is an excellent forum for sending political signals and for the concerting of efforts, but the end results of ASEM will often depend upon implementation at the bilateral level.¹⁶

Official rhetoric with regard to ASEM underlies the general assumption that ASEM is simply a confidence-building multilateral diplomatic forum where leaders of the twenty-five Asian and European states plus the president of the European Commission meet to get to know each other and to discuss various issues. It is first and foremost to be valued for its political symbolism, underlined particularly by the summit.

However, these are not the only reasons for looking at ASEM as just another one of those multilateral diplomatic forum and summit meetings that grew steadily in number during the twentieth century. When ASEM was first conceived, it was presented as an association of independent sovereign states – an association of twenty-five nation-states plus the European Commission as a state-like actor. Indeed, several participating governments prefer ASEM to be seen as an inter-governmental forum rather than a bloc-to-bloc relationship or inter-regional dialogue for the simple reason that the ten East Asian nations – Brunei, Indonesia,

Malaysia, the Philippines, Singapore, Thailand, Vietnam, China, Japan and South Korea – do not represent any existing regional bloc or organisation, unlike the fifteen participating European nations who are all members of the EU. While the EU may be able to establish the collective authority or voice to conduct inter-regional relations, East Asia's heterogeneity and proclivity for informal inter-governmentalism partly explains why many of the region's states do not hesitate to project their own national interests onto ASEM. Events leading up to and during the first Asia-Europe Meeting (ASEM 1) demonstrated how 'East Asia's heterogeneity led to the prominence of state-centred over region-centred objectives, lending credence to the realist perspective'.¹⁷

That ASEM was to be an inter-governmental forum rather than an inter-regional forum was again made loud and clear during the discussion on the possible inclusion of Myanmar in the ASEM process. When Mahathir called for Myanmar's participation in the run-up to the second ASEM summit, this brought strong reaction from the then British foreign secretary, Robin Cook. The Indonesian foreign minister, Ali Alatas, and a senior Thai official were quick to dismiss Mahathir's judgement on the Myanmar issue as premature. Alatas specifically pointed out that a country's presence at ASEM should be based on individual participation, and not a meeting between two regional groupings as in the ASEAN-EU relationship. Therefore it should not be ASEAN's call to decide whether Myanmar should join ASEM in London or not. The senior Thai official echoed the view that ASEM is an inter-governmental conference and not a bloc-to-bloc meeting.¹⁸

Realists also see ASEM in the context of a tussle between individual European countries and the European Commission for initiatives and control in foreign relations. Indeed, several European scholars, among them Christian Lechervy, a scholar close to the French bureaucracy, attributed in an article the EU's renewed interest in Asia to the fact that a number of major EU countries, particularly Britain, France and Germany, were then driven by their other calculations to re-examine their respective policies towards Asia.

Christian Lechervy further argued in this article that

although the Maastricht Treaty has given greater foreign policy prerogatives to the European Commission in Brussels, the Europe-Asia rapprochement is being driven by individual governments. It so happens that Asia became a priority for a number of governments of Europe's major countries at about the same time allowing for a larger Asian strategy of sorts. Britain's withdrawal from Hong Kong pushed the government to rethink its Asia policy, just as the wearing out of the Indochinese rationale of French policy stimulated France's new

Asian strategy. Meanwhile, Germany's inclination to guide Europe-Asia relations has given an impulse to regional relations.¹⁹

Germany had in 1993, even before the release of the EU's New Asia Strategy, presented a policy paper entitled 'Concept on Asia' reviewing its relations with Asia, and since then has taken an active interest in engaging Asia.

An interview with a senior official from the British Foreign and Commonwealth Office and casual conversation with another senior official from the French Ministry of Foreign Affairs during a conference provided corroboration of this observation.²⁰ There was a certain ambivalence towards the European Commission expanding its power into the realm of foreign and security policy. At the same time, there were doubts about its effectiveness in representing the interests of the different partners. The decision to include political dialogue in ASEM, and not just to focus on economic cooperation, was in some way to cut down the Commission's hold on the process, as the latter's competence in the political arena is still highly debatable, whereas its economic role is pretty well defined. The agreement to inaugurate ASEM with a meeting among the state leaders was another way of reflecting the individual states' interests.

The unique aspect of ASEM as an inter-governmental multilateral forum is that it began with a summit. Unlike several other similar forums such as Asia-Pacific Economic Cooperation (APEC), it did not emerge bottom up. An attempt will now be made to survey the four ASEM summits that have taken place so far and to assess their outcome and how they have contributed towards broader Asia-Europe relations.

The ASEM summits

Central to the ASEM process is a set of consultative relationships and a network of meetings at both the senior official and political levels. But the ASEM summit remains the most important form of ASEM consultation. It is the extensive preparations leading up to the summits that provide the driving force and focus for the dialogue process. Of course, the wide-ranging ministerial meetings held to discuss the proposals that surface during the meetings of senior officials are no less important, as they constitute the core of the consultative relationships.

The ASEM summit represents a serial summit, its main focus being on creating awareness, generating understanding and enhancing cooperation. In terms of Asia-Europe relations, the fundamental assumption prevailing at the time of ASEM's inception was that Asia and Europe did not know each other well enough. Therefore, as was noted in the Introduction, ASEM's initial objectives, as expounded by Singapore's prime minister, Goh Chok Tong, were very modest: 'To develop direct and personal

contacts between Asian and European leaders and to promote closer economic cooperation between the two regions’.

First Asia-Europe Summit Meeting (ASEM 1), 1–2 March 1996, Bangkok

The preparatory work leading up to the inaugural summit was initially carried out mainly by ASEAN. The preparations that went into this inaugural summit were substantial. What was interesting about this process was that from the outset, besides the officials, pockets of academics and scholars were actively drawn into the discussion. To what extent their input and suggestions were actually taken up by the officials who set the agenda and drew up the final list of recommendations and initiatives is a matter of conjecture.

Several conferences – some held with official blessing and others held purely as the result of private initiatives – were organised. A summary of the discussions and recommendations that came out of some of these conferences was submitted as part of the preparation for the summit proper. The two most notable conferences were the ‘Europe-Asia Forum on Culture, Values and Technology: Towards a Stronger Mutual Understanding’ held in Venice in January 1996 and organised by the European Commission in association with the Italian presidency of the EU; and the ASEM Preparation Seminar organised by the Chulalongkorn University European Studies Programme. The ASEM Preparation Seminar was held in Bangkok in February 1996 and produced a very substantive list of recommendations on improving trade and investment between the two regions; broadening the political and security dialogue; and enhancing cultural and educational cooperation.

At the official level, preparations for the summit intensified after the ASEAN Senior Officials’ Meeting (SOM) of May 1995. It was after this meeting, and the ASEAN-EU SOM that followed immediately afterwards, that the ‘membership’, or, more appropriately, the attendance, for the inaugural ASEM summit was proposed and accepted. It was decided that the Asian component of ASEM would comprise ASEAN (at that time, ASEAN had seven members – Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam) and three Northeast Asian countries (China, Japan and South Korea). As for the European component, it was to be the fifteen members of the EU plus the European Commission.²¹

Having settled the attendance issue, the stage was set for intense negotiation over its format and agenda. Differences existed between the Asian and European members with regard to the primary focus of the ASEM gathering. While the EU members wanted to focus on political and social issues, especially regional security and human rights, most Asian members were mainly interested in encouraging closer economic relations. The temperature was raised at one point when, during the first pre-ASEM

SOM in Madrid in December 1995, EU officials succumbed to lobbying and wanted to include the East Timor issue in the agenda. This was vehemently opposed by Indonesia. The EU itself was divided over human rights issues in Asia, with the Scandinavian countries opposing the softly-softly approach favoured by some of the other EU member states. And then there were those European groups outside the government who wanted their leaders to include labour rights and environmental protection in the agenda. All this led to 'warnings' from the Asian countries that the historic opportunity for re-engagement and promoting better relations might be squandered if the European countries continued to insist on including all these controversial issues in the agenda.²²

There was also a desire on the part of the EU to use ASEM to canvass for support on some World Trade Organisation (WTO) issues. Top among these issues were those related to negotiations on trade in information technology and telecommunications, financial services, and an Organisation for Economic Cooperation and Development (OECD) document on promoting multilateral investment. These were given much airing during the preparation period. Asians, on the other hand, wanted to focus on issues of protectionism, particularly with regard to anti-dumping. Looking at APEC as a model, the Asians also spoke extensively on the notion of 'open regionalism'.

After intense negotiations, the agenda that emerged was an amalgam of Asian and European concerns. However, the Asian stance prevailed in opting for a more pragmatic approach that focused more on issues of common interest and sidelined the contentious issues. The telling sign was that human rights and labour standards barely made it onto the agenda. The East Timor issue was deftly handled on the fringes of the summit in a breakthrough meeting between the Portuguese premier, Antonio Guterres, and President Suharto of Indonesia.²³

It was also agreed that the meeting was to be informal in character and comprehensive in scope. Issues to be discussed included all aspects of relations between the two regions, from economic cooperation to political and security dialogues to cultural exchanges. The most informal type of gathering – a forum with a broad indicative list of topics for discussion – was adopted. The summit was not intended to arrive at any binding decisions, and would not go beyond the exchange of views. Also, to encourage the frank exchange of views, and allow the leaders to develop personal contacts, the leaders' meeting was conducted away from the glare of the media. Informality was also emphasised in the physical setting, with leaders sitting comfortably on armchairs in a circle. The informality was intended to create good chemistry among the leaders, and not more than one aide for each leader was allowed to attend the leaders' meeting.

In spite of the pre-summit uncertainties and differences, the Bangkok meeting of 1–2 March 1996 went smoothly without being marred by pre-summit divisions over human rights and democracy. Much attention was

paid to creating a relaxed and informal atmosphere. The informality and flexibility also created unprecedented opportunities for bilateral meetings, and some fifty separate bilateral meetings took place at the margins of the summit. This was to become one of the attendant features and more important aspects of the ASEM summits.

During the summit, a wide range of issues was discussed. The summit was intended to be exploratory – the emphasis was on the exchange of views, and not on the negotiation of treaties and contracts. Part of this summit was about increasing awareness. Hence, one of the major outcomes of the summit was the agreement to hold further meetings. A whole host of meetings between senior officials and ministers were lined up for the run-up to the next ASEM summit to be held in two years' time. A process was established when the leaders committed themselves to a second summit in London, and endorsed several ministerial meetings. Many other specific initiatives and recommendations were also adopted to indicate the desire to expand the realm of Asia-Europe relations.

Some critics were sceptical of the long list of proposals and suggestions that surfaced. To them, this 'laundry-list' approach lacked substance and would be unsustainable. An emphasis on the 'feel-good' factor rather than on concrete undertakings made ASEM look like a passionate love affair – a good thing that could not be sustained.

However, there were just as many observers who chose to differ in their assessments. They argued that in politics, symbolism is important. ASEM was a symbol of Asia's new status in the world and a demonstration of Europe's recognition of that status. The ASEM summit in Bangkok was a good opportunity to lay to rest the past colonial relationship and the years of misperceptions and mistrust between Europe and Asia. It was the first time ever that heads of state/government from Asia and Europe had gathered together on an equal footing to build a new partnership. The proposals and suggestions would help set the stage for increased interactions between Asia and Europe. It was also felt that it was too early to make a fair judgement of ASEM just after the first meeting.

More importantly, several of the proposals announced at the end of the inaugural summit were carried through. The most significant of these was the establishment of the Asia-Europe Foundation (ASEF) in Singapore in February 1997, barely a year after ASEM 1. Genuine and sustained efforts were also put into drawing up a Trade Facilitation Action Plan (TFAP) and an Investment Promotion Action Plan (IPAP). A series of other meetings between different ministries and government agencies also took place in between the first ASEM summit and the second ASEM summit that had been planned for 1998.

Second Asia-Europe Summit Meeting (ASEM 2), 3–4 April 1998, London

The inaugural ASEM summit in Bangkok had been held amid the rosy conditions of East Asian economic dynamism. In contrast, ASEM 2 was held under the dark clouds of a serious Asian financial storm. Not surprisingly, the preparations for this summit were shrouded in a pall of economic doom and gloom. Doubts about the Europeans' commitment to Asia were raised as there was a widespread perception that the Europeans had done too little, too late, to help the Asians in the advent of the economic crisis. It was felt once again that the EU's global reach had been found wanting when there had been a need for them to show more interest and leadership in affairs outside of Europe. The media was flooded with articles casting doubts over the 'survivability' of the ASEM process in the midst of such a terrible crisis severely affecting some of the East Asian nations. There were also articles in the media calling for a review of the fundamentals underlying the ASEM process.²⁴

To dispel widespread doubt about Europe's commitment to Asia, and counter unhappiness about the slow response to the Asian financial and economic crisis, the EU planned to use the London ASEM to unveil a range of initiatives reaffirming Europe's continuing confidence in Asia. At the same time, the British, who were chairing the summit, were also concerned that ASEM 2 should not become a single-issue summit. Hence, efforts were expended to secure a broader agenda for discussion.

During the summit held in London on 3–4 April 1998 under the chairmanship of the British prime minister, Tony Blair, the financial and economic crisis naturally dominated the meeting. A separate ASEM 2 Financial Statement was issued during the meeting to reaffirm the belief that with full implementation of the necessary policy reforms and strong mutual support, financial stability would be restored. Under the enthusiastic leadership of the new British government led by the youthful Blair, the meeting also managed to emphasise the need to broaden and deepen the Asia-Europe dialogue on a wide range of issues, from the environment to child welfare.

The summit was successful in the sense that it delivered as much as a summit of this nature could be expected to deliver. There was a lot of goodwill, and the European leaders reaffirmed their interest and intention to remain involved and to cooperate and assist the countries of Asia. A flurry of initiatives were suggested, including a US\$25 million fund to help Asian countries pay for the expertise needed to restructure their financial institutions. The ASEM Trust Fund, as it was called, became operational on 29 June 1998 with the signature of the first donor agreement with the World Bank (WB). The intention was for the Trust Fund to operate till the end of 2001. However, in view of the benefits that several of the crisis-hit Asian countries accrued from it, the operation of the ASEM Trust Fund was extended by the leaders during the third ASEM summit in Seoul.

Besides the ASEM Trust Fund, a few other projects were adopted during ASEM 2. The path was cleared for these projects to move to the next stage of their development – the implementation phase. These projects included:

- the adoption of the TFAP;
- the adoption of the IPAP, including the establishment of an Investment Experts' Group (IEG);
- the establishment of an Asia-Europe Environmental Technology Centre (AEETC) in Thailand; and
- the establishment of an Asia-Europe Centre at the University of Malaya.²⁵

At a more general level, the ASEM leaders reaffirmed that the ASEM process should be conducted on a basis of equal partnership. On the possible enlargement of ASEM, leaders did not come up with any specific criteria but expounded the general principles that ASEM should be an open and evolutionary process, with enlargement taking place on the basis of consensus from all members. The criticism of ASEM's overemphasis on economic issues was addressed by the commitment that the three key dimensions of the relationship – political dialogue, economic cooperation and cooperation in socio-cultural and other areas – should be carried forward with the same impetus.

Of somewhat greater significance for the ASEM process was the undertaking by ASEM leaders that ASEM should remain an informal process that need not be institutionalised. The emphasis would also be on facilitating and promoting dialogue, exchanges and cooperation between the non-state sectors – the business sector and, no less importantly, the peoples of the two regions.

To take the ASEM process forward, the leaders adopted an interim Asia-Europe Cooperation Framework (AECF) to guide, focus and coordinate ASEM activities. An Asia-Europe Vision Group (AEVG) was also commissioned to develop a medium- to long-term vision that would guide the ASEM process into the twenty-first century. It was then the intention that the conclusions made by the ministers on the recommendations of the AEVG would be incorporated into a comprehensive AECF to be tabled for adoption at ASEM 3 in Seoul in the year 2000.

In short, as was noted by the late Gerald Segal, 'ASEM 2 had a bit of everything for everyone, and considering that it took place after a major upheaval in Pacific Asia, even those modest achievements were worth having'.²⁶

Third Asia-Europe Summit Meeting (ASEM 3), 20–21 October 2000, Seoul

ASEM 3 was held in Seoul on 20–21 October 2000. In the run-up to ASEM 3, expectations were modest. After swinging from animated euphoria at ASEM 1 to unwarranted pessimism at ASEM 2, the mood for ASEM 3 was one of tempered realism.

First, there was a realisation that success in cooperation need not correspond to the legality of the formal structure of the cooperation. Behind the emphasis on the informal nature of ASEM, and the rejection of a proposal to set up an ASEM secretariat, was the recognition that members were not ready to take ASEM beyond the stage of being an informal, consultative process.

Second, there was a realisation that many differences remained even if there were also shared interests. However, the existence of diverging views or interests between the different ASEM members did not mean that cooperation would be impossible. It just meant that a lot more work and political will would be needed to make the necessary adjustments required for cooperation to occur. And for such mutual adjustments to take place, information access and communication were important. Thus, this brings us to the next point, on the need to continue the dialogue.

There was a realisation that differences must be addressed in a genuine dialogue in which all parties listen to one another. There could be no dialogue if two sides argued at cross-purposes or had little interest in finding common ground. The defensiveness of some Asian members on issues of human rights, democracy and governance, and the sanctimonious stance of some European partners in their discussion of these issues, would not contribute to cooperation. Patience and mutual respect were important.

In this atmosphere of tempered realism, those political leaders who were no longer excited by the ASEM process practically left every detail of the preparations for the summit to senior officials. This was especially so for the European side where much of the coordinating work was done by Commission officials. For their part, the Asian leaders were also too beleaguered by their own domestic crisis to pay much attention to ASEM 3. Indeed, right up to the month prior to the summit, there were indications that several key leaders, including Britain's Tony Blair, Italy's Giuliano Amato and Dr Mahathir of Malaysia, might not attend the summit.

Preparations for ASEM 3 were also marked by differences over the issue of expanding the political dialogue. Europe was very eager to deepen the dialogue on security and issues of human rights and democracy, but some Asian countries were reluctant to do so. Even in the area of economic cooperation, the progress made on the TFAP and IPAP was seen as unsatisfactory by some ASEM members. Another issue of contention was the launch of a new round of multilateral trade negotiations under the WTO. In short, there were enough differences during the preparatory stage to

make one wonder what sort of compromises would have to be made during the summit, and what the ultimate outcome of the summit would be. The reluctance on the part of some ASEM members to discuss controversial issues meant that after more than four years, real problems could not be seriously discussed. There was therefore concern that the momentum of the ASEM process could no longer be sustained.²⁷

Because ASEM 3 was the very first international diplomatic meeting that South Korea had ever hosted, naturally they were anxious that the meeting should be seen as 'a success'. The non-appearance of too many leaders would not augur well for the meeting. Besides loss of face for the Koreans, poor attendance would probably send the signal that a lack of interest and importance was affecting the ASEM process. This was something that the Koreans as the hosting nation, and other Asian players like Singapore who were committed to the process, did not want to see. After much cajoling, most leaders did show up for the meeting. The fact that just a week before the summit the South Korean president had been named the Nobel Peace Prize winner probably helped to give some European leaders another reason to go to Seoul. There was the expectation in some quarters that since the host of ASEM 3 had been awarded the Nobel Peace Prize, there might be a greater willingness to discuss issues of democracy, human rights and the peaceful reconciliation of North and South Korea.

As a diplomatic event, one could not help but feel that ASEM 3 had been hijacked by the peace process in the Korean Peninsula. This, however, only confirmed the importance of the role of the chairman in setting the agenda. The summit provided an opportunity for Kim Dae Jung to receive recognition for his efforts in the peace process. Many European leaders also took the opportunity to announce the establishment of diplomatic relations with North Korea as a way of encouraging Kim Jong-Il to continue the process of opening up his hermit kingdom. While some members, particularly those from ASEAN, might have been a little unhappy about the dominance of the Korean issue on the agenda, the Seoul declaration was an important development for international diplomacy, reflecting the support for developments in the Korean Peninsula.

However, agreeing about peace in the Korean Peninsula proved easier than reconciling some of the differences over the need for deepening the political dialogue. It was thus no mean feat to get all members to agree to the inclusion of a paragraph in the final Chairman's Statement on the leaders' commitment to 'promote and protect all human rights, including the right to development, and fundamental freedoms, bearing in mind their universal, indivisible and interdependent character'. This paragraph was part of a trade-off with China, who had demanded the inclusion of a paragraph on the role of ASEM 'in building a new international political and economic order in light of the growing interdependence of Asia and Europe and the changing international environment' through multilateral dialogue and cooperation.

While no timetable was agreed on the launch of a new round of WTO negotiations, members did agree that efforts 'to launch such a round at the earliest opportunity' should be intensified. This was a significant development, as several members such as Malaysia and Indonesia had initially expressed strong reservations about the launch of a new round and the pace of trade liberalisation. These two important concessions highlighted the spirit of compromise that prevailed at ASEM 3, auguring well for the continuation of ASEM as a process.²⁸

Another positive outcome of ASEM 3 was the agreement to extend the period of operation of the ASEM Trust Fund. The ASEM Trust Fund was established during the London ASEM in order to help countries affected by the Asian economic crisis address problems in the financial and social sectors.

In terms of the management of ASEM 3, there was a general feeling among senior officials that the leaders' meeting was a disappointment since the discussions were rather banal and the setting too formal. It was felt that the organisers had not succeeded in creating the sort of relaxed environment that would have encouraged more free-flowing discussions. The chairman was also thought to lack the skills needed to steer the discussions and provide some coherence to the range of topics being discussed. This probably led to the suggestion by some leaders that future discussions should be more interactive and focused. And there were even suggestions that some sort of retreat for the leaders should be introduced. Indeed, as one senior official from the European Commission admitted, the challenge for ASEM was to maintain informality in the summit and not let it become too 'bureaucratized'.²⁹

ASEM 3 took place in Seoul amid tight security, generated by the fear that the parallel ASEM People's Forum organised by the non-governmental organisations (NGOs) might result in violent demonstrations. The anti-globalisation demonstrations in Seattle, in Melbourne, and the violence in Prague were fresh in the minds of the organisers. Determined to avoid such a spectacle, the Korean government took the precautionary step of denying entry to almost 300 foreign radicals blacklisted for their protest violence. All people who were registered for the People's Forum were screened and the Korean government took no chances with security. About 30,000 riot police – some equipped with tear-gas spray and water cannons – were mobilised. Even helicopters and armoured vehicles were mobilised to deal with possible violence. Riot police in armoured uniforms wielding batons and shields sealed off all public access to within more than one kilometre of the official meeting site. The tight security paid off. Demonstrators were overwhelmed by the police, and the rally and march organised by the People's Forum ended without any serious violence occurring.³⁰

In addition, something positive did come out of the ASEM People's Forum. Though not all ASEM members were keen about NGO participation, senior officials from some ten ASEM countries agreed to meet NGO

representatives from the Forum.³¹ This kept open the possibility of greater involvement by civil society groups in the ASEM process.

As part of a process, ASEM 3 did serve to confirm the importance of a dialogue between Asia and Europe. The adoption of AECF 2000, which had sufficient mechanisms, principles and priorities, provided a solid basis for the process to move forward from an exciting idea to a more mature dialogue.

*Fourth Asia–Europe Summit Meeting (ASEM 4), 23–24
September 2002, Copenhagen*

ASEM 4 held in Copenhagen on 23–24 September 2002 reflected a certain maturity and better appreciation of the importance and usefulness of the ASEM process in general, and the summit in particular. The return to a focus on ASEM as a consultative dialogue, and an acknowledgement of the importance of dialogue and consultation in international relations generally, was a significant and sensible strategy adopted by the bureaucrats managing the process. To a certain extent, one could argue that the events of 11 September 2001 brought to the fore the importance of dialogue and international cooperation. It clearly demonstrated how interconnected the world had become and that it would never be safe if we did not make better attempts first at engaging and understanding each other, then at consulting each other. The habit of consultation would hopefully lead to better policy deliberations and coordination.

However, even before 11 September 2001, a review of the ASEM process was already taking place internally. There was an expressed desire after the third ASEM summit in 2000 to go back to the original idea of ‘an informal, high level process with an open exchange of views on all issues, be they political or economic, social or cultural’.³² Also emphasised was the idea that dialogue during the leaders’ meeting should be more candid, spontaneous and interactive and not based on prepared statements.

In the vade-mecum prepared by the European Commission and issued on 18 July 2001 after the third ASEM Foreign Ministers’ Meeting (FMM), it was noted that there was a high level of consensus among ASEM members to reform the process. The central idea was to retrieve the special feature of ASEM as an informal dialogue process which aims to be a catalyst for negotiated solutions in the context of relevant international or regional organisations, or for finding bilateral solutions.³³ Some of the key recommendations contained in the vade-mecum were for the coordinators and senior officials to play a pivotal role in managing the process, to consider a virtual ASEM secretariat, to cluster initiatives and link the initiatives back to the three pillars of the dialogue process, and that the summit should be interactive and informal with informal retreat sessions. The ASEM members also recognised the necessity of reaching out to the public and creating awareness of the process. Hence there was a call to

further broaden the process to include businesses, parliamentarians, think-tanks and other sectors of society. To establish a clear identity and image, there was also a suggestion to create a common logo for all official ASEM activities rather than continue with the existing procedure whereby each summit host created its own summit logo.

The coordinators and senior officials, as recommended in the vademecum, played a very important role in managing the preparations for ASEM 4. ASEM 4 was therefore a product of bureaucratic efficiency and drive but, at the same time, with effective political clout, as twenty-two out of the twenty-six leaders made a point of attending the summit to send the message of the importance of dialogue and consultation.

The ASEM 4 summit in Copenhagen began with an informal dinner at Kronborg Castle. During the informal dinner, subjects ranging from the euro and EU enlargement to developments in the Korean Peninsula were discussed. From talking to various officials after the meeting, it appeared that the discussions had indeed been more lively and interactive. The leaders had not read from prepared statements but instead had engaged in a genuine dialogue to probe each other's minds and understand each other's positions.

The proposed US action against Iraq dominated the discussions under the political pillar. There were different nuances to the discussions and hence no common position was adopted on the Iraqi situation. The events of 11 September 2001 and the fight against terrorism were also major topics of discussion. Several initiatives to counter terrorism were proposed. However, at the same time, there was a realisation that getting to the roots of terrorism was just as important. There was therefore an urgent need to engage in a dialogue so that cultures and civilisations might understand each other better and not allow any fight against terrorism to be cast as an inter-civilisational clash.

During the two-day meeting, the leaders managed the tightrope between reinforcing the importance of dialogue and consultation among political leaders, and producing concrete deliverables that would benefit the overall long-term relationship between Asia and Europe.

Another important political message the summit pushed consistently was the need for cooperation within a multilateral framework. Whether it was on fighting international terrorism, economic cooperation or dialogue on environmental matters, the need to fulfil commitments made under the UN or WTO was emphasised.

The outcome of ASEM 4 showed a certain level of maturity in Asia-Europe relations. There were no false illusions about what could be achieved. At the same time, there was no undue scepticism. One could say that the ASEM process has reached a cruising speed and is now on auto-pilot. The political impetus and tremendous energy that was seen in 1995–96 and required by ASEM for its launch in Bangkok in March 1996 had more or less dissipated. It has become a process ably managed

by the bureaucrats. There was a very conscious decision in the preparations for ASEM 4 to avoid being too ambitious and to reinforce the importance of dialogue and consultation before moving on to the next stage of policy coordination. ASEM 4 therefore provided the right foundation for progress. This down-to-earth approach was better than an artificially hyped illusion of what ASEM might achieve, or an overly pessimistic and derisive attitude of belittling the modest steps taken so far in the ASEM process.

ASEM senior officials' and coordinators' meetings

One should not forget that a summit's success depends very much on the degree of preparation involved. In the case of the ASEM summits, senior officials from the foreign ministries with the aid of their colleagues from the trade and finance ministries did most of the preparation and detailed consultation.

In the European Commission Working Document SEC (97) 1239, the management of the ASEM process is defined and generally accepted. In this scheme of things, the foreign ministers assume a general coordinating role for the whole ASEM process. Assisting the foreign ministers in evaluating new initiatives and reviewing the progress of existing projects and plans are the senior officials in the foreign ministries, and the ASEM coordinators. ASEM coordinators' meetings – comprising two members from the European side represented by the EU presidency and the Commission, and two from the Asian side (one from Northeast Asia, rotated on a two-year term, and one from Southeast Asia, rotated on a three-year term) – are usually held in between the SOMs. These meetings are usually held to prepare the logistics and agenda of specific meetings. Thus, the hosts of these specific meetings will also take part in coordinators' meetings. Provisions are also made for new initiatives to be first raised at coordinators' meetings, and then next at the senior officials level. Most new initiatives are, however, first deliberated at the senior officials level, and the coordinators are only responsible for circulating the information on new programmes or initiatives to all ASEM members at least six weeks before a SOM.

Similar arrangements exist for the coordination of the Economic Ministers' Meeting (EMM). Prior to the EMM, senior officials from the trade and investment sectors will hold a Senior Officials' Meeting (Trade and Investment) (SOMTI) to evaluate the progress made on various economic initiatives, discuss general economic developments and their implications for Asia and Europe, and at the same time prepare the agenda for the EMM. The SOMTI's work is also aided by four economic coordinators – two from the European side represented by the Commission and the presidency, and two from Asia on a rotational basis.

Prior to the Finance Ministers' Meeting (FinMM), the financial deputies or senior officials will similarly meet to prepare the agenda and finalise

arrangements. In addition, finance officials from the ten Asian ASEM partners and the EU troika and the European Commission generally meet at the margins of regular International Monetary Fund (IMF) and International Bank for Reconstruction and Development (IBRD) meetings held in Washington twice a year. The objective is to try to coordinate positions on international monetary and financial matters as far as possible. These meetings, referred to as the Financial Core Group meetings, are usually held in April and September/October of each year.

As mentioned earlier, while each ministry conducts its own schedule of meetings, the senior officials from the foreign ministries act as overall coordinators and collect the items discussed at all the various ministerial meetings. These are then considered for introduction into the summit's main agenda.

The value and problems of summitry

ASEM began with a summit, and since then the summit has remained the focus of the ASEM process. One could argue that the summit sets the pace and direction of the ASEM process, since it is usually during the summit that the various initiatives are endorsed. Moreover, the flurry of activities that follow leads the process into another summit. This has led some people to question if this is the best way of building up real rapprochement between Asia and Europe. Critics have suggested that ASEM is just another exercise in 'vacuous' or 'meaningless' summitry. The use of such derogatory terms in reference to the summit meetings reflects a certain ambivalence that several scholars hold towards the value of summitry. This in part arises from the fact that the last two decades have witnessed a proliferation of summit meetings as a consequence of globalisation. Not only is their innovativeness and novelty wearing off, but the outcome and impact of such summits has failed to match up to the expectations and importance that the media still associate with heads of government/state meetings. The banality of some of the summits has given rise to claims that they represent little more than talking shops and photo-ops for the leaders.

Indeed, in a summit-crowded world, it is only natural that questions on the necessity of creating another multilateral summit such as ASEM will be raised. Its agenda, ambition and achievements will be scrutinised. The value of summits and how ASEM summits measure up to the expectations must therefore be taken into account. What have the various ASEM summits achieved? What purposes do they serve? Are the criticisms levelled against them justified?

To answer these questions, we must first go back to the original conception of ASEM as providing the missing link between East Asia and Europe in an increasingly tripolar world made up of three dominant economic regions: North America, Western Europe and East Asia. ASEM has provided that linkage, but it remains the weaker partner in this triangular

relationship. The idea that there was this missing or weak link naturally implied that ASEM was starting afresh from a very low level of engagement. To kick-start the process, and send a clear message on the seriousness of this new found engagement, a summit meeting with all its symbolism was a good choice. The political symbolism of the inaugural ASEM summit in Bangkok should not be ignored. Having sixteen European leaders journey all the way to Bangkok for this very first meeting was in and of itself significant. It was a symbol of Asia's new economic status in the world, and a demonstration of Europe's recognition of that status. It was a statement of faith in the two regions' capacity to find new ways of working together as equal partners to set the stage for a new framework for the post-Cold War world order. The image of twenty-six ASEM leaders cascading down the streets of Bangkok in their Mercedes Benz's sent the world another important message on Asia-Europe cooperation.

The diplomatic value of the ASEM summits cannot be denied. One must remember that the nature of diplomatic relationships is such that principles like sovereignty, and mundane considerations such as time and resources, can act as constraints on diplomatic activity. The biennial ASEM summits offer nation-states, and in particular the smaller nation-states that are constrained by resources, a platform on which to engage in active diplomacy, while increasing their scope for partaking in various initiatives. Without the ASEM summits, one could not possibly imagine the leader of a small nation-state such as Singapore or Denmark meeting twenty-five other leaders within a span of two years. While forums such as ASEAN + 3, ARF and APEC allow Singapore to meet its Asian counterparts quite frequently, there is as yet no other forum that allows Singapore the opportunity to meet up with leaders of the EU member states and the European Commission. ASEM provides this platform. Similarly, a small European nation-state like Denmark might meet its EU counterparts fairly often, but it is questionable whether it would have the clout and influence to register on the radar screen of China or Japan on a regular basis.

Another useful spin-off from the ASEM summits has been the bilateral meetings that have usually taken place on the fringes of the summit itself. Indeed, the flurry of such bilateral meetings has become a prominent feature of ASEM summits. A record of fifty-five bilateral meetings between leaders and thirty-five bilateral meetings at the ministerial level was reported in Seoul. The summit has become an important opportunity and avenue for countries to engage in bilateral meetings to cut deals or discuss issues affecting bilateral relationships.

Such bilateral meetings are sometimes seen as being as important as the summit itself. The bilateral meetings contribute to the overall process of rapprochement between Asia and Europe. Together with the summit, they are avenues for leaders to build up personal relationships that could help future decision-making. Such high-level meetings of leaders, whether in

bilateral or multilateral settings, not only provide an opportunity for leaders to exchange views and ideas, but can sometimes act as the impetus for breaking any bureaucratic impasse or resolving difficult issues. For instance, one significant bilateral meeting that attracted a lot of media attention during the Bangkok summit was the first meeting ever held between President Suharto of Indonesia and the Portuguese prime minister, Antonio Guterres, on the East Timor issue. A Chinese official also noted that one achievement of the Bangkok summit had been 'a series of sincere bilateral talks between the Chinese leader and a number of heads of state which played a role in promoting communications, something China really needed'.³⁴

The educational value of the ASEM summits must also be acknowledged. On the one hand, the Europeans in general have been rather caught up with their own domestic issues and the challenge of deepening and widening the EU. And, on the other, the Asian nations have been deeply engrossed in reviving their economies and coping with the fallout in the aftermath of the economic crisis. The summit meetings have forced the heads of government to focus on other international issues, which might otherwise have never made themselves felt in their daily routine. The summits have allowed leaders to discuss issues and to be briefed on subjects to which they would otherwise have devoted little time. During the summits, face-to-face meetings have provided leaders with that little extra piece of information that might help them gain some insight into certain issues, as well as a better appreciation of the intricacy of relationships.³⁵

The original idea behind ASEM was thus very modest. However, by starting with a summit, the attendant problems of summitry cannot be avoided. Undue expectation has always been an associated disadvantage of summitry. The media attention that the first ASEM summit drew, and the flurry of activities that was generated, led to heightened expectations. Compounding the problem was the relative success of the inaugural summit in getting a few concrete projects off the ground – such as the establishment of ASEF and the launch of the Asia-Europe Business Forum (AEBF), to name but two. This created an image of ASEM larger than its size. Suddenly, ASEM summits were expected by media and political commentators alike to produce ambitious outcomes. From the modest idea of ASEM as a forum for Asian and European leaders to become better acquainted and to talk and exchange views, ASEM is now expected to be a forum for forging consensus on various international issues – to be a forum not only for policy deliberation and policy coordination but also, as some now expect ASEM to be, a forum for problem-solving and policy regulation.

When leaders get together, it is difficult for people to accept that it is just talk, especially in an era of increasing democratisation when calls for accountability and transparency are getting louder and louder each day. At

the same time, as more and more problems appear on the horizon, there are also more and more demands for effectiveness and efficiency in policy-making. Under these pressures, the idea that leaders get together simply to bond with each other and 'talk shop' is increasingly being questioned. ASEM is likely to face the same criticisms. Hence, for ASEM summits to be seen as useful, not only must they reinforce the importance of dialogue in itself, but they must also produce enough concrete initiatives that lead towards addressing some of the key concerns and challenges facing Asia and Europe.

Another problem with summitry is the pressure on the summit host to build up an impression of originality and innovation at each individual summit. With reference to a point made by Nicholas Bayne in his study of the G7 summits, in order to attract the necessary attention and interest, each summit is presented as a new event, confronting fresh challenges and marking fresh achievements.³⁶ ASEM has also suffered from this problem to some extent. As noted by Percy Westerlund, former director-general of the European Commission's External Relations Directorate, the Bangkok summit triggered 'a sense of euphoria and led to frantic activities'. There was pressure to come up with new initiatives at each summit. He therefore cautioned against a proliferation of follow-up activities that would result in a loss of focus, leading to wasteful duplication.³⁷

Indeed, looking at the outcome of the first three ASEM summits, one cannot help but feel that the fact of the summit itself has generated the pressure on countries to come up with new initiatives. Unfortunately, some of these initiatives have duplicated one another. Instead of building on what has already been achieved, sometimes a penchant for competition has resulted in jealous 'ownership' of an initiative. So, instead of building on a similar initiative that may have surfaced earlier, a whole new process has been launched to present an initiative as an original idea. One example of this was the insistence by Indonesia to hold an Asia-Europe Business Conference in Jakarta in July 1997 despite the fact that a regular AEBF had been launched in 1996 and the second AEBF was to be held in Bangkok in November 1997. Another was the ASEM Education Hub project and the Education and Research Network proposal.

The issue of agendas and agenda-setting is a perennial problem. Should an agenda be ambitious and wide-ranging, or should it be focused? An overloaded agenda poses the risk of producing diluted or unpredictable outcomes. The ASEM summits have been criticised for adopting a 'laundry-list' approach, whereby a wide range of issues is only dealt with at the most shallow level. At the same time, the loose format of the summit has allowed for any critical international or regional issues to appear on the agenda. Hence, for instance, the Asian financial crisis overshadowed the second summit; the Korean Peninsula peace project hijacked the Seoul summit; and the looming war on Iraq was one of the main topics of ASEM 4. Is this an ideal situation? While it is important

for leaders to be seen as addressing the issues of the day, the counter-argument is that a shallow response on these key issues would only expose the summit to criticisms of being no more than a talking shop. This criticism can of course be countered by the argument that it is important for leaders to just understand each other's positions on the matters. Again, it goes back to the central argument that ASEM is not intended to be a negotiating or problem-solving forum. Rather, it is a forum for leaders to prod each other's minds and understand each other's positions or perspectives on the issues. Only when a comfortable level of understanding is established can one expect ASEM to proceed to the next stage of coordinating members' positions or policies.

Arguments have been made for summit agendas to be more focused on issues where ASEM leaders can make a difference. The situation is still far from ideal. Some would also argue that some difficult issues should be on the agenda permanently; only the continued and iterative treatment of the issues, they argue, can lead to positive outcomes. Also, jumping from one issue area to another may not be the best approach. In this respect, ASEM has not done too badly. Some issues such as trade facilitation, investment promotion and human resources development are constant themes. Thus the success of these initiatives should not be judged on individual outcomes but by the perseverance and persistence with which the leaders try to reach some solutions or conclusions.

Drawing again on Bayne's argument with regard to G7 summits, issues need years of summit treatment before any change is visible:

Summits do not achieve results by flashes of prescient, inspirational decision-making, sparked by the personal chemistry between the leaders ... Nor do they often achieve, at first attempt, a definitive settlement of issues which can then be handed on to other institutions. Nearly always their achievement comes from dogged persistence.³⁸

The outcome of a summit usually depends on many factors. As discussed earlier, a summit's success normally depends on the amount of preparation carried out, as well as on avoiding the arousal of unrealistic expectations. The Bangkok summit was hailed as a success because of the extensive preparatory negotiations undertaken and the modest goals or objectives that were attached to it. As was noted earlier, when ASEM was initially conceived, there were only two very basic and modest objectives: to develop direct and personal contacts between Asian and European leaders; and to promote economic relations between Asia and Europe. The meeting was intended to be exploratory without any fixed agenda. Hence, pre-summit expectations at the official level with regard to the outcome of the Bangkok summit were also very modest.

However, as was noted by Berridge, extensive preparations and modest expectations are necessary conditions of success, but not sufficient ones.

Sometimes, unforeseen external events can affect the outcome of a summit.³⁹ The financial crisis that befell the Asian region in 1997, and then into 1998 developed into a full-blown economic crisis, threatened to derail the second summit scheduled to be held in London in April 1998. Fortunately, the skilful and energetic leadership of the British under Tony Blair ensured a modicum of respectability for the summit. Whether the outcome could be considered a success or not depended on one's expectations. Those expecting the Europeans to come out in full force, pledging not only moral but substantial monetary support to rehabilitate the affected Southeast Asian economies, were naturally disappointed. However, the issuing of the Financial Statement and the launch of the ASEM Trust Fund (to help with the restructuring of the financial and banking sectors of the affected economies and to help those countries cope with the social fallout of the crisis), while not entirely satisfactory, saved the day. For those with lower expectations, the ASEM Trust Fund was considered a significant gesture.

While extensive preparations may be an important ingredient for success, the conduct of the Seoul summit has led to questions concerning the desirability of 'over-preparation'. Bureaucratic spread can therefore also be a problem for summitry. Indeed, this has already become a problem for ASEM. An expanding apparatus of coordinators' meetings, SOMs and ministerial meetings has been involved in the run-up to the summits. The preparations for each summit have generated lots of papers and reports by experts and bureaucrats. This has led to what is regarded as over-bureaucratisation – a charge that was levied at the third ASEM summit. Leaders were seen to be reading from prepared statements and not making an effort to have spontaneous and real exchanges on issues that required their attention. This led to suggestions by Singapore and some other countries that discussions among leaders should be less formal and more interactive.

Again, this is a delicate situation. On the one hand, it is good to have a retreat-style summit where leaders-only dialogue can take place in an informal setting, and where a genuine exchange of ideas may be the result. On the other, leaders sometimes have to handle difficult subjects that may require substantial preparations and briefs by the senior officials. Gathering among themselves to talk about any issue under the sun carries the danger of the discussions becoming dispersed and shallow. For this to work, a pre-selection of themes for the leaders to focus on may be necessary. This was the case at ASEM 4, where the leaders' retreat was focused on dialogue on cultures and civilisations. The informal dinner (for leaders only) before the official summit also allowed for a more spontaneous exchange of views.

How has ASEM fared in summitry terms, especially when compared to other existing summits of the same nature such as the CHOGMs, APEC and, to a certain extent, the G7/8 summits? The answer to this

question depends of course very much on one's conception of the proper role of ASEM.

Since the image of ASEM as an inter-governmental forum in the framework of summit diplomacy is mainly subscribed to by the realists, we will start with an assessment from this standpoint. We also have to go back to the original motivations behind ASEM. The Asian nations wanted to engage the Europeans so that the latter would become first and foremost a key economic player in their region. They wanted European presence in the form of long-term investments. They also wanted to make sure that the European market would remain open and, if possible, open wider to Asian exports. (The geopolitical vision of the EU as a strategic player in the region acting as a counterweight to the US or China was secondary. It was in the back of everyone's mind, but until and unless the EU becomes a real strategic player, it remains only a potential yet to be realised.) When ASEM was being touted, Asia was booming. The Europeans' calculations were made amid these rosy conditions.

The original idea was simple: to hold a meeting among the leaders that would send a message of the importance of being engaged in each other's regions. The role of the ASEM summits has been to raise the two regions' levels of awareness of each other, spin off initiatives, prod the business sector to look into increasing trade and investment, and act as a stimulus for other networks and linkages to emerge. ASEM was never intended to be a forum for solving problems and setting regulations. It was conceived as an instrument to plug the deficit in information about the two regions and, if possible, also enhance the level of coordination among Asian and European players in the international arena with regard to, for instance, WTO issues.

The ASEM summits have so far been very successful in generating a lot of initiatives that have led to further meetings among officials, experts, intellectuals and researchers. Cumulatively, one could ask whether all this has in fact succeeded in heightening the level of awareness between Asia and Europe.

The AEBF, which was launched as one of the key initiatives of the inaugural ASEM summit and has been kept in place with constant political pressure, has yet to yield any substantial gains in trade and investment. One could of course say that this far from satisfactory result is not for lack of trying but more because of other external factors such as the Asian financial crisis and the global economic slowdown. However, this then brings us to the issue of possible policy coordination. Attempts have been made to find common positions on reform of the UN, reform of the international financial architecture and various WTO issues. But none of them have yet to be deemed a real success. The differences in interest are still too wide to be bridged.

In their study of G8 summits and compliance, Ella Kokotsis and Joseph P. Daniels noted that for summits to be considered productive and

meaningful, and the process viewed as credible, the policy commitments endorsed by the leaders and made public through the summit declaration should meet three criteria: first, they should be ambitious; second, they should be complied with; and third, the links between means and ends should be based on sound reasoning.⁴⁰ By these criteria, ASEM summits have not come close to being 'productive and meaningful'. In noting the different circumstances that led to the rise of G7 summits, and the different players involved, what criteria then should we use to judge the outcomes of each ASEM summit for them to be viewed as productive and credible?

If they are to retain their usefulness, the challenge for the ASEM summits is actually to prevent over-bureaucratisation and to foster the informality required to allow for more open discussions. The value of summitry lies in that extra insight or personal understanding that leaders may feel that they gain from face-to-face meetings compared to the umpteen briefs prepared by bureaucrats and officers alike. Beyond the value of personal relationships that may develop, there must be a general sense that the ASEM dialogue during the summit has moved on. The ability therefore to raise and discuss sensitive issues where leaders may hold very different views would be a mark of how far the summit had progressed. If, after future summits, the leaders are still unable to engage in a frank discussion of sensitive issues then one would have to conclude that the returns from the meetings are diminishing and that the overall process has not made any progress. If the summit meetings only continue to reiterate diplomatic niceties time and again, and cannot provide the right atmosphere and generate enough goodwill to allow for more open exchange, then one could conclude that the summits rightfully deserve to be labelled as 'vacuous, meaningless summits'.

The summits must also manage the tightrope of showing the leaders on the one hand engaging in genuine dialogue to understand and probe each other's minds, and on the other producing enough concrete initiatives to consolidate the overall relationship leading towards more trade and investment, more cultural exchanges and better policy coordination on various issues handled at other international forums or by other international organisations. It is unrealistic to expect ASEM to be a summit for problem-solving now. One must bear in the mind that ASEM was not designed to be a decisional body. Rather, it is a forum tailored to encourage an exchange of information between two regions and to raise each region's awareness of the other. It is not intended to supplant any other multilateral forum or international institution, but instead is a supplement to the multilateral approach in international politics. Hence the pledge to work within a multilateral framework, and to pursue policy coordination within such frameworks governed by the UN in political and security issues and the WTO on economic matters. Over-zealousness in pushing ASEM towards a role it is not cut out for would only overwhelm

it and lead to a premature death. It is necessary, therefore, to have realistic expectations, but at the same time to continue to monitor the progress of the ASEM dialogue and process to see if the summits are leading us towards the very modest goals that have been set by the leaders.

That said, it does not preclude the possibility that ASEM (under the right conditions and circumstances) might not one day transform into a more ambitious project. Negative forces such as dire economic consequences, sheer necessity and the extreme actions of the US may force Asia and Europe to come closer and be bolder in their approach towards each other. At the same time, positive factors such as the equalising of capabilities between the EU and an integrated East Asian community, the development of a coherent core to the ASEM process, and the convergence of values and principles may also lead to a more ambitious ASEM in the future.

Conclusion

In assessing the value of the ASEM summits, one should bear in mind the following point made by a European Commission official. He noted that the ASEM process is a cheap undertaking in terms of the actual resources put in by the ASEM partners, and the outputs generated (that is, it is a cheap undertaking when one considers the meagre size of the actual resources put in by the ASEM partners, and the not insignificant outputs generated). There are at the moment only two full-time staff in the Commission taking care of the ASEM process. While most Asian ASEM partners have one or two dedicated ASEM staff in their foreign ministries, this is not the case for all the European states. With such meagre resources, one should not expect the outcome of any ASEM summit to be as dramatic as, for example, the outcome of the Yalta summit.⁴¹ A more useful exercise for ASEM would be to compare its results with the outcomes of another set of serial multilateral summits, such as the CHOGMs.

Because the inaugural ASEM summit was sold simply as a forum for leaders to gather and become better acquainted with one another, it was seen as a politically low-risk venture. According to the concept paper on the Asia-Europe Meeting prepared by the Foreign Ministry of Singapore, the meeting was to be 'an informal gathering of leaders from Asia and Europe' with 'no formal or structured agenda for the proposed meeting'.⁴² In short, the meeting was to provide a multilateral forum for leaders to interact and socialise with little political risk. The European Commission's Communication of January 1996 confirmed such an approach. It noted that ASEM should primarily function as a political catalyst for achieving mutual understanding and enhanced awareness through dialogue, and reiterated that the ASEM process should not be seen as a substitute for other bilateral or multilateral forums linking Asia and Europe.⁴³ In short, ASEM

is just one of many channels of communication. However, its added value lies in its high-level participation, its informality and its multidimensionality. For the smaller states especially, it has an added advantage of being a cost-effective way of conducting diplomacy.

The summit, or leaders' meeting – a regularised means of consultation at the highest level – has remained the most prominent aspect of ASEM since its launch in March 1996. Other than the summits, the various ministerial meetings and other political meetings have sometimes also made it to the headlines in the media. At this juncture, such meetings are therefore the most obvious manifestation of ASEM to the outside world.

As long as small steps are taken and there is a general sense that the relationship is moving along, and that the process as a whole is also moving forward with the implementation of the various initiatives that have surfaced during the summit meetings, the contribution of the ASEM summits to the whole process of developing the Asia-Europe relationship has to be acknowledged. The challenge is of course for ASEM to move beyond the political and official towards a wider participation of the people's sector. To develop beyond its current role as a purely inter-governmental diplomatic forum, ASEM must continue to evolve in a way that also makes it relevant to its people.

However, there are also other aspects of ASEM that have to be analysed before its usefulness and achievements, or non-achievements, can be fully appreciated. The next chapter will look at ASEM's possible role as a regional integrator.

4 ASEM as an instrument for regional integration

Introduction

The preceding chapter focused on the ASEM leaders' meetings, discussing them in the context of summit diplomacy. However, it is also recognised that ASEM is more than the summits. There is another important aspect of ASEM, and that is the wide variety of concrete programmes, action plans, and meetings and exchanges that take place in between the summits. These activities and meetings have been collectively categorised as part of the inter-regional dialogue between Asia and Europe, aimed at promoting better ties and generating mutual benefits. Some scholars believe that one of the important benefits of such inter-regional dialogue is the fact that both regions – East Asia and the European Union (EU) – become more defined in their regional identity. This is particularly so for the East Asian partners, whose integration process has only just begun.

The active participation of the European Commission in the ASEM process is an interesting aspect that has been noted. As the European Community (EC) becomes more integrated, conducting external relations through inter-regional forums has become an emerging paradigm. Hence, we saw in 1980 the signing of the Association of Southeast Asian Nations (ASEAN)-EU Cooperation Agreement, and cooperation with the Andean Pact in 1987, with the Gulf Cooperation Council in 1990, with the Mercosur in 1992 and the South African Development Community in 1994. ASEM could be seen as the latest addition to this emerging trend of inter-regional dialogues used particularly by the EU to further consolidate its external relations. It is one way that the EU strives to forge a distinct foreign policy and defence identity in recognition of a need for a common foreign and security policy (CFSP).

As for the East Asians, while it is true that the Asian side of the ASEM equation does not constitute a formalised region, what is important is that it is recognised or perceived as a region by its European partners. Mahathir made no secret of his desire to unite the Asians in ASEM. The ten Asian members are said to be showing signs of increased consultation and coordination, and have been adopting common positions with regard to their

relations with the European partners in the ASEM process. Asian preparatory meetings prior to ASEM summits and ministerial meetings 'looked like Mahathir's EAEC [East Asia Economic Caucus] in all but name'.¹

These signs of increased intra-regional cooperation have led some scholars to argue that ASEM should therefore be seen as an inter-regional dialogue rather than a multilateral forum of twenty-six individual actors. Related to this is the widespread view that ASEM could serve as a kind of regional integrator. ASEM is seen as a bilateral process between the two regions 'which requires a modicum of coordination on both sides'.² The Asian members of ASEM have been driven by the process to start a mechanism of regional coordination. In so doing, intra-regional cooperation among the Asian members has also strengthened. Swiss scholar Heiner Haenggi (1998) went further to suggest that some Asian ASEM members have deliberately used ASEM as an instrument of regional integration.³ How does this theory of ASEM as an instrument of regionalism measure up to reality? Has East Asian regionalism taken a leap forward since the launch of ASEM in 1996? How much of the development of East Asian regionalism (if any) can be attributed to ASEM?

Before attempting to answer the above questions, this chapter first offers a brief discussion on the concept of region and regionalism. This is followed by a discussion on the development of regionalism in East Asia in particular and the factors that have contributed to this development. The final analysis of this chapter looks at how ASEM sits in the framework of inter-regional dialogue.

Defining region

What constitutes a region? Is region simply a geographical concept or is it a social and political construct? Many theorists agree with Joseph Nye's basic definition of region as a 'limited number of states linked together by a geographical relationship and by a degree of mutual interdependence'.⁴ Another widely accepted definition is that given by Cantori and Spiegel who define regions as 'areas of the world which contain geographically proximate states forming, in foreign affairs, mutually inter-related units'.⁵

However, as the study of regionalism enjoyed a sort of revival in the 1980s after a relative period of neglect, new definitions of regions are emerging taking into consideration developments in global social theory such as social constructivism and comparative studies. For instance, Andrew Hurrell sees regions as 'imagined communities' (to borrow Benedict Anderson's felicitous phrase describing nations as imagined communities) which rest on 'mental maps whose lines highlight some features while ignoring others'.⁶ It has been pointed out that the boundaries of a 'region' vary according to specific issues or problems. Regions differ not on any fixed criteria but according to the purpose of the researcher. There are no 'natural' regions. Regions are 'created and re-created in the

process of global transformation'.⁷ Or, as Hurrell points out, 'it is how political actors perceive and interpret the idea of a region and notions of regionness that is critical'.⁸ This implies the fluidity of the concept because of a subjective element that goes beyond geography. Constructivists further emphasise the subjectivity of the concept by defining regions 'as socially constructed entities that take on meaning and importance because states perceive themselves as occupying a common area, facing similar problems and facing a common future'.⁹

Old and new regionalism

If defining 'region' is difficult, the term 'regionalism' is just as, if not more, ambiguous and problematic. However, in line with the discussion of 'region' above, regionalism as discussed here is not only a geographical concept but encompasses a concentration of economic, political and socio-cultural linkages. For the study here, it is useful to look at regionalism as having three dimensions, as underlined by Richard Stubbs and Geoffrey Underhill. The first dimension concerns the extent to which countries in a definable geographic area have significant historical experiences in common and find themselves facing the same general problems. The second dimension emphasises the extent to which countries in definable geographic areas have developed socio-cultural, political and/or economic linkages that distinguish them from the rest of the global community. The third dimension focuses on the extent to which particular groupings of geographically proximate countries have developed organisations to manage crucial aspects of their collective affairs. These three dimensions are closely interrelated. Common historical experiences and increased socio-cultural, political and/or economic links can lead to the development of organisations to manage the region's collective affairs. In turn, of course, the creation of regional organisations can further increase the linkages that bind the region together.¹⁰

Another approach taken by Hurrell is to define regionalism as a process-oriented concept that encompasses different phenomena happening at the various stages of its formation. In this, regionalism is seen as a movement towards the creation of a regional, cohesive entity. It therefore entails regionalisation, which refers to the growth of societal integration within a region that is often 'undirected', usually 'driven by complex, market-based imperatives' and not by the conscious policy of states. However, complementing the regionalisation process, the state can also be involved in the negotiation and construction of inter-state or inter-governmental agreements. Here, the role of the state is central, and involves a reassertion and extension of state authority as part of a process by which states are increasingly willing to trade a degree of legal freedom of action for a greater degree of practical influence over the policies of other states and over the management of common problems.

A further extension of inter-state cooperation could be moves towards regional integration. All these processes could be helped further if regional awareness, that is the shared perception of belonging to a particular community resting on internal factors such as common history or culture and external factors such as common threat perceptions, is widespread. At some point a combination of these four factors – regionalisation, the emergence of regional consciousness, regional inter-state cooperation leading to regional integration – might lead to the formation of a cohesive and consolidated regional unit.¹¹

Theories on regionalism received a lot of attention in the 1950s and 1960s, prompted by the emergence of European regional organisations. Leading the way were such scholars as Karl Deutsch and Ernst Haas.¹² The analysis conventionally began with those theories that were developed to explain the creation and early evolution of the EC. The focus then was on the internal functioning of the region and the changing character of intra-regional relations. Intellectual energy was expended on the conditions that were likely to promote or to hinder the movement towards regional economic integration, and on the relationship between deepening economic integration on the one hand and the prospects for peace on the other. It was primarily an inward-looking process and reflected the expectation of a progressive development which would move from consultation and coordination to integration. The buzzword of such regionalism was integration, and a regional organisation is judged by what it has achieved along this path towards integration.

However, as early as 1973, theorists such as Cantori and Spiegel were criticising such a narrow approach, calling attention to the study of ‘international relations of regions’.¹³ Following the revival of interest in regionalism in the 1980s, several theorists also began to explore how regions are structured by the way they relate to other regions instead of simply seeing inter-regional ties as possible negative forces pulling apart regionally organised structures. The regionalism of the 1980s was termed ‘new regionalism’ as compared to the old regionalism of the earlier decades. What is ‘new’ about the regionalism that surfaced in the 1980s and became prominent in the 1990s is its outward-looking focus on external links with other regions. Hence, in recent years, several scholars have started to examine how such external linkages and inter-regional interactions affect the regions themselves. Indeed, responding to the institutions, dynamics and other regional actors of the global order is an important process of regional identity formation.

Another central feature of new regionalism, according to Palmer, is its new and enhanced role as a catalytic agent, a kind of middleman between resurgent nationalism and growing internationalism and interdependence. The nature of the modern world is such that ‘nationalism can no longer meet basic human political needs since so many problems now facing humankind are truly global, they cannot be dealt with adequately on a

national level'. The problems require an unprecedented degree of international cooperation. But since, in many instances, international cooperation on a 'macro' level is difficult, some intervening level of cooperation, probably of a regional nature, may be essential to serve in 'a role intermediary between a nationalism that is too narrow for problems that cross national boundaries, and an internationalism that is too broad, vague and undeveloped to provide more than a supplement to efforts on national and regional levels'. In short, the argument is that regionalism represents the most viable level at which to reconcile rising nationalism on the one hand, and the trends towards internationalisation on the other.¹⁴ As Mittelman put it, regionalism today is emerging as a potent force in the globalisation process – as one important component of globalisation: 'It is not only a chapter of globalisation, but can also be seen as a response or challenge to globalisation.'¹⁵

How exactly does globalisation act as a stimulus to regionalism? Hurrell explains that globalisation creates problems that demand collective management. Globalisation weakens the efficacy of national policy instruments. Approaches to problem-solving with regard to issues demanding transnational collective management that might impinge on the domestic affairs and sovereign prerogatives of the state are probably easier at the regional level, especially if commonality of history, culture and values exists, and political, security and economic interests converge. Problem-solving at the region level seems more politically manageable than it does at the global level.¹⁶

Global integration may also act as a powerful stimulus to economic regionalism by altering and intensifying patterns of mercantilist economic competition. On the one hand, globalisation means that states are under enormous pressure to achieve the homogenisation of their economic policies in order to attract foreign investment and technology and compete in an ever more closely linked market place. On the other, the nature of competition presses towards the formation of larger units, both for economic efficiency and to ensure the political power necessary to bargain effectively over the rules and institutions that govern the world economy. Within this picture, states cease to be the only important actors. Transnational companies lead the way towards economic regionalisation in response to changes in the international economic structure, and the states' elite will also be forced by such circumstances to promote closer regional cooperation. In short, regional cooperation is needed as a buffer to cushion the harsher effects of globalisation and turn them to one's advantage.

The very wide variation in the level of institutionalisation is another feature of the new regionalism, according to Fawcett and Hurrell. Looking at the emergence of regionalism in Pacific Asia and other areas, they note that many regional groupings are consciously avoiding the institutional and bureaucratic structures of traditional regional organisations as represented

by the EU. Indeed, some scholars argue that the lack of a formalised, institutionalised mechanism is advantageous to regional arrangements such as the Asia-Pacific Economic Cooperation (APEC).¹⁷

The regionalism that became popular in the 1990s is thus not to be considered as a movement towards territorially based autarkies, as it was during the 1930s, nor is it one that necessarily sees integration as the end goal. Rather, it represents concentrations of political and economic power competing in the global economy, with multiple inter-regional and intra-regional flows. The most important characteristic of the new regionalism is its truly worldwide reach, extending to more regions and with greater external linkages in contrast to classical regionalism, which has been most advanced in the European world. In comparison to the specific objectives of classical regionalism, the new regionalism is more multifaceted and more comprehensive than the older paradigm.¹⁸

This new wave of regionalism first surfaced before the end of the Cold War. The end of the Cold War brought about certain shifts and trends in the international system that provided further impetus to the development of this new regionalism. With the breakdown of the overarching Cold War structure that underpinned and ordered international relations around the world, each state was forced to re-evaluate its place in the international system. Stripped of the predictability that the Cold War era brought to the conduct of international relations, individual states began to seek new relationships, both with the emerging constellation of major powers and with their immediate neighbours. Many states have begun to appreciate anew how much their own welfare has been affected by the stability and economic well-being of the region in which they are located. Developments in the international political economy have underscored this perception.¹⁹

More specifically, according to Andrew Wyatt-Walter, the end of the Cold War had the following consequences important to the development of the new regionalism. First, it eroded the common security linkages that helped to underpin post-Second World War economic cooperation between Western Europe, the US and Japan. Second, the end of the Cold War increased the salience and the visibility of conflict between different forms of capitalism in Europe, East Asia and America. Third, the collapse of the Soviet threat pushed traditional and non-traditional security threats arising from political and economic instability within regions up the global agenda. These included issues such as fair trade, weapons proliferation, mass migration and environmental degradation.²⁰

Louise Fawcett has also detected changes in attitudes towards international cooperation in the post-Cold War era. She believes that the collapse of the old bipolar system and easing of antagonism provided one of the reasons for the new interest in regional and indeed all forms of international cooperation. In a wave of euphoria that swept the world in the early post-Cold War years, optimism abounded on the possibilities of international cooperation.²¹ The decentralisation of the international system had

strengthened the case for regionalism. Barry Buzan has noted that the removal of the old overlay patterns of great power influence encouraged multipolarity and contributed to an international system in which regional agreements could be expected to assume greater importance. The newly felt independence in the aftermath of the Cold War, particularly among developing countries, brought about bolder initiatives and experimentation in regional cooperation. At the same time, the newly found independence also generated a sense of vulnerability as a power vacuum appeared and uncertainties about the new emerging order set in. Regionalism was one way to cope with this.²²

Another important overarching factor behind the new wave of regionalism has been the shifting balance of world economic power. According to Wyatt-Walter, the balance of the world economy has shifted away from a US-European axis to a US-Asian axis. In response to its declining economic competitiveness, the EC in the mid-1980s embarked upon a new and vigorous phase of integration which did much to raise both hopes and fears of a trend towards renewed regionalism. At the same time, economic power in America was seen to be in decline. The other side of the coin of American decline was the rise of Japan and East Asia. The large bilateral trade surpluses that Japan and East Asia enjoyed with America and the EC, and the competitive threat that this posed, increased the need for protectionist measures. It was because of such competitive pressures that America retreated from its support of multilateralism to favour unilateralism and bilateralism. The US, no longer concerned with geographical alignment, was prepared to insist on more favourable trading and investment relations, creating special post-Cold War tensions that invited a turn towards regional and bloc approaches. This long-heralded retreat from globalism on the part of a declining America might be seen as another fundamental cause of the new regionalism. For many export-oriented countries, under the threat of a breakdown of multilateralism, regionalism constituted a form of minimal insurance policy.²³

The experience of regionalism in Europe after the Second World War, according to Rostow, showed that the forces making for regional groupings were at their strongest when three impulses converged. The first was to generate increased strength through greater unity in the face of a heightened security threat (from the Soviet Union). The second was to create, through cohesion, a position of greater bargaining strength and dignity vis-à-vis a large supportive ally (for example, the US) or a disproportionately larger and strong member of the regional grouping itself (for example, Germany). The third was to exploit the narrow economic advantages of regional cooperation when these were perceived to be real and substantial. According to Rostow, it was possible to trace the role of these three impulses in the waxing and waning of regionalism in Europe over a considerable period of time; and he believed that similar forces would play a similar role in regionalism in Asia.²⁴

Regionalism in East Asia

Asia is a continent housing more than 60 per cent of the world's population. To define regionalism and integration in Asia is difficult because of its vast diversities. Physically, it stretches from Afghanistan to Japan. The scale, cultural diversity, economic disparities (from Japan, the second largest economy in the world, to Bhutan, the poorest nation) and political divisions (from democracies such as India to monarchies such as Brunei to different shades of authoritarianism) of Asia are clearly formidable. Asia is so vast and its nations so variegated that it seems absurd to talk of Asian regionalism. Even with increasing economic interaction, regionalism has not been a feature of Asian economic relations. There is no record of a pan-Asian regional consciousness or cohesiveness thus far.

As Rostow has pointed out, since there is no consensus as to what constitutes the Asian region, to talk of Asian regionalism or organising Asia on a regional basis would be rather meaningless and elusive. It is therefore more fruitful to subdivide Asia into smaller subregions such as South Asia, Southeast Asia and Northeast Asia.²⁵ In the study here, we are interested in regionalism in the subregion of East Asia. East Asia defined territorially and logically would include all the countries at the north-eastern and south-eastern edge of the Asian land mass fronting the Pacific Ocean (the ten Southeast Asian countries – Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam – plus China, Taiwan, Hong Kong, Japan, and North and South Korea). The current ten Asian members of ASEM do not yet include all East Asian countries.

Defining region and cooperation even in the narrower context of East Asia is not easy. By many of the yardsticks of understanding, based on one or more of the criteria of ethnicity, language, religion, history and/or economic or political cohesiveness, the states of East Asia lack a record of regional consciousness. According to various scholars including Palmer, Rostow, and Bollard and Mayes,²⁶ this relative lack of regionalism in East Asia in the past can be explained by the following interlocking factors:

- the diversity of the region;
- the different historical backgrounds;
- the existence of strong extra-regional ties;
- the different threat perceptions; and
- political fragility and transition.

The diverse nature and interests of the countries of East Asia impede the development of regional consciousness. They differ in the types of political system, the openness of their economies, and other physical attributes such as size and demography. Within these East Asian countries, Islam, Christianity, Buddhism and Hinduism co-exist, and different languages are spoken. All this complicates the search for a common agenda and

constrains moves towards regionalism. The diverging historical motivations and lingering animosities further complicate the matter.

The development of an East Asian regional identity has to accommodate a history of antagonisms and ethnic and border conflicts that have helped to sustain mistrust and misperceptions. The linguistic, ethnic and historical differences within the region make it important to see cooperative development in its historical context and within the existing social and cultural frameworks. Not only do these shape the nature of economic cooperation, but mechanisms for such cooperation have to respond to the emergence of these countries from their colonial legacies into an economic framework that reflects their specific needs and capabilities and the gradual emergence of indigenous preferences.²⁷

Historical and structural impediments to East Asian regionalism

The development of East Asian regionalism would always be constrained by several historical and structural factors. It would take a long time for structural changes, under the effects of some external shock or crisis for example, to alter the outlook in East Asia. The deep historical memories would also require a lengthy period in which to become less of an impediment.

Below are some of the features within the East Asian regional system that have slowed the process of regionalisation and regional integration.

Strong statist approach towards nation-building and region-building

States remain the essential building blocks with which regionalist arrangements are constructed. Therefore, as both Hurrell and Fawcett have argued, the possibilities of regional integration are likely to depend heavily on the coherence and viability of the states and state structures within a given region. In East Asia, a number of political systems have been or still are politically fragile. Especially in the years following national independence from colonial powers, many of the new states were plagued by domestic insurgencies and the internal threat to stability was not to be ignored. Countries were then more preoccupied with efforts to consolidate national power and bring the internal insurgencies under control. Nation-building, not region-building, was the buzzword.

The crisis in Indonesia demonstrated how a weak state could have a negative impact on even a fairly established regional grouping like ASEAN. Indonesia's subtle leadership of ASEAN has been one of the many reasons often cited for the relative success of ASEAN in the decades before 1997. In most of the East Asian countries, the tasks of nation-building and of promoting political stability or economic development have been of more immediate importance, and indeed are prerequisites to greater integration. Moreover, the widely held view that a key aim of regional cooperation

should be the strengthening and not the weakening of national autonomy has been an additional obstacle to further integration. National sovereignty has remained a concept deeply cherished by all the East Asian states, and the unwillingness to entertain any possible loss of or restraint on national sovereignty has posed a problem for the formation of a highly integrated and cohesive region similar in nature to that of the EU.²⁸

Historical animosities and rivalries among key players in the region

Historical animosities and political rivalries among the key players – China versus Japan; China versus Vietnam; Japan versus Korea – remain alive. Though time, trade and intra-regional investment have gone a long way towards bringing these countries closer together, the heavy historical baggage and the lack of reconciliation remain as obstacles to greater integration.

Of the above bilateral relationships, the one between Japan and China is the most crucial. It is difficult to conceive of a strong regional community in East Asia without the positive participation of both Japan and China. Being the two most important players in the region, the lack of historical reconciliation between China and Japan similar to that which once held between France and Germany in Europe is a major obstacle to better regional cooperation. Japan's unwillingness to apologise fully for its wartime behaviour has meant that despite increasing economic interdependence, the Sino-Japanese relationship remains tenuous. Japan has to come to terms with its history before it can play an effective part in shaping the future of the East Asian region. This is also true in the case of its relations with Korea and some of the ASEAN members.

As commentators such as Robert Manning and Paula Stern have pointed out, before the process of transforming East Asia from a mere geographical region into a regional community can begin, Japan and China will have to work out their relationship just as France and Germany did fifty years ago in Europe. Regional peace and cooperation would be jeopardised if these two states allowed their rivalry for political, economic, and military power and influence in the region to dominate their relationship. There continue to be serious doubts about the capacity or willingness of either power to assume roles of constructive leadership and cooperation in East Asia.²⁹

Deep structural inequalities in power

Closely related to the previous issue are the deep structural inequalities that exist among the countries in the region, which result in patterns of potential domination and hegemony. The linkages in Japan-ASEAN relations aptly illustrate these patterns of inequality and asymmetry. The

marginalisation of the ASEAN economies from decision-making, whereby they are becoming more vulnerable to political and economic manipulation from Tokyo, is very real.³⁰ While Japanese aid and investment is welcomed, Japan is also feared and envied in Southeast Asia. Similarly, the sheer size and population of China and its historical legacies (in particular China's historical role as regional hegemon, and its more recent role as supporter of communist insurgencies in many of the ASEAN countries) cannot help but make the ASEAN states nervous. An ethnic dimension further complicates her relations with countries like Indonesia and Malaysia.

Thus, for both historical reasons and inherent structural disparities, the ASEAN countries in the region would be uncomfortable with any regional arrangement dominated by either Japan or China. Indeed, this fear of domination by either country has resulted in open calls for continued US engagement in the region. As it stands, the continued engagement by the US, to help manage the security situation and provide the stability necessary for economic development in the region, is favoured not only by the ASEAN countries but probably also by China and Japan. In addition, ASEAN has also tried at times to play Japan against China in the balancing game.

External players, particularly the role of the US in the region

For reasons of history and other strategic considerations, the strong, extra-regional bilateral ties of the 1980s between Japan and the US, the Philippines and the US, and Vietnam and the Soviet Union have served to discourage efforts towards building strong multilateral ties which in turn might have acted as the basis for the development of regionalism. Such close bilateral, extra-regional ties also reflected the different interests and threat perceptions that existed then. A slightly different picture emerges, however, in the subregions of Northeast Asia and Southeast Asia. In divided Northeast Asia, where powerful states with legacies of conflict are in close proximity, bilateralism was and still is the rule. A slightly different situation has developed in Southeast Asia. ASEAN has offered a multilateral prototype for the economic and political organisation of the larger region. Most of these Southeast Asian states are weaker than their Northeast Asian counterparts, but, by acting as a group, they have come to exercise far more influence over the shaping of the Pacific Rim than they could have done by acting separately.³¹

In relation to the above and the general weakness of regionalism in East Asia as a whole, US policy is both part of the solution and part of the problem. While generally supporting ASEAN-based multilateralism, the US has approached Northeast Asia bilaterally. Bilateral deals are pursued with Japan on security and economic access, with North Korea on nuclear fuel, with China on human rights, and so on. However effective the results

of these negotiations may (or may not) be, they impede the growth of a regional capacity to solve local problems.³²

This brings us to the next important factor that will determine the future of regionalism in East Asia – US reactions to the formation of an East Asian community. How would the emergence of a highly integrated and cohesive East Asian region be viewed by the US? The observations have been negative thus far. For example, US objection to the formation of an East Asian Economic Grouping (EAEG) was evidence then of US apprehension. Many scholars³³ have noted that when the prime minister of Malaysia, Mahathir, called for the creation of an ‘economic bloc’ that would include ASEAN, Hong Kong, Taiwan, China, South Korea and Japan, but explicitly excluded Australia, New Zealand, the US and Canada, the US acted quickly and strongly to deter the idea of such a grouping. The then American ambassador to Japan, Thomas Foley, signalled that the grouping would encourage economic rivalry between Japan and the US. Pressure was therefore put on both Japan and South Korea not to participate. Less than a year later, Mahathir’s idea of an EAEG was dropped in favour of a looser consultative body, the EAEC.³⁴ Another more recent example is the US’ apprehensive reaction to the idea of an Asian Monetary Fund suggested at the height of the Asian financial crisis.

With the demise of the Soviet Union, many political leaders in the US now see China as the greatest challenge to US world power and even a potential threat to US security. This perception, coupled with other prickly problems with Japan concerning trade and liberalisation, is a fundamental reason for US apprehension about the potential of an East Asian community. If one was to look back into history, one could possibly attribute the success of European regionalism partly to US encouragement. However, in US relations with the Northeast Asian countries, bilateralism is still the norm even after the end of the Cold War. The involvement of a major external power like the US will definitely complicate the process of region formation in East Asia.

Lack of leadership

Even if there are no serious objections from the US to the formation of an East Asian region, the two biggest players in East Asia – China and Japan – seem to lack either the resources or the political will to lead.

Regional leadership is difficult to provide, however, because the primary elite tend to be deeply socialised by their own political interests. As most East Asian states tend towards authoritarianism, the various forms of foreign policy behaviour in East Asia are mostly expressions of leadership beliefs, values, motivations and perceptions. In most of these states, elite political psychology is authoritarian, idiosyncratic and relatively pragmatic, but influenced by primordial attachments and antipathies.³⁵ Moreover, the greater the diversity of cultures, and the higher the levels of

antipathies and distrust, the more difficult it is for leadership to function transnationally. Also, the pragmatic attitudes that they adopt towards regional cooperation, accepting cooperation only when it is seen as 'useful' with reference to their immediate domestic political interests, may make the sustained cooperation necessary for substantial long-term results difficult to achieve.

There is clearly an image abroad of Japan as a non-leader and a perception that Japan is not willing or not able to offer leadership. Many reasons have been given to explain such reluctance or inability to lead. On its reluctance, it was noted that despite the fact that economic links between Japan and the rest of the East Asian states have strengthened, Japanese economic ties with states outside the region, particularly the US and the EU, are also expanding. This therefore puts a limit on the degree of emphasis on East Asia in Japan's economic policies.³⁶ For instance, two-thirds of Japan's overseas foreign direct investment is in North America. So Japanese leaders would be against any action that could disrupt relations between Japan and North America or between Japan and Europe.

Alongside the heightening of Japanese economic strength and the creation of a regional Japanese economic presence has been the appearance of other strong and rapidly growing economies in Asia, and the rise of new players in the regional political economy (China and Korea, for instance). Altered power relationships within the region are now a major challenge to Japan's capacity to demonstrate leadership. Unfortunately, Japan's political leaders have always been too absorbed with internal power struggles to give much attention to foreign policy issues. Bureaucratic gridlock within the Japanese administration is an added impediment. Some scholars have even argued that Japan is unlikely to emerge as a dominant power because it has no appetite for world responsibility. Japan's capacity to lead is restricted by its incomplete acceptance of the responsibilities (especially in the area of trade and market opening) that leadership demands.³⁷ Gilpin took a similar stance, arguing that 'the nature of Japan's economy (mercantilist, export-driven economy) has made it difficult if not impossible for them to carry out hegemonic responsibilities'.³⁸

As for China, it is in the midst of rapid economic transformation. However, political developments have not been able to keep up with socio-economic developments. Thus, there is potential for trouble. The key strategy of China now is to focus on its internal developments. It may have the desire and intention to be the hegemonic power in the region, but its resources at this point are still limited. Of course, by virtue of its geographic size and population it is a potential hegemon, or is already perceived as one, but its ability to act is limited by a lack of resources and soft power.

Even if these two major powers could reach a consensus on joint initiatives and provide some sort of leadership, a comprehensive East Asian

regional organisation could not come into being or function effectively without the cooperation and support of the other political entities in the region. And whether the leaderships of these states are willing to look beyond their parochial interests is also debatable.

In summary, although pragmatic regional cooperation has increased significantly in recent years, regional cohesion is still a distant goal. Despite the rapid growth of intra-regional trade and investment, there has not been a strong movement towards institution-building to cement the ties. The sense of inevitability that a 'region' will come about some day in view of growing trade and investment links and greater economic cooperation is still to be seen. The political and economic heterogeneity of the region, and policy diversities, differences and rivalries among key players all constitute impediments to reaching a higher level of integration. As has been noted by various Asian observers,³⁹ political commitment to regionalism is still fragile. Feld and Boyd point out that innovative statecraft under vigorous leadership is necessary for the development of a regional system: for the promotion of various forms of integration; the spread of a sense of regional identity; the construction of regional institutions; and the growth of support of the elite and the masses for such regional institutions.⁴⁰

The emergent regionalism in East Asia

Despite the above impediments, regional cooperation among East Asian countries is slowly taking root. Whether it will ultimately flower and flourish is still being hotly debated. But some positive developments have been seen. By the late 1970s and 1980s, the stage seemed set for greater contact and cooperation among the states of East Asia and between these states and those of other subregions of Asia and the Pacific, as well as with the international community. Palmer notes that in an improved strategic, economic and political environment the countries of East Asia began to develop a web of cooperative realities. More specifically, he attributes this trend to the following factors:

The first – the decline in traditional colonial relationships – broke the primary link with Europe. Because of their colonial inheritance and the relative under-development of the region in the early years of nationhood, the commercial and trading links of many of the East Asian states were with the metropolitan capitals rather than with the region. However, the rise of Japan – first as a trader and then as an investor – altered this picture. The interplay of American and Japanese geopolitical and geo-economic interests contributed to the growth of first the NIEs and then of the ASEAN countries. The spectacular surge in Japanese direct investments in the other East Asian countries, particularly after the 1985 Plaza Accord, contributed significantly to

the dynamism of the region as a whole. For a decade since 1985, the exponential advance of horizontal integration created a substantive intra-Asian trade and investment network.⁴¹

Structural change and unilateral liberalisation of several of the Southeast Asian countries and the opening up of the Chinese economy further fed the economic dynamism. However, even with increasing intra-regional trade and investments in East Asia, the US remained as an engine of growth. The US had been a common element in many of the countries' market growth, and it continues to be important given the protectionist forces alive in the US and the failure of a stronger Japan to absorb exports from other East Asian countries.

Scholars like Cantori and Spiegel argue that a region's sense of identity is sometimes increased by the actions and attitudes of states external to the system.⁴² Similarly, we see that closer regional cooperation between the states in East Asia (which may or may not lead to a sense of identity) is in many ways also a response to what is happening elsewhere. The formation of the North America Free Trade Area (NAFTA), and the further development of the EC into a single European market in 1992, were two very important events that helped push the East Asian states towards greater cooperation.

Falk has argued that East Asian regionalism could also be seen as resistance in the face of a triumphant US at the end of the Cold War. Many of the East Asian states resent the doctrine of intervention in the area of human rights and the waves of democratisation strongly supported by the West. These, together with the new cultural assertiveness, move the states towards reaffirming an East Asian identity defined by the repudiation of Western ideological hegemony.⁴³

An increase in intra-regional trade and investment links, as highlighted above, means that regional states feel highly sensitive and vulnerable towards the policies of other regional states. Therefore, more and more coordination and cooperation in the policy environment becomes necessary. The wide differences in political and economic systems and institutions pose a challenge. There remains a limited region-wide congruence of economic objectives and understanding. Over time, however, some convergence and understanding has to be achieved to facilitate better cooperation.

Indeed, while the stage is set for greater regional economic cooperation in East Asia, the question of how much of an East Asian region, and regionalism, is in fact in the making is debatable. Although the experience has varied from country to country, and over time, East Asian regionalism has been seen almost exclusively as a means to accelerate the growth of trade and investment, avoid marginalisation, and combine capital, resources, labour and markets without regard to statist boundaries. It is as Zaki Ladi put it: 'East Asia is above all a meaning of prosperity, a prosperity which is increasingly shared. To be part of East Asia means primarily to participate in an active and pragmatic way, in its vigorous strategy of

economic growth and development.’⁴⁴ What is even more worrying, however, is that this ‘regionalism’ of East Asia has not been based on whole countries, but on privileging high-growth segments of society, leading to a growing gap between the ‘outward-oriented’ and the parochial.

What, then, is the current state of play in East Asian regionalism?

The current state of play

Despite the dim prognosis given above, some positive trends can be detected. First, while it is true that East Asia will not become a fully organised region until the penchant for multilateralism can take hold in both Southeast Asia and Northeast Asia, there are signs that this is taking place. In Northeast Asia, where the historical suspicions are strongest, bilateral contacts have been stepped up, leading to some sort of rapprochement. As noted by Palmer, although these contacts are mainly bilateral, they do provide the basis for a series of multilateral relationships as well. Indeed, such bilateral contacts help to break down many deep-rooted divisions and attitudes and are essential building blocks in the construction of a form of East Asian regionalism. Palmer claimed that the growing web of cooperative networks would give a new underpinning to regional cooperation in East Asia.⁴⁵ The most recent call by China’s Zhu Rongji during his meeting with his Japanese and Korean counterparts at the fringe ASEAN + 3 (the ASEAN countries plus China, Japan and South Korea) summit in Cambodia in November 2002 to form a trilateral free trade area is a significant gesture.

Second, the smaller ASEAN states have come to recognise the potential of using regionalism as a means to constrain the potentially disruptive effects of unequal power. As Hurrell has pointed out, while the existence of a powerful hegemon within a region may undermine efforts to construct inclusive regional arrangements, experience also shows that the existence of a powerful hegemon in the region may act as a powerful stimulus to regionalism, for example the creation of the EC in the effort to restrict Germany.⁴⁶ Hence, in the early and mid-1990s, before the Asian crisis, we saw an increasingly confident ASEAN taking on new initiatives such as the formation of the ASEAN Regional Forum (ARF) and the launch of ASEM to engage China in multilateral frameworks. Unfortunately, the economic crisis and the rise of radical political Islam has impacted negatively on ASEAN’s confidence and unity and its capacity to act.

Also just before the Asian crisis, East Asian regionalism for sometime seemed to be served by a new Asian cultural assertiveness, in reaction to the triumphalism of the West. The common ground of opposing Western arrogance and hegemony, and limiting the role of the West, was encouraging a sort of defensive regionalism. The moves towards affirming a regional identity with talk of Asian values can be seen in this light of repudiating Westernisation.⁴⁷

While the US remains hostile towards the formation of an exclusive East Asian region, there are signs that its view on a more open regionalism in East Asia is softening. This in part has to do with its general acceptance of regionalism as a new trend in international politics and economics. Several Asian-Pacific scholars, such as Drysdale, Elek and Soesastro, have argued that regionalism in East Asia and the Pacific would be guided by three important principles: openness, equality and evolution. Openness requires non-discrimination and transparency in trade and economic policy, as well as in one's diplomatic stance. Equality implies that activities need to be of mutual benefit to all participants, and recognises the rapid transformation in the structure of economic and political power taking place in the region. And the evolution of the process of regional cooperation recognises the importance to success of a gradual, step-by-step, pragmatic and sustained approach to economic cooperation based on consensus-building and voluntary participation.⁴⁸

Finally, in a strange and paradoxical way, the monetary and economic crisis of 1997–98 had the salutary effect of stimulating new thinking on the part of East Asians with regard to regionalism. The crisis demonstrated clearly the interdependencies in the region. Stuart Harris has also noted that the crisis led to an enhanced understanding of the region's vulnerability to external forces, and the realisation that existing regional cooperation arrangements had been unable to make an effective contribution to solving the problem.⁴⁹ The prognosis differs among scholars as to whether the crisis has made a permanent dent on regional cooperation, stalling the process of regionalisation, or whether it has indeed been a blessing in disguise, acting as a catalyst towards bringing the region closer together.

Higgott, for instance, has argued that as a result of initiatives such as the Manila Framework, which called for the mutual surveillance of economies, the crisis appears to have brought about an increased sense of 'regionness' among the East Asian nations. Noting that such an agreement as the Manila Framework would have been unthinkable prior to the crisis, he further argued that it demonstrated a desire by the East Asians to enhance regional policy-making capabilities and process, and was an 'exercise in the recognition of the East Asianness of the region'.⁵⁰ Several other initiatives that surfaced during the crisis, such as the idea of launching an Asian Monetary Fund, creating a common Asian currency, introducing currency-swap agreements, and so on, provide evidence that points towards what Higgott has called a 'regionalisation of thinking'. Other scholars such as Stuart Harris and Amitav Acharya⁵¹ also tend towards the optimistic view, believing that the push for greater regional cooperation has intensified as a result of the crisis.

From the various developments that took place after the crisis, such as the institutionalisation of the ASEAN + 3 meetings, the launch of an East Asian Vision Group, the Chiang Mai initiative (which witnessed the institutionalisation of bilateral currency-swap agreements between the ten

ASEAN countries and the three Northeast Asian countries), and the talk of setting up an East Asian (or ASEAN + 3) secretariat, one is inclined to believe that the crisis might have in one way or another contributed to the further development of an East Asian regional community.

Another event that has had significant influence on the current state of play in East Asia is China's entry into the World Trade Organisation (WTO). The countries of Southeast Asia, while fearful and apprehensive about the potential loss of their economic competitiveness against that of the booming Chinese economy, also realised that they had no choice but to engage China more deeply and look for ways to work with China. China at the same time has acted positively within the Southeast Asian region to allay the fears of its rising economic prowess.

Last but not least, the global strategic picture and regional dynamics have changed significantly since 11 September 2001. The global economic slowdown is also taking its toll on the growth and stability of the region. The ongoing war on terrorism and the uncertainties with regard to the policies pursued by a unilaterally driven US may drive the East Asian countries to work even closer together. But whether these negative forces are enough of an impetus for East Asian countries to overcome all the inherent impediments and work towards stronger regional integration is not clear.

The current state of play in East Asian regionalism is a mixed picture. Many forces are at play. In the next section the focus is on the extent to which the current developments in East Asian regionalism may be further enhanced through such inter-regional dialogue as offered by APEC and ASEM. Has the launch of ASEM and the variety of activities associated with it in any way contributed to greater cooperation and a greater sense of togetherness among the ten Asian ASEM members? Different views have surfaced. However, there is a group of scholars who believe that a further intensification of the concept of an East Asian region has emerged from the ASEM process.

ASEM as a 'regional integrator'

The idea of ASEM as a regional integrator was first put forward by scholars such as Richard Higgott, Hanns Maull, Akihito Tanaka, David Camroux and Christian Lechervy. Maull and Tanaka suggested that ASEM could serve as a kind of regional integrator because 'it is a bilateral process between two regions which requires a modicum of coordination on both sides'.⁵² Bilson Kurus, in his article in *Trends*, stated that the EAEC is already a de facto entity through its participation in the ASEM process. The Asian composition of ASEM happened to coincide with the intended membership of EAEC (minus Taiwan and Hong Kong). ASEM is achieving what the EAEC would have offered – a meeting among East Asian leaders to discuss common issues with an external partner. In this regard, 'ASEM

might yet turn out to be the avenue for East Asia to create the greater sense of togetherness and cohesion that is still lacking in the region'.⁵³

In a speech to the Council for Asia-Europe Cooperation (CAEC) Tokyo Conference in November 1997, Han Sung-Joo, a former South Korean foreign minister, expressed his view that 'a close relationship with Europe, which has developed a strong regional identity, will help define and encourage an "Asian" identity. The ASEM process is already helping Asia to define itself.'⁵⁴

Higgott shared the same assessment when he noted that, at the most basic level,

ASEM for its East Asian members is one more pillar in an emerging regional architecture that helps consolidate other useful emerging tendencies toward dialogue and cooperation between them. In this regard, even the symbolic and practical utility of coordinating positions prior to an ASEM meeting is not unimportant for East Asian states beginning to secure an understanding of their collective regional importance in world affairs.⁵⁵

The argument that the growth of the importance of East Asian states in the global economy requires that they play a greater role than they have previously, both individually and collectively, in the management of the global order – at both the regional and global level – continues. In order to do this, a range of mechanisms of dialogue and policy coordination is required. Thus ASEM, along with ASEAN, the ASEAN Free Trade Area (AFTA) and APEC, constitute a growing basket of forums for enhanced regional policy intercourse and coordination. A process of enmeshment is taking place, altering the dynamics of inter-state relations in the region. There is a growing desire on the part of a wide range of policy actors in East Asia to establish a greater sense of regional cohesion in order that the given region (APEC, the EAEC or ASEAN, depending on the level) might play a more significant role in the conduct of inter-state relations within the region, and between the region and other international actors, in a range of different issue areas. Questions of regional identity are therefore becoming important in East Asian regionalism.

This 'regional integrator thesis' has been taken a step further by Swiss scholar Heiner Haenggi (1998) and British scholar Julie Gilson (1999). Both have put forward the argument that some Asian members have deliberately used ASEM as an instrument for intra-regional cooperation.⁵⁶ Unlike the other scholars above who see 'regional integration' as simply one of the by-products of inter-regional dialogues such as APEC and ASEM, Haenggi argues that ASEM is a deliberate strategy adopted by the Asian members 'to promote regionalism through inter-regionalism'.⁵⁷

Haenggi's argument centres on the fact that the preparations for ASEM 'set off a hitherto unknown process of regional coordination in East

Asia'.⁵⁸ While most observers would stress that the East Asian members were simply driven to organise themselves on a regional basis by the fact that their counterpart was the most advanced regional grouping in terms of economic and political integration, Haenggi believes that the Asian countries in ASEM 'instrumentalised the inter-regional dialogue with Europe to enhance regional cooperation among themselves'. While acknowledging this was not the major objective of ASEM, he claims it was 'certainly one of the objectives of most East Asian countries, particularly Singapore, the initiator of the whole process'. He goes on to elaborate on what he believes were the several motivations that nurtured such an objective:

- The first was to use the widespread perception of an East Asian region coming to power as an instrument to develop regional cohesiveness. As the reality of the region is determined by independent-minded and often nationalist states, smaller countries such as Singapore had a strong interest in stabilising their neighbourhood by promoting regional cohesion in East Asia.
- If East Asia was to be regarded as a major region in a triadic context then it needed to reflect a minimum of 'regionness'. By participating in a region-to-region endeavour such as ASEM, the Asian countries were able to portray themselves as representing the third pole in the North America-Europe-East Asia triangle.
- For ASEAN countries, ASEM offered an opportunity to increase their collective bargaining power by including the three Northeast Asian powers in their camp. An East Asian group was thought to be a much more powerful voice and potential deterrent in international affairs than ASEAN alone. Another major motivation for the ASEAN countries was to use ASEM as a channel through which to engage China, an emerging power, in another multilateral framework of cooperation. The inclusion of China in mega-regional (such as APEC and ARF) or inter-regional endeavours (such as ASEM) would have the advantage of diluting somewhat China's overwhelming position in a purely regional context.
- For the Northeast Asian countries, ASEM offered an opportunity to test cooperation among themselves, something that they were not used to. The advantage of such a subregional endeavour for the Northeast Asian nations appeared to be that it was taking place in a wider ASEAN-driven, seven-plus-three framework. Thus, ASEM involved Northeast Asian powers in a process of regional as well as subregional coordination.⁵⁹

Based on these possible motivations that he gathered from his interviews with foreign affairs officials from Jakarta, Singapore, Bangkok, Tokyo and Seoul, Haenggi arrives at the conclusion that although the East

Asian countries have been driven into regional inter-state cooperation by participating in inter-regional dialogue with Europe, they have also deliberately used ASEM as a kind of regional integrator in their own region.

Julie Gilson, in her article entitled 'Japan's role in the Asia-Europe Meeting: establishing an inter-regional or intra-regional agenda', asserts that 'the real value of Japan's participation in ASEM in the future may be in its ability to bring Tokyo into closer contact with its neighbours'.⁶⁰ From its earliest preparations for the ASEM, the Japanese government regarded its participation largely in Asian terms. She further asserts that during her interview with a Japanese Foreign Ministry official, the latter noted that 'ASEM afforded Japan a good chance to get to know its neighbours better'. In examining Japan's role in ASEM, she concludes that

the embryonic ASEM forum provides Japan with an opportunity to intensify relations with the other nine Asian members and develop greater intra-regional dialogue. The ASEM mechanism facilitates this dialogue by situating Asian-only channels of communication within a loosely bound structure that is acknowledged by the US and mediated through cooperation with the European Union. It remains to be seen whether a more coherent 'Asian' identity will result from greater intra-regional socialisation. Nevertheless, faced with an increasingly complex international agenda and with the need to address regional concerns within localised forums, ASEM may prove to be more useful to Japan in enhancing Asian dialogue than in promoting inter-regional relations.⁶¹

To answer the question of whether the East Asians have indeed deliberately used ASEM as an instrument for regional integration, one has to look at the actual development of ASEM and the process of consultation and coordination that has taken place among the Asian ASEM members.

The ASEM process was conceptualised by its initiators in the context of a triangular relationship between the three engines of economic growth – North America, Western Europe and East Asia. Relations between East Asia and Western Europe were depicted as the missing link in this global triangle. ASEM has been justified in terms of the need to close this missing link in the triangular relationship.

As discussed earlier, institutionalisation of regional inter-state cooperation has been a slow and hesitant process in East Asia because of several constraints. The only attempt at institutionalising East Asian regionalism has been Mahathir's proposal of an EAEG put forward in 1990. However, because of strong objections from the US and the reluctance of Japan to support this initiative, it was downplayed and revised to the more modest EAEC. The EAEC was to function primarily as a sort of informal caucus within APEC, but it has remained a concept far from implementation. The preparations for ASEM, however, set off a process of consultation and

coordination among the Asian ASEM members who, 'coincidentally', also constituted the EAEC (minus Hong Kong and Taiwan – which have to be left out because ASEM is not a forum for economies to discuss primarily economic matters, but a forum for states with a comprehensive agenda that encompasses security and political issues).

In the run-up to the inaugural ASEM leaders' summit, held in Bangkok in March 1996, at least three Asian Senior Officials' Meetings (SOMs) were held to decide on the format and the agenda for the first ASEM leaders' summit. Prior to that, it was ASEAN who had led the process and conducted bilateral meetings separately with China, Japan and South Korea. By July 1995, ASEAN had persuaded all three to join them in representing 'Asia' at the proposed Asia-Europe Meeting; the series of Asian SOMs followed thereafter.

After these three meetings, held in September, October and November 1995, the Asian countries were able to come up with an Asian position paper, which was tabled at the December 1995 ASEM preparatory meeting involving senior officials from all twenty-five participating countries plus the European Commission. Within a couple of months, the Asian members had met repeatedly at both the ministerial and the senior officials level in order to coordinate their positions and present the best front for the inaugural meeting.

All these meetings and consultations that took place prior to the inaugural summit were consolidated and institutionalised after the Bangkok summit. Facing an advanced regional grouping like the EU, who would generally come up with a coordinated position in the formal meetings, the Asian members felt the need for continued coordination to prepare for the formal meetings. Hence, mechanisms for coordination among the Asian members were formalised. Preparatory meetings among the Asian ASEM members are now held before any key ASEM ministerial meetings.

Also, to ensure the smooth coordination of the ASEM process between the key ministerial and senior officials' meetings, two coordinators each are selected on both sides to keep track of the progress, signal new initiatives, table new proposals and in general help to prepare for the various key meetings. What is significant about all this is that the ten East Asian countries are now meeting not only on a very regular basis, but they are also coordinating their positions. During the coordinators' meetings, the two appointed coordinators (one from the Southeast Asian countries and the other from the Northeast Asian countries) speak on behalf of all the Asian members. As Haenggi has argued, while the results of the Asian coordination process may more often than not 'reflect no more than the lowest common denominator of the 10 participating countries', the fact that such extensive regional coordination takes place 'is an achievement in itself taken the legacy of history and the prevailing cleavages in the region'.⁶²

The ASEAN + 3 process

Scholars who have bought into this 'regional integrator thesis' have also attributed the beginning of the annual ASEAN + 3 summits to the coordinating meetings of the Asian ASEM members. The ASEAN + 3 summits are meetings of the heads of state/government of all ASEAN countries plus China, Japan and South Korea. The very first such meeting was held in December 1997 and ran concurrently with the second ASEAN informal summit.

The ASEAN + 3 summit is now the only forum that unites Northeast Asia and Southeast Asia. It offers an opportunity for leaders of these countries to meet and exchange ideas on East Asian cooperation. During the second meeting in December 1998 in Hanoi, the leaders agreed on the importance of holding meetings among them and, in principle, agreed on making the initially informal summit an annual affair. Korea also announced during this meeting that an East Asian Vision Group would be commissioned by President Kim Dae Jung to look into ways of enhancing the dialogue process and strengthening collaboration in areas of common interest.

A key area of cooperation that has already been agreed upon is that in finance. A dialogue on East Asian financial cooperation was held in March 1998 among the finance and central bank deputies, and again in 1999. The senior officials had discussions on the reform of the international financial system, and also on monitoring and regulating short-term capital flow. The meeting was deemed useful, and Chinese Premier Zhu Rongji even suggested at the 1999 ASEAN + 3 summit that the meeting of the finance and central bank deputies should be institutionalised, not only to allow the sharing of information and experience on financial reforms and regulatory mechanisms, but also, and more importantly, to provide a means of coordinating the positions of the East Asian countries on major international financial and economics issues. (Under the Manila Framework proposed in 1997, the finance and central bank deputies have started to meet regularly to exchange views and promote better macroeconomic coordination.)

The most significant outcome of the third ASEAN + 3 informal summit was the commitment undertaken by the leaders to start a series of meetings, at both the ministerial and the senior officials level, 'to realise East Asian cooperation in the various areas' as spelt out in the Joint Statement issued at the end of the summit.⁶³ The ASEAN economic ministers met with their counterparts from China, Japan and Korea in Rangoon in May 2000. An ASEAN + 3 foreign ministers' meeting also took place in early 2000. In short, since the first ASEAN + 3 summit took place in 1997, the process has gained momentum. What we are seeing now is a gradual 'institutionalisation' of the East Asian consultation process and a significant step towards the creation of an East Asian community.

The ASEAN + 3 process is a further symbol of increased East Asian regionalism. ASEM may or may not have been a catalyst for the first

ASEAN + 3 informal summit. However, what is certain is that the ASEAN + 3 framework has taken on a life of its own and become independent of ASEM. One could even argue that it was really the Asian financial crisis and the unfolding events that created the impetus for greater consultation among all the East Asian countries. The Asian financial crisis first broke in Thailand in July 1997, and by the end of that year had spread to engulf almost the whole region. Is it therefore purely coincidental that the first ASEAN + 3 informal summit was convened in December 1997?

As was pointed out by several scholars such as Stuart Harris, Peter Katzenstein, Richard Higgott and Paul Bowles during a conference entitled 'After the Global Crisis, What next for Regionalism?',⁶⁴ the economic crisis that hit East Asia in 1997 has had a variety of effects on Asian regionalist impulses. One of the lessons that the East Asian nations may have learned from the crisis was the extent of their vulnerability to forces outside the region. Some may even have concluded that it was the relative lack of regional cooperation within East Asia that rendered them more susceptible to such an external shock. The other lesson that may have been learned is that the existing 'loose' regional cooperation arrangements were unable to make an effective contribution to solving the problems.

Prior to the crisis, there was no dedicated forum, except in the coordination meetings within ASEM, in which East Asian nations could meet among themselves. There were the ASEAN, APEC, ARF and ASEAN + 1 dialogues during the post-ministerial conferences. Did the crisis help drive home the message that the East Asian nations must come together more often to sort out their differences and further strengthen cooperation among themselves in order to pull themselves out of the economic doldrums? Did the crisis generate a backlash against 'outside, Western powers' and outside influence, resulting in more soul-searching to carve out a regional response to the economic challenges? Professor Tommy Koh, Singapore's ambassador-at-large, was inclined to believe that it was the Asian monetary and economic crisis that played a significant role in bringing the East Asian region together.⁶⁵

Richard Higgott also argued that the net effect of the Asian financial crisis would be to increase interest in East Asian regionalism.⁶⁶ Certainly, Asian disillusionment with the results of the Vancouver APEC meeting, ambivalence towards the American role in the Asian financial crisis and preliminary intra-regional discussions about reducing dependency on the US dollar as the first step to an 'Asian currency' suggested that the Asians might be turning in on themselves. Although still in its infancy, on balance East Asian regional identity or consciousness may yet strengthen, but probably through an EAEC-type forum without Mahathir's strident anti-Westernism. ASEM, which posits, or at least up until now has posited, the EAEC membership as its Asian component, is well suited to accomplishing a region-to-region dialogue with Europe which is consistent with Asian aspirations.⁶⁷

It is therefore unfair to make a definitive statement to the effect that the ASEAN + 3 process, a further symbol of increased East Asian regionalism, came about as a direct result of ASEM. Many factors have converged during this period to spur efforts towards the building of an East Asian region and community. The Asian financial crisis that demonstrated the interdependencies between Southeast Asia and Northeast Asia; the failure of the WTO and APEC to make any significant headway on trade liberalisation; the risk of relapse into protectionism after the failure in Seattle in 1999; the sense that both Europe in its self-absorption and the US in its unipolar moment had largely ignored the region in crisis – these are just some of the reasons that pushed the East Asians to work more closely with one another.

More importantly, the Asian crisis has intensified the push towards more formal economic integration as opposed to the more loose and informal economic interdependence that has existed for years. There have been thoughts as to how AFTA might be expanded gradually into an East Asian free trade area. A series of bilateral trade agreements, such as those between Japan and Korea, between Japan and Singapore, and possibly between Singapore and South Korea, might be expanded gradually into such an arrangement. The most significant proposal has been for an ASEAN-China free trade area, first made by Chinese Premier Zhu Rongji in 2001, together with the commitment to bring about its realisation in ten years' time. Following on closely was the Japanese vision of a comprehensive partnership between ASEAN and Japan, China and South Korea, and possibly Australia and New Zealand.

While Asian diplomats such as Professor Tommy Koh believe that these bilateral agreements are stepping stones leading eventually to the goal of an East Asia free trade area, political commentators such as Anthony Rowley think otherwise. Rowley suggests that only a bold initiative by the major East Asian powers, in particular a rapprochement between China and Japan, could lead to a real breakthrough in regional cohesion. Asian nations now are still caught in a kind of catch-22 situation whereby regional solidarity cannot be firmly cemented without an institutional framework within which to shape it, and such a framework cannot easily be constructed in the absence of regional solidarity.⁶⁸ This dilemma is unlikely to be resolved by stitching together a patchwork of bilateral or sectoral agreements. Hence, the development of East Asian regionalism is still far from certain. Three possible scenarios which Rostow spelt out in 1986 still seem applicable, albeit with some modifications:

- 1 The first scenario is one where the process of regional cohesion would receive a boost because of a crisis thrust upon the area. Only a major crisis would force the East Asian governments to re-examine their relationships and consider necessary measures to ensure their continued survival and prosperity.

The recent economic crisis provided such an opportunity, and indeed there was a great deal of soul-searching. However, the final verdict on its actual impact on the process of regionalism in East Asia is still not out. Several responses have manifested themselves, such as the ASEAN + 3 informal summit, and many bold suggestions and proposals have surfaced. But beyond such bold pronouncements there have been few actual institutional alterations. Hence, the next two scenarios may be more realistic pictures of the process of East Asian regionalism.

- 2 The second scenario is one where continued economic regionalisation and sustained effort in economic cooperation would permeate to more and wider levels of society. As useful results are produced and anxieties allayed, and as more and more groups of people become entrenched in the process and begin to enjoy benefits in the process, a snowballing effect would naturally propel the process forward.
- 3 The third scenario is one where despite the linkages in trade and investment, the governments of the region are unable to overcome their historical animosities, differences and rivalries, and hence would remain unprepared for any long-term commitment. They would continue to cooperate as long as it was beneficial to do so and no major breakthrough would be attained.⁶⁹

A wild card on the horizon in East Asia, and particularly in the subregion of Southeast Asia, is the fight against terrorism. Due to the amorphous nature of the al-Qaeda network, the extent of its influence in Southeast Asia is as yet inconclusive. Is it the case, as pointed out by Rohan Gunaratna in his book *Inside the al-Qaeda Network*, that al-Qaeda has indeed shifted its centre of operations to Southeast Asia? Even if this is not clear, there is no doubt after the bombing in Bali in October 2002 that terrorism is right on the doorstep of Southeast Asia. How might Southeast Asia and its three East Asian neighbours, China, Japan and South Korea, cooperate in the fight against terrorism? Would working together on this front bring the countries closer together? Or would the crisis on this front lead to significant divisions between predominantly Muslim countries such as Indonesia and Malaysia and their non-Muslim neighbours?

The increasing security challenges, the global economic downturn and an aggressive US may in the end be the 'push' factors that force East Asia to confront the need for further institutionalisation. An increasingly confident China displaying a positive leadership role may prove to be an additional 'pull' factor in bringing East Asian countries together. However, the reality remains that for East Asia to move towards stronger regional integration, a much more cooperative relationship between Japan and China is essential.

In the absence of this strong Sino-Japanese cooperation and leadership, ASEAN and Korea together should take the leading role to facilitate the

further development of the ASEAN + 3 process. However, it remains unclear whether ASEAN is capable of getting its act together to serve as a critical and binding force for institution-building to serve the greater East Asian region. ASEAN, because of the crisis and because of the difficult transition in Indonesia, remains in disarray. Compounding the problem is that ASEAN, with its realist orientation, has a penchant for playing one major power off against another to maintain the balance of power in the region. A mindset change has to take place. ASEAN can play a critical role in bringing about greater regional integration, but only if it can transform its own ideas about self-interest in regional integration and work in tandem to bring China and Japan together, making them work for the region's common interest.

It is not yet certain if ASEM has indeed contributed in any significant way to the development of regionalism in East Asia. There are so many interlocking factors involved and they cannot be isolated. However, it is not far from the truth to say that ASEM has started a series of coordination meetings among the ten Asian ASEM members. But it is also clear that these coordination meetings do not necessarily lead to a common position. On several occasions they have agreed just to disagree, or to put the issues on hold. Hence, questions have been raised as to how far the ASEM process can go given the fact that the coordination process does not necessarily result in any common position.

What is more likely to give a definite boost to the ASEAN + 3 process, and the development of an East Asian regional community, is a scenario in which an extreme crisis leaves the East Asian countries with no choice but to work together for common survival. Such a scenario may have been foretold when both North America and Europe moved towards forming closed blocs in the name of safe trade and national security. However, even with such a dire spectre on the horizon, it is not yet clear whether all the East Asian countries would in fact come to the same conclusion/assessment that their common survival and prosperity requires them to give up their jealously guarded and narrow version of sovereignty and recognise that some pooling of sovereignty through institution-building is an integral part of the process of building a strong regional community. What form East Asian regionalism will ultimately take is unclear. But it is clear that further developments or non-developments in East Asian regionalism will have an impact on the ASEM process.

ASEM as impetus for the EU's political integration

In expounding the theory that ASEM could serve as a 'regional integrator', the emphasis so far has been on the impact this might have on the Asian ASEM members. However, interestingly, a senior European Commission official in charge of ASEM pointed out in an interview that the theory of ASEM as a regional integrator could equally apply to the

European context as well. His explanation was that while economic integration within the EU is fairly well-defined, political integration is still a sensitive topic. The EU is therefore still very much in search of a CFSP. Although the Amsterdam Treaty has provided for a CFSP, the reality is that it is an area that is facing a lot of inertia. In efforts to produce something like an integrated European foreign policy towards Asia, a wide-ranging inter-regional dialogue like ASEM might prove to be a good conduit. This point also surfaced in earlier writings that touched on the EC's dialogue relations with other regional groupings. Elfriede Regelsberger in such an article argued that, because 'competences on foreign policy remain formally split between the Community and the national level', group-to-group dialogue is one strategy 'to bring about consistency in Europe's international profile'.⁷⁰

Way back in 1986, the Single European Act (SEA) called not only for further integration in economics but also for greater European political cooperation in foreign policy. However, competences on matters of foreign policy remained formally split between the EC and the national level, with member states unwilling to concede power on foreign policy-making to the EC – since autonomy in foreign policy-making is seen as the traditional preserve and symbol of sovereignty of the nation-state. For almost ten years there was very little concrete movement towards a coordinated foreign policy. It was only with the Maastricht Treaty in 1992 and, later on, the Amsterdam Treaty ratified in 1996 that the move towards a CFSP gathered some momentum. To some extent, it also represented the EU response to an increasingly global world whereby the separation of economic and political issues has become almost impossible.

It is also interesting to note that group-to-group dialogue pursued by the EU dates back to the late 1970s and early 1980s. Group-to-group or inter-regional dialogue and cooperation entered a remarkable period of growth in the 1980s. 'These group-to-group dialogues are not exclusively based on economic interests and in many cases the political motivation is predominant', as Simon Nuttall, then a director-general in the European Commission, has pointed out. Already, then, the EC has propounded the advantage of 'group-to-group dialogue as a potential instrument for encouraging progress towards integration in the dialogue partner'.⁷¹ Indeed, many of the case studies cited in the book examining Europe's global links reflect the political intent of the EC then to use inter-regional dialogue to promote intra-regional cooperation.⁷² This approach was based on the EC's belief that its model of regional integration is a 'model' for achieving political stability and that therefore the Community should support new regional groupings, and encourage them to move towards greater regional cooperation.

After examining the EU's past external relations, one might conclude that ASEM is just another one of the many group-to-group dialogues that have been very much part of the EU's political and economic strategy since

the 1980s. The EU has gained broad experience in using the inter-regional dialogue to manage increasing global interdependence, maximise local resources and move towards a more consistent European foreign policy, as well as foster the peaceful resolution of conflicts and greater cooperation. The one key difference that sets ASEM apart from other group-to-group dialogues is that ASEM has had a high-profile beginning. It began with a leaders' summit imbued with great political symbolism but in reality dominated by economic considerations. Furthermore, most of the other group-to-group dialogues (for example, EU-ACP, EU-SADC, EU-Central America, EU-Rio Group, EU-Andean Pact, EU-GCC and EU-Mediterranean Group) have also tended to have a North-South character, whereas ASEM was touted as a partnership of equals.

Conclusion

Various factors such as those discussed in earlier sections have pointed to the slow pace of integration in the East Asian region. However, since the 1980s, intra-regional interdependency through trade and investment has increased in East Asia. With increasing market-led economic integration, and by responding to the challenges of globalisation, the governments in East Asia are now taking steps towards regional institution-building, albeit at their own pace and in search of their own path.

ASEM has been seen by some scholars as one of the instruments used by the East Asians to foster intra-regional cooperation among themselves. It has been noted that in having to deal with a well-defined region such as the EU, Asian ASEM members are getting their act together. Prior to any major ASEM meetings, the Asian ASEM members would meet among themselves to coordinate their positions and develop common strategies. While the idea of using ASEM as a regional integrator might not be the common position or strategy of all Asian ASEM members, it cannot be denied that ASEM provides another avenue (in addition to forums such as APEC and ARF) for dialogue and cooperation.

Did the ASEAN + 3 process come about as a direct result of ASEM? Has ASEM been the impetus behind an emergent East Asian identity? These are perhaps not the type of questions that can be answered with a definitive 'yes' or 'no'. It is therefore perhaps more fruitful for us to see ASEM as lying within a process of increasing regional identification for the purpose of external affairs. As constructivism demonstrates, the various transregional or inter-regional forums such as ASEM, APEC and the Forum for East Asia and Latin America Cooperation (FEALAC) can help lead to the development of a dominant discourse of East Asianness.

How much impact ASEM will have on the East Asian integration process will ultimately depend on the intensity and content of the dialogue. However, this is a circular process whereby further integration of the East Asian nations as a region would in turn also further strengthen ASEM as

an inter-regional dialogue for cooperation. The eventual success of the ASEAN + 3 process, for instance, would be a positive step as it would make implementation of various ASEM projects easier. An empowered East Asian region and a unified Europe truly engaged with one another could in turn play a useful role in safeguarding a multipolar world.

5 ASEM as an instrument for regime creation

Introduction

The two different images of ASEM as seen by realists and social constructivists have been outlined in Chapters 3 and 4. Chapter 3 focused on the most prominent feature of the ASEM enterprise – the leaders' meetings – viewed by realist scholars simply as an exercise in summit diplomacy. Chapter 4 presented a controversial aspect of ASEM as viewed by constructivist scholars – of ASEM as an instrument used by Asian leaders to construct a regional identity through inter-regionalism. This chapter examines a third image of ASEM using international regime analysis, in particular that of the mainstream regime theorists such as Robert Keohane.

The inspiration to also examine ASEM in the framework of international regime theory comes partly from reading Vinod Aggarwal's analysis of the Asia-Pacific Economic Cooperation (APEC). Aggarwal argues that international regime theory is particularly suited to examining the evolution of less developed institutions such as APEC. This is because it goes beyond the analysis of formal organisations to examine the development of internationally negotiated principles, norms, rules and procedures.¹ ASEM is seemingly also an under-developed institution with some similarities to APEC. Could we therefore draw some parallel from Aggarwal's analysis of APEC to study the evolution of ASEM as an international institution?

At first glance, it would seem a bit far-fetched to either describe ASEM, a multifaceted, multi-purpose inter-state entity, as a regime or analyse it as an institution for regime creation. However, if we are to think of regimes simply as facilitators of information exchange and cooperation, then it is not such an inconceivable idea to analyse ASEM as a regime or a sort of meta-regime – an overarching institution where norms and principles are laid as guidelines for governing key areas of cooperation.² Indeed, Christopher Dent, in *The EU and East Asia*, noted that neo-liberalist theorists see ASEM as 'a cooperative regime' for managing the increasing interdependence between Asia and Europe. 'Growing transnational linkages between the EU and East Asia and other commonalities produced by globalisation have forced the two regions to work more closely together'.³

The following chapter begins by examining some of the important literature on international regime theories and their development. It will then attempt to see how regime theory can be applied to analyse the ASEM process to enhance our understanding of the issues surrounding ASEM and gain some useful insights into its future development.

Regime analysis: understanding international cooperation

The notion of international regime was first introduced in the mid-1970s by John Gerard Ruggie. He then defined regime as ‘a set of mutual expectations, generally agreed-to rules and regulations, plans, organisational energies and financial commitments which have been accepted by a group of states’.⁴ Regime analysis gained wide acceptance in the 1980s as a study of how international cooperation was possible under anarchy. Anarchy is taken here to mean the lack of a central agency to enforce rules of behaviour, agreements or promises.

What does cooperation in the international arena imply? According to Keohane, in *After Hegemony*, cooperation does not equal harmony, neither does it imply an absence of conflict. Instead, cooperation refers to a situation when individuals coordinate their behaviour through a process of negotiation in order to arrive at an outcome that is acceptable to all. In short, cooperation requires active attempts to adjust policies to meet the demands of others. The mere fact that two parties share common interests does not necessarily mean cooperation will naturally follow. Therefore, in Keohane’s words ‘it is important to define cooperation as mutual adjustment rather than to view it simply as reflecting a situation in which common interests outweigh conflicting ones’. Cooperation not only depends on shared interest, but it emerges from a pattern of potential discord. It occurs when actors adjust their behaviour to the actual or anticipated preferences of others through a process of policy coordination.⁵

Using such a concept to refer to inter-state cooperation, Keohane offers the following formal definition:

intergovernmental cooperation takes place when the policies actually followed by one government are regarded by its partners as facilitating realisation of their own objectives, as the result of a process of policy coordination.⁶

This conception of cooperation, according to Milner, consists of two elements: ‘First, it assumes that each actor’s behaviour is directed towards some goal(s), and second, the definition implies that this cooperative behaviour provides the actors with gains or rewards’.⁷

The core of regime theory actually arises in an effort to understand why cooperation is possible without a hegemon in an anarchical situation. The hegemonic stability theory posits that the hegemony of one state is a

prerequisite for order. Since international regimes constitute elements of an international order, this implies that concentration of power in one dominant actor facilitates the development of strong regimes. Therefore changes or fragmentation in power of the dominant actor will lead to the collapse or demise of the regime. The classical examples of order through hegemony (in the maintenance of a liberal economic order) are the nineteenth-century *Pax Britannia* and the post-Second World War *Pax Americana*.⁸

However, it has been observed by many international relations scholars that the relative decline of American power that began in the early 1970s did not result in increasing disorder within the international system. The failure of the hegemonic stability theory to explain the lag between changes in power structure and changes in institutions, and the stability of some of them despite the power shifts, gave rise to a search for an alternative answer. Keohane's *After Hegemony* is an attempt to provide an answer to this observation, and it goes a step further to spawn a functional theory of regime to explain why cooperation can take place without hegemony.

According to Keohane, the decline in the preponderance of the US was not accompanied by chaos because, despite a decline in American power, order was preserved precisely because of the presence of the international regimes that were originally set up by the hegemon. This therefore shows that regimes are more than just a derivative of power and interests. They are intervening variables and assume a life of their own after their creation. Keohane thus concludes that hegemony is not necessarily a prerequisite for the functioning of regimes at all. In the absence of a hegemon, states are still able to organise their relations, to cooperate and maintain existing regimes, or even create new ones. In his words,

the theory of hegemonic stability is thus suggestive but by no means definitive. Concentrated power alone is not sufficient to create stable international economic order in which cooperation flourishes, and the argument that hegemony is necessary for cooperation is both theoretically and empirically weak.⁹

Regimes are usually created to facilitate cooperation and they are examples of cooperative behaviour. The establishment of regimes is thus not an end in itself but a means directed at elucidating opportunities for cooperation. As long as decentralised and uncoordinated decision-making yields optimal outcomes, regimes will be of limited use. However, if outcomes are suboptimal, and their improvement appears desirable, actors may be motivated to coordinate their behaviour. For that reason, the debates on international regimes focus predominantly on cooperation, that is on the adaptation of behaviour that overcomes suboptimal outcome and realises joint gains.¹⁰

How do regimes facilitate cooperation? They do so through the functions they perform for states, such as mitigating fears (of being cheated)

and temptations (to cheat) by improving flow and quality of information and enhancing communications. They lower transaction costs for agreements that are consistent with the regime's principles, and create the conditions and offer a framework for orderly multilateral negotiations that facilitate linkages among issues within regimes or between regimes.¹¹

Regime theories seek to derive testable hypotheses as to what the conditions and circumstances are under which states will seek cooperation, and the factors that determine the process and outcomes. Factors such as power and coercion, self-interest and reciprocal benefits, institutionalised habit or inertia, existence of a sense of community, and moral suasion derived from a shared sense of justice are often cited.¹² All these factors can be grouped under three general approaches to regime analysis that are widely used by scholars such as Oran Young, Peter Mayer, Volker Rittberger and Michael Zurn:

- 1 The power-based (realist) approach assumes the importance of a hegemonic actor, or a group of dominant states, and that the regime will in the end reflect the power configuration of the states involved. This approach is associated with the writings of Stephen Krasner and Joseph Grieco.
- 2 The interest-based (neo-liberal, utilitarian or functional) approach assumes that there are enough mutual interests and convergent goals to raise the value of cooperation, and that the parties involved can reap joint gains. This is the most popular approach that has dominated the discussion of regimes and is associated with scholars such as Robert Keohane, Michael Zurn, Oran Young and Arthur Stein. It is also generally termed the mainstream approach.
- 3 The knowledge-based (cognitive) approach places emphasis on cognitive factors such as shared beliefs, trust and perceptions, and assumes that the knowledge propagated by interested communities and organisations forms the basis for the creation of a regime. This approach is popular with writers such as Friedrich Kratochwil, Ernst Haas and Peter Haas.¹³

The above can be summed up broadly by saying that three key variables – the systemic distribution of power; the distribution of states' interests, preferences and goals; and the knowledge available – determine the pattern of a regime and its dynamics.

Definitions of regime

When surveying the existing literature on regimes, one is confronted by various contending definitions of international regimes. In its broadest sense, a regime is seen as any arrangement constructed by states to coordinate their expectations and organise aspects of international behaviour in various issue areas. And it is sometimes narrowly defined as a set of explicit

rules agreed by states to regulate a certain aspect of their relationship. Below are examples of the different ways regimes are looked at or defined.

According to Kratochwil and Ruggie, 'international regimes occupy an ontological space somewhat between the level of formal institutions on the one hand and systemic factors on the other'.¹⁴ Keohane and Nye in their earlier works define regimes as 'sets of governing arrangements that include networks of rules, norms, procedures that regularise behaviour and control its effects'.¹⁵ For Ernst B. Haas,

regimes are norms, procedures, and rules agreed to in order to regulate an issue-area. Norms tell us why states collaborate; rules tell us what, substantively speaking, the collaboration is about; procedures answer the question of how the collaboration is to be carried out.¹⁶

And, according to a core concept offered by Oran R. Young, 'regimes are social institutions governing the actions of those interested in specifiable activities. They are organised patterns of practice around which expectations converge'.¹⁷

Regimes are sometimes defined by the functions they should serve. Hence, we have regimes as institutions set up to facilitate communication, negotiation and coordination and thus function to reduce information and transaction costs. They 'facilitate cooperation by changing patterns of transaction costs and provide information to the actors so that uncertainty is reduced'.¹⁸ Keohane further elaborates that a major function of international regimes is to facilitate the making of specific agreements on matters of substantive significance within the issue area covered by the regime. International regimes help to make governments' expectations consistent with each other. They are also relevant in that they increase the exchange of information between the actors simply because they generate regular interactions. Regimes are developed in part because actors in world politics believe that with such arrangements they will be able to make mutually beneficial agreements that would otherwise be difficult to attain.¹⁹

However, the most widely used definition of regime is one that came out of a consensus achieved in 1982 by a group of US scholars and was presented in Krasner's essay as follows:

Regimes can be 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. Principles are beliefs of fact, causation and rectitude. Norms are standards of behaviour defined in terms of rights and obligations. Rules are specific prescriptions or proscriptions for action. Decision-making procedures are prevailing practices for making and implementing collective choice.²⁰

This definition, according to Keohane, ‘provides a useful starting-point for analysis, since it begins with the general conception of regimes as social institutions’. However, he also cautions that principles, norms, rules and procedures are closely intertwined and cannot be sharply distinguished from each other, adding to the complexity of analysing regimes because of ‘confusing’ differences of interpretation.²¹ Therefore, in one of his later works, he seeks to clear up this confusion, first by defining what international institutions are, and then second, by deriving a simpler and clearer definition of international regime to differentiate it from other institutions:

International institutions are defined as persistent and connected sets of rules (formal and informal) that prescribe behavioural roles, constrain activity and shape expectations. Since an institution’s rules must be persistent, they must continue to be taken into account by participants, but no minimum standards of effectiveness are implied. International institutions include formal inter-governmental or transnational organisations, international regimes and conventions. International organisations are purposive entities with bureaucratic structures and leadership, permitting them to respond to events. *International regimes are institutions with explicit rules, agreed upon by governments that pertain to particular sets of issues in international relations* [my emphasis]. Conventions are informal institutions with implicit rules and understanding that shape the expectations of actors.²²

Whether the above definition of regime settles the question once and for all is unclear. But from the various contending definitions and understanding of what a regime is, some fundamental features can be identified:

- 1 It is intended to be a permanent arrangement.
- 2 There are some principles, rules and guidelines agreed on by the actors.
- 3 These principles, rules or guidelines relate to particular issues in international relations.

The three main themes of regime analysis: regime creation, regime maintenance and regime effectiveness

In general, when conducting regime analysis, the following questions should be considered:

- How did the regime come into existence (the process of formation), and under what conditions do the cooperative aspects prevail over the conflictual aspects of international relations thus allowing regimes to emerge?
- What is the scope and domain of the regime?

- What general conditions are necessary for regimes to work at all?
- What is the likelihood of it experiencing major alterations in the foreseeable future (the process of transformation)?
- What sorts of outcomes can the regime be expected to produce?
- What are the appropriate criteria for evaluating its success or impact?

All these questions can be classified according to the three broad themes of regime analysis: regime creation (formation), regime maintenance (resilience, stability and change) and regime effectiveness (consequences).

Regime creation

One condition that usually exists before regimes can come into existence is the condition of interdependence in the international arena. Interdependence is a very broad term that refers to situations characterised by reciprocal effects among countries or actors. It also refers to a situation in which two or more autonomous actors are linked together in the sense that the outcomes associated with the choices of each individual actor are determined in part by the choices of the others.²³ In short, interdependence implies two things:

- 1 each actor's individual actions will have an impact on the others; and
- 2 the achievement of one's ends will to some extent depend on the choices and decisions of others.

It is only in conditions of interdependence that regimes can be useful. As Arthur Stein puts it, as long as international state behaviour results from unconstrained and independent decision-making, there is no international regime. However, with an increasingly interdependent world, state actions are no longer unconstrained. 'International regimes exist when patterned state behaviour results from joint rather than independent decision-making'.²⁴

Indeed, regimes can be seen as mechanisms for managing interdependence. Interdependence does not imply harmony or symmetrical power relationships. Interdependence may result in mutual interests, but it can also lead to conflicts. Where interdependence is not a sufficient condition for cooperation, and may even result in conflict, regimes seem to provide the missing links between interdependence and cooperation and between suboptimal and optimal outcomes. The hallmark of complex interdependence is uncertainty: there are too many goals, all competing for attention; and there is no agreement on the best means for attaining them. International collaboration, the effort to regulate asymmetrical interdependence, is an attempt to reduce uncertainty when a multiplicity of values are at stake and the simplest strategy for reducing uncertainty – autarky – is not practicable.²⁵

Beyond this basic condition of interdependence, the types of regimes that may emerge will depend on other external conditionalities and a whole range of factors, and therefore may be explained on the basis of different approaches or a combination of them. Of the three broad approaches mentioned above, interest-based approaches represent the mainstream of regime theory. Hence, my emphasis on this approach, which can be further subdivided into (what is generally known as) the utilitarian or functional approach, the situation-structural approach (which is a game-theoretic extension of the functional approach) and the institutional bargaining approach.

Interest-based approach

Robert Keohane's *After Hegemony* is one of the most important contributions to discussions on international cooperation and international regimes in the world political economy. He constructs a functional theory of international regimes based on rational-choice foundations. In his work, he uses the Prisoners' Dilemma (PD) game model to present the type of collective problems that states face in the international system. His functional approach adopts realist assumptions about the statist and anarchical character of the international system. States are the key actors in the system, and their fundamental motivation is to maximise their own self-interests in the international arena. In short, states are unitary, rational egoists.

Keohane explains the two components of his motivational assumptions as follows:

Rationality means that they (actors) have consistent, ordered preferences, and that they calculate costs and benefits of alternative courses of action in order to maximise the utility in view of those preferences. Egoism means that their utility functions are independent of one another: they do not gain or lose utility simply because of the gains or losses of others.²⁶

Rationality and self-interests are assumed to be constants rather than variables in the functional theory of regime. In his approach, Keohane also presupposes the existence of common interests which actors can realise through cooperation. Regimes are created to achieve cooperation for joint gains. Regimes reduce transaction costs, that is costs associated with the negotiation, monitoring and enforcement of agreements. Rational self-interested actors in a situation of interdependence will value international regimes as a way of increasing their ability to make mutually beneficial agreements with one another. But creating regimes also involves costs. Therefore, a regime would be created only if it is cost-efficient, that is the cost of its creation is less than the advantages to be expected from the regime.²⁷

Situation-structuralists (as represented by the works of, among others, Arthur Stein, Duncan Snidal and Lisa Martin) agree largely with the functional approach taken by Keohane. However, while Keohane believes that the PD game model captures the central aspects of a wide range of issues in international politics conducive to regime creation, the situation-structuralists point out that the PD situation represents only one type of collective action problem among several. There are different kinds of collective action problem and the regimes created to deal with such problems would vary in strength and scope.

For example, in his essay entitled 'Coordination and collaboration: regimes in an anarchic world', Arthur Stein makes a distinction between two major types of collective action problem – one that requires collaboration, and the other that calls for coordination. He explains the rise of regimes in the framework of a decision-making model. According to him, regimes arise because actors forgo independent decision-making in order to deal with the dilemma of either common interests or common aversions. They do so in their own self-interest for, in both cases, jointly accessible outcomes are preferable to those that are, or might be, resolved independently.

The classic example of a dilemma of common interest is that of the Prisoners' Dilemma, when independent decision-making leads to an equilibrium outcome that is Pareto-deficient. In this case, collaboration is required to ensure a Pareto-optimal outcome. Collaborative regimes to deal with dilemmas of common interest call for agreed rules to abstain from certain behaviour and to behave jointly and positively for certain purposes. There is also a need for monitoring mechanisms to ensure that no one cheats.

Unlike dilemmas of common interests, in which the actors have a common interest in ensuring a particular outcome, the actors caught in the dilemmas of common aversions have a particular interest in avoiding a particular outcome. The classic example is the game of 'Chicken'. Regimes dealing with dilemmas of common aversions need only to facilitate coordination. Prohibitions on behaviour are accepted but central monitoring and conflict resolution are not required, and jointly pursued positive policies are very rare.²⁸

Another scholar, Lisa Martin, has argued for the inclusion of two further types of situation-structure that she calls 'assurance' and 'suasion' situations. The assurance game contains two equilibrium outcomes, but only one of these equilibriums (mutual cooperation) is Pareto-efficient. At first sight, there would not seem to be a problem of cooperation, but cooperation might in fact not occur because of misunderstandings and misjudgements of each other's intentions or preferences. Regimes are therefore created to help solve this problem by facilitating communications among states.

In contrast, the suasion game refers to situations where either one actor has a dominant strategy to cooperate, which the other can exploit, or one

actor has a dominant strategy to defect, while the other must seek cooperation in order to avoid an even worse outcome. In these situations, regimes can help by arranging the side-payments necessary to secure the cooperation of the actors that are privileged by the situation. Likewise, through their principles and norms, they may institutionalise the issue linkage on which cooperation depends.²⁹

Oran R. Young, another pioneer of regime analysis, made one of his important contributions to regime theory by developing an ‘institutional bargaining’ model aimed at explaining regime formation. Institutional bargaining for Young means ‘bargaining with the objective of creating an institution’.³⁰

This model is still interest-based in that it treats states as selfish actors confronted with the possibility of achieving joint gains through cooperation and the difficulty of settling on specific norms and rules. However, he differs from Keohane in arguing that there is also merit in looking at states as role players and not pure utility maximisers. He focuses on the bargaining process itself, an aspect that is neglected by many regime theorists who, while dealing with negotiated regimes, pay little attention to the bargaining process.³¹

The model of institutional bargaining has both a descriptive and an analytical aspect. Descriptively, it seeks to outline the essential circumstances under which collective efforts to form regimes regularly take place. Analytically, it points to a number of factors that are critical for the success of such efforts. The more specific hypotheses that Young subsequently develops may be seen as falling within two categories:

- 1 Factors encouraging integrative bargaining:
 - contractual environment blurring the zone of agreement and veiling the future distribution of benefits
 - exogenous shock of crisis

- 2 Factors promoting the success of integrative bargaining:
 - availability of equitable solutions
 - availability of salient solutions
 - availability of clear-cut and effective compliance mechanisms
 - availability of leadership (mixture of entrepreneurial, structural and intellectual leadership)³²

On this last point, Young has argued forcefully that leadership plays a critical role – it is a necessary but not sufficient condition – in determining the success of institutional bargaining that dominates the formation of international regimes. He identifies three forms of leadership and how these three types of leaders affect the institutional bargaining process. The structural leader translates power resources into bargaining leverage in an

effort to bring pressure to bear on others to assent to the terms of the regime. The entrepreneurial leader makes use of negotiating skills to frame the issues at stake, devise mutually acceptable formulae and broker the interests of key players in building support for these formulae. The intellectual leader, by contrast, relies on the power of ideas to shape the thinking of the principals in processes of institutional bargaining.³³

The importance of leadership received strong support in research (involving five case studies) undertaken by Young and fourteen other scholars from four different countries. According to Young and Osherenko, one of the 'clearest and strongest findings in this research project [was] that leadership is a cross-cutting factor. It is both affected by and affects power relationships; it also shapes the values and ideas discussed in connection with knowledge-based hypotheses.'³⁴

Power-based approach

The theory of hegemonic stability has been employed as a structural explanation for the creation of regimes. In its crudest form, the hegemonic stability theory claims that regimes are supplied by a hegemon and that they are likely to disappear if the hegemon's power wanes. Hegemony, defined as 'a preponderance of power in terms of having control over raw material, capital, market and technological superiority', is both a necessary and sufficient condition for cooperation.³⁵ The theory thus denies that states have the ability to cooperate in large-scale collective action. No regime will emerge unless it is imposed or supplied by independent action of the hegemon. The ultimate explanation for the formation of a regime lies in there being a highly unequal distribution of power in a given issue area.

A refined version of hegemonic stability theory does not assert an automatic link between power and leadership. Hegemony is defined as a situation in which one state is powerful enough to maintain the essential rules governing inter-state relations and willing to do so. It does not assume that strength automatically creates incentives to project one's power abroad.³⁶

However, the hegemonic stability theory is sometimes denied the status of a regime theory proper because it has not stood up well against empirical tests. As mentioned earlier in this chapter, the core of regime theory was first developed to refute the hegemonic stability theory in explaining the existence of regimes.

Krasner tries to make a case for a power-oriented approach towards regime analysis by looking into the PD game situation used by Keohane in his regime theory. Krasner points out that there are three specific ways in which state power may be exercised to influence the creation and outcome of a regime:

- 1 Power may be used to determine who can play the game in the first place.
- 2 Power may be used to dictate the rules of the game, for example who gets to move first.
- 3 Power may be used to change the pay-off structure.³⁷

Thus, by way of tactical issue linkage (threats or promises), a state with more resources may manipulate the whole set-up in the first place such that the game is effectively transformed into one in which there is only one Pareto-efficient equilibrium solution left – and that is the one preferred by the more powerful actor.³⁸ In essence, Krasner's approach seeks to explain outcomes in terms of interests and relative capabilities rather than in terms of institutions designed to promote Pareto-optimality.

Another prominent power-based approach found in Joseph Grieco's writings maintains that, contrary to what the functionalists believe, states are not only concerned with absolute gains; they are also concerned with relative gains. This seriously restricts the possibility of cooperation. It means states will cooperate only if there is a balanced distribution of gains, that is the agreement roughly maintains the pre-cooperation balance of capabilities.³⁹

Knowledge-based approach

The cognitive approach to the study of international politics stresses ideas and knowledge as important explanatory variables in the creation of a regime. Scholars adopting the cognitive approach argue that the demand for international regimes depends on actors' perceptions of the problems and their definitions of reality, which, in part, are influenced by their causal and normative beliefs. The core cognitive insight is that cooperation cannot be completely explained without reference to concepts such as ideology, the values of actors, the beliefs they hold and the knowledge available to them about how they can realise their specific goals.⁴⁰

Cognitivism, as represented by the writings of Ernst Haas and Peter Haas, emphasises that between international structures and human volition lies interpretation. Before choices involving cooperation can be made, circumstances must be assessed and interests identified. Interpretation, in turn, is assumed to depend on the body of knowledge that actors hold at a given time and place. This body of knowledge shapes the actors' perceptions of reality and informs decision-makers about linkages – between causes and effects and thus between means and ends. Hence, it is important to integrate the knowledge structure and its dynamics, such as the role of epistemic communities, into the regime study.⁴¹ Epistemic communities, in this instance, are defined by Peter Haas as 'networks of professionals with recognised expertise and competence in a particular domain and an

authoritative claim to policy-relevant knowledge within that domain or issue-area'.⁴²

For this group of cognitivists the process of learning is an important aspect of regime analysis. They believe that rule-guided behaviour develops through a process of trial and error, a process of learning which changes and shapes an actor's understanding of the social environment – the expectations, interests and perceptions. Being a reflective organism, the actor's capability to process information and learning will affect cooperation and is particularly important in explaining the substantial contents of a regime's rules.

Another group of cognitivists, as represented by Kratochwil and Ruggie, argue that international regimes are embedded in the broader normative structure of an international society. They reject the rationalist interpretation of state behaviour as utility maximising. Instead, they see states as role players whose behaviour can be rules-based rather than purely interest- or power-driven. The behaviour of states like any social behaviour presupposes normative structures that exist in international society. Such fundamental institutions as sovereignty and international law constitute states as role players in international society, in the sense that they make meaningful interaction among states possible.

For these cognitivists, institutions and their norms that already exist in our emerging international society have an impact on actors in their interactions with each other. Once established, these institutions and norms can presumably lead to an evolution towards a community in which actors at least partially identify with and respect the legitimate interests of each other. Interactions between them will take place with these general principles and common understanding as the fundamentals. Any convincing arguments used by the actors must be based on these fundamentals and not on purely idiosyncratic grounds. In short, existing norms and institutions provide the ground rules for actors to interact in a meaningful way for further cooperation to be possible.⁴³

In essence, these scholars posit that ideas and beliefs influence behaviour by serving as a road map – principled beliefs help define actors' goals or preferences, and causal beliefs strongly influence the means to achieve these goals. They also serve as focal points to help define acceptable solutions to collective action problems. The impact of ideas is often mediated and enhanced by international rules and norms that are created under the influence of widely shared beliefs. Once beliefs have become embedded in institutional frameworks, they constrain public policy as long as they are not undermined by new knowledge or normative changes.⁴⁴ Therefore, though egoistic motivations may have played an important role in the early stages of regime-building, over time the proliferation of cooperative institutions and the norms they embody will not only constrain the choices of actors, but also encourage states to acquire

more collective identities. These identities will in turn ensure the stability and effective functioning of regimes.

Integrating the three approaches

In an effort to synthesise these three approaches, some regime scholars suggest approaching the creation of regimes through three levels of analysis. First, the overall systemic or structural level, where we look for factors such as the distribution of power, the control of resources and the normative-institutional factors. Then the subsystemic level, where we consider variables such as domestic factors, personality, leadership, and so on. Finally, we have to examine the issue area itself to look for characteristics that will either help or hinder regime creation. They believe that different issue areas display different qualities which in turn will affect the groups of actors (technical experts, diplomats or politicians) involved in regime creation, and ultimately the substance of the regime.

Rittberger and his colleagues, in their study of regimes governing East-West relations, identify four types of potential conflict that would determine the ease or difficulty with which a regime is constructed. These are: conflicts over values; conflicts over means; and two types of conflict over interests. In a conflict over values, actors hold incompatible principled beliefs regarding the legitimacy of a given action or practice. In a conflict over means, actors share a common goal but disagree about how best to pursue it. Both of these conflicts are dissensual, in that actors disagree on what is desirable. By contrast, conflicts of interest presuppose a degree of consensus: the actors value the same scarce goods but differ over distributional issues. Conflicts of interest are subdivided in terms of the nature of the goods sought. Some goods (guns, for example) tend to be assessed relatively, such that the satisfaction that an actor gains from a given amount is dependent on the amount accruing to his competitors. Other goods (butter, for example) tend to be assessed absolutely, such that an actor's enjoyment of its share neither increases or decreases as a result of changes in the quantity held by others. It is hypothesised that conflicts over values, and conflicts over goods assessed relatively, will be the least conducive to regime formation. Conflicts over goods that are assessed in absolute terms are considered the most amenable to cooperative arrangements, with conflicts over means moderately conducive to the formation of an international regime.⁴⁵

What all of the above shows is that regime formation, like most other social phenomena, cannot be explained on the basis of a single-factor account. Whereas students of regime formation have often sought to demonstrate the primacy of power factors, interest factors or knowledge factors in the formation of regimes, it is actually more illuminating if efforts are directed at the interactions among these three main factors. In addition, contextual factors, such as the specific characteristics of the issue area in

discussion or exogenous factors such as leadership qualities, personalities of actors, and broad shifts in values and ideas, may also affect the whole process of regime formation and transformation. No one is likely to disagree that all these factors matter to some extent. The key is to understand when all these contributing factors really matter and how much, that is the weight that can be attributed to each of the factors identified. All these different factors will then have to be fitted together in order to provide not only a comprehensive but also a coherent explanation.

The different configurations of all the possible causal factors involved will determine the types of regime formed. Depending on their interaction, the regimes that result will differ in scope, content, strength and the type of policy instruments made available to them by the participating actors. As yet there has been no systematic and concerted study of the determinants of regime content to account for the different types of regimes that exist in the international arena. Hence, there exists no clear classification or typology of regimes. Instead, usually a selected property (the most prominent aspect) of a particular regime is used to define it. Thus we get regimes that are externally oriented or internally oriented, and regimes that are market-oriented, state-oriented or internationalist-oriented. Sometimes they are defined in terms of their broad functions – a regime of collaboration or of coordination. In essence, there are so many variables that have to be studied, and regime typologies will remain open-ended.⁴⁶

Regime development: explaining persistence/stability, change or demise

A regime can remain stable and persist for a long time, or it can undergo evolutionary change to transform itself so as to remain relevant to the function it serves. If a regime is unable to cope with the internal and external forces affecting it, it will be considerably weakened and may eventually perish.

Regime stability implies several things. The norms, rules and procedures that make up the regime will not be challenged by the members so as to throw the existence of the arrangement into doubt. The rights of the parties will be generally respected and obligations will be carried out. Challenges will take the form of conduct specified by the regime's procedure. The rewards and gains expected of the regime will in fact eventuate.⁴⁷

In reality, however, regimes during their life cycle quite often undergo considerable change. When discussing regime changes, one has to differentiate between changes within regime and the change of the regime itself. Changes in rules and decision-making procedures are changes within a regime, provided that the underlying principles and norms are unaltered. There may be many rules and decision-making procedures that are consistent with the same principles and norms. But when the changes are in the principles and norms themselves – or when these principles and norms are

abandoned – the regime has either transformed itself or disappeared. Principles underlie and provide explanations for the states' acceptance of certain prescriptions or proscriptions in a regime; and norms provide the foundation of a regime as they constitute the general obligations and rights that are to guide the actors' behaviour in designing decision-making procedures and in formulating and implementing rules.⁴⁸ Hence, any changes in principles and norms threaten the very fundamentals of a regime and will lead either to a regime's dissolution or to its transformation.

It is also important to distinguish the weakening of a regime from changes within or between regimes. If the principles, norms, rules and procedures of a regime become less coherent, or if actual practice is increasingly inconsistent with the principles, etc. then a regime has weakened.⁴⁹

Regimes may change over time or vary across cases in at least three ways: scope, content and strength. Scope refers to the range of issues the regime covers. Content refers to the various underlying principles, norms, rules and procedures that the regime embodies. A regime's strength is measured by its degree of compliance with regime injunctions.

Pressures for change will come from:

- changes in the underlying structure of power and interests;
- changes in the definition of interests as a result of new information and new knowledge;
- fundamental changes in the nature of relevant activity giving rise to internal contradictions;
- the dissatisfaction of some actors with the distributive consequences of a prevailing regime; and
- exogenous forces external to the specific regime, such as societal development embodying different norms and principles, different ideals, technological developments, and so on.

Regime changes, like regime creation, can be explained using the three major approaches discussed earlier. The very broad range of factors that explain regime formation can be used to explain regime maintenance or change. Also, there is always a close co-relation between regime creation and regime persistence or demise. Again, the phenomena can never be explained away by a single-factor account, and efforts must be spent to find out how the interaction of various factors result in the persistence, the transformation or the demise of a regime.

However, in general, most mainstream regime theorists believe that because of the high costs involved in creating regimes, regimes once created tend to persist for a considerable length of time, even though the underlying power structures and patterns of interest that gave rise to them may have changed. They offer a few explanations for these phenomena.

Stein, for example, explains that, first, nations do not continually calculate their interactions and transactions; that is nations only periodically

reassess their interests or the institutional arrangements that have been created to deal with them. Once the regimes are in place, they serve to guide patterned behaviour, and the costs of continual recalculation are avoided as decision costs are high. Second, there are always doubts about the permanency of changes observed. Any shift in interest does not automatically lead to changes in the regime or its destruction because there may well be uncertainty about the permanence of the observed changes. The regime may be required again in the future, and its destruction for short-term changes may be costly in the long run. There are sunken costs involved in regime creation, and hence a regime is not to be lightly changed or destroyed as the cost of reconstruction will be higher. Third, a regime may acquire a certain legitimacy on its own that maintains patterned behaviour long after the rational basis for its creation has disappeared. And finally, there is a possibility that the successful operation of the regime may have led to changes in the very way that the actors' interests are calculated and decisions are made.⁵⁰

Stephen Krasner, a realist theorist, offers a similar explanation. He points out that the five basic causal factors of self-interest, power, diffuse norms and principles, usage, and customs and knowledge are more important in explaining regime creation than they are in explaining regime persistence. This is because regimes once established can become interactive, and not simply intervening variables. Once established, they develop a dynamic of their own and may feed back to the basic causal variables that gave rise to them in the first place. They begin to affect the calculation of interests. Once a regime has been established, there is sunken cost. Running an old regime primarily involves variable costs (that are known) whereas establishing a new one will require additional fixed costs. The information-gathering or information-generating functions of regimes may also affect the actors' interests or at least their understandings of interest. Regimes may become a source of power themselves – especially for the weaker actors. Incongruities between regime characteristics open up opportunities for weaker actors to enhance their influence. Finally, regimes may alter the underlying power capabilities of their members. By facilitating patterns of behaviour, regimes can strengthen or weaken the resources of particular actors.⁵¹

Do regimes matter? Regime effects and consequences

There are different expectations of what roles regimes should play and hence what their impact on international relations will be, depending again on how one looks at the creation of regimes. Realists, for example, see regimes as epiphenomena that merely reflect but never transform the underlying power relationships in an inter-state system marked by anarchy. To them, a regime is a façade that rationalises the rule of the powerful by

elevating their preferences as the norm. Hence, regimes will have little or no impact on international relations.

For functionalists like Keohane, the specific functions that regimes perform naturally vary from issue area to issue area. But the general theorising is that given conditions of anarchy or market failure, regimes reduce transaction costs and facilitate communication. For Keohane, regimes facilitate cooperation by providing states with information or by reducing their transaction costs associated with negotiating, monitoring and enforcing agreements. Aggarwal notes that 'the construction of a multilateral mechanism is organisationally less expensive than is the development of many bilateral contracts'.⁵² Functionalists therefore argue that regimes matter because the presence of regimes can alter the environment within which states interact, increasing the incentive for cooperation by lowering transaction costs associated with bilateral contracting. For cognitivists, regimes are not only mechanisms for communication; they matter also because they can alter the interests or preferences of key actors more directly, to the extent of changing basic definitions or, in some instances, reality.

However, the fact that a regime is supposed to perform certain tasks does not prove that it is indeed the primary factor in motivating and explaining states' behaviour in compliance with the regime. Effectiveness must be seen in the light of the extent to which actors actually modify their behaviour in line with regime obligations. Hasenclever and his colleagues suggest that regime effectiveness should comprise two overlapping ideas. First, a regime is effective to the extent that its members abide by its norms and rules; second, a regime is effective to the extent that it achieves the objectives or purpose for which it was intended.⁵³

This formulation, however, does not help to overcome the difficulty of empirically evaluating the impact of regimes. In fact, it opens up a Pandora's box of new problems. It is based on the assumption that either international regimes themselves pursue, or that participating actors commonly pursue by the device of a regime, a clear-cut set of goals, presumably reflected in the 'principles' component of a regime. These goals will then be contained in some sort of document. In many cases, however, international regimes may be based upon implicit principles that are not expressly mentioned in any document.⁵⁴

In evaluating regime effectiveness, the key criteria of evaluation are what kind of behavioural adaptation should qualify as relevant to effectiveness, and how much adaptation should be required before the regime can be judged effective. Of course, it is tempting, as above, to resort to goals expressed in basic documents or by actors who took part in their negotiation. Formal goal attainment, however, can be an unreliable yardstick of effectiveness because frequently the objectives and purposes defined in international agreements are too ambiguous or incomplete to offer much guidance. In addition, there is also the issue of hidden agendas that we have to be aware of.⁵⁵

The conventional way to render regime effectiveness is to compare a situation before and after the establishment of a regime. However, this also has its fair share of problems. Before claiming that the regime has indeed brought about behavioural adaptation, we must demonstrate how such an impact has occurred and that, among the range of possible causes, the regime is the most plausible one. No matter how much we want to believe that international regimes are effective, the behaviour of states and other actors is evidently affected by many other circumstances. For example, in the realm of pollution control, a decision to install purification equipment will often depend in part on the financial ability of the firm in question and the availability of technological solutions at an acceptable price rather than adherence to the rules of the regime.⁵⁶ Hence, various scholars, among them Robert Keohane and Andrew Hurrell, suggest that the impact of regimes is best demonstrated at the unit level of analysis, with a focus on situations in which compliance with regime rules is inconvenient for governments.

The way to help solve the problem of measuring regime effectiveness is to pay close attention to the development of the regime. Such an approach is often taken in single-case studies. Evidence for a particular causal account is built by isolating the fine details of how an outcome came about through a sequence of events, each of which has a causal history less complex than the ultimate outcome and is thus easier to control. Although more costly in terms of research effort, this method encourages a richer and more nuanced account of the relationships between a regime and the states engaged in forming, operating and implementing it.⁵⁷

The difficulties in determining regime effectiveness have also been explored by Haggard and Simmons. They point out that the literature on regime theory commonly claims that regimes affect state behaviour in two ways. The first one, emphasised in functionalist and game theory approaches, claims that regimes have altered the situation or setting in which states interact so that cooperation is more likely. For example, by using an iterated PD game, the writers claim that altering the institutional environment – by lengthening the shadow of the future, limiting the number of players, increasing the transparency of state action and altering the pay-off structure – can increase the incentive to cooperate. These theorists emphasise that regimes reduce the transaction costs associated with bilateral contracting. But how can we be sure that these claims are correct, or that these explanations of cooperative behaviour are superior to alternative explanations? One way to substantiate these claims is to conduct large-number studies to determine whether or not regimes are, in fact, associated with the institutional factors specified *ex ante* by the theory. However, this may not be realistically feasible because a sufficient comparability of the cases cannot be attained.

The study of regime effectiveness actually requires a focus on domestic factors such as the decision-making structure, the various interest groups

involved, and so on. This is especially so since regime effectiveness is based on the claim that, when facing decisions about compliance, domestic policy-makers are indeed concerned with, for example, reputation, reducing transaction costs and the need for transparency. An even stronger claim for regimes made by cognitive theorists is that they can alter an actor's interests or preferences. Cognitivists claim that regimes may change the actors' basic definitions of reality through a learning process and the acquisition of new knowledge. Hence, it is all the more important to focus on domestic politics.⁵⁸

Unfortunately, little work on how domestic factors affect the whole process of regime formation and development has been done, and regime effectiveness remains the least researched aspect of regime analysis. Indeed, most regime theorists, particularly the structuralists and functionalists, have neglected the domestic factors entirely. That brings us to the next section, on some criticisms of regime theory.

Criticisms of regime theory

Many criticisms have been directed at the study of regimes. The criticisms usually relate directly to the particular approaches (whether interest-based, power-based or knowledge-based) taken by the regime scholars. For example, interest-based regime scholars are criticised for taking a too state-centric approach and assuming that states are unitary-rational actors. The major bulk of criticism has been levelled at the functionalists/neoliberalists/structural institutionalists because they have dominated the study of regimes. Cognitivists attack the interest-based approach for not accounting for the fact that states are not inherently and immutably positioned actors obsessed with concrete gains under all circumstances. A good deal of the compliance pull of international rules derives from the relationship between individual rules and the broader pattern of international relations – states follow specific rules even when inconvenient because they have a longer-term interest in maintaining a law-impregnated international community. It is within this broader context that ideas about reputation are most powerful and critical.

The main criticism of regime theory built on cooperation within realist assumptions (with emphasis on power, functionalism and rationalism) is that the normative dimension has been downplayed. Normative factors such as considerations of fairness, a sense of community (obligations) and a shared sense of justice (morality) are seen as increasingly important with the emergence of an international society. There has to be a common identification and commitment to some kind of community (however minimal) within which perceptions of potential common interests can emerge. Cognitivists believe that where no such sense of community exists and where one side is convinced that the other has no moral status, then formal and informal cooperation is unlikely to emerge. Also, while it is

true that the origins of many moral sentiments depend in the first instance on pragmatic and self-interested calculations, over time they may come to acquire a moral quality.⁵⁹

The power-based and interest-based approaches have also been accused of neglecting the roles played by actors other than the state. The critics point out that increasing complexities and the impact of issues facing us together blur the line between public- and private-domain activities, and between foreign and domestic politics. The reality is that today both private and public agencies often sit down at the negotiating table to hammer out agreements concerning such issues as human rights and environmental obligations. Increasing technological interdependence, global ecological issues and evolving international norms make it more and more difficult for states to control their environment on their own; rather, they must enlist the help of transnational actors and experts or specialist groups.

All these criticisms of the mainstream regime theorists, however, have been addressed to some extent, as increasingly we see their approach being complemented by broader and more context-sensitive models. Increasingly, too, cognitive scholars are beginning to leave their mark on the study of regimes, and one sees an increase in research on the role of transnational and sub-national actors, epistemic communities, the normative dimensions and a reflective approach on how the evolution of an international society (even though it might only be at the nascent stage) affects the creation and maintenance of regimes. More importantly, the turning towards process in the study of regimes has infused the analysis with greater causal awareness and a clearer picture of the barriers to cooperation that originate in the negotiation process which mediates between the collective situation and the problem structure.

However, one sector remains inadequately addressed. And that is the domestic dimension. The way in which states bargain and cooperate cannot be understood without reference to the changing nature of the state and the domestic political system. State interests are not fixed but vary according to the institutional context, the degree of organisation of the contending political forces within the state and the leadership capacities of the major actors. And as one shifts from regime creation and regime implementation, domestic factors become even more critical.⁶⁰

Haggard and Simmons express regret over the neglect of domestic factors. According to them, building a theory of cooperation and regime change demands that we return to the central insight of the interdependence literature: growing interdependence means the erasure of the boundaries separating international and domestic politics. Domestic political issues spill over into international politics, and foreign policy has domestic roots and consequences. Governments when making choices about regime creation and compliance try to preserve the benefits of cooperation while minimising the costs that may fall on politically important groups. This insight appears to have been lost in much of the recent work on regimes.⁶¹

Domestic factors are not only extremely important in the proper functioning of regimes. Also, at the very initial stage of regime creation, understanding a state's domestic politics, especially its political and decision-making structures, will, first, help shed light on how preferences are aggregated and national interests constructed and, second, explain the strategies states adopt to realise their goals.

In *After Hegemony*, Keohane tries to provide an answer to this critique. He points out that from a theoretical standpoint, explanations of regime change based on domestic politics will encounter serious problems. So many potentially important causal factors are involved that one can no longer construct a parsimonious model that facilitates the interpretation and anticipation of events. Since many of these phenomena represent unique events involving large elements of chance, they cannot be intelligently incorporated into a theory. The search for theoretical completeness will then lead to descriptive anarchy. Investigation of domestic political reasons for international regime change can easily lead to increasingly diffuse, ad hoc observations.⁶²

It has also been suggested by scholars such as Ruggie and Kratochwil that some of the weaknesses in regime analysis can be overcome by focusing on multilateralism. 'By stressing on the importance of the architectonic nature of the multilateral principles allows us to see that the formation of regimes is not really driven by the issue-specific need for regulation'.⁶³

Last but not least is Susan Strange's famous criticism of the imprecision and wooliness of the concept of regime itself. She complained that 'regime is used to mean many different things'; that not only does it 'confuse and disorient' us, but might actually 'mislead and misrepresent'.⁶⁴ Indeed, regimes are conceptual creations and not concrete entities. As with any analytical construction in the human sciences, the concept of regime will reflect common-sense understanding, actor preferences and the particular purposes for which analyses are undertaken. Ultimately, therefore, the concept of regimes, like the concept of 'power' and many other international relations concepts, will remain contestable. But this does not in the end negate the value of the whole framework of analysis.

ASEM as a meta-regime: an institution for regime creation

Despite the above criticisms of regime analysis, it could still prove a useful tool for examining ASEM. Taking a leaf from the analysis done on a similar multilateral forum, APEC, ASEM would be seen more as a meta-regime rather than a specific regime. And what is the difference between a meta-regime and a specific regime? According to Aggarwal and Morrison, a meta-regime represents the principles and norms underlying international arrangements, whereas a regime refers specifically to the international rules and procedures that have been developed.⁶⁵ In

short, one could say that a meta-regime provides a framework under which specific regimes may be created.

From the above theoretical regime analysis, there is a general consensus that regimes are multilateral arrangements created to facilitate cooperation. They facilitate cooperation either by providing information, reducing transaction costs, and improving communications and coordination, or by offering a forum for negotiations. Where regime scholars differ is in their different approaches to explaining the factors leading to the creation and development of regimes, and in the different views they hold with regard to the importance of regimes in influencing state behaviour and their impact on international relations.

On the reasons for the growth of international regimes, regime scholars in general agree that they have grown because policy-makers have recognised that in an increasingly interdependent world, there are fewer and fewer unilateral solutions to the problems that must be confronted. Hence, there is an increasing need for multilateral cooperation to address a whole range of issues. And regimes have emerged to facilitate such multilateral cooperation. As mentioned earlier, Dent has noted that

the emergence of ASEM is precisely seen, in particular by neoliberalists, as a cooperative regime to manage the complex interdependence that prevails in the international economic system. Growing transnational linkages between the EU and East Asia and other commonalities produced by globalisation have forced representatives from both regions to come together to create cooperative arrangements to address some of the common challenges and interests.⁶⁶

Using international regime analysis to study ASEM will therefore provide a framework for us to answer the following questions: Why was ASEM created in the first place? Why has ASEM adopted a certain structure and scope? What is the strength of ASEM, how has it changed over the years in response to the changes in its external environment and to changes in the interests and perceptions of its members, and what impact does it have on the behaviour of member states and on international cooperation?

Is the creation of ASEM power-driven, interest-driven or knowledge-driven? In the first chapter, the constellation of factors that led to the conception and birth of ASEM were discussed. Broadly, it was noted that changes in the underlying power structure of the international system following the end of the Cold War, the emergence of East Asia as an economic power, and the interest calculations of key players such as France, Germany, Singapore and ASEAN all combined to result in the creation of ASEM. There was enough recognition of mutual interests and a sufficient convergence of goals between the European Union (EU) and East Asia to contemplate establishing a framework for cooperation.

As ASEM was transformed from an idea into reality, the form and features that it assumed reflected the underlying interests of its members. ASEM in its present form embodies certain features of a regime – it upholds certain principles (explicit and implicit) and there are central tenets concerning appropriate procedures for making decisions. It may not have a written constitution or formal structure, but it has created institutions such as the Asia-Europe Foundation (ASEF) and the Asia-Europe Environmental Technology Centre (AEETC) to promote environmental cooperation and interaction in civil society. These institutions are thus the outward signs of its existence. ASEM also has certain well-defined mechanisms of consultation and cooperation through which it operates, where inputs are absorbed and transmuted into outputs. There is an elite who manage the whole process. Its specific content is a result of intense bargaining, where strategies such as issue linkage are employed in order to accommodate the different concerns of the diverse members. It encompasses a network of ties, both governmental and non-governmental, and has a large number of action programmes in various fields.

What are some of the principles and norms embodied by the ASEM meta-regime? First, there is a stress on equal partnership. ASEM is about relationships among equals, eschewing any aid-based or donor-recipient relationships. This emphasis on equality translates into norms such as decision by consensus. Second, there is a strong adherence to the principles of multilateralism. This translates into norms calling for support of multilateral organisations such as the World Trade Organisation (WTO) and the United Nations (UN). What is significant about ASEM's principles and norms is that they are all intended to be 'nested' upward in the larger multilateral order. Most of the principles and norms espoused in the Chairman's Statements of ASEM meetings relate to universal norms and principles embodied in universal declarations or international agreements. But ASEM functions not only to reiterate these norms and principles; there is also an implicit hope that cooperation between Asia and Europe will ensure better compliance with the wider global regimes. An illustration of this approach taken by ASEM can be seen in the development of the Investment Promotion Action Plan and the Trade Facilitation Action Plan, both of which are designed to be WTO-consistent.

*Investment Promotion Action Plan (IPAP)*⁶⁷

At the first ASEM summit in Bangkok in March 1996, the ASEM leaders recognised the need to raise the then low levels of European investment in Asia, as well as encourage Asian investment in Europe. A government and private sector working group was formed to draw up an Asia-Europe Investment Promotion Action Plan (IPAP). This working group met twice within a year to draw up a plan. The draft IPAP was submitted to the November 1997 ASEM Economic Ministers' Meeting (EMM) for their

endorsement. The economic ministers endorsed the IPAP for adoption at the second ASEM summit. The IPAP was thus adopted by the ASEM leaders during the second summit meeting held in London in April 1998.

The IPAP aims to contribute to the enhancement of two-way investment flows between Asia and Europe by looking into investment promotion practices and by reviewing investment policies and regulations. These are respectively the two broad pillars of the IPAP. The Investment Experts' Group (IEG), which brings together investment experts from each ASEM partner, has been given the task of contributing to the implementation of the IPAP. The IEG's original mandate of two years (1998–2000) was renewed during the second EMM and extended to 2002.

The basic principles that guide the overall implementation of activities under the IPAP include recognising the benefits of an open market economy and an open multilateral trading system, thereby ensuring that all initiatives are fully consistent with and supportive of the WTO. This means that the initiatives should be based on the concept of open regionalism, non-discrimination and transparency.

To increase investment between the two regions, the IPAP acknowledges the need to strengthen business-government coordination, to improve frameworks of investment policies and regulations within ASEM, to establish or enhance information networks and information-sharing systems, and to create linkages between the business sectors from each region that will allow them to benefit from and enhance the economic dynamism and synergies of both regions.

Under the first pillar, the IPAP proposes:

- an ASEM virtual information exchange providing basic information needs on the internet for business people looking to do business or invest in another ASEM country;
- an ASEM decision-makers roundtable to provide opportunities for networking; and
- an ASEM business-to-business exchange programme.

Under the second pillar, the main proposal is for high-level dialogue on key investment issues, taking account of ASEM business and government views in order to address the improvement of investment policies and regulations.

Since the implementation of the IPAP in 1998, the virtual information exchange website has been launched. A list of the most effective measures (MEM) for attracting foreign direct investment (FDI) has been identified and agreed upon by ASEM partners. This MEM is used as a benchmark for the investment policies of ASEM members. ASEM members are supposed to report regularly on progress in implementing the MEM, while at the same time addressing the obstacles to FDI as identified by the private sector.

Trade Facilitation Action Plan (TFAP)⁶⁸

The decision to draw up an ASEM TFAP was taken during the first Senior Officials' Meeting (Trade and Investment) (SOMTI) held in Brussels not long after the inaugural summit. After several meetings between the 'TFAP shepherds', comprising representatives from Korea, the Philippines, the European Commission and the EU presidency, the draft TFAP was presented to the first ASEM EMM in Makuhari in September 1997. After further revisions, the final TFAP was tabled for adoption at the London summit.

Like the IPAP, the TFAP was also endorsed at the London summit. The main objectives of the TFAP are to reduce non-tariff barriers (NTBs) and to increase transparency so as to bring about more trade between the two regions. Though it is not a forum for negotiations, it is hoped that through the sharing of information, and through a voluntary process (relying on peer pressure) of reducing and removing NTBs, the TFAP can contribute to the goal of promoting greater trade between Asia and Europe.

Implementation of the TFAP has been supervised by the SOMTI. Under the TFAP framework, seven priority areas, together with a set of goals and specific deliverables for each of them, were identified for the period 1998–2000.

A careful study and analysis of the goals set for the different priority areas revealed a rather ambitious work plan. Progress in the first period, however, was uneven. While work on some areas, such as on cooperation over customs procedures, on standards, testing, certification and accreditation, and on quarantine and SPS procedures, was on track, not much progress had been achieved in the areas of public procurement and intellectual property rights, in the distribution sector, and on the issue of mobility of business people. There was therefore a strong call at the fifth SOMTI meeting, held in July 1999 (a year after the implementation of the TFAP), to accelerate progress, and members were asked to focus on making concrete steps towards the removal of trade barriers and reducing transaction costs.

In the period 2000–02, the TFAP retained focus on the seven priority areas: customs simplification and harmonisation; standards and conformity assessment; improvements in exchange of information on public procurement; the simplification and rationalisation of quarantine and SPS procedures; the promotion of awareness and enforcement of intellectual property rights, facilitating the mobility of business people; and the promotion of e-commerce.

Both the TFAP and IPAP can be seen as attempts by ASEM partners to create regimes governing trade relations and investments. The non-binding and voluntary nature of ensuring compliance with the recommendations does not make them any less than a regime. However, they remain as very weak regimes.

The further development of the IPAP and TFAP will be the key factors of any assessment of ASEM's effectiveness as a meta-regime, not least because promoting transnational economic linkages and promoting trade and investment between Asia and Europe is one of ASEM's stated objectives. Only when the IPAP and TFAP succeed in producing outputs in the form of individual commitments on trade facilitation and investment promotions measures that are ultimately implemented or enforced, will its impact be felt. Currently, not all ASEM members have made the individual commitments and there are no strong mechanisms to ensure implementation or enforcement, since they are by and large based on voluntarism. Constant review among the members and peer pressure are the primary compliance mechanisms. The implementation of the various commitments might also be made easier should East Asia succeed in building up an integrated economic community.

Other regime aspects of ASEM

An administrative hierarchy has been built into ASEM to facilitate the quick and effective exchange of information as well as the management of the ASEM process. At the bottom are the ASEM contact officers, appointed to the member states' respective foreign ministries, and the European Commission, in charge of collecting, consolidating and disseminating information. At the next level there are the ASEM coordinators, comprising officials from the EU presidency (the Council Secretariat) and the European Commission (representing the Europeans), and from two of the ten Asian member states (representing the Asians). Then, we have the senior officials' meetings (for the permanent secretaries or their ministerial counterparts) and, finally, the ministerial meetings.

As all ASEM initiatives and proposals must have the full consensus of all members, new proposals are first discussed at the coordinators' level. They are then submitted to the senior officials for consideration. Those initiatives selected by the senior officials are then included in the work programme to be considered by the respective ministers (depending on the issue). The foreign ministers and their senior officials are given the overall coordinating role in the whole ASEM process.

What sort of regime does ASEM represent? ASEM could be classified as an informal, diffuse and multi-issue meta-regime. It is informal in the sense of having no permanent organisation and no codified rules. Regular features are meetings of leaders, ministers and senior officials. At the core of ASEM are the coordinators and a system of inter-governmental working groups or experts' committees to organise events and provide a means for continuous consultation and coordination. It is both geographically diffuse in encompassing members from both the European and Asian continents, and functionally diffuse in being an overarching framework incorporating issues ranging from trade and investment to political dialogue to cultural

exchange. ASEM is a meta-regime as it represents the principles and norms underlying international arrangements – principles and norms that may serve to facilitate the establishment, strengthening or extension of more specific regimes.

ASEM as a meta-regime has two components. The first is what might be called a confidence-building framework to facilitate the development of a benign regional environment. This fits into the earlier analysis of ASEM as a regional integrator. ASEM provides that framework – the general principles and norms, and even a certain structure – to facilitate greater intra-regional cooperation among the Asian partners of ASEM. The other component is an overarching political framework to facilitate cooperation in trade and investment and other areas of mutual interest, ranging from the environment to education.

Having established that ASEM can be examined as a sort of regime, our next step is to further apply regime theory analysis to examine ASEM's impact on the member states' behaviour. We also have to look into the issue concerning the stability of ASEM and its need for change over time. As noted in the earlier theoretical discussion, a regime can remain stable and persist for a long time, or it can perish if it is unable to cope with the internal and external forces affecting it. It is also often the case that a regime will undergo considerable changes during its life cycle. Changes are usually brought about by changing power structures and changing perceptions of interests.

The first hint of a possible change in ASEM came just a little over a year after its creation. The 1997 financial crisis that brewed into an economic storm, hitting many of the East Asian economies, also brought doubts about continued interest in ASEM. Those observers who believed that ASEM was a result mainly of economic calculations and the economic prowess of East Asia were certain that the ASEM process would be derailed in the midst of the economic storm. However, this failed to occur, partly because the interests in creating ASEM did go beyond simple economics. Other underlying factors, as discussed in Chapter 1, did not come unstuck. The other explanation for ASEM's staying power may be found in the argument made by most mainstream regime theorists that because of the costs involved in creating regimes, regimes once created tend to persist for a considerable length of time, even though the original conditions that gave rise to it may have changed. In the case of ASEM, it might not be so much the cost that kept it together but the uncertainties with regard to the changes then taking place.

In the midst of their worst crisis, the Asian leaders were quick to remind the Europeans that the fundamentals of the Asian economies remained strong, and that they would bounce back in no time. The Europeans would again find themselves missing the boat when the economies recovered if they disengaged from the region during the crisis. Another constant message that was sent was that of interdependence, and that deepening

woes in the Asian economies would also affect the prosperity of the Europeans if they did nothing to aid the Asians' recovery.

The sudden and unexpected nature of the crisis did lead to questions about the permanence of the changes. No one then could really foretell how long the Asian economies would remain in the doldrums – just as the earlier-than-expected recovery two years later again injected an element of surprise. This element of uncertainty was probably another of the key reasons why the ASEM process remained on track rather than becoming derailed. However, some changes in its content were noted in response to this external shock.

If one had followed the conception and birth of ASEM, one would have noted that the inaugural ASEM summit in Bangkok was very much driven by the Asians, who, with their booming economies, were able to negotiate from a position of strength. European leaders felt left out of the dynamic economic growth in East Asia, and hence were eager to develop a dialogue with the latter. On both sides there was a strong belief in the principle of 'economics in command' – what might be defined as the faith in the market economy and the corresponding assumption that the pursuit of economic self-interest would have a trickle-down or multiplier effect; plus an underlying belief that enhanced economic cooperation between the two regions would not only serve the regions well, but would also contribute to the general well-being of the wider world. This 'economics in command' approach translated into a strong focus on the issue of economic cooperation as well as many initiatives aimed at promoting trade and investment such as the IPAP, the TFAP and the Asia-Europe Business Forum (AEBF). While compromises were made to include political dialogue and dialogue on other socio-cultural issues, so as to justify the full participation of the EU member states, economic considerations remained as the key driving force that brought together the twenty-six partners.

However, when the Asian crisis hit in 1997–98, the table was turned. The political and social fallout of the Asian economic crisis gave Europe the impetus to review its ties with Asia. The Europeans set the pace and agenda for the next ASEM summit in London. While recognising the continued importance of economic engagement, there was also a call for greater expansion of political dialogue. The greater focus on political dialogue was particularly prominent in the run-up to the third ASEM summit held in Seoul in October 2000. Instead of focusing simply on issues where there was a convergence of interest, there were also calls for more dialogue on sensitive issues such as human rights and democracy.

The slight change in focus – from an implicit economics-oriented agenda to a more comprehensive agenda to give equal emphasis to all three pillars of ASEM, and the slight change in approach to promote dialogue on sensitive issues rather than skirting over them – was a reflection of the changes in bargaining power between East Asia and the EU. Of course, the economic crisis dampened the mood, particularly of the

business community, concerning the prospects for trade and investment in Asia, especially Southeast Asia. Hence the need to look beyond economics to justify the continued engagement of the two regions. However, more importantly, the emphasis on political dialogue in particular had to do with the fact that the European Community was in the process of further defining its common foreign and security policy (CFSP). ASEM thus provided a politically low-risk testing ground for the CFSP endeavour.

While power and interests might be the two key factors leading to changes within a regime, social constructivists or cognitivists also believe that such changes can take place because of expanding knowledge and cognitive learning. As Peter Haas put it, 'regimes are not static summaries of rules and norms; they also serve as important vehicles for international learning that produce convergent state policies'.⁶⁹ In casting ASEM as a regional integrator, some scholars have argued that ASEM can be a vehicle for social learning, particularly for the East Asians, in developing norms of regional cooperation. And if indeed the Asian ASEM partners succeed in coming together as a more cohesive region, the nature, scope and strength of the ASEM 'regime' would also change accordingly. Since the EU is already blessed with a network of robust cooperative arrangements across all issue areas, if a broad fabric of regional cooperative arrangements could also be established first within the East Asian members of ASEM, the impact of ASEM on the wider international arena would also be different.

It has also been noted by Donald J. Puchala and Raymond F. Hopkins in their studies of regimes, that regimes tend to become more formal over time. They explain that this is because the maintenance of regimes often comes to require, in one way or another, explicitness. However, degrees of formality have little to do with the effectiveness of regimes measured in terms of the probabilities of participants' compliance.⁷⁰

With regard to ASEM, there have been many discussions on whether ASEM should become more institutionalised. What exactly is meant by 'institutionalised' is, however, not very clear. More explicit has been the call for the establishment of an ASEM secretariat. The people in favour of a secretariat see it as necessary to help move forward the goals of trade and investment and also to improve the coordination of other activities. This idea has, however, been rejected thus far, and the ASEM process continues to rely on the structure set up as illustrated in Figure 2.1 (see page 29).

Besides the TFAP and IPAP, which are significant outputs of the ASEM meta-regime, ASEF, the AEETC and the AEBF are the other three institutions that are spin-offs from ASEM. An assessment of ASEM as a regime should therefore also take into consideration the impact and effectiveness of these three institutions in carrying out their tasks in their respective areas. We should therefore examine ASEF's success in building an epistemic community in Asia and Europe that provides fundamental support

for ASEM and in creating a social fabric conducive to further strengthening of ASEM's objectives. Regime scholars such as Peter Haas note that epistemic communities (especially those with access to political leaders or with political influence) can further strengthen regimes through a process of learning. ASEF's activities also help to generate a thick network of interaction between Asia and Europe, ultimately serving the bigger interests of promoting closer cooperation between the two regions.

Similarly, we should also scrutinise the AEETC's ability to generate cooperation on environmental issues, and the AEBF's work in promoting more trade and investment between the two regions.

Since the main goal of ASEM is confidence-building, ultimately the measure of ASEM's effectiveness is whether or not its various programmes and initiatives contribute positively to the overall consolidation of the Asia-Europe relationship, and thus bring the two regions closer together. We should also not overlook how ASEM might have facilitated and complemented other bilateral or multilateral efforts in bringing about Asia-Europe rapprochement.

Conclusion

For the liberal institutionalists, ASEM at this juncture is still an informal, diffuse, meta-regime. It will continue to work in an inter-governmental mode, define very broad principles and norms, and adopt goals such as growth and prosperity and stability and security that cannot be disputed. The asymmetries between the EU and East Asia, the differences in political and institutional development, economic disparities, and divergent views on several trade and investment issues make it difficult for ASEM members to agree on very specific rules and regulations. ASEM avoids formal institutions and legally binding obligations at this juncture. But that does not in any way imply that it will remain in its present form forever.

As was aptly reiterated by Keohane,

the principal significance of international regimes does not lie in their formal legal status ... What these arrangements have in common is that they are designed not to implement centralised enforcement of agreements but rather to establish stable, mutual expectations about others' patterns of behaviour and to develop working relationships that will allow the parties to adapt their practices to new situations.⁷¹

ASEM will not remain static but is likely to continuously evolve, albeit slowly, to reflect changes in underlying structures of power and interest. At the same time, the interests of the various members may be affected by the functioning of ASEM. As ASEM in its slow and steady way creates more and more linkages and institutions such as ASEF, its ability to impact on the perceptions and interest calculations of policy-makers

cannot be discounted. Changes in definitions of interest will in turn have an effect on the nature, the scope and the strength of ASEM. Other exogenous factors and unforeseen circumstances will also act on ASEM. It also faces a number of challenges, which will be discussed in more detail in the next chapter. ASEM will have to respond to these challenges and adapt as it evolves. The precise nature and future of ASEM is therefore still uncertain.

6 From rhetoric to reality

Introduction

Is ASEM simply an exercise in summitry, or is it an exercise in region-building? Is ASEM a forum for diplomatic niceties, or is it an institution for regime creation? ASEM has displayed fleeting images of all of the above to allow scholars of different strands to exercise their intellectual imagination and cast it in different frameworks of analysis. Where is ASEM now, and which image is the closest to reality? Realist calculations belied the idea behind ASEM. ASEM as an essentially informal inter-governmental forum was the initial outcome. Then expectations grew as several initiatives began to take shape. The adoption of the Trade Facilitation Action Plan (TFAP) and the Investment Promotion Action Plan (IPAP), for example, raised the expectations that rules and procedures might emerge to guide trade and investment between Asia and Europe. Institutionalists therefore wondered if these would become trade and investment regimes in their own right. Was the establishment of the Asia-Europe Foundation (ASEF) another sign of institution-building? What about the series of coordination meetings that take place among Asian ASEM members prior to any key ministerial meetings and the summits? Have all these meetings among the Asians contributed towards greater regional coordination? In dealing with a significant other such as the European Union (EU), has an East Asian regional identity emerged?

To uncover the real ASEM, we have to try answering all these questions. We also have to assess the real impact and the actual difference, if any, that ASEM has made in the international arena, and with regard to Asia-Europe relations. From the standpoint of where ASEM is at this juncture, we can start with some empirical observations.

Empirically, one can say that ASEM is more than a summit. It is also more than just a process. Though it is far from developing into a formal organisation, it has acquired a certain structure. Therefore, in assessing the progress made by ASEM, we cannot simply focus on the summit. We have to use the 'PSI' standard and examine the *Process* involved, the *Structure* that has been developed, and the *flurry of Initiatives* that usually surface

during each summit. Two of the initiatives have even been further transformed into concrete institutions, namely ASEF and the Asia-Europe Environmental Technology Centre (AEETC).

During its short existence, dating back to March 1996, ASEM has generated many activities. The width if not the depth of its initiatives and those of ASEF have been impressive. How, then, can we evaluate ASEM's achievements and progress? The questions to be asked are as follows: As a process, what are the signposts along the way that we can use to benchmark how far ASEM has travelled? Is there an end goal in this process, or is it a journey that should go on and on? Is the existing structure effective or efficient in managing the process? Do the initiatives have their own desired outcomes and impact, and how do these in turn feed into the process? Below is an attempt to answer all these questions.

An empirical assessment of ASEM: the PSI standard

Process

Since its birth in March 1996, ASEM has developed from an idea into a process. The three key aims of this process are to foster political dialogue, reinforce economic cooperation and promote cooperation in other areas. These are now branded as the three pillars of the ASEM process – the political pillar, the economic pillar and the socio-cultural pillar. The key characteristics of the ASEM process, as highlighted in the European Commission Working Document (18 April 2000), are:

- its informality (complementing rather than duplicating the work already being carried out in other bilateral and multilateral forums);
- its multidimensionality (carrying forward equally a political, economic and cultural dimension, in conjunction with the three pillars of ASEM, to ensure a comprehensive partnership);
- its emphasis on equal partnership (eschewing any aid-based relationships in favour of a more general process of dialogue and cooperation); and
- its high-level focus stemming from the summits themselves.¹

Regular meetings within the ASEM process now involve foreign ministers, economic ministers and finance ministers, and their senior officials. Meetings of customs' director-generals/commissioners are also held every two years. Meetings of environment ministers and internal affairs ministers have also been proposed for the year 2002.

In addition to these core meetings, there are a series of expert-level working groups that meet to discuss highly specific issues. These meetings include those that take place under the umbrella of the TFAP, for the discussion of issues ranging from standards and intellectual property

rights to government procurement and customs, and the IPAP, where the Investment Experts' Group (IEG) meets to look at measures for promoting investment.

Structure

A structure governing the ASEM process has evolved and is illustrated in Figure 2.1 (see page 29). The summit represents the highest 'decision-making' level and is held biennially. It is itself the culmination of working meetings involving ministers from the foreign, economic and finance ministries as well as meetings involving senior officials from these same ministries.

The foreign ministers and their senior officials are responsible for the overall coordination of ASEM activities. They are assisted by four coordinators. Each side – the presidency and the Commission for the EU on the European side, and, currently, Japan and Vietnam on the Asian side – contributes two coordinators. Moreover, within the Asian side, both the Northeast Asian and Southeast Asian subregions rotate the responsibility of providing coordinators. The coordinators from the Northeast Asian subregion are rotated on a two-year term, while those from the Southeast Asian subregion are rotated on a three-year term.

From Figure 2.1, one can see that a somewhat 'dense' structure has developed, especially around the economic pillar. If the ASEM process is to continue to make progress, it will only become more and not less complex. The question that needs to be addressed in the foreseeable future is whether the current structure will still be adequate, and, if not, how should or could it evolve to consolidate the different aspects of Asia-Europe relations. This will require some soul-searching on the part of the member states regarding what kind of organisational or institutional structure they wish to create for ASEM.

Initiatives and institutions

Many initiatives have surfaced at the summits. Such initiatives or projects form an important and integral part of the visible output of ASEM. Some of them, such as the idea for setting up ASEF to facilitate intellectual, cultural and people-to-people exchange, and the establishment of the AEETC to facilitate cooperation in environmental technology exchange, have been brought to fruition, and have developed into concrete institutions with their own mandates. Several other initiatives have been carried out and continue to evolve. These include, for example, the TFAP, the IPAP and the Asia-Europe Business Forum (AEBF). Many other initiatives have developed into the form of regular meetings, though the effectiveness and usefulness of these meetings have yet to be evaluated.

As examples, some of the major initiatives include the ongoing Informal Seminar on Human Rights, the Young Leaders' Symposium, and ASEM meetings on child welfare. There have also been several initiatives such as the railway network study and the development of the Mekong Basin, for which initial studies were made but are now lying dormant as not enough interest and support has been garnered for further development. Some proposals and suggestions, such as the Project on Monitoring and Control of Communicable Diseases, and *Overcoming Cultural Nuances: Towards a New Public Management*, never really took off. The proliferation of these suggestions and proposals has given rise to one of the major criticisms often directed at ASEM. A proliferation of initiatives without the proper follow-up and political will to carry them through has created an impression of superficiality in the process, and has also resulted in the waste of resources.

The promises, the reality and the potential

Assessed simply from the dozens of activities that it has generated, the few institutions and programmes that have been established, the structure that has evolved, and its momentum for self-perpetuation, ASEM looks rather impressive. However, if we were to scratch the surface, the reality might not appear so rosy. With so many different initiatives, it is natural to ask what the real impact or effect of these activities, projects and meetings has been. Has ASEF helped to create a greater awareness or 'ASEMness' among the peoples of Asia and Europe? Has the AEETC contributed to greater cooperation in environmental management and awareness? What has come out of the multiplicity of meetings and activities generated by ASEM and its attendant institutions such as ASEF? What has been their collective impact?

An objective assessment of ASEM's impact must start with a realistic appraisal of the explicit and implicit goals of ASEM. Assessment is made difficult because there have been different expectations. But one could start perhaps by going through all the official documents and noting all the objectives that have been put forward thus far. The other possibility is to go back to the original impetus behind ASEM and see how much of the original objectives behind ASEM have been realised. This, however, does not take into account the fact that the objectives of ASEM may have changed over time in response to changes in external circumstances. The goals and perspectives of the ASEM partners themselves may also have changed. The original objectives and roles may have undergone adjustments or adaptations in the light of unforeseen circumstances, while new ones may have been taken on board as new challenges were identified.

ASEM is not a static entity. It is an evolving process, and it has taken on a multiplicity of roles. Hence, it is perhaps best to take a broad sweep and identify some of those common goals that have been reiterated in different

official statements and speeches by different politicians and reflected in working documents. In doing so, one may safely assume that the overarching objective of ASEM is to open a channel of dialogue between Asia and Europe so as to promote greater understanding between the two regions. It is also hoped that the dialogue process will strengthen the relationship, resulting in:

- more trade and investment between the two regions;
- greater cooperation on World Trade Organisation (WTO) matters to ensure the maintenance of an open, multilateral trading system; and
- a means of balancing the influence of the US, and maintaining a multi-polar world.²

ASEM's impact must be evaluated against this backdrop. For the first few years, its efforts concentrated on these general areas. Measures were also taken to achieve the more specific goals of increasing trade and investment, and of reaching some sort of agreement on WTO matters as a counterweight against any unilateral US moves.

The TFAP and the IPAP are examples of the former. There have also been other important milestones such as the launch of ASEMConnect in 1997, an internet-based tool to facilitate cooperation in the business sector, and, in 1999, the launch of the virtual information exchange, an important tool to foster the transparency of investment regimes in all ASEM countries.³

In evaluating the impact of the TFAP and IPAP on trade and investment regimes, one has to note their explicitly non-binding nature. The emphasis of the TFAP and IPAP is on the exchange of information, and identification of barriers to trade and investment. The actual implementation of measures to remove barriers and improve the trade and investment climate is entirely up to individual ASEM partners. Thus the TFAP and IPAP's influence relies on the peer pressure that results from the partners' constant review of each other. One could perhaps also say that it relies on pressure from the business sector. These initiatives are unlikely to move very fast, or to realise quick, substantial benefits. ASEM's diversity and its focus on loose policy consultation rather than on being a forum for negotiating agreements will not result in any effective binding agreement on rules and regulations. ASEM has therefore placed a higher priority on communication and the exchange of information to create a conducive atmosphere for long-term cooperation, as opposed to measures aimed at reaping instant benefits or solving immediate economic problems.

With regard to the WTO and the multilateral trade order, extensive consultations were carried out before the first WTO Ministerial Meeting took place in Singapore in December 1996. However, the results of the WTO consultations were limited because of differing values. Differences over global trade are becoming more apparent, in particular since the Asian

financial crisis occurred. While both regions are in general committed to the multilateral trade order, differences have emerged on many specifics – such as the labour standard issue and the need for a new comprehensive round of trade talks. Indeed, during the second ASEM Economic Ministers' Meeting (EMM) held in Berlin in October 1999 (about two months before the Seattle WTO Ministerial Meeting), Asian and European leaders were unable to agree on several of the WTO-related issues.

The fiasco in Seattle and the failure to launch a new round of talks reflected deep divisions, particularly between developed and developing countries on the contents and the pace of liberalisation. ASEM, while professing its general support for the multilateral trading system, is similarly divided between the developing and the developed partners. Critics of the ASEM process are sceptical about how far cooperation between Asia and Europe can extend to WTO matters without common values and binding institutions. ASEM partners only expressed perfunctory support for the launch of a new negotiation round at the WTO 'as soon as possible'. There was no real discussion on what should be in the agenda nor on what was meant exactly by 'as soon as possible'.

On the need to balance US influence and to counter the increasing unilateralism of the US, the stark reality is that the political and economic heterogeneity that exists across East Asia and between East Asia and the EU has meant that it has been difficult to act in unity to make a difference. This lack of a common position and the inability to act in unison has meant that neither Europe nor Asia has been able to influence US behaviour to any real extent. Their actions towards the US have been further constrained by the fact that despite expressing occasional displeasure with the US for its unilateral behaviour, both groups know that they remain strongly reliant on the US for its market and, more importantly, in the realm of security. Events in 2001, starting with the rapid decline of the US economy in the earlier part of 2001, and then the terrorist attacks on the US, reaffirmed that common perception. (Of course, the events and aftermath of 11 September have also changed drastically the outlook of the global security and economic order, a change which is likely to affect Asia-Europe relations. This issue will be discussed further in the following sections on the challenges and future facing ASEM.) Indeed, although there are increasing problems with regard to US unilateralism, the transatlantic and transpacific ties remain far stronger than the Asia-Europe relations. ASEM remains as the weakest link in the triangle of relations governing East Asia, North America and Europe.⁴

Also, while the EU may want to seek a greater share in the Asian markets in direct competition with the US; and while the Asians may wish for greater diversification away from reliance on the US markets, a very careful balancing act is required. None of the parties would really want to jeopardise their ties with the US. Any wrong signals indicating that the two regions are colluding in a way that might counter American interests might

elicit a response that none of the parties wants. As noted by the late Gerald Segal, what is really important for Asia and Europe is for them to work together to keep sentiments of isolationism in the US at bay, and to keep the US honestly committed to internationalism and the multilateral trading order. ASEM could be seen as a form of insurance for both regions in the eventuality that the US really does turn recalcitrant.

The economic crisis that hit Asia in 1997–98 brought about a rethink of the rationale behind ASEM, particularly from the European angle. While the most publicly professed rationale for enhanced dialogue between Asia and Europe when ASEM was first conceived was to increase trade and investment and other economic cooperation, the crisis brought into the ASEM agenda the need to understand economics as part of a complex process of political and social change. Efforts were made by the EU to expand the political dialogue. In one sense, such efforts were aimed at driving home the message on the growing interconnectivity of political and economic issues. More importantly, it was perhaps a reflection of the continuing development and further consolidation of the EU's common foreign and security policy (CFSP). ASEM provided the EU with the opportunity to further fine-tune its CFSP concept and practice. Chris Patten articulated this point when he said: 'Trade may be the cement of ASEM ... but with the EU striving to forge its own foreign policy and a defence identity, Europe wants to play its part in securing development and stability in Asia'.⁵

The push to expand and enhance political dialogue was the focus of, and a point of contention in, the preparations for the third ASEM summit in Seoul (ASEM 3). While the Europeans were keen to deepen the content of political dialogue, most of the Asian nations wanted to stick to ASEM's original emphasis on economic cooperation.⁶ The outcome of ASEM 3 was a compromise between these two positions. The ASEM Trust Fund was extended, and there was an agreement to address the downside of globalisation by convening a roundtable on the issue. Cooperation in information technology and initiatives to address the digital divide were some of the key initiatives endorsed. With regard to the issue of political dialogue and human rights, the Europeans were happy that the Chairman's Statement included a paragraph which stated that the leaders 'committed themselves to promote and protect all human rights, including the right to development, and fundamental freedoms, bearing in mind their universal, indivisible and interdependent character as expressed at the World Conference on Human Rights in Vienna'.⁷

The fourth ASEM summit, however, marked the turning point. It was a return to the down-to-earth perspective of what can be achieved by ASEM at this present juncture, with the acknowledgement that more can perhaps be achieved in the longer term.

In short, it marked the realisation and acceptance that ASEM is about forging a long-term partnership. Hence progress can only be of a gradual

and incremental nature. It will be difficult to measure ASEM's 'success'. The gains in many areas will only be of a qualitative nature and hence difficult to quantify. More importantly, the 'concrete' results of the ASEM process will only be manifested in the long run.

Qualitatively, this will be reflected in the narrowing of our psychological distance; a common consensus within European societies that Asia is important to Europe, and vice versa in Asia; less stereotypical responses and caricatures; frank exchanges of views on issues over which we might have differences of opinion; more understanding and appreciation of each other's positions on various issues; and, ultimately, the willingness to compromise and make policy adjustments taking into consideration the position of others. ASEM will have arrived when the habit of consultation among the ASEM members leading to policy coordination becomes entrenched.

Quantitatively, ASEM's influence will be reflected in increasing trade and investment; more cooperation in functional projects relating to matters such as the environment and human resources development, resulting in measurable benefits for the peoples of both regions; more scholarships offered and more students in each other's regions; more people participating and benefiting from ASEM's activities such as the ASEM university programme; more engagement of our civil societies; greater ease of travel between each other's regions; and so on.

In short, empirically, ASEM will be considered successful or relevant when one can pinpoint its contribution towards:

- creating greater awareness among Europeans about Asia and vice versa;
- understanding the need for dialogue and consultation on common issues and challenges; and
- achieving effective cooperation (through policy coordination) not only in trade and investment but also in all other areas of global governance.

ASEM has progressed from an idea into a process involving dialogue and meetings at different levels. During its short history, since its inaugural summit in March 1996, there has been a growing breadth of activities. New initiatives are proposed at every summit. Some of these initiatives have developed into specific institutions or programmes and taken on a life of their own. To manage all these meetings and activities, a certain structure has also evolved, and a blueprint to guide the ASEM process has been adopted in the form of an Asia-Europe Cooperation Framework (AECF), also referred to as the ASEM Charter. One way to capture the essence of ASEM is to describe it as a long-term project. This long-term project encompasses several different programmes (represented by the various initiatives), managed by the coordinators, senior officials and the foreign ministers (as reflected in the structure), contributing to a long-term process

that will ultimately lead us to the overall goal of better relationships and cooperation between Asia and Europe.

However, as the discussion on ASEM's promises and potential has shown, and looking at the structure that has been developed to manage the process, ASEM remains very much a loose and informal forum for dialogue and consultation. It is at best a 'soft' institution that has not developed mechanisms for actual problem-solving, or for managing/enforcing solutions. The initiatives and programmes that have developed over the years are also aimed more at the exchange of information, and at generating awareness and understanding, in the hope that this will lead to some policy adjustments and coordination. But again, this is secondary, usually implicit, and actions taken are strictly voluntary.

Addressing the 'trilemmas' of making ASEM more representative, effective and efficient

The promise and potential that the ASEM project holds is tremendous – more trade and investment between Asia and Europe leading to more prosperity for the peoples of the regions; respect and the upholding of cultural diversities, maintaining a multipolar world; and a contribution to the stability and prosperity of the global order. However, the reality now is that we are only at the beginning of this long-term, mega-project. In the six years since ASEM's birth, we have surveyed the ground and finally come to the conclusion that it is firm and ready for the ASEM members to begin placing the foundation stones, one by one.

To be patient and have a realistic understanding of where ASEM is at this juncture does not, however, preclude us from looking at some of the existing criticisms that have been levelled against it. Are some of these criticisms a result of overblown expectations and a misguided understanding of what ASEM is all about? Or are there some valid criticisms that can be addressed so that ASEM can become more representative and inclusive, better managed and efficient, and hence more effective?

Representativeness: making the process less elitist?

ASEM has been criticised for being a top-down process – exclusive and not receptive to dialogue with civil society.

Some scholars and observers have criticised ASEM for being too elitist and top-down in its approach, with not enough participation and input from civil society. These criticisms are not unfounded, and the challenge is for ASEM to address them in the years to come. If ASEM remains an essentially official process managed by bureaucrats and dominated by politicians, the danger is that government changes within the ASEM countries might bring about changes in policy priorities that would sideline ASEM. If knowledge about ASEM does not trickle down, and the participation in the ASEM

process does not widen to include different levels of society, a real rapprochement between Asia and Europe is unlikely to take place.

There are indications, for example, that the Asian economic crisis and the European preoccupation with deepening its financial and economic integration have resulted in a rising trend of disinterest and declining enthusiasm at the political level.⁸ A rise in the popularity of ultra-nationalist and extreme right-wing parties in Europe is also likely to have an effect on the foreign policies of the European nations. While such political inertia or extremism has to be countered at the political level, there is no doubt that ultimately the existence of linkages at all levels of society would best ensure the long-term continuity of ASEM. Asia-Europe relations should not just be a project for governments. It should be about building up ties and networks between interest groups, businesses, professionals and young people. Hence, to borrow the words of the late Derek Fatchett, then minister of state at the British Foreign and Commonwealth Office, 'we must establish contacts at all levels, from grey-suited government officials to back-packing young people, from business people with lap-tops to designers with sketchbooks'.⁹

The need for ASEM to adopt an approach that is not too officious and an agenda that is less elitist is also demanded by changing trends in domestic politics, even in the Asian countries. These trends include a growing desire for greater participation, the need for greater accountability and the call for a greater focus on human development rather than merely on economic development. ASEM will have to continue to evolve and adapt in order not to be 'out of sync' with what is happening in Asia and Europe. To fail to adapt and respond to the changes and not involve and consult more people is to risk ASEM stalling along the way, unable to fully take off.

Yet there may be a rejoinder to those people who take issue with the so-called elitist nature of ASEM, that is with its high-level focus stemming from the summits. ASEM's objective is to strengthen the relationship between Asia and Europe. The underlying assumption has always been that a stronger partnership and increased cooperation between the two regions would be a positive step towards global peace and prosperity. To achieve such lofty goals, wise statecraft, a committed leadership and strong political will are required. The real challenge now is not so much to move away from the elitist nature of this project, but to ensure that the ASEM leaders not only sincerely believe in the importance of Asia to Europe and Europe to Asia, but can identify enough common values and common interests to want to move forward together. Thus the next step is to see whether the leaders have the commitment and political will to move beyond rhetoric to bring about a greater convergence in their policies to achieve the desired outcome. The journey ahead will naturally be a long, protracted process and will depend very much on the political and intellectual elite, the business leaders and the leaders of the two regions' civil society organisations.

Beyond the political leaders and the bureaucrats involved in the ASEM process, the question is: Are the leaders of the other sectors of society – business, media, civil society and academia – sufficiently engaged to bring about a real rapprochement between Asia and Europe?¹⁰

The need to encourage, expand and multiply the links among business, academia, youth, media and other civil society groups can also be seen as a means of hedging against the fatigue that might be felt by political leaders and bureaucrats or the distractions that government leaders face in solving more pressing domestic issues. Such distractions are likely to affect their commitment and attention to nurturing Asia-Europe relations. However, if strong support for developing Asia-Europe ties exists at all levels of society, pressure will be on the governments not to neglect ASEM.

The importance of strengthening ties at all levels has been recognised. Widespread understanding between the peoples of Asia and Europe is a long-term project that requires commitment, resources and patience. Whether politicians, who often possess short-sighted views and act on the basis of political expediency, actually have such long-term commitments and convictions is truly debatable. That is why it is so important to engage the other sectors of society so that they become a part of the process of building up the ASEM project. For a start, ASEM leaders, ministers and officials should hold meetings that are open to representatives from the ASEM People's Forum. They should also welcome ideas that will contribute to the consolidation and further development of the ASEM process.

Effectiveness and efficiency: are the initiatives leading us to the overall goals and objectives?

As noted earlier, in a rather short span of about six years, since the first meeting in Bangkok, many activities have been generated under the ambit of ASEM. However, it is also precisely this proliferation of activities that is now a cause for concern. As pointed out by Percy Westerlund, the former director-general of the External Relations Directorate of the European Commission, a proliferation of follow-ups without any sense of focus or direction leads only to wasteful duplication, and dissipation of energies and precious resources. The danger of having all sorts of follow-up activities simply for the sake of 'showing progress' but without any specific orientation or direction is not only a waste of resources but might also result in 'forum-fatigue' and in the long-term, general disinterest. Compounding this problem is the fact that the goals of some of these activities are either so vague or so remote that no one feels the pressure to take any specific action now.¹¹

Such mushrooming of activities, however, is a reflection of a more fundamental problem. While ASEM's broad objective of strengthening Asia-Europe cooperation is clear, the reality is that the specifics of the

objective are still evolving. If we look at the whole gamut of activities that have been carried out, some may clearly be seen as steps taken to fulfil ASEM's economic objectives, such as the TFAP, the IPAP and the regular AEBF. However, the overarching rationale for other activities, such as the Conference on Traditional and Modern Medicine, is less obvious.

One sometimes also senses a sort of jealous competition in the proposing and claiming ownership of some initiatives, which results in the duplication of efforts rather than in concerted and coordinated efforts to expand and build upon what has already been done. For example, the idea of promoting greater exchange between university students and professors has gone through multiple metamorphoses – from Malaysia's desire to have an Asia-Europe University, to Singapore's proposal for an ASEM education hub, to the launch of the Education and Research Network (EARN) website, to the most recent proposal suggested by France and Korea to implement an ASEM DUO scholarship programme. All these have the central objective of promoting a greater exchange of students and academics between Asia and Europe, and encouraging interest in the study of these two regions. But they have taken on different names and no conscious effort seems to have been taken to see how all the three initiatives or programmes might complement one another.

The need to review priorities is all the more urgent at this juncture, when both the EU and Asia are so caught up in their own domestic and regional affairs – the EU with issues relating to monetary union, enlargement and the reconstruction of south-eastern Europe, particularly the Balkans; and the Asians with reviving their economies and coping with the political and social fallout of the economic crisis. A 'laundry-list' approach, which allows each country to put forward its own pet idea, with no consideration of how it might fit into an overall scheme of priorities, cannot continue forever. It would only dilute the seriousness and respectability of the ASEM project.

This problem has been recognised by the ASEM members, and there are now attempts to streamline and focus the process to make it more efficient. As a start, it has been decided that all future initiatives should be grouped under some agreed clusters. These clusters would come under the three main pillars of the ASEM framework. Table 6.1 provides a breakdown of the main areas into which initiatives are to be clustered under each pillar.

This is only a loose framework, and it is recognised that some of the clusters of initiatives are also cross-pillar issues. For example, an anti-money laundering initiative has both political and economic dimensions. Similarly, human resource development should not only be approached from an economic perspective as it also has important social implications.

When proposing new initiatives, the proposing partner should seek to build upon work that has already been undertaken within the relevant cluster and avoid duplication. In addition to the results of each individual

Table 6.1 Cluster areas for initiatives

<i>Political pillar clusters</i>	<i>Economic pillar clusters</i>	<i>Social and cultural pillar clusters</i>
Transnational crime and law enforcement-related matters	Economic matters	Activities organised by the Asia-Europe Foundation
Human rights issues	Financial matters	Human resources development
Environmental concerns	Globalisation Information technology	Health matters

initiative, efforts should be made to present results within clusters. There should also be better monitoring and evaluation of ASEM initiatives, not only to reach synergies between them, but also to present them in a more coherent manner to the public.¹²

Effectiveness and efficiency: better management with an ASEM secretariat?

Can the ASEM project continue to be managed effectively and efficiently using the existing structure (as illustrated in Figure 2.1; see page 29)? Can this present structure continue to serve its purpose as ASEM further develops in response to both internal dynamics and external factors? As Bilson Kurus aptly puts it, ‘a more formalised structure will probably not be a problem provided such a structure evolves as a logical consequence of the achievements that ASEM engenders, and more importantly, it is consented to equally by both sides’.¹³ This has led to a wider discussion on the need for an ASEM secretariat.

The issue of an ASEM secretariat has been raised especially in response to a recommendation contained in an Asia-Europe Vision Group report, which calls for ‘the establishment of a lean but effective Secretariat’. The rationale behind this recommendation is based on the Vision Group’s belief that ‘the ASEM process will become more complex, not less’, and that the ‘current institutional framework is insufficient and likely to constrain the positive evolution of the ASEM process’.¹⁴

Would the establishment of a secretariat provide a better focus for the continuity of the ASEM process, and result in the better coordination of the various activities and meetings? ASEM partners have reacted differently to this suggestion. While some countries are keen, the proposal has not been widely accepted. Many ASEM partners have expressed reservations and fear that unnecessary or premature institutionalisation would only be detrimental to the process.

Again, the perspectives differ because of the different understandings and expectations that ASEM partners hold in relation to the nature of ASEM and what it ought to be. Many ASEM partners want ASEM to remain as a loose forum. They believe that the value of ASEM lies in its informality. Indeed, for these people, over-bureaucratisation constitutes the most serious threat to the ASEM process. After the Seoul summit, some leaders called for the meeting to be less formal and more interactive. The added value of ASEM lies in the fact that it provides leaders with an occasion to meet in an informal environment where they can establish a certain comfort level in dealing with each other.¹⁵

The preference for informality during the summit meetings does not necessarily contradict the desire for a secretariat to provide a point of focus and coordination. The question to be asked is whether the current reliance on rotating coordinators (with continuity provided only by the European Commission) is working well, and will continue to be effective as activities increase and the pressure to focus on the implementation of various initiatives also increases, particularly in relation to trade and investment promotion.

The latest twist on this issue is the proposal to have a 'virtual secretariat' to facilitate the better exchange of information in between meetings. The virtual secretariat – an electronic network of ASEM partners – could give a ready overview of ASEM activities. Secure bulletin boards could provide a quick and easy way to share draft documents and exchange views about individual activities. A working group has been set up to study the feasibility of such an idea.

The real trilemma: the issue of membership expansion

Closely related to the trilemmas of representativeness, efficiency and effectiveness is the issue of expanding the ASEM membership. As often pointed out by critics, Asia is more than ten East and Southeast Asian countries, and Europe is more than the EU. Can one therefore seriously believe in rapprochement between Asia and Europe without including other important Asian countries such as India and Pakistan? At the same time, while EU is enlarging eastwards, questions are being asked: what about Russia? Isn't Russia the real Eurasian country and therefore shouldn't it rightfully be in the ASEM project?

The issue of membership expansion has surfaced a few times in the last four years but has always been sidestepped because of a lack of genuine interest in addressing the issue. The debate on the criteria for membership has now been put on hold until 2004. This is primarily because of an inability to agree on the specifics and the criteria for membership. ASEM leaders and officials are of course fully aware that Europe and Asia constitute entities larger than the sum total of the current ASEM membership. The official rhetoric is that ASEM should be 'an open and evolutionary

process'. Beyond agreeing that 'discussions would continue on the timing and modalities concerning expansion of membership', and reiterating the simple principle that 'enlargement should be based on consensus by the Heads of State and Government',¹⁶ nothing much else has been decided. There is as yet no agreement on the procedures and pace for enlargement, though there are already some ten or more applicants – including Australia, New Zealand, India, Pakistan and Taiwan on the Asian side, and Switzerland, Russia and the potential new EU members on the European side.

There are several potentially contentious points surrounding the membership enlargement issue. Should membership of the EU or Association of Southeast Asian Nations (ASEAN) automatically qualify a country for membership of ASEM? This issue sparked off some debates back in 1997 when Myanmar and Laos joined ASEAN. There was no agreement even among Asian members. While Malaysia was keen to support the idea of including Myanmar and Laos in ASEM, Indonesia and some other Asian members came out to refute the idea of automatic inclusion. In view of the EU's strong objections to Myanmar's participation, members merely agreed that the 'discussion would continue' in order not to derail the nascent ASEM process. As it is, Myanmar's membership has already stalled the much older ASEAN-EU dialogue.

On the other hand, the differences in the legal position and constitution of the EU, as compared to that of ASEAN, means that new EU members will have to be automatically included in all its dialogue relationships. Therefore, in the case of the EU, new members will automatically become part of the ASEM process. While this is not likely to happen until 2004 or beyond, the prospects of having an expanded ASEM seemingly weighted in favour of the Europeans (at least numerically) has to be dealt with. Precisely because of such a prospect, there has been a sort of initial in-principle agreement that the first round of expansion should be on the Asian side. However, to date no specific criteria have been agreed upon, although initial discussions have broached criteria such as the applicant's 'degree of engagement with Asia and Europe'. For example, one could use trade and investment figures to assess the extent of economic engagement and the intensity of diplomatic relations. Interestingly, when discussions were held in 1995 to decide on the potential participants for ASEM, for Asia the most important consideration then was to include dynamic economies that have contributed to the region's prosperity and growth.¹⁷

The AECF 2000 document that was adopted during the third ASEM summit has drawn up a 'two key' approach as a general guideline for accepting new members. The two key approach refers to the fact that a candidate country first needs the unanimous support of its regional partners before getting the unanimous support of the other region's members. The final step entails getting an endorsement with a unanimous decision at the leaders' meeting.¹⁸ In short, one might say that a candidate's application

must first receive the blessings of the ASEM members in its region, before being supported or sponsored by the region as a whole.

This, however, does not address the problem of the increasing disparity between the number of European and Asian members. Another attendant problem with expansion is, of course, increasing diversity and hence the increasing difficulty of reaching a consensus, since unanimity is presently the mode of decision-making. One of the ways to help negate the effect of such numerical disparities and diversities would be to move away from being purely an inter-governmental forum, and carry out more and more inter-regional dialogue. This would hinge, of course, on the progress made in the further integration of the Asian members.

Involving more countries in the ASEM project now, when it is just beginning to consolidate, may complicate the process. There would be more disagreements as to what the ultimate project should look like. There would be more arguments over which direction to move, what actions to take and what programmes to invest in to lead us to the end goal. Hence, there is a general sense that the membership issue should be postponed until the foundation has been laid and certain plans have been consolidated.

The issue will have to be dealt with head on, however, come 2004. This is especially so if the eastern enlargement of the EU is confirmed, and the EU takes in six to ten new members. The likely scenario, then, is that the new EU members will be accepted as ASEM members in exchange for the EU accepting the three new ASEAN members – Cambodia, Laos and Myanmar.

Such an expansion would therefore have less of a compromising effect on the effectiveness and efficiency of the ASEM process, as the EU has a strong coordinating mechanism. Similarly, the ASEAN + 3 process has made some headway in regional coordination and cooperation. Hence there would not be any adverse impact on the ASEM project. The big question is whether ASEM will expand to include countries such as India and Russia.

In the whirlpool of changes

Besides addressing the internal trilemmas facing ASEM, another big issue for ASEM is that, along its way, it is likely to be affected more by the vagaries of many external factors, some of them beyond its control. Its progress may be stalled or speeded up, its goals may change and become more vague or more concrete, and the deadline may be extended or brought forward as the ASEM members react and respond to these factors. The lack of resources, and the pressure on time and energy, may sap the attention of the drivers of the ASEM process. While the process is unlikely to be derailed completely, it may face certain periods of lull as interest and efforts are turned towards other pressing matters. What are

some of these external factors likely to affect the direction and progress of ASEM?

One could easily provide a 'laundry list' of factors – from domestic constraints and developments within the key players of ASEM to international forces and events. I will attempt to cluster all these factors under four broad headings: developments within East Asia; developments within the EU; American foreign and trade policies; and developments in other multilateral institutions. And as a backdrop to all this we must factor in the bigger picture of a global economic slowdown, the grim spectre of a world that is increasingly divided, intolerant and violent, as reflected by the events of 11 September 2001 and its aftermath, and the broadening base of terrorism.

Developments within East Asia

East Asia is in many ways still a region in transition. Taking a broad view of the strategic and political landscape of East Asia, there are both dark clouds and silver linings. The dark clouds are the discovery of al-Qaeda networks in many of the Southeast Asian countries and the increased polarisation within some of these plural societies brought about by the 11 September events, and the economic downturn. There is a fear that if al-Qaeda and its extreme ideology is allowed to take root in Southeast Asia, this would become an endemic problem that would threaten the overall security of the region and stall the democratisation process of many of the Southeast Asian countries.

Besides the spread of a terror network in Southeast Asia, there are other strategic uncertainties such as the dramatic changes in the Korean Peninsula. The statement by North Korea on its nuclear programme and insistence that it has the right to develop nuclear weapons has not been helpful. Tensions between India and Pakistan remain a source of concern. Cross-strait relations between China and Taiwan are still unresolved. These events have cast a pall over Asia, to the extent that security experts have issued a 'wake-up call', that 'the world is expected to lose sleep over Asia in the next 10 years'.¹⁹

Economic recovery in the region has also been patchy. While many of the countries have managed to recover from the deeper malaise brought about by the Asian economic crisis in 1997–98, the events of 11 September 2001 and the global economic downturn are also slowing down the economic recovery. The unexpectedly sudden economic slowdown in US and subsequent stagnation of the world economy have revealed that the economic growth of many countries in this region has been too heavily dependent on the US. The fundamentals of the domestic economies have never been strong enough to support the entire economy. Japan, the biggest economy in the region, has been in a decade-long slump, and is now facing serious economic and financial

problems that require fundamental structural reforms. Though the Koizumi government has shown some initiative in moving in the right direction by promoting long-awaited structural reforms, the reform process seems to be losing steam, and enormous obstacles remain in the path of reforms.

There is no doubt that several of the above issues, particularly those involving the bigger players in the region – such as China, Japan and Indonesia – are likely to have an impact on the functioning of ASEM, though the exact scope and intensity of the impact would depend on a combination of factors. Developments within China, and in its relations with other major powers, particularly Japan and US, will have significant implications on the region's development. ASEM is one of the many multi-lateral forums, together with APEC and the ASEAN Regional Forum (ARF), that are being employed to engage China and acclimatise it to the norms of international cooperation. However, the internal dynamics of Chinese politics remain beyond the control of anyone outside China. Yet at the same time, these changes within China, which will be reflected in its external policies – economic and otherwise – will have deep repercussions for the region. ASEM, a forum in which China participates, will also not be spared the impact.

Fortunately, it is not all bad news on the East Asian front. Amid this highly uncertain environment, there are some positive developments. China remains as the bright spot on the economic map, having achieved an estimated 7.3 per cent growth rate in 2001. China's WTO membership will have significant implications for promoting Chinese growth. According to a World Bank study, China's WTO accession will create positive welfare gains. The most significant impact will be on its foreign trade, with China's share in world exports and imports expected to rise by 2002 to 6.8 per cent and 6.6 per cent respectively, two percentage points higher than without accession.²⁰ More importantly, as China continues on its path of economic modernisation and reform, it is becoming a more confident power willing to partake actively in multilateral cooperation and join the international stage.

There are fears among some of the smaller Southeast Asian countries of the hollowing impact of a booming China. Indeed, the draw of the potential 1.2 billion consumers in China has meant the diversion of foreign direct investment from several of the ASEAN economies to China. However, China has also sought to reassure the ASEAN countries that there are also opportunities for them in the Chinese economy. To try and allay the fears of the ASEAN countries, China has come up with an offer of a China-ASEAN free trade agreement (FTA). There are some niche areas where cooperation between China and other East Asian economies would be of significant benefit to the overall economic well-being of the region.

Another positive development within East Asia has been the paradoxical impact of the Asian financial crisis. The economic crisis of 1997–1998,

which unsettled the region politically (and Southeast Asia all the more so), has also brought home the message of the need for Asian countries to work more closely together. This has ushered in a renewed interest in greater East Asian cooperation (if not integration) to cope with the challenges of globalisation.

When the crisis first struck, there was a lack of a coordinated regional response due to the weakness of regional institutions, and the fact that cooperative norms among the regional members were overlaid too much with realist notions of international politics. Unable to agree on any regional crisis management plans, the crisis-ridden countries were forced to fall back on unilateral measures to cope with their problems. However, after the initial disorientation and dissension, there was an increasing realisation that unilateral responses might not be the best way forward, and hence the revived interest in looking at the various regional agreements and mechanisms. Some of these include ideas for an Asian monetary fund, currency-swap arrangements, a common currency and a mutual monitoring system.

The crisis also showed the increasing interdependence between Northeast Asia and Southeast Asia. An acknowledgement of this increasing interdependence resulted in the launch of the ASEAN + 3 process when the leaders of the three main Northeast Asian states and the ten ASEAN states met at their first summit meeting in Kuala Lumpur in December 1997. This ASEAN + 3 process now consists of the leaders' meetings, meetings involving the trade, finance and foreign affairs ministers, and meetings among central bank governors. The most concrete development so far has been the agreement on a currency-swap plan to help prevent another financial crisis.

In 2002, the ASEAN Free Trade Area (AFTA) became a reality. China and ASEAN are now undertaking a serious study to look into the possibility of establishing an ASEAN-China FTA. Following the signing of the Japan-Singapore free trade pact in January 2002, the Japanese prime minister, Junichiro Koizumi, has also offered the Japanese vision of a comprehensive economic alliance between Japan and ASEAN. He also expressed the desire to strengthen the ASEAN + 3 process.

The development of the ASEAN + 3 process and the success of East Asian regionalism will have a significant impact on the ASEM process. At the same time, the ASEM process itself could also have a positive impact on the process of regional integration in East Asia. The two are mutually reinforcing. The success of creating an East Asian region will greatly improve the efficiency of the ASEM process, especially in the implementation of the various programmes. A more unified East Asian region will become an effective global player, and this in turn will have a long-lasting impact on the management of the international system.

Developments within the EU

In the next few years, Europe will face burning questions over the extent to which it can enlarge and integrate. The current commitment is to take in up to ten new members from Central and Eastern Europe (CEE) in the coming enlargement exercise. To successfully absorb these new members, the importance of institutional reforms has been widely recognised. Discussions regarding EU institutional reforms tend to focus on the impossibility of maintaining democratic representation, which balances the interests of large and small member states, without impeding the EU's operating efficiency. Other main areas of reform being negotiated are:

- the extension of the qualified majority voting to limit the areas in which members can use their national veto to block decisions;
- capping the size of the European Commission; and
- enhanced cooperation to allow a smaller group of countries to forge ahead in certain policy areas without being held back by other members not ready for further integration.

All these complicated European issues on their own seem unlikely to have any profound impact on ASEM. The EU has been preoccupied with CEE since the collapse of the Berlin wall. Domestic problems and intra-European issues will always remain the centrepiece of European politics. Part of the rationale of ASEM is precisely to ensure that Asia remains on the radar screen of European leaders while they continue to be engrossed in their internal European affairs. Barring any major crisis or catastrophe in Europe, the impact of internal bickering over the various integration and enlargement issues among the EU members may not be a significant factor for ASEM. More important is the outcome of the enlargement and the institutional reforms and measures adopted to cope with enlargement. Will the new members be successfully integrated? Will the situation of a two-tiered EU arise?

More worrying is the growing xenophobia and racism within Europe with the swing to the Right in the domestic politics of many EU member states. Many existing EU governments are dependent on ultra-nationalist or populist parties for parliamentary support. This has brought about seemingly intolerant attitudes towards migrants and refugees. The events of 11 September 2001 have accentuated a sense of vulnerability and an intolerance towards people of different colour and faith. International engagement, development and cooperation are not the priorities of these populist parties. Curbs on immigration and the reduction of foreign aid are just two of the policies that have gained mileage.

What will be the impact of this trend on the EU's relations with Asia, and hence on forums such as ASEM? The general prognosis is that it will be a negative force as EU becomes more paranoid and withdrawn from international engagement.

Again, it is not all bleak on the Western front. Amid such worrying trends are more robust discussions on addressing the downside of globalisation, on the widening divide between the haves and the have-nots, and on values and identity.

The process of integration in Europe has also reached the stage where attention is turning once again to the EU's CFSP, an issue that was seen as highly sensitive in the early days of the integration project and had therefore remained very much in the domain of the nation-states. While a certain degree of ambivalence remains, the process towards establishing a CFSP has steadily acquired consistency and regularity. The appointment of a High Representative for the EU CFSP is an important step in this direction.

Closely related to this process of developing a CFSP has been the evolution of a European Security and Defence Identity (ESDI) and the headline goal of creating the European Rapid Reaction Force by the year 2003. Negotiations for the latter started in 1999 and it now has a small operational-ready force comprising approximately 60,000 soldiers, committed by some of the EU member states.

How will these developments affect the quality of the relationship between the EU and East Asia? An EU with a well-defined foreign and security policy and the capability to carry out its defence commitments may push the EU towards taking up a more global role and offering an alternative perspective to that of the US. The EU will no longer be content to be a mere 'supermarket'. It will take on a more global role. To deal effectively with such an entity, the Asian countries will have to improve their own coordination and consultation. This impending change may thus provide the impetus for taking the integration process in East Asia further. If this happens, ASEM may then incorporate a more institutionalist vision of cooperation, and a deepening of its institutional structure may be inevitable.

American foreign and trade policies

Even though the ASEM summits represent one of the few international forums at which the US has been conspicuously absent, the US was actually very much in the back of the minds of both Asia and Europe when ASEM was launched. As noted in preceding discussions, keeping the US honestly committed to internationalism is one of the goals of ASEM. Hence, US policies are likely to have an impact on the development of ASEM.

Davis Bobrow has noted that ASEM's birth and development has not aroused much obvious attention from the US. As he puts it, 'the hegemon' has chosen 'not to bark'. Such a subdued reaction from the US could perhaps be explained as an indication that ASEM was not deemed as a serious threat to American interests. Alternatively, it may reflect an overly self-absorbed and self-centred US, whose parochial perspective ignores any

events in which 'there is a lack of direct or indirect US involvement' of importance and 'allows for little claim to response'.²¹

Bobrow, however, believes that a better explanation for the US opting not to bark lies in US confidence that ties between Asia and itself and between the EU and itself have become so established that ASEM participants would be unwilling to endanger them. Second, Bobrow argues that the ASEM participants were and are too divided to take meaningful collective action on any issues that might pose potential threats to US policies. And, finally, he notes that some of ASEM's agenda might actually be an aid to US policy.²²

While the US may not seem unduly concerned about ASEM, ASEM members have to keep a vigilant eye on American policies, as the US is undeniably the dominant power. Economic and security policies pursued by the Bush administration after 11 September 2001 have given cause for concern. The unilateral move to protect its steel industries by raising tariffs; the introduction of the Farm Bill to provide farming subsidies; the recent piece of legislation that requires the US Treasury to hand over tariffs to American companies and farmers who can prove that they were harmed by the 'unfair' low prices of their foreign competitors – all these have raised doubts about US commitment to the WTO Doha Development Agenda. Signs of rising protectionism by the world's only superpower does not augur well for the future of the multilateral world trading system.

Other examples of US unilateralism include its decision to renege on the Kyoto Protocol on Carbon Emissions, its abrogation of the 1972 anti-ballistic missile treaty, the rejection of a protocol seeking to supervise the prohibition of biological weapons production, and the rejection of the International Criminal Court.

More worrying is US global security policy in the aftermath of 11 September. The doctrines of pre-emptive strike and doing it alone in the fight against terrorism threaten the international norms and principles that underlie the UN system carefully built up over the past few decades.

The recent actions of the Bush administration make one wonder if the US really understands the importance of broader, long-term and sustained international engagement as a means of ensuring a peaceful and stable world. In its war against terrorism, the US has only proven that overwhelming military force may have driven the al-Qaeda network out of Afghanistan; but it is likely to regroup and flourish in other places where there is economic, social or religious disassociation from the current global system seen as unjust and unequal. The US has certainly not won the hearts and minds of the majority of Muslims. Only continued international engagement and a serious effort to understand the underlying dynamics and risks of the international system, as well as efforts to work closely with partners in both Europe and Asia, will ensure the return of political stability and sustainable economic growth.

Both Asia and Europe feel the weight of the American hyperpower and recognise that the latter is calling the shots. But at the same time, several ASEM members have serious apprehensions about the direction of American policies. American policies are therefore likely to affect how Asia and Europe look at the cooperation between themselves, and determine how they can and will use forums such as ASEM to counter some of the effects of these policies.

Developments within global and regional institutions

Globalisation and global institutions

In an article entitled 'Back to the future: globalization grows up and gets political', Fareed Zakaria highlights the fact that globalisation is here to stay. However, the globalisation of the next ten years is going to be different from the globalisation of the last ten years. While in the 1990s economics reigned supreme, the next decade of globalisation will be political. He warns that ignoring the political dimensions of globalisation will bring about tremendous costs.²³

This fact, however, was not lost on the Europeans, nor especially on the Asians. This could be why the leaders agreed during ASEM 3 to convene a roundtable on globalisation to study the various dimensions of this phenomenon and examine ways of harnessing its forces.

The fierce anti-globalisation protests witnessed in Seattle, Washington DC and Prague that marred the WTO, World Bank and International Monetary Fund meetings have to be taken seriously. The backlash against such global institutions came amid charges of a lack of transparency and accountability. Although the debates and protests about globalisation have abated since the events of 11 September 2001, this silence does not mean that the concerns about the negative impact of globalisation have disappeared. It is all the more important for nations to use the current breathing space to address these issues seriously. Steps must be taken to placate the concerns of many of the protestors, and to pre-empt an even more serious backlash against globalisation when normal times return.

Addressing the doubts that people may have regarding global institutions, and in turn their proper functioning, has serious implications for issues of international cooperation. Will global regimes on trade, investments and monetary issues continue to be respected, and will a degree of certainty in the interactions among states continue to be guaranteed? What are the implications if more and more countries defect or detract from the global regimes? Will the demise of global institutions lead to the increasing importance of regional institutions and inter-regional dialogues such as ASEM? Or will the fragmentation of the world into different closed regional blocs end the existence of institutions such as

APEC and ASEM? These are some of the real questions that have to be considered seriously.

The terrorist attacks on the US and their repercussions for the global economy strengthened the world's resolve to make the WTO meeting in Doha a success. Appeals were made for countries to agree to the launch of a comprehensive round of talks. After much bargaining, the Doha meeting at the end of 2001 agreed in principle to launch a new round of talks, although the specifics have yet to be worked out. The general understanding that emerges from the Doha Development Agenda is that the new round of talks to be launched should address the needs and demands of the developing world. For the first time, development issues are at the heart of the proposed Doha round.

Negotiations have begun in earnest. But in a recent conference in Brussels, the director-general of the WTO, Supachai Panitchpakdi, expressed concern that members are not moving forward quickly enough in all areas. A deal might not be put together by 2005 because the Doha round can only be concluded as a single undertaking. Therefore nothing is agreed until everything is agreed. The degree of unevenness in the negotiations is therefore worrisome. In his assessment, if the round is to be successfully concluded, political leadership, courage and flexibility on all sides are needed. More importantly, governments and the people must support the goal of multilateralism. This brings us to the next section, on the worrying trend of the proliferation of subregional and bilateral trade pacts that could complicate the workings of the WTO.²⁴

The proliferation of subregional and bilateral pacts

The stalemate at the WTO following the failure of the Seattle meeting to launch a new comprehensive round of negotiations has spawned moves towards subregional and bilateral FTAs. Continued paralysis at the WTO will force more and more countries to seek insurance through subregional and bilateral trade pacts. Singapore is one of the Asia-Pacific countries that is vigorously pushing for an extension of such FTAs. Singapore has already concluded FTAs with New Zealand and Japan, and is now exploring deals with the US, Mexico, Chile and Australia. Besides Singapore, Japan is looking into preferential trade agreements with South Korea, Mexico and Canada. Mexico recently concluded free trade negotiations with the EU and Israel. China has recently proposed a Sino-ASEAN FTA. In short, more and more countries are jumping onto the bandwagon of subregional and bilateral pacts.

The impact of a proliferation of such agreements on world trade and the multilateral trading order is highly debatable. Advocates of such agreements claim that they are another means of keeping trade growing in the face of failed comprehensive rounds. They further claim that such subregional and bilateral efforts can assist the global process. Detractors,

however, fear that such moves will lead to trade barriers and divert attention from the WTO's goal of free trade and investment. They warn that such moves will only further undermine the multilateral system, a result that ultimately is detrimental to smaller and weaker countries.

However, regardless of several dissenting voices, the unabated trend is towards the continued proliferation of subregional and bilateral trade pacts.

The development of APEC

One of the factors that led to the birth of ASEM was the EU's concerns at the time over the fast development of APEC. Hence, one would assume that APEC's future development will also help shape the future of ASEM.

APEC was born in 1989 in response to the growing interdependence among the Asia-Pacific economies and also as a reaction to the lack of progress at the Uruguay round of negotiations. It began as an informal dialogue with participation from twelve Asia-Pacific economies (ASEAN 6 – Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand – Japan, South Korea, Australia, New Zealand, the US and Canada). Initially a rather low-key forum involving foreign and economic ministers, its status was given a boost when the first leaders' summit took place in Seattle in 1993 under the chairmanship of the then US president, Bill Clinton. This was seen as a major milestone and a turning point for APEC.

APEC reached its pinnacle a year later when in 1994, at the Bogor summit hosted by President Suharto, the APEC members adopted the 'vision' of free and open trade and liberalisation in the Asia-Pacific region by the year 2020. However, political realities set in when individual member states had to get down to the actual implementation of the APEC vision. The ambitious liberalisation targets were called into question, and members began seeking the exclusion of 'sensitive' items from the liberalisation timetable.

While the liberalisation plans are not exactly going as planned, to be fair APEC has had its success in other areas such as facilitating the exchange of information. As noted by Richard Fernberg, the 'leaders meetings have also allowed the development of personal chemistry and friendships which help shape future decision-making'.²⁵

However, beyond such achievements, things have not looked promising since the years of the Asian economic crisis. Asians were disillusioned with the Vancouver APEC meeting in 1997, which produced nothing to help mitigate the impact of the crisis. The next APEC summit in Kuala Lumpur (KL) in 1998 was marred by conflicts over value, as illustrated by the blunt criticisms of Mahathir's authoritarian style of government made by the then US vice-president, Al Gore. Neither the Vancouver nor the KL summit went beyond declaratory politics and rhetorical commitments to free trade and the demonstration of a resolve to end the crisis.

With the end of the economic crisis in sight, the 1999 summit in Auckland attempted to refocus on liberalisation goals. However, its efforts to liberalise trade in fifteen economic sectors failed and it had to revert to the WTO for arbitration. The outcomes of the 2000 summit in Bandar Seri Begawan were also very modest. And APEC's intended 2010 and 2020 goals of establishing free trade within all its economies remain at a distance.

The agendas for the next two APEC summits in Shanghai in 2001 and Los Cabos in 2002 were hijacked by security issues. No major decisions or strides were made in its trade and investment liberalisation goals. Taking place just a month after the 11 September attacks on the US, the focus of the Shanghai summit was showing solidarity with the US in the fight against terrorism. Similarly, in the summit in Los Cabos, which took place after the Bali bombing, the war against terror and the looming US threat against Iraq stole the limelight.

The current state of APEC is not a shining example for spurring ASEM forward. If ASEM is to continue on the same track, then APEC is unlikely to act as a strong determinant in shaping the future of ASEM. However, precious lessons can be learned from the APEC experience. These lessons in turn are likely to influence the way ASEM develops. Indeed, it was perhaps the APEC experience that influenced ASEM leaders to reject the formal inclusion of the 'eventual goal of free trade in goods and services by the year 2025' as advocated by the Asia-Europe Vision Group, and to adopt a more realistic approach in trade facilitation and investment promotion as reflected in the TFAP and IPAP. The APEC experience has shown that an institutionally underdeveloped entity cannot realistically support an ambitious trade and investment liberalisation agenda.

Conclusion

There will be constant prodding and questions asked – how can we make ASEM more democratic, more effective and more efficient? These are the 'trilemmas' that confront all international dialogues and cooperation frameworks. And rightly so. In a summit-crowded world, in an era of growing involvement and agitation by international non-governmental organisations, in a growing interdependent world where more and more challenges confront us, on what objectives, which issues and by what means should political leaders devote their time and resources to achieve the best results? The stark reality confronting ASEM is the fact that both Asian and European politicians are very preoccupied with more pressing domestic and regional affairs at home. For the EU, it is the enlargement process and the reform of the EU institutions. For the Asian countries, many are still coping, for example, with the political and social fallout of the 1997/98 Asian financial crisis. The discovery of al-Qaeda networks in

several parts of Southeast Asia, and the urgent need to deal with Islamic militancy, has only added to their increasing woes.

For ASEM to remain on the radar screen of its members, it has to confront some of the immediate problems and criticisms that commentators have raised in their assessments of the ASEM project. ASEM also has to be cognisant of the changing environment in which it is operating – the most significant changes being the ramifications of 11 September 2001 and the sluggish world economy. It must also take into account the changing needs and interests of its members, and make any necessary adjustments, for it to retain a certain level of usefulness.

The future of the ASEM project will be determined by how the member states confront the various criticisms and challenges that we have just discussed. However, a much more fundamental question also needs to be addressed: how do the ASEM members themselves look at ASEM? Do they see ASEM as an instrument that can be used effectively to address issues of regional concern and global governance? Or do they see it merely as an instrument to promote narrow self-interests? How much time and how much resources are member states willing to invest in developing ASEM into a useful instrument of international cooperation rather than a mere ornament in the international display cabinet of summits, conferences, institutions and organisations?

It is clear from the approach taken by member states now that there is still no firm consensus on how to use ASEM effectively, as there is no full agreement yet on the common objectives to be achieved. Many are adopting a 'wait and see' attitude. There is no strong political will to push ASEM towards any particular direction. One could say it is a case of 'muddling through' or, to borrow Miles Kahler's metaphor, that ASEM is more like an insurance policy: 'its initial premiums should be kept low because the risks and eventual payoff are uncertain'.²⁶ Thus for the time being, ASEM's direction will be determined more by a constellation of external factors than by any definite, conscious design on the part of the key actors – the individual ASEM member states and the European Commission.

ASEM is here to stay. As Brian Bridges puts it, 'it is clear that ASEM is going to remain a regular item on the international circuit, even if the substance is still taking some time to be worked out'.²⁷ At this juncture, the political symbolism of the meeting, as well as the reaffirmation of the need to continue to meet, is important for both sides. But whether the ASEM project will really take hold of the imagination of the peoples of Asia and Europe, and whether ASEM will evolve into an institution where Asia and Europe can come together to address critically and effectively the problems and challenges confronting them, is yet to be seen.

Conclusion

The three scenarios for ASEM

ASEM's launch and subsequent development have generated enough questions and expectations for an interesting study to be carried out in the realm of international relations. However, the multifaceted nature of ASEM and its very brief history present an enormous challenge to theoretical conceptualisation within a single international relations framework. This has been resolved by utilising three different frameworks to examine ASEM: ASEM in the realist framework of summit diplomacy, ASEM in the social constructivist image of a regional integrator, and in the liberal-institutionalist framework of a meta-regime. These three different images of ASEM offer different starting points and produce distinct lines of enquiry, but together they add value to our understanding of the complexities of building international cooperation, and the state of Asia-Europe relations.

To reiterate, the birth of ASEM involved a constellation of factors that can be explained mainly using the realist and institutional frameworks – the forces of globalisation provided an external challenge that encouraged nation-states to engage in greater regional and transregional cooperation. Such cooperation is seen as needed to manage an increasingly complex interdependent world. At the same time, the creation of ASEM was also an act of balancing, in particular the challenge posed by the Asia-Pacific Cooperation (APEC). A combination of the realist and institutionalist perspectives provides a comprehensive backdrop to the creation of ASEM. The constructivist view of ASEM being used by the East Asians as an instrument for building a regional identity, has also been used to discuss the creation of ASEM. However, I am hesitant to take the constructivist view as the primary impetus behind ASEM, although as ASEM develops, the argument that participation in ASEM constitutes a 'learning process' that helps engender a sense of regional identity is definitely worth exploring. As David Camroux and Christian Lechervy have argued, while the initial summit may have been motivated by a convergence of interest in providing a counterweight to the US, and in the hope of economic gain, future Asia-Europe relations may well be strengthened by the interaction of two regional blocs, which in turn will help to structure the type of 'community' coming into being in each case.¹

ASEM is very much a work in progress. Its future is not yet certain, and its development will certainly be influenced by the clusters of factors discussed in the preceding chapter.

However, based on ASEM's current multifaceted characteristics as highlighted by the different strands of thought, and taking into consideration certain significant regional and international trends, there are three possible scenarios with regard to the development of ASEM.

Scenario 1: ASEM as moving towards the Commonwealth model

The first scenario is premised on the following outlook in East Asia and the European Union (EU).

Strategically, East Asia remains stable despite the odd problem here and there. For example, tensions in the Korean Peninsula, in the Taiwan Strait and cross-Strait relations, in the South China Sea, and in Aceh remain but do not escalate. Islamic extremism and networks are kept under control by the vigilant action of the respective governments, and through cooperation within the Association of Southeast Asian Nations (ASEAN) and its dialogue partners. Economically, Japan continues to struggle with its reforms, but China's continued growth provides a cushioning effect to the slow economic recovery. The internal stability of large countries such as Indonesia and China is maintained despite some polarisation within these societies. In short, there is no serious deterioration of the strategic, political and economic environments in Asia.

On the European side, the EU continues to 'muddle along' with its expansion programme and its simultaneous attempts at further integration. Some decisions to streamline the institutions and decision-making procedures are taken but no major institutional breakthroughs are achieved. However, it somehow manages to stay on an even keel despite absorbing eight to ten new members. Strategically, Europe remains the most stable region in the global scene. Economically, the outlook is stable but slow-moving. Politically, the swing to the Right is tempered by countervailing voices from civil society and established institutions outside the government.

The US continues to vacillate between unilateralism and multilateralism, resulting in some uncertainties and frustrations in its relations with both East Asia and the EU, but no major policy reversals to bring about a major catastrophe in the global scene.

Global institutions such as the World Trade Organisation (WTO) offer a glimmer of hope for a new comprehensive round of trade negotiations that will answer more to the needs of developing countries, while nation-states and regions continue to explore other subregional and inter-regional initiatives for insurance purposes. And APEC continues

with its annual leaders' summits and other meetings with mixed results and no major breakthroughs.

In this scenario of a global environment that remains relatively stable – in which international institutions and norms are still generally respected, and in which the world community has come together to confront the scourge of global terrorism in a comprehensive way combining military and police action with dialogue and development aid – ASEM will most likely also remain as an inter-governmental diplomatic forum, but will perhaps move towards the model of the Commonwealth.

ASEM, as an essentially informal inter-governmental forum with a focus on its biennial summits and on generating functional cooperation projects between its members, will not have a strong international presence. Without transforming itself into a formal institution, its ability to provide global services and to set the international agenda will be limited. It can only respond and contribute to international action in small ways. To the wider international community, ASEM remains on the periphery. Its present apparatus does not allow it to make a significant contribution to the process of change in the world. But that does not necessarily imply that ASEM is an irrelevant organisation. It can develop into a relevant organisation for its peoples – just as the Commonwealth has done through the Commonwealth Games, the Commonwealth university scholarships and the Commonwealth Fund managed by the Commonwealth Secretariat. All these programmes have benefited the peoples of its members in one way or another.

Like the Commonwealth, ASEM's supreme virtue and ideology lies in bridge-building – between East Asia and Europe, just as the Commonwealth has tried to bridge the North-South divide; and between the different sectors of society through the Asia-Europe Foundation (ASEF), just like the Commonwealth has done outside its political and official sphere, where myriad networks now exist as well as extensive professional, voluntary and sporting activities. There is also the Commonwealth Foundation that assists in the creation of new professional associations, and works using modern communications technology to build a network of non-governmental and voluntary organisations. The Commonwealth of Learning founded in 1988 tries to facilitate the dissemination of distance learning throughout the Commonwealth. And, of course, there are those programmes mentioned above – the Commonwealth Games, the Commonwealth scholarships and the Commonwealth Fund.²

The biennial Commonwealth Heads of Government Meeting (CHOGM) is the most public, political and prestigious aspect of the Commonwealth. Yet the whole emphasis is on informality. The workings of the CHOGMs have the following characteristics and elements:

First, the executive sessions chaired by the Head of Government of the host country will start with issues on the world political scene and on

to global economic trends and particular political issues, and end with consideration of functional cooperation, new avenues for cooperation and the approval of the final text of the communiqué.

Second, there is the Committee of the Whole, attended continuously by the officials who start the day before the opening and work steadily on drafts of the communiqué.

Third, there are the less structured, but very important parts – the ad hoc committees to deal with big issues, the bilateral meetings of leaders, regional meetings and also much consultation in corridors, tea rooms, and even the media centre.³

The ASEM summits already bear much resemblance to the CHOGMs. The leaders discuss a whole range of global and regional issues under the three pillars. The discussions end with a list of initiatives and cooperation projects that are then included in the Chairman's Statement. The ASEM leaders' meeting is usually preceded by a senior officials' meeting. The senior officials meet a few times before each summit, and are largely responsible for drafting the Chairman's Statement. Like the CHOGMs, the ASEM leaders' meeting – the summit – is the most prominent aspect of ASEM, and is valued for its symbolism. Tangible benefits are derived more from the various initiatives and projects approved during the summits.

While some may be sceptical about the long-term survivability of ASEM in this scenario, the experience of the Commonwealth shows us the paradox of it all. As James Myall notes, although the Commonwealth remains as an institution without a specific or obvious role in contemporary society, and has no obvious comparative advantage in tackling various transnational issues, its member states remain deeply attached to it; or at least sufficiently committed for the majority of their leaders to set aside a sizeable chunk of time every other year to attend the CHOGM.⁴ He goes on to argue that the Commonwealth summits will continue:

It cannot pretend to be a regime, but it is certainly an institution, an association of states which are not necessarily like-minded but which find the historical accident that has brought them together useful for a wide variety of continuing reasons.⁵

If the current trends within ASEM continue to push for the wider participation of the civil sector, and to move beyond the political and official – from an association of governments to an association of peoples – ASEM's relevance to its people will increase. This in itself will be a good enough reason for its continued existence. In discussing the then future of the Commonwealth, Stephen Chan noted that the Commonwealth's usefulness in the global agenda of the 1990s would be ensured if it operated more as a Commonwealth of peoples as well as a Commonwealth of

governments.⁶ Hence, an ASEM that models itself on the Commonwealth will probably see a proliferation of other links besides the official and political. Professional linkages such as an ASEM press association or an ASEM association of architects/archaeologists/engineers and so on could become a reality. In this scenario, then, ASEM will be strengthened and become an increasingly important institution that can facilitate the formation of different networks and coordinate various programmes such as educational and youth exchanges. As more and more people from the ASEM countries benefit from the range of programmes supported by the ASEM governments, the momentum for ASEM will be sustained.

Scenario 2: ASEM as an efficient and effective inter-regional forum

This scenario is based on one key premise – that East Asia becomes a strong, integrated entity. An East Asia that starts to organise itself and which assumes a clear identity will constitute an important pole in world politics and economics.

What factors will drive the East Asians towards increased cooperation and integration? An increasingly unilateral and hawkish America, a more integrated Europe displaying signs of turning inwards, and the continued limbo of multilateral institutions such as the WTO, resulting in increased protectionism, may push East Asia further along the path of integration. Fears of a global recession and US hostility towards a rising China may force regional integration to take place faster than expected. In addition to such external negative factors, internal strategic motives and needs exist for the smaller countries in ASEAN and the middle-power nations such as Korea to work together to integrate an increasingly powerful China into its regional environment. The reality of increasing trade interdependence within East Asia and rising intra-region investment, as dependence on the American market declines with the sluggish US economy, will serve as an impetus for greater East Asian cooperation.

A strong and assertive East Asian community cannot and will not be ignored by the Europeans. The Europeans will probably have to step up their efforts to engage the region. Similarly, an increasingly integrated EU that has developed a more defined common and foreign security policy and the European Security and Defence Identity will seek to become a more effective global player. As the two regions become two strong entities with significant political and economic weight, they can complement US action in some areas but can also act as a countervailing force in others.

As the two integrated regions meet under the ASEM framework, the opportunity and potential for them to develop ASEM into an effective inter-regional forum to coordinate their positions and contribute to the international agenda will be tremendous. ASEM will then be used to set the agenda and act as a ‘rationaliser’ of international relations. It will then

'move beyond its current preoccupation with low politics built on a basket of ad hoc type projects',⁷ and instead will act as a clearing house of interests. This idea of a 'rationaliser' is linked to the concept of multi-level or multi-layered policy-making in the international arena. ASEM as an inter-regional forum will act as the intermediary between the level of nation-states/regions and the global level. It is at this level that regions engage in pre-negotiations and mediation on various global issues, adopt certain positions, and thereby lower the number of options available for decision-making in the global forums. As noted, 'if the iron law of small numbers holds in decision-making processes, breaking down negotiations into a step-by-step process at various levels of a multi-tiered system of global governance promises speedier results than previously when all issues are referred to global institutions'.⁸ In such a scenario, East Asia as an integrated entity will have conducted its own negotiations and narrowed down its options before entering into an inter-regional dialogue with the EU. The EU will have done likewise and come with prepared positions. Policy negotiations and coordination at the ASEM level will be equivalent to that between two parties rather than among a disparate group of twenty-six or thirty nations.

In this scenario, ASEM will become more achievement-oriented. Since it is no longer a forum with a highly diverse set of players, but a forum of two strong regional entities, it will move from being a confidence-building forum to one that focuses on problem-solving and negotiation. ASEM will become bolder and more focused. As a forum linking two regions that account for two-thirds of world trade and international output, it will be significant in the international arena. Asian and European members will increasingly use ASEM to set and influence the regional and global agenda, and positions taken at the ASEM meetings will have an impact on regional and global politics and economics. ASEM will then become a significant element of the global inter-regional network, and an important building block for global governance.

Scenario 3: ASEM as a meta-regime

This scenario is premised on the failure of global institutions such as the WTO to move forward in several key areas, hence resulting in a clamour for other alternatives. The failure of the global trading system, and the multilateralism it embodies, will result in an increasing trend towards subregional and bilateral trading pacts. Additionally, if an enlarged EU fails to fully integrate its new members, resulting in a two-tiered EU that operates more on the principle of 'Europe à la carte', the global and regional trends will lead us more and more towards adopting the principle of a 'coalition of the willing'. The experiences of Asian members, particularly within ASEAN, add currency to this idea of a coalition of the willing in managing regional and international cooperation.

The concept of a coalition of the willing has been thrown up on many occasions by various ASEAN observers and commentators in the face of the continued paralysis of an expanded ASEAN. Some ASEAN leaders have even openly declared that 'ASEAN should not deliberately hold back cooperation among members who were able and willing to move faster'.⁹ And this concept is beginning to gain more and more acceptance within ASEAN. It refers basically to the principle that some members of ASEAN could team up among themselves or with dialogue partners from outside the region to move forward on certain initiatives. The argument is that while ASEAN's unity is critical, ASEAN 'should not be held captive by the lowest and slowest common denominator. There should be flexibility for some to move ahead on specific issues where they are able and willing'. What is important is the fact that these initiatives will remain open for others in the group to join later. The coalition of the willing could be used to create different tiers of relations within the East Asian region to bring the region closer together, since the possibility of a fully integrated East Asian community is still remote.¹⁰

While not openly admitted to, the principle of a coalition of the willing has also been adopted within the EU. The participation of twelve out of fifteen of the EU members in the euro is an example of this. As the EU expands further, the principle of a coalition of the willing may become more and more acceptable over time and become the *modus operandi*. Under such circumstances, this principle will also guide the mode of cooperation between East Asia and the EU within ASEM. This scenario is also premised on East Asia continuing on a path of even development and increasing its weight in the international economy. However, for various historical and cultural reasons, as well as other external factors, East Asia is still far from becoming a fully integrated community. Nevertheless, the importance of being part of the regional, inter-regional and global networks has not been lost on the East Asian states. And neither has the importance of engaging East Asia been lost on the EU.

In this scenario, ASEM will function like a meta-regime – an overarching institution where norms and principles are laid as guidelines for governing key areas of cooperation. ASEM will offer an overarching framework allowing a 'patchwork of cooperative regimes moving at different speeds' to be formed under its umbrella. ASEM itself will not need strong, formal institutions. It will be more like 'a "principled club" committed to broad standards of behaviour among its members with few powers of monitoring or enforcement'.¹¹ Within ASEM, the different members will group themselves according to different issue areas, such as trade liberalisation, investment, environment, heritage and cultural protection, and will participate in different regimes. Such a situation has been advocated already by Hanns Maull, Gerald Segal and Jusuf Wanandi, who argued that ASEM is best seen as

a cluster of relationships rather than a neat relationship between two coherent units in view of the ASEMmetries, both within and between the two regions. It is therefore more fruitful to think in terms of variable geometry – the notion that different states will work together on specific issues. There is no need for everyone to cooperate on all issues.¹²

In this scenario, ASEM itself will remain a relatively loose, informal institution. However, the various regimes within its ambit might take on different forms. Specific regimes will evolve to govern different issue areas. They will differ in strength and scope, ranging from those bound by legalistic and contractual obligations and with built-in mechanisms to monitor compliance, to those that rely on peer pressure to ensure complicity in the rules and procedures.

One can use the metaphor of ASEM as a social club to further illustrate the workings of ASEM as a meta-regime. The ASEM club is technically open to all members from Asia and Europe. However, all new membership has to be proposed and seconded, and then approved at the annual general meeting of the club. The ASEM club will have its own general rules and regulations based on very broad, consensual standards applicable to many other clubs. These rules will be so broad-based and generic that members will have little incentive to deviate from or flout them

Typically, in any club there will be members with rather different interests. The ASEM club will have to cater to the different needs that have to be coordinated and accommodated so that there is something for everyone. The members of the club must feel that they benefit in some way from their membership. There will be many different sub-groups within this club, where people of different interests may group together. Within each sub-group, there is a set of rules to govern the members' participation. And the sub-groups are not mutually exclusive. Members of the club can belong to various sub-groups. These sub-groups will always remain open to the other members who might decide to join later when they develop a certain interest and acquire the ability to participate in the activity.

While there are myriad activities taking place in the club involving different members, the club will also need to review its programmes, activities, operating rules and budget at its annual general meeting. Such a meeting is parallel to an ASEM summit meeting. In this scenario, summit meetings will therefore remain an important event for providing a general consensus on the priorities and guidelines of the club.

Which scenario?

The three scenarios for ASEM presented above are all based on the wider assumption that there are no major wars or conflicts, particularly a clash of civilisations, on the horizon, and that the global economy will not slide into a prolonged depression. However, the global outlook, in terms of both

security and economics, is highly uncertain. Will the war against terrorism degenerate into jungle warfare with total disregard for international norms and principles? Will nationalism and chauvinism be allowed to rear its ugly head?

Asia and Europe are at a crossroads. If the key players in these two continents are unwilling to shoulder some of the responsibility for defending the rule-based global order that has been built up over the last few decades, if they fail to consult each other more and work in tandem to promote mutual understanding and tolerance, or contribute to international development, then ASEM will be of no significance at all. It is good that during the fourth ASEM summit, ASEM members reaffirmed the importance of dialogue and consultation. It is still not entirely clear whether both Asia and Europe share the same goals and believe in the same methods for achieving these goals. However, it is not too far-fetched to assume that most of the ASEM members want to maintain peace and stability, and look towards more sustainable economic prosperity. To achieve such aims, enlightened leadership, strong conviction, political will and hard work are required. ASEM is one of the instruments that can be used by these leaders, not only to achieve mutual benefits for the peoples of ASEM, but also to maintain the general well-being of the international system. If leaders and people alike cannot overcome their own narrow-mindedness and parochial interests, the future for international cooperation will be bleak. And institutions and forums such as the WTO, ASEM and APEC will not be of any real significance or substance.

Notes

Introduction: the three images of ASEM

- 1 Christopher Dent, *The European Union and East Asia: An Economic Relationship* (London and New York: Routledge, 1999), 248.
- 2 Richard Higgott, 'ASEM: toward the institutionalisation of the East Asia-Europe relationship', in Donald Barry and Ronald C. Keith (eds) *Regionalism, Multilateralism and the Politics of Global Trade* (Toronto and Vancouver: UBC Press, 1999), 195.
- 3 See Haenggi's conference paper presented at the 15th Sino-European Conference, Taipei, 14–15 December 1998, entitled 'Regionalism through inter-regionalism: the case of ASEM'; and Bilson Kurus' articles, 'In search of the elusive EAEC', *ISEAS Trends* no. 74 (carried in *Business Times*, 26–27 October 1996), and 'ASEM at Bangkok: completing the triangle', online at www.ids.org.my/publications/ResearchPaper/Articles/review23.htm (last accessed 2000).

1 Ideas and forces behind the conception of ASEM

- 1 Zaki Ladi, *A World Without Meaning: The Crises of Meaning in International Politics*, translated by June Burnham and Jenny Coulon (London and New York: Routledge, 1998).
- 2 The WEF is a Swiss organisation based in Geneva with over 1,000 leading global companies as members. It is well known for organising the prestigious annual Davos Summit. The WEF held its first Europe/East Asia Economic Summit in 1992 in Hong Kong. Since then, this summit has been held annually, alternating between Hong Kong and Singapore. The summit is usually attended by hundreds of corporate and political leaders, international economists, other leading academics and policy-makers.
- 3 Yeo Lay Hwee, 'The Bangkok ASEM and the future of Asia-Europe relations', *Southeast Asian Affairs 1997* (Singapore: Institute of Southeast Asian Studies, 1997), 33–45.
- 4 Council for Asia-Europe Cooperation Task Force, 'The rationale and common agenda for Asia-Europe Cooperation', November 1997, 31–32.
- 5 Stephen Krasner, 'The parameters of the evolving political economy', in Denis Fred Simon (ed.) *Corporate Strategies in the Pacific Rim: Global versus Regional Trade* (London and New York: Routledge, 1995), 34.
- 6 This point has been made by different scholars in different writings. A sample of these include Stephen Krasner, *ibid.*, 31–36; Richard Higgott, 'APEC – a sceptical view', in Andrew Mack and John Ravenhill (eds) *Pacific Cooperation: Building Economic and Security Regimes in the Asia-Pacific Region* (Australia:

- Allen & Unwin, 1994), 79; and Andrew Mack and John Ravenhill, 'Economic and security regimes in the Asia-Pacific region', in *ibid.*, 8.
- 7 The Helms-Burton and D'Amato-Kennedy Acts, named after the senators who proposed the bills, threaten lawsuits against European and other third-party companies maintaining trade relations with Cuba, Iran and Libya.
 - 8 Gerald Segal, 'Thinking strategically about ASEM: the subsidiarity question', *The Pacific Review* vol. 10, no. 1 (1997): 127.
 - 9 *International Financial Statistics 1990* (Washington DC: IMF, 1990).
 - 10 World Bank, *World Development Report 1992* (quoted in Speech by Lee Kuan Yew, senior minister of Singapore, at the WEF, 13 October 1994, Singapore) (press release from the Ministry of Information and the Arts, Singapore).
 - 11 Charlotte Bretheron and John Volger, *The European Union as a Global Actor*, (London and New York: Routledge, 1999), 4.
 - 12 *Ibid.*
 - 13 Open regionalism is the idea that has defined the approach to the development of APEC and the kind of integration that is taking place in the Asia-Pacific region. At the outset, the term was adopted to distinguish the Asia-Pacific approach to economic cooperation from the style of regionalism adopted by the EU. Specifically, open regionalism refers to the programme of trade liberalisation within the Asia-Pacific region via concerted unilateral liberalisation which is extended even to non-APEC members on a Most Favoured Nation (MFN) basis. It is non-discriminatory and incorporates general commitments to being outward-looking in trade.
 - 14 Michael Smith, 'The European Union and the Asia-Pacific', in Anthony McGrew and Christopher Brook (eds) *Asia-Pacific in the New World Order* (London and New York: Routledge, 1998), 307–308.
 - 15 The reasons behind the emergence of APEC have been extensively discussed by many scholars, including Richard Higgott, Hadi Soesastro, Peter Drysdale, Andrew Elek, Richard Pomfret and Michael Yahuda, in various works. There is no shortage of writings on APEC, which is usually discussed in the context of regionalism and regionalisation.
 - 16 Richard Pomfret, 'Regionalism in Europe and the Asia-Pacific economy', in Peter Drysdale and David Vines (eds) *Europe, East Asia and APEC* (Australia: Cambridge University Press, 1998), 59.
 - 17 European Commission, 'Towards a New Asia Strategy', 13 July 1994, 17.
 - 18 Jürgen Rueland, 'The Asia-Europe Meeting (ASEM): towards a new Euro-Asian relationship', *Rostocker Informationen zu Politik und Verwaltung*, Heft 5 (Universität Rostock, Germany, 1996), 27.
 - 19 European Commission, 'Key figures 2000', *Eurostat*, 9.
 - 20 Figures quoted during a keynote address by the prime minister of Singapore, Goh Chok Tong, at the closing session of the Europe/East Asia Economic Summit, 22 September 1995 (press release from the Ministry of Information and the Arts, Singapore).
 - 21 Figures taken from an interim report by the European Commission and the UNCTAD Division on Transnational Corporations and Investments, 'Investing in Asia's dynamism: EU's direct investments in Asia', March 1996.
 - 22 European Commission, 'Towards a New Asia Strategy', 13 July 1994, 3.
 - 23 Rudiger Machetzki, 'General socio-political factors and development: the cultural base in East Asia', in Wolfgang Pape (ed.) *East Asia by the Year 2000 and Beyond: Shaping Factors* (Hamburg: Curzon Press, 1998), 14.
 - 24 A point made by Ong Keng Yong, press secretary to the prime minister of Singapore, Goh Chok Tong, during an interview with the author on 21 November 2000.

- 25 This is a further extension of the earlier point made by Ong Keng Yong during an interview with the author on 21 November 2000.
- 26 There is no shortage of articles and books on ASEAN's development. A good background to ASEAN's development is provided by Michael Antolik in *ASEAN and the Diplomacy of Accommodation* (New York and London: East Gate Books, 1990). A number of articles have also recently been written explaining ASEAN's problems when the financial crisis struck. See, for example, Jeannie Henderson, 'Reassessing ASEAN', *Adelphi Papers* 328 (London: The International Institute for Strategic Studies, 1999); Greg Sheridan, 'ASEAN: an image problem', *Southeast Asian Affairs* 1998 (Singapore: Institute of Southeast Asian Studies, 1998), 37–44.
- 27 Christopher Dent, *The European Union and East Asia: An Economic Relationship* (London and New York: Routledge, 1999), 246.
- 28 This point has been made by several scholars on ASEAN, notably Michael Leifer, in several of their writings on the development of ASEAN. See, for example, Michael Leifer, 'ASEAN as a model of a security community?', in Hadi Soesastro (ed.) *ASEAN in a Changed Regional and International Political Economy* (Jakarta: Centre for Strategic and International Studies, 1995), 129–142, and 'The ASEAN peace process: a category mistake', *The Pacific Review* vol. 12, no. 1 (1999): 25–38; Michael Antolik, 'ASEAN and the utilities of diplomatic informality', in Maria Lourdes Aranal-Sereno and Joseph Sodfrey Santiago (eds) *The ASEAN: Thirty Years and Beyond* (Quezon City: Institute of International Legal Studies, University of the Philippines, 1997).
- 29 C.P.F. Luhulima, 'ASEAN-European Community relations: some dimensions of inter-regional cooperation', paper presented at the International Conference on ASEAN and the European Community in the 1990s, organised jointly by the Singapore Institute of International Affairs and Friedrich Ebert Stiftung, 19–21 May 1992.
- 30 Rueland, 'The Asia-Europe Meeting (ASEM)', 16–17.
- 31 Brian Bridges, 'Western Europe and Southeast Asia', in David Wurfel and Bruce Barton (eds) *Southeast Asia in the New World Order: The Political Economy of a Dynamic Region* (London: Macmillan, 1996), 206–208.
- 32 Alfredo C. Robles Jr, 'ASEAN and the European Union: conceptions of inter-regional relations and regionalization in Southeast Asia', paper presented at Joint Conference of the International Studies Association, 16–19 September 1998, 16.
- 33 East Timor was a former Portuguese colony annexed by Indonesia in 1976 during a vacuum left by Lisbon's withdrawal. Since the annexation, the Indonesian military has been regularly accused of conducting human rights abuses. In November 1991, the Indonesian army fired into a group of student protesters in Dili, the capital of East Timor, killing an unknown number of them. This was condemned by the EC governments and a few suspended their aid programmes to Indonesia, at least until an Indonesian inquiry led to an official censure of the army and the two colonels involved in the shooting were punished. Portugal, who has never recognised Indonesia's annexation of East Timor, was determined to use the Dili killings to crank up support for its campaign to resolve the East Timor issue. Portugal thus blocked the ASEAN-EC negotiation for a new Cooperation Agreement to replace the 1980 Agreement. With Portugal's veto, no new Agreement could be made and the old Agreement was left in place.
- 34 The ASEAN Regional Forum (ARF) was initiated by ASEAN to bring together key players in the Asia-Pacific region who could directly or indirectly affect the peace and stability of ASEAN and its immediate neighbourhood. Its mission is to enhance the strategic equilibrium of the region by promoting the norms of

- self-restraint and non-use of force. Its purpose is to draw all relevant players into a reciprocal web of consultation and confidence-building, fostering habits of dialogue and generating mutual understanding and trust. It is the very first multilateral forum in the Asia-Pacific that includes all the four major powers – the US, China, Japan and Russia – in security dialogues with one another.
- 35 Victor Pou Serradell, 'The Asia-Europe Meeting (ASEM): A historical turning point in relations between the two regions', *European Foreign Affairs Review* no. 2 (1996): 190–195.
 - 36 'Asia-Europe Meeting', concept paper prepared by the Ministry of Foreign Affairs, Singapore, March 1995.
 - 37 Smith, 'The European Union and the Asia-Pacific', 309.
 - 38 *Ibid.*, 310.
 - 39 Eero Palmujoki, 'EU-ASEAN relations: reconciling two different agendas', *Contemporary Southeast Asia* vol. 19, no. 3 (1997): 277, 283.

2 From Bangkok to Copenhagen

- 1 Chairman's Statement, Asia-Europe Meeting, 2 March 1996, Bangkok. Available online at www.europa.eu.int/external_relations/asem/asem_summits/asem1.htm.
- 2 *Ibid.*
- 3 Professor S. Jayakumar's remarks were carried in the *Straits Times*' report on the first ASEM Foreign Ministers' Meeting, 'Fresh ground covered on Asia-Europe ties', 16 February 1997.
- 4 Chairman's Statement, First ASEM Finance Ministers' Meeting, 19 September 1997, Bangkok. Available online at www.europa.eu.int/comm/external_relations/asem/min_other_meeting/fin_min1.htm.
- 5 Chairman's Statement, First ASEM Economic Ministers' Meeting, 27–28 September 1997, Makuhari. Available online at www.europa.eu.int/comm/external_relations/asem/min_other_meeting/eco_min1.htm.
- 6 ECU – European Currency Unit, the prelude to the euro.
- 7 Yeo Lay Hwee, 'ASEM: beyond economics', *Panorama* 4/1999 (Manila: Konrad Adenauer Stiftung), 8.
- 8 Chairman's Statement, Second Asia-Europe Meeting, 4 April 1998, London. Available online at www.europa.eu.int/comm/external_relations/asem/asem_summits/asem2.htm.
- 9 *Ibid.*
- 10 Apinan Pavanarit, director-general of the Department of European Affairs at the Thai Ministry of Foreign Affairs, made this point in a concluding speech given at the Asia-Europe on the Eve of the 21st Century Conference, Chulalongkorn University, Bangkok, 20 August 1999.
- 11 A Chinese foreign affairs official had expressed his unhappiness with regard to the level of European participation during a conversation with the author.
- 12 *Asian Wall Street Journal*, 18 January 1999.
- 13 Chairman's Statement, Second Asia-Europe Finance Ministers' Meeting, 15–16 January 1999, Frankfurt. Available online at www.europa.eu.int/comm/external_relations/asem/min_other_meeting/fin_min2.htm.
- 14 This was revealed in a conversation with a German senior official during one of the conferences.
- 15 Chairman's Statement, Second ASEM Economic Ministers' Meeting, 9–10 October 1999, Berlin. Available online at www.europa.eu.int/comm/external_relations/asem/min_other_meeting/eco_min2.htm.
- 16 Asia-Europe Vision Group, *For a Better Tomorrow*. Available online at www.europa.eu.int/comm/external_relations/asem/asem_process/asia_eu_vision_grp.htm.

- 17 *Ibid.*
- 18 More details of the ASEM Trust Fund can be obtained from the European Union's ASEM website or, even better, the World Bank's website (www.world-bank.org/eapsocial/ASEM).
- 19 Details of this initiative can be obtained from the following website: www.asem.org.
- 20 This section draws largely on a working paper entitled 'ASEM 3: more talk or move forward', written by the author for the Danish Institute of International Affairs (DUPI), Copenhagen, December 2000.
- 21 European Commission, 'Modalities for future ASEM dialogue: taking the process forward', 18 July 2001, 2.
- 22 Yeo Lay Hwee, 'ASEM 4: not sexy, but as good as it gets', *Straits Times*, 4 October 2002.
- 23 Asia-Europe Cooperation Framework 2000. Available online at www.europa.eu.int/comm/external_relations/asem/asem_process/accf_2000.htm.
- 24 Adapted from the Dublin Agreed Principles of the Asia-Europe Foundation. The Ministry of Foreign Affairs, Singapore, prepared a concept paper on ASEM, which it circulated to all ASEM partners for their comments in July 1996. Some revisions were made, and the revised paper together with a set of explanatory notes was tabled for discussion during the ASEM SOM held in Dublin in December 1996. After lengthy discussions, the ASEM SOM adopted the points made in the explanatory note, and these then came to be known as the Dublin Agreed Principles of the Asia-Europe Foundation. The concept paper and the Dublin Agreed Principles can be found in Yeo Lay Hwee and Asad Latif (eds), *Asia and Europe: Essays and Speeches by Tommy Koh* (Singapore: Asia-Europe Foundation, 2000), 168–171.
- 25 Chairman's Statement, Sixth Asia-Europe Business Forum. Available online at www.europa.eu.int/comm/external_relations/asem/min_other_meeting/bf6_stat.pdf.
- 26 www.ased.org/content/eurasia/article.php?ch=4&id=1033043351.671706.

3 ASEM as an instrument for diplomacy

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- 29 Another point made by Alistair MacDonald. He revealed that at one juncture, some of the leaders were just reading from their prepared text, an act which defeated the purpose of a summit that should emphasise informality.

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4 ASEM as an instrument for regional integration

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5 ASEM as an instrument for regime creation

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6 From rhetoric to reality

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(Note: The above is only a listing of some key documents and reports. Most of the above documents were made available to me by the various ministries in the process of my work and also by some of the officials I interviewed. However, most of the European Commission documents, as well as the various Chairman's Statements of summits and ministerial meetings that are not listed here, are now available on the European Union ASEM website: www.europa.eu.int/comm/external_relations/asem/intro/index.htm.)

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